

Annual Report and Accounts 2021

Overview

- | | |
|---|-----------|
| 1 | Headlines |
|---|-----------|
-

Strategic report

- | | |
|---|----------------------|
| 2 | Chairman's statement |
| 3 | Strategic update |
| 4 | Business review |
| 6 | Financial review |
-

Governance

- | | |
|----|--|
| 10 | Directors' biographies |
| 11 | Directors' report |
| 18 | Corporate governance report |
| 26 | Remuneration report |
| 33 | Directors' responsibility statement –
Group financial statement |
-

Financial statements

- | | |
|----|--|
| 34 | Independent auditors' report
to the members of Thruvision Group plc |
| 42 | Consolidated income statement |
| 43 | Consolidated statement of comprehensive income |
| 44 | Consolidated statement of financial position |
| 45 | Consolidated statement of changes in equity |
| 46 | Consolidated statement of cash flows |
| 47 | Notes to the financial information |
| 79 | Statement of Directors' responsibilities –
Company financial statements |
| 80 | Company balance sheet |
| 81 | Company statement of changes in equity |
| 82 | Notes to the Company balance sheet |
-

Other information

- | | |
|----|---|
| 87 | Thruvision Group plc Notice of Annual General Meeting |
| 91 | Officers and professional advisors |
-

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.

Strategic report



Chairman's statement

Introduction

The past year has seen our business face significant and evolving 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 centers 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.

Focusing 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 payment	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 on page 59.

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
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 and 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.

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

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

Principal risks and uncertainties

The Directors believe the following risks to be the most significant for the Group. However, the risks listed do not necessarily comprise all those associated with the Group. In particular, the Group's performance may be affected by changes in market, political or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group.

Risks relating to the Group's business

COVID-19

The Group took early steps to mitigate the impact of the initial COVID-19 lockdown in March 2020, and was fully operational in May 2020, albeit with UK Government restrictions in place. Since then, aside from the varying effects on our market sectors as described elsewhere, the main impact has been an inability to travel to meet partners, customers and potential customers. Inevitably this has slowed down various sales activities.

Mitigation

Although restrictions are now easing, the Group continues to carry out regular reviews to manage existing risks as these arise, and the following specific COVID-19 risk control measures continue to remain in place:

- use video conference technology, including remote product demonstrations, to maintain international sales activity with trusted local partners and potential customers;
- maintain levels of production in our main facility in the UK and work closely with key suppliers to understand lead times, supply risk and cash flows;
- limit all non-essential expenditure; and
- model cash flows and debtors under a wide range of trading scenarios to ensure sufficient financial resources exist to maintain business operations for the foreseeable future.

Government spending

A significant portion of the Group's revenues are generated from international government agencies. Continued delays to various government agency procurement timescales, either for COVID-19 or other reasons, may materially and adversely affect the Group's business, operating results or financial condition. In addition, the long and protracted sales cycles of some governments could adversely impact forecast sales in any given period.

Mitigation

It is the strategy of the Group to widen the client base, principally by a growing focus on the bigger, less concentrated Profit Protection market, to diversify Group revenue whilst maintaining appropriate relationships with central government both within the UK and in other territories.

TSA accreditation

A significant delay in achieving TSA accreditation will slow the Group's entry into the highly regulated aviation passenger checkpoint market. Such a delay may be caused by the need for further product development or for reasons outside the Group's control.

Mitigation

The Group will continue to work closely with the accrediting authorities to respond quickly to feedback and undertake any necessary product development work as quickly as possible.

UK and International sales growth

The Group's growth ambitions depend on its ability to continue expand its operations both in the UK and US Profit Protection sectors, and to sell and support internationally to a range of government and private sector customers. This will place significant demands on management, sales, marketing, technical support, financial control, and other resources, all of which are made more difficult and prone to risk due to the likelihood of protracted COVID-19 travel restrictions.

Mitigation

The Group's Management Team has been expanded to include VP Americas and VP Profit Protection along with additional sales resource in the US, the Netherlands and, more recently, Poland in order to increase visibility of operational activity, including sales, marketing, project delivery, cash collections, governance and compliance, across the US, UK, Europe and Asia. Management Team meetings are held monthly, as part of a formal reporting structure into the Board that ensures issues are identified early and remedial action taken where appropriate.

A robust recruitment process is in place for all Group employees ensuring that required skills are available to the Group to facilitate UK and international sales and expansion.

An international sales operation, retaining directly employed sales management in key territories and targeting key geographies and partners, is in place to ensure that the major markets and customers are identified and addressed. The sales pipeline is monitored on a weekly basis in order that sales performance below expectation can be identified and actions taken quickly to rectify issues as they arise.

Dependence upon key intellectual property

The Group's success depends in part on its ability to protect its rights in its intellectual property. It may be possible for third parties to obtain and use the Group's intellectual property without the Group's authorisation and as such the Group may become involved in litigation which could be costly and time consuming.

Mitigation

The Group relies upon various intellectual property protections, including patents, copyright, trademarks, trade secrets and contractual provisions to preserve its intellectual property rights. A fundamental review, in conjunction with advisors, was undertaken in FY20 resulting in a process being implemented to enhance patent protection in key geographies to ensure the Group is adequately protected in the most appropriate manner at all times.

Competition

The Group has experienced, and expects to continue to experience, competition from a number of companies. This competition may take the form of new products and services that better meet industry needs and competitors who respond more quickly to client requirements. In addition, competitors may have greater financial or technical resources than the Group.

Mitigation

A careful watching brief is maintained on competitors to enable the Group to react quickly to any change in circumstance or technical developments. In addition, we work closely with our clients to ensure that we understand their requirements and market dynamics to ensure existing products are being developed and utilised in new and innovative ways to meet client needs and achieve differentiation.

Availability of capital and cash flow

In order to enable the Company to progress through further stages of development it may be desirable for the Company to raise additional capital and there can be no assurance that such funding, if required, will be available to the Company. The availability of long or short-term bank debt will depend on the Company's progress with stated strategy and trading prospects.

Mitigation

At 31 March 2021, cash of £7.3 million is available to the Group from its own resources. It is expected that the current cash available will be sufficient to fulfil the short to medium-term needs of the Group and that the Group is expected to become cash generative in the medium-term.

Key management and employees

The Group depends on the Directors and other senior managers with specific sector and industry knowledge, and in addition on the recruitment and retention of the services of its key technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Group cannot give assurances that it will be able to attract or retain such staff.

Mitigation

The Remuneration Committee annually reviews the appropriate remuneration structure and median market levels in respect of the Executive Directors and senior managers. It has also met recently to update the Company's remuneration policy to ensure it remains competitive and aligned with our objectives.

A robust recruitment process is in place for all Group employees ensuring that required skills are available to the Group. In addition, an internal performance review process has been established to ensure, as far as possible, that employees are motivated and that suitable remuneration structures are in place.

Manufacturing capacity

The Group's manufacturing capability is based at its Oxfordshire facility and loss of this facility would cause a short-term impact on the ability to manufacture and hence deliver Thruvision units. In addition, should a significant increase in demand be experienced the Group would need to scale the manufacturing capacity to meet this demand.

Mitigation

Where possible, subsystems are outsourced to third parties and a number of different manufacturing partners have been engaged. This includes a specialist contractor in the US which is now able to fully assemble and test systems ready for sale to the US market. The Group continually reviews to ensure that the supply chain risks arising either from the loss of a key supplier or facility, or a significant increase in demand would not have a significant effect of the Group's ability to manufacture and deliver Thruvision products or meet market demand. The ability to manufacture ahead of planned levels has been successfully tested in previous financial years.

Tom Black
Chairman

Colin Evans
Chief Executive

Directors' biographies

Tom Black, (61) Executive Chairman



Tom was appointed a Director on 8 February 2010 and is the Executive Chairman of Thruvision Group plc. Prior to joining the Company, Tom spent over 20 years with Detica Group plc, where he led

the management buyout in 1997 and the Group's flotation on the London Stock Exchange in April 2002. He then oversaw the acquisition of Detica by BAE Systems in 2008. He is currently the Non-Executive Chairman of Herald Investment Trust plc and a Trustee of the Black Family Charitable Trust. Tom is a member of the Remuneration, Nomination and Audit Committees of Thruvision Group plc.

Paul Taylor, (56) Non-Executive Director



Paul was appointed a Non-Executive Director on 1 April 2012. He is a qualified Certified Accountant who started his career at Price Bailey Partners in 1986 and has subsequently served in a number of senior finance

roles. Paul has spent most of his career at AVEVA Group plc and served as Group Finance Director from March 2001 to December 2010. During this period, revenues increased from £28 million to £164 million, resulting in pre-tax profit of £63 million and a market capitalisation of over £1 billion. He is currently Non-Executive Chairman of IQGEO Group plc and a Trustee of the CAD Centre Pension Fund. Paul is Chairman of the Audit Remuneration and Nomination Committees of Thruvision Group plc.

Paul will be stepping down from the Board at the conclusion of the 2021 AGM in September 2021.

Richard Amos, (54) Non-Executive Director



Richard was appointed a Non-Executive Director on 1 March 2021. He is a qualified Chartered Accountant who started his career at EY in 1988 and has subsequently served in a number of senior finance

roles. Richard has served on the boards of five companies listed on the London Stock Exchange, most recently as CFO of Wilmington plc (2018 to 2020), CFO of Plant Impact plc (2016 to 2018) and Group Finance Director of Anite plc (2009 to 2015). Richard is a member of the Audit, Remuneration and Nomination Committees of Thruvision Group plc. It is expected that he will assume the chairmanship of all three committees at the conclusion of the AGM in 2021.

Colin Evans, (53) Chief Executive Officer



Colin was appointed a Director on 8 February 2010 and was appointed Chief Executive of Thruvision Group plc on 1 November 2017, having previously served in a number of senior management positions.

He is responsible for all aspects of the business and draws upon his 23 years' experience delivering innovative new technology to the international security industry and, in particular, to the US Federal Government. Prior to joining Thruvision, Colin spent 15 years with Detica Group plc, where he was Group Chief Operating Officer. He is currently a Non-Executive Director at 6point6 Limited and Cloud Gateway Holdings Limited and their associated companies.

Adrian Crockett, (53) Finance Director



Adrian was appointed a Director on 1 May 2019. Prior to joining Thruvision, he was CFO at Venture Life, an AIM listed consumer healthcare company. Before this he held senior financial management roles

at Abbott Diabetes Care Ltd, a division of the US Healthcare company, Abbott, GSK, Novartis and Chiron corporation (prior to acquisition by Novartis), and Powderject pharmaceuticals (prior to acquisition by Chiron). Adrian has a BA honours degree in accountancy from The University of Dundee and is a Chartered Management Accountant.

John Woollhead, (60) Company Secretary



John was appointed Company Secretary on 13 April 2010 and is responsible for not only the core Governance and Company Secretarial function within the Group but also manages the HR, Insurance,

property, IP and a number of other functions. John qualified as a Chartered Secretary in 1987 and has previously acted as Company Secretary to Eve Group plc, Peterhouse Group plc and Detica Group plc. John is Secretary to the Board and acts as Secretary to the Board Committees.

Directors' report

The Directors of Thruvision Group plc (the 'Company') present the Annual Report to Shareholders together with the audited financial statements of the Company and its subsidiaries for the year ended 31 March 2021. In respect of compliance with all aspects of Corporate Governance, please see the separate Corporate Governance report on pages 18 to 25, which forms part of this directors' report.

The purpose of the Annual Report is to provide information to members of the Company. The Company, its Directors, employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. It contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those currently anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and except to the extent required by applicable regulations or by law, the Group undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast or guarantee of future results.

The Company is committed to appropriate standards of corporate governance as an efficient and effective approach to managing the Company and its subsidiaries.

The Company is not required to comply with the 2018 UK Corporate Governance Code (the 'Code') given the Company is listed on the AIM market of the London Stock Exchange. However, the Directors have agreed to adopt many of the principles contained in the Code. The Company formally reports against the QCA code on Corporate Governance and details are available on the Company website.

Principal activities

The principal activities of the Group are currently the development, manufacture and sale of passive people-screening technology to the global security market. Further information can be found within the Business review section on pages 4 and 5.

Going concern

The Group and Company's business activities, together with factors likely to affect future development, performance and position are set out in the Strategic report incorporating the Chairman's statement on pages 2 and 3, the Strategic update on page 3, the Business review on pages 4 and 5 and the review of principal risks and uncertainties on pages 8 and 9. The financial position, cash flows and liquidity position are described in the Financial review on pages 6 and 7. In addition, note 19 on page 71 of the financial statements includes the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's net loss for the year was £2.5 million (2020: £1.1 million). As at 31 March 2021, the Group had net current assets of £10.8 million (2020: £12.3 million) and net cash reserves of £7.3 million (2020: £8.4 million).

The Board has reviewed the cash flow forecasts for the period up to and including 31 July 2022. These forecasts and projections take into account reasonably possible changes in trading performance, including a pessimistic set of assumptions in respect of the potential on-going impact of COVID-19 on the business, 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 our 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 to continue operating for a period of at least 12 months from the approval of these financial statements.

Given the above, the Board confirms that it has a reasonable expectation that the Group will continue as a going concern. Therefore, these financial statements have been prepared on this basis and do not contain any adjustments that would result if the Group were unable to continue as a going concern.

Group results

The Group's Consolidated income statement set out on page 42 shows a loss before tax from continuing operations for the year of £2.8 million (2020: £1.5 million), and a loss for the year of £2.5 million (2020: £1.1 million). Details are given in the Financial review on page 6.

Dividends

The Directors are not recommending a dividend in respect of the year ended 31 March 2021 (2020: £nil).

Governance

Thruvision Group plc is committed to maintaining high standards of corporate governance. The Group is not bound by the provisions of the Code, given it is listed on AIM. However, the Board endeavours, so far as is practicable, to comply with many of the principles of the Code. During the year under review, the Board has maintained the internal controls and processes to ensure as far as possible compliance with the Code.

Following the disposal of the Video Business in October 2017, the Board has had, until 1 March 2021, only one Independent Non-Executive Director. This is not in accordance with the Code or the Quoted Companies Alliance Corporate Governance code applicable to smaller businesses. Richard Amos was appointed as an Independent Non-Executive Director on 1 March 2021. However, Paul Taylor will be stepping down from the Board at the conclusion of the 2021 AGM in September 2021 and consideration is currently being given to the possible recruitment of an additional Non-Executive Director later in 2021 and every effort will be made to use this opportunity to increase the diversity of the Board at this time. In the meantime, due to the nature and complexity of the business and its current stage of development and the fact that an experienced and qualified Company Secretary is retained to ensure appropriate governance arrangements, the Board is satisfied that it has the right balance of Board membership.

Further explanation of the high-level corporate governance principles is given in the Corporate governance section of this report on pages 18 to 25 and in connection with Directors' remuneration in the relevant section of the Remuneration report on pages 26 to 32.

It is the responsibility of the Board to prepare the annual report and accounts. The Board considers that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Share capital

The issued Share capital of the Company, together with details of movements in the Company's issued Share capital during the financial period, are shown in note 17 on page 67 to the financial statements. As at the date of this report, 145,779,118 Ordinary Shares of 1 pence each ('Ordinary Shares') were in issue and fully paid with an aggregate nominal value of £1,457,791.

On 28 August 2013, the Company was granted a Blocklisting authority over 600,000 Ordinary 1 pence Shares in order to satisfy awards that have vested and are capable of exercise under the Long-Term Incentive Plan. From 28 August 2013 to 31 March 2020, 70,500 Shares had been issued from the Blocklisting facility. In January 2021 a further 325,000 shares were issued from the Blocklisting facility. Accordingly, at 31 March 2021, 204,500 (2020: 529,500) Shares remain outstanding to be issued from the Blocklisting facility.

The holders of Ordinary Shares are entitled to receive the Company's reports and accounts; to attend and speak at general meetings of the Company; to appoint proxies; and to exercise voting rights. To be effective, electronic and paper proxy appointments and voting instructions must be received at the Company's registered office, or such other place in the UK specified in the relevant notice of meeting, not later than 48 hours before a general meeting. Subject to applicable statutes, there are no restrictions on transfer or limitations on the holding of Ordinary Shares and no requirements for prior approval of any transfers other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws); and
- pursuant to the Company's Share dealing code whereby the Directors and certain senior employees of the Company require approval to deal in the Company's Shares.

None of the Shares carry any special rights with regard to control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the Shares and no known agreements on restrictions on Share transfers or on voting rights.

The Company established an Employee Benefit Trust ('EBT') in 2010, which in certain circumstances holds Shares in connection with the Group's employee Share incentive plans. As the registered holder, the voting rights in the Shares are exercisable by the trustee. However, the trustee does not ordinarily exercise those rights. At 31 March 2021, the EBT did not hold any Shares in the Company.

The Articles may only be amended by a special resolution at a general meeting of Shareholders.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control. Further details of the Directors' service contracts can be found in the Remuneration report on page 29.

The provisions of the Company's LTIP may cause options and awards granted to employees under such schemes and plans to vest on a change of control.

Issue of Shares

At the general meeting held on 22 September 2020, Shareholders granted authority to the Board under the Articles and Section 551 of the Companies Act 2006 (the 'Act') to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount of £484,847.

It is proposed at the forthcoming Annual General Meeting ('AGM') to renew the authority to allot relevant securities up to an aggregate nominal amount of £485,930, being one third of the nominal value of the current issued Share capital.

Also, at the general meeting held on 22 September 2020, Shareholders granted authority to the Board under the Articles and Section 570(1) of the Act to exercise all powers of the Company to allot equity securities wholly for cash in certain circumstances, including in connection with a rights issue or otherwise up to an aggregate nominal amount of £72,727 for general purposes and an additional £72,727 in connection with an acquisition or specified capital investment, without application of the statutory pre-emption rights contained in Section 561(1) of the Act.

It is proposed at the forthcoming AGM to renew the authority to allot relevant securities wholly for cash, including in connection with a rights issue or otherwise, up to an aggregate nominal amount of £72,889, being 5% of the current nominal value of the issued Ordinary Share capital, for general purposes and an additional 72,889 being 5% of the current nominal value of the issued Ordinary Share capital, to be used in connection with an acquisition or specified capital investment, in each case without application of the statutory pre-emption rights.

Purchase of own Shares

At the AGM held on 22 September 2020, Shareholders granted authority for the Company to make market purchases of up to 21,803,572 of its own Shares provided that the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 110% of the average of the middle market quotations for an Ordinary Share derived from the AIM appendix of the Daily Official List of the Exchange for the five business days immediately prior to the day on which the Share is contracted to be purchased and the minimum price is 1 pence exclusive of attributable expenses payable by the Company.

It is proposed to renew the above authority at the AGM to be held on 28 September 2021 retaining the provision that the maximum price (excluding expenses) that may be paid for an Ordinary Share up to an amount equal to 110% of the average of the middle market quotations for an Ordinary Share derived from the AIM appendix of the Daily Official List of the Exchange for the five business days immediately prior to the day on which the Share is contracted to be purchased. Accordingly, the required resolution is set out in the notice of meeting on page 87 of this report.

Significant agreements – change of control

A change of control of the Company following a takeover bid may cause a number of agreements to which the Company or its subsidiaries are party to take effect, alter or terminate. These include client contracts, leases, supplier contracts and provisions relating to the LTIP. No other individual contract is considered to be significant in terms of its potential impact on the business of the Group as a whole.

Substantial Shareholdings

As at 9 July 2021, the Company was aware of the following Shareholdings representing 3% or more in the Company's existing issued Ordinary Share capital.

	No. of Shares	Percentage of issued Share capital
Schroder Investment Management	25,780,040	17.68
Canaccord Wealth Management	23,625,000	16.21
Lombard Odier Asset Management	19,415,863	13.32
Herald Investment Management	15,329,712	10.52
Invesco Perpetual Investment Management	11,729,236	8.05
Tom Black	11,349,444	7.78
Janus Henderson Investors	9,710,386	6.66

Directors

The names and biographical details of the current Directors of the Company are given on page 10. Richard Amos is considered to be an independent Non-Executive Director and Paul Taylor was considered independent until 31 March 2021 when he completed nine years' service with the Group.

Tom Black and Colin Evans were appointed Directors on 8 February 2010, prior to the IPO. Adrian Crockett was appointed a Director on 1 May 2019, Paul Taylor on 1 April 2012 and Richard Amos on 1 March 2021.

Tom Black was Executive Chairman in the period 1 April 2018 to 31 March 2021 and to the date of this report.

Colin Evans is the Chief Executive Officer of the Group.

Adrian Crockett was appointed to the Board on 1 May 2019 as Finance Director.

Richard Amos was appointed to the Board as a Non-Executive Director on 1 March 2021.

Paul Taylor will step down from the Board at the conclusion of the AGM on 23 September 2021.

The rules on appointment, re-appointment and retirement by rotation of Directors are contained in the Articles. A Director may be appointed by Shareholders' Ordinary resolution or by the Board. The current Articles require that all Directors are subject to election at the first AGM following appointment and thereafter to re-election at least every three years. However, in line with governance best practice, all Directors are submitting themselves for re-election at the forthcoming AGM. A review of Director performance was undertaken in April 2021.

Directors' interests

Details of the interests in the Shares of the Company of the Directors holding office as at the date of this report, and their immediate families, appear in the Remuneration report on page 32.

Details of the Directors' service contracts and letters of appointment appear in the Remuneration report on page 29.

No Director had a material interest in any significant contract with the Company or any of its subsidiaries during the year.

Procedures for dealing with Directors' conflicts of interest are in place and are operating effectively.

Directors' and Officers' indemnities and insurance

The Company maintains liability insurance for its Directors and Officers. The Directors and Officers have also been granted a qualifying third-party indemnity provision under the Act. That indemnity provision has been in force throughout the year and remains in force at the date of this report.

Research and development

The Group is active in the development of software and hardware in respect of people screening technologies and intends to remain so involved in the future. In the year under review, expenditure totalling £0.6 million (2020: £0.5 million) related to development of such technologies.

Employees

At 31 March 2021, the Group employed 34 people in the UK, 7 in the US and 1 in the Netherlands, and depends on the skills and commitment of its employees in order to achieve its objectives. Personnel at every level are encouraged to make their fullest possible contribution to the success of Thruvision.

Employees are kept regularly informed on matters affecting them and on issues affecting the Group's performance primarily through office briefings, all staff video calls, email updates and one to one meetings.

The Group introduced its existing Long-Term Incentive Plan ('LTIP') for certain employees in 2010 and updated the LTIP for a further period of 10 years at the AGM held in September 2020.

Most employees participate in the LTIP via Share Option awards made on joining the Company and on a discretionary basis thereafter. In addition, the Group operates a Sharesave SAYE Share Option Scheme in which all UK based employees are able to participate. The scheme is normally launched annually after the announcement of interim or final results.

The Board is committed to ensuring that a culture free from discrimination and harassment remains embedded within the Group and discrimination of any sort is not tolerated and that human rights are fully respected. Proper consideration is given to applications for employment from disabled people who are employed whenever suitable vacancies arise. Wherever practicable, staff who become disabled during employment are retained. The Group practises equality of opportunity for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

Pensions

The Group does not operate any defined benefit pension funds. A defined contribution scheme, in accordance with the auto enrolment regulations, is in operation for all UK-based employees unless an individual employee has waived their rights under the legislation. With effect from 1 April 2019 employee pension contributions have been made via a salary sacrifice scheme.

Corporate responsibility

The Board recognises the importance of relationships with the wider community and its obligations to employees, shareholders, customers, suppliers, the environment, the local community and others.

Through procedures and policies that are currently in place, Thruvision aims to:

- meet all legislative requirements in respect of environmental issues and recent actions in this regard are detailed below;
- adopt the highest standards of Corporate Governance and disclosure. Full details of the governance process and procedures within the Group are given in the Corporate Governance report on pages 18 to 25; and
- adopt the highest standards of business ethics. The Group has a detailed policy relating to anti-bribery and anti-corruption and will not tolerate such behaviour in any form. All senior management and sales executives are required to certify, at least every six months, that they are not aware of any behaviour transgressing these policies. In addition, all suppliers, sub-contractors, and other business partners are required, under contract, to comply with these policies.

Environmental responsibility

All management actions and decisions are taken with the environmental impact being given full consideration.

We have recently commenced outsourcing component procurement and manufacture of Thruvision units to a subcontractor in the US thus negating the requirement to transport units from the UK to this major market. We would expect to implement a similar policy should other regions provide sufficient volume to warrant this investment.

We have recently experienced a significant reduction in air travel. Clearly this has been driven by COVID-19 but we now understand that our teams do not need to travel as much as previously. As a result of the inability to travel alternative working methods and processes have been developed which are working well and again, in some cases, will negate the future need to travel. It is our intention to reduce air travel by at least 30% compared to pre-COVID levels once normality returns.

All new company vehicles must be low CO₂ emission vehicles and charging points are provided to all staff, free of charge, at our UK office in Didcot.

In addition to the above we maintain and are enhancing the use of video and audio-conferencing facilities where possible, the use of electronic communications to reduce the amount of printing waste produced, the recycling of waste where possible, and the purchase of paper and other products that are manufactured from recycled products.

Overall, the Board believes that the environmental impact of the Group's operations is low and consists mainly of building occupancy, business travel, including a small number of company vehicles, and IT.

Social responsibility

The Board recognises the importance of relationships not only with employees but also to society in general.

The Company is an equal opportunity employer with a detailed policy, available to all employees, in place and monitored, albeit on an informal basis, by the Company Secretary. All employees are treated equally in respect of pay and benefits and all recruitment and pay recommendations are reviewed, prior to implementation, by the senior management team and independently by the Company Secretary to ensure all management actions taken are in line with this policy.

It is acknowledged that both the Board and the wider employee base lack diversity. During the year, all recruitment discussions and decisions were taken with this in mind. However, it was not always possible to recruit to enhance diversity within the business given the pool of candidates available at the time of recruitment. It is expected that a number of senior and junior roles will be recruited in the coming year and the Board has agreed that diversity must be an important consideration in any recruitment decision.

Health and safety

The Group aims to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. Day-to-day health and safety management is delegated to operational managers with oversight from the Company Secretary. External advice is utilised as appropriate and satisfactory external audits have recently been undertaken.

The Company has fully complied with government COVID guidelines since March 2020. A detailed policy was implemented for those working in both the Didcot and Ashburn offices which was, and continues to be, updated regularly to reflect the changing situation and associated guidelines.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Financial review on pages 6 and 7 and in note 19 on page 71 of the financial statements.

Post-balance sheet events

No reportable events have occurred from 31 March 2021 to the date of this report.

Political donations

No political donations were made during the year (2020: £nil).

Strategic report and Section 172 disclosures

The Group is required by the Companies Act 2006 to set out the development and performance of the business of the Group during the financial year ended 31 March 2021 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group and Group's policy regarding equal opportunities and employing disabled people. The information concerning the Strategic report can be found on pages 2 to 9.

In addition, the Group is required to make various disclosures under Section 172 of the Companies Act. The relevant disclosures can be found on page 14 regarding employees, page 15 regarding relationships with suppliers, customers, and other stakeholders, page 18 regarding the consequences of any decision in the long term, page 15 regarding business reputation and page 18 regarding the need to act fairly between members of the Company.

Disclosure of information to the auditor

So far as each Director in office at the date of approval of this report is aware, there is no relevant audit information of which the Company's external auditor (Grant Thornton UK LLP) is unaware.

Each of the Directors has taken all steps that they ought to have taken in performing their roles as Directors to exercise due care, skill and diligence in order to make themselves aware: (i) of any relevant audit information and (ii) to establish that the Company's external auditor is aware of such information.

For the purposes of this statement on disclosure of information to the external auditor, 'relevant audit information' is the information needed by the Company's external auditor in connection with the preparation of its report on pages 34 to 41.

Annual General Meeting

The Annual General Meeting (the 'AGM') will be held at the Marriott Courtyard Hotel, 6 Milton Gate, Milton, Abingdon OX14 4FP on Tuesday 28 September at 10.00 a.m. The notice convening the AGM (the 'Notice of AGM') is set out on pages 87 to 90 of this report together with details of the business to be considered and explanatory notes relating to each of the resolutions being proposed.

We are keen to welcome Shareholders in person to our AGM this year, particularly given the constraints we faced in 2020 due to the COVID-19 pandemic. At present, we expect that it will be possible under the UK Government's guidelines to allow physical attendance. We are therefore proposing to hold the AGM at the Marriott Courtyard Hotel, 6 Milton Gate, Milton, Abingdon OX14 4FP and to welcome the maximum number of Shareholders we are able within safety constraints and in accordance with government guidelines.

However, given the constantly evolving nature of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, should the situation change such that we consider that it is no longer possible for Shareholders to attend the meeting, we will notify Shareholders of the change through the release of an RNS and on the investor page of our website: <https://www.thruvision.com/investors/>. Should we have to change the arrangements in this way, it is likely that we will not be in a position to accommodate Shareholders beyond the minimum required to hold a quorate meeting which will be achieved through the attendance of employee Shareholders.

Shareholders intending to attend the AGM, should this be possible, are asked to register their intention as soon as practicable by email to john.woollhead@thruvision.com.

Given the uncertainty around whether Shareholders will be able to attend the AGM, Shareholders are strongly encouraged to submit a proxy form appointing the Chairman as their proxy and indicating their votes in accordance with the notes to the AGM on page 90, and email any questions for the Board to john.woollhead@thruvision.com a minimum of 48 hours prior to the AGM. The Board will do its best to answer these questions either during, or immediately after, the AGM, by email.

Auditor

Grant Thornton UK LLP has expressed its willingness to continue as auditor of the Company. A resolution to re-appoint Grant Thornton UK LLP as the Company's auditor will be put to the forthcoming AGM.

Approved by the Board of Directors and signed by order of the Board:

John Woolhead
Company Secretary
121, Olympic Avenue
Milton Park
Abingdon
Oxon
OX14 4SA

Registered in England and Wales No. 07149547

9 July 2021

Corporate governance report

This report for Shareholders sets out Thruvision's approach to Corporate Governance. The Company is listed on AIM and accordingly is not required to comply with the provisions contained in the 2018 UK Corporate Governance Code ('the Code') published by the Financial Reporting Council, available at www.frc.org.uk.

However, the Directors have agreed to adopt, as far as practicable, many of the principles contained in the Code. The Company formally reports against the QCA code on Corporate Governance.

The Board

The Board of Thruvision recognises its responsibility to provide entrepreneurial and responsible leadership to the Group within a framework of prudent and effective controls (described below) allowing assessment and management of the key issues and risks impacting the business. The Board sets Thruvision's overall strategic direction, reviews management performance and ensures that the Group has the necessary financial and human resources in place to meet its objectives. The Board is satisfied that the necessary controls and resources exist within the Group to enable these responsibilities to be met.

The Board terms of reference are available on request. Under these terms of reference certain matters are reserved for Board decision, further detail is given on pages 19 and 20.

The Chairman is responsible for the leadership of the Board and ensuring its effectiveness.

Following the disposal of the Video Business in October 2017 the Board had had, until 1 March 2021, only one Independent Non-Executive Director. This is not in accordance with the Code or the Quoted Companies Alliance Corporate Governance code. Richard Amos was appointed as an Independent Non-Executive Director on 1 March 2021. However, Paul Taylor will be stepping down from the Board at the conclusion of the 2021 AGM in September 2021 and consideration is currently being given to the possible recruitment of an additional Non-Executive Director later in 2021. In the meantime, due to the nature and complexity of the business and its current stage of development and the fact that an experienced and qualified Company Secretary is retained to ensure appropriate governance arrangements, the Board is satisfied that it has the right balance of Board membership.

Operational management of the Group is delegated to the Executive Directors and business unit heads who meet regularly to discuss such matters. These matters include project delivery, product development, resource allocation, sales, customer relationships and initial due diligence on mergers and acquisitions.

All decisions taken by both the Board and the Management team take due regard of the longer-term impact of that decision on the success of the Group, the impact on wider stakeholders and the impact of business operations on wider society. As far as possible all stakeholders are treated equally and fairly but it is not always possible to balance the interests of the Group with those of all stakeholders and accordingly it is not always possible to fully align the interests of all stakeholders.

At the date of this report, the Board comprises three Executive and two Non-Executive Directors whose Board and Committee responsibilities are set out below.

		Board	Audit	Remuneration	Nomination
Tom Black	Executive Chairman	Chairman	Member	Member	Member
Colin Evans	Chief Executive Officer	Member	–	–	–
Adrian Crockett	Finance Director	Member	–	–	–
Paul Taylor	Non-Executive Director	Member	Chairman	Chairman	Chairman
Richard Amos	Non-Executive Director	Member	Member	Member	Member

Paul Taylor will step down from the Board at the conclusion of the 2021 AGM and Richard Amos will take over as Chair of the Audit, Remuneration and Nomination Committees.

Biographies of each of the current Directors and their responsibilities can be found on page 10.

During the year, Paul Taylor confirmed to the Board that he had sufficient time available to fulfil his obligations as a Director and, should his circumstances change, that he would inform the Board.

On appointment, Richard Amos confirmed to the Board that he had sufficient time available to fulfil his obligations as a Director and, should his circumstances change, that he would inform the Board.

After careful review, the Board has concluded that both Paul Taylor (until 31 March 2021) and Richard Amos (from 1 March 2021) were independent during the year under review and Richard Amos remains independent at the date of this report. In coming to this assessment, the Board considered their strength of character and independence of judgement and opinion, and the fact that they both:

- have never been an employee of the Group;
- have not had a material business relationship with the Group;

- receive no remuneration other than fees;
- have no close family ties with advisors, other Directors or senior management of the Group;
- have no significant links with other Directors through involvement with other companies;
- do not represent a significant Shareholder; and
- in the case of Richard Amos, has not served on the Thruvision Board for more than nine years.

However, Paul Taylor completed nine years' service with the Group on 31 March 2021 and as such is not deemed independent from that date. He will step down from the Board at the conclusion of the 2021 AGM to be held on 28 September 2021.

In the year under review, the Board met on 11 scheduled occasions; further meetings and conference calls are held as and when necessary. Details of Directors' attendance at scheduled meetings during the year are set out in the table below:

	Scheduled Board meetings attended
Tom Black	11/11
Colin Evans	11/11
Adrian Crocket	11/11
Paul Taylor	11/11
Richard Amos	1/1

During the year, the Chairman met with the Non-Executive Directors without the Executives present on several occasions.

The Board also ensures that the principal goal of the Company is to create Shareholder value, while having regard to other stakeholder interests, and takes responsibility for setting the Company's values and standards. Accordingly, the long-term interests of Shareholders, together with consideration of the wider community of interests represented by employees, customers and suppliers, and community and the environment are factored into the Group's management processes. They are reinforced through employee participation in Equity Incentive Schemes. The steps taken to achieve these goals are communicated to Shareholders and other interested parties through the Company's website (www.thruvision.com) and to employees via formal and informal briefings. Through formal policies, the Board seeks to engender a culture where business ethics, integrity and fairness are values that all employees endorse and apply in their everyday conduct.

There is a documented schedule of matters reserved for the Board, the most significant of which are:

- responsibility of the overall strategy and management of the Group;
- approval of strategic plans, profit plans and budgets and any material changes to them;
- approval of the acquisition or disposal of subsidiaries and major investments, projects and contracts;
- oversight of the Group's operations ensuring competent and prudent management, sound planning and management of adequate accounting and other records;
- changes relating to the Group's capital structure;
- final approval of the annual and interim financial statements and accounting policies;
- approval of the dividend policy;
- ensuring an appropriate system of internal control and risk management is in place;
- approval of changes to the structure, size and composition of the Board;
- review of management structure and senior management responsibilities;
- with the assistance of the Remuneration Committee, approval of remuneration policies across the Group;
- delegation of the Board's powers and authorities including the division of responsibilities between the Chairman and the Executive Directors;
- consideration of the independence of the Non-Executive Directors; and
- receiving reports on the views of the Company's Shareholders.

During the year, the Board received monthly briefings on the Group's performance (including detailed commentary and analysis) and key issues and risks affecting the Group's business. Amongst other matters, it reviewed the content of the Group's risk register and the Group's health and safety policies, processes and performance. Reports on Group operations, human resources, governance and regulatory matters affecting the Group were provided to the Board on a regular and timely basis. Briefings on customer activity, together with the views of Shareholders, were also provided to the Board.

Corporate governance report continued

Procedures exist to allow the Directors to seek independent legal and professional advice in respect of their duties at the Company's expense where the circumstances are appropriate. All Directors have access to the Company Secretary for advice.

The process for appraising the Chairman's performance is set out on page 24.

Board Committees

Summary

There are three principal Board Committees: Audit; Remuneration; and Nomination. The roles and responsibilities of each of these Committees are detailed below. Paul Taylor is chair of each of the Committees with Richard Amos and Tom Black as the other members.

The Committees are provided with sufficient resources via the Company Secretary and, where necessary, have direct access to independent professional advisors to undertake their duties.

Audit Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report. Paul Taylor is a qualified Certified Accountant and is deemed by the Board to have recent and relevant financial experience and is independent for the purposes of the Code. All Committee members have extensive commercial experience, the details of which, along with their qualifications, are set out in the Directors' biographies on page 10. Further information on the work of the Audit Committee during the year is given below.

Terms of reference

The Audit Committee's terms of reference are available on request. The Audit Committee reviewed and re-approved its terms of reference in February 2021. Under its terms of reference, the Committee is responsible for providing advice to the Board on the Group's interim results and final financial statements; on accounting policies; and on the control of its financial and business risks as well as reviewing the work of the external auditor.

Frequency of meetings

The Audit Committee met three times during the year under review. The Chairman of the Audit Committee provided a report on the work of the Committee and any significant issues that may have arisen at the Board meeting following each Committee meeting.

Attendees at meetings

The Group Finance Director and Executive Directors attend Committee meetings by invitation of the Committee. Representatives of the Group's external auditor also attend these meetings by invitation. During the year, the external auditor attended all meetings, had direct access to the Committee during the meetings and time was also set aside for it to have private discussions (jointly and independently) with the Committee, in the absence of management.

The attendance of individual Committee members at Audit Committee meetings during the year under review is shown in the table below:

	Meetings attended
Paul Taylor	3/3
Tom Black	3/3
Richard Amos	0/0

Audit Committee activity

The purpose of the Audit Committee is to assist the Board in the discharge of its responsibilities for financial reporting and corporate control and to provide a forum for reporting by the external auditor. The responsibilities of the Audit Committee include:

- to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Group's financial performance, including reviewing significant financial reporting judgements and any disclosures contained in them;
- to review the Group's internal financial controls and its internal control and risk management systems including the management of intellectual property and to make recommendations to the Board;
- to consider the requirement for an internal audit function;
- to make recommendations to the Board, for it to be put to the Shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to agree the nature and scope of the external audit;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to review the Group's policy on the engagement of the external auditor to supply non-audit services and report to the Board, identifying matters in respect of which it considers action or improvement is needed and make recommendations as to the steps to be taken;
- to review the Group's whistle-blowing procedures; and
- to review the effectiveness of the audit process.

The Audit Committee's work during the year and up to the date of this report included:

- reviewing the interim results, preliminary announcement and the Annual Report and Accounts prior to their submission to the Board;
- reviewing significant accounting policies, financial reporting issues and judgements used in the preparation of the Company's preliminary announcement and interim results and final financial statements;
- reviewing management's Letters of Representation in connection with the Company's financial statements and the auditor's Management Letter;
- reviewing areas where control weaknesses had been identified by the external auditor and monitoring the mitigation and remediation plans of management;
- reviewing the regular reports of the external auditor including any weaknesses identified in respect of the Group's internal controls;
- approving the external audit plan (including audit scope, level of materiality, resources dedicated to the audit engagement, the seniority, expertise and experience of the engagement team), and satisfying itself as to the appropriateness and adequacy of the plan;
- evaluating the performance of the external auditor and satisfying itself as to the effectiveness of the audit;
- reviewing the Group's risk management processes and controls, and their effectiveness;
- reviewing the effectiveness of the Group's whistle-blowing procedures and satisfying itself that they allow for appropriate investigation and suitable follow-up actions; and
- reviewing the effectiveness of the Committee.

At the conclusion of each meeting of the Audit Committee, the Non-Executive Directors met with the external auditor without the Executives present. In addition, the Audit Committee Chair met with the external auditor to discuss the audit review process and other relevant matters.

External auditor

The Audit Committee is responsible for overseeing the relationship with the external auditor.

During the year and to the date of this report, the Committee:

- approved the Audit Engagement Letters and fee proposal, and satisfied itself as to the auditor's ability to conduct an effective audit for such fee;
- reviewed and assessed the external auditor's independence and objectivity taking into account relevant UK professional and regulatory requirements. In doing so, the Committee reviewed the external auditor's own policies and procedures to safeguard its objectivity, independence and integrity, together with its representations as to independence. The Committee received assurances from the Audit Engagement Partner that the external auditor's reward and remuneration structure includes no incentives for audit engagement partners to cross-sell non-audit services to audit clients;
- approved the annual audit plan and ensured that it was consistent with the scope of the Audit Engagement;
- reviewed the findings of the audit, including discussion of any major issues arising, any accounting and audit judgements and the internal control reports (including responses from management and any proposed remedial action); and
- reviewed the effectiveness of the audit and the external auditor.

Auditor independence

The Audit Committee and the Board consider auditor objectivity and independence ensuring, in particular, that it is not compromised where the auditor provides non-audit services. It is the Group's policy to use the services of advisors other than the external auditors for non-audit work unless the nature of the non-audit work makes it more timely, efficient or cost-effective to select advisors who already have a good understanding of the Group. The Chairman of the Audit Committee is consulted prior to each major non-audit engagement where the use of the auditor is proposed. During the year under review, the non-audit-related work undertaken by Grant Thornton UK LLP related to advice on the potential winding up of dormant subsidiary companies.

Details of audit and non-audit-related fees paid to Grant Thornton UK LLP in the year under review are given in note 3 to the accounts on page 59.

Internal audit function

The Audit Committee concluded that an internal audit function is not appropriate given the current stage of the Group's development.

Re-appointment of Grant Thornton UK LLP

Grant Thornton UK LLP was originally appointed as external auditor on 10 November 2017. There are no contractual restrictions on the Company with regard to its appointment.

At its meeting in May 2021, the Audit Committee considered the appropriateness of the re-appointment of Grant Thornton UK LLP as the Group's external auditor for the year to 31 March 2022.

The Audit Committee was satisfied, in view of their performance in respect of the 2021 audit process, that it should recommend to the Board the re-appointment of Grant Thornton UK LLP as the Company's and Group's external auditor at the AGM to be held on 28 September 2021.

Remuneration Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report.

The Remuneration Committee is responsible for reviewing remuneration arrangements for the Executive Directors and other senior employees of the Group and for providing general guidance on aspects of remuneration policy throughout the Group. Alvarez & Marsal are retained as independent external advisors in order to assist the Committee in setting appropriate remuneration arrangements.

During the year and up to the date of this report, the Remuneration Committee made recommendations to the Board regarding:

- basic salary and other benefits of the Executive Directors and other senior employees of the Group;
- bonus payable to Executive Directors in respect of the year ended 31 March 2021;
- bonus arrangements for Executive Directors and other employees in respect of the year to 31 March 2022;
- policy regarding the provision of equity incentive for Executive Directors and senior management;
- awards made under the EMI and unapproved Share option scheme in 2020 and to the date of this report;
- agreement to extend the life of the Long-Term Incentive Plan; and
- the appointment of Alvarez & Marsal as Remuneration Consultants.

The terms of reference of the Remuneration Committee are available on request. The Chairman of the Remuneration Committee provided a report to the Board following each meeting of the Remuneration Committee.

The attendance of individual Committee members at Remuneration Committee meetings during the year under review are shown in the table below:

	Meetings attended
Paul Taylor	10/10
Tom Black	10/10
Richard Amos	0/0

The Remuneration report is set out on pages 26 to 32.

Nomination Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report.

The Nomination Committee meets as and when required. During the year under review, it met twice and details of Directors' attendance at that meeting are set out in the table below. Company executives and advisors attend meetings by invitation only. The Nomination Committee updates the Board and makes recommendations as and when required.

The terms of reference of the Nomination Committee are available on request. The Nomination Committee is responsible for succession planning at Board level, overseeing the selection and appointment of Directors and making its recommendations to the Board. It is also responsible for evaluating the commitments of individual Directors and the balance of skills, knowledge and experience on the Board and ensures that the membership of the Board and its principal Committees are refreshed periodically. Where appropriate, the Nomination Committee will prepare an outline of the role and capabilities required for particular appointments and use an external search consultancy and/or advertising in relation to Board appointments.

During the year under review and up to the date of this report, the Nomination Committee met and made recommendations to the Board regarding:

- the appointment of Richard Amos as a Non-Executive Director on 1 March 2021;
- the proposed re-election of Tom Black at the forthcoming AGM;
- the proposed re-election of Colin Evans at the forthcoming AGM; and
- the proposed re-election of Adrian Crockett at the forthcoming AGM.

The appointment of Richard Amos as a Non-Executive Director was undertaken during the year. A detailed specification for the role was prepared in order to facilitate the identification of suitable candidates. A search consultant was retained in order to assist the search and prepare a shortlist for consideration. A number of candidates were met by the Nomination Committee including the Executive Chairman with the recommended candidate being met by the other Directors prior to appointment.

The attendance of individual Nomination Committee members at Nomination Committee meetings during the year under review is shown in the table below:

	Meetings attended
Paul Taylor	2/2
Tom Black	2/2
Richard Amos	0/0

Chairman and Executive Directors

During the year and to the date of this report there is a clear division of responsibilities between the role of the Chairman (who served in a Non-Executive capacity until 31 October 2017 and assumed an executive role from 1 November 2017) and the other Executive Directors, which is set out in writing and which has been approved by the Board.

Appointments to the Board

Appointments to the Board and its Committees are reserved for the Board, based on recommendations from the Nomination Committee. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole.

Information and professional development

Under the Chairman's stewardship the Company Secretary advises the Board on all governance matters and ensures Board procedures are followed and applicable rules and regulations complied with.

The Company Secretary ensures that Directors undergo a comprehensive induction programme on appointment.

All Directors individually, and each of the Board Committees, have access to the advice and services of the Company Secretary. There are also procedures in place enabling Directors in the furtherance of their duties to seek independent professional advice at the Company's expense.

Performance evaluation

A formal appraisal process for the Board and its Committees was undertaken in July 2020. This was an internal process using detailed questionnaires completed by all relevant Directors and collated and summarised by the Company Secretary. As a result of this process certain actions were agreed and have been implemented.

The questionnaire in respect of the Board, Audit, Remuneration and Nomination Committees covered objectives and strategy, management oversight, Board performance, meetings, external relationships, governance, succession planning and Board/Committee constitution. The results of the exercise were discussed by the Board who concluded that the Board and its Committees were operating effectively.

In April 2021, the Chairman reviewed the performance of the Chief Executive, the Senior Independent Director reviewed the performance of the Chairman, the Board reviewed the performance of the Senior Independent Director and the Chief Executive reviewed the performance of the Finance Director. As part of this process the training needs of all Directors were reviewed.

The process confirmed that all Directors continued to contribute effectively, and with sufficient commitment to their roles in order to facilitate the progress of the Group.

Re-election

The current Articles require that all Directors are subject to election by Shareholders at the first AGM following appointment and thereafter to re-election at least every three years.

The AGM of the Company will be held on 28 September 2021. In accordance with good corporate governance practice all Directors will be offering themselves for re-election at the forthcoming AGM.

Internal control

The Board is responsible for establishing and maintaining the Group's system of internal control and for reviewing the effectiveness of those controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. By their nature however, internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material errors, losses, fraud or breaches of laws and regulations.

The systems of internal control have been maintained during the year as the Group has developed. The effectiveness of these systems has been periodically reviewed by the Audit Committee and the Board.

The systems of internal control are based on an on-going process of identifying, evaluating and seeking to manage key risks and include the preparation and refreshment of Group risk registers, together with appropriate risk mitigation activities along with the other risk management processes as set out below. With oversight from the Board and Audit Committee, individual members of the Group's Board are responsible for the ownership and mitigation of significant risks. The Audit Committee and the Board regularly review the identified risks, changes in their status and the composition of the Group's risk register.

Key elements of the internal control system are described below:

- clearly defined management structure and delegation of authority to Board Committees and business units;
- high recruitment standards to ensure integrity and competence of staff;
- regular and comprehensive information provided to management, covering financial and non-financial performance indicators;
- technical, financial and legal due diligence undertaken prior to acquisitions;
- a detailed budgeting process where business units prepare budgets for the coming year for Board approval;
- monthly monitoring and re-forecasting of annual and half-yearly results against budget, with major variances followed up and management action taken where appropriate;
- procedures for the approval of capital expenditure, investments and acquisitions;
- regular review and updating of the Group risk register including the implementation of mitigating actions; and
- formal consideration of progress made against significant business risks on a quarterly basis.

The above system was in place for the year under review and up to the date of this report and has been used in the preparation of the consolidated financial statements as at 31 March 2021.

The Board, with the assistance of the Audit Committee, has conducted its annual review of the effectiveness of the system of internal control based on a review of significant risks identified, external audits and reports from management and concluded that the system of internal control is adequate given the stage of the Group's development.

Communication with investors

The Group believes it is important to explain business developments and financial results to its Shareholders and to understand any Shareholder views and concerns, and that suitable arrangements are in place to ensure a balanced understanding of the issues and concerns of major Shareholders. The Chairman, the Chief Executive Officer and the Finance Director have primary responsibility for investor relations. Meetings are held with institutional Shareholders to discuss strategy, financial performance and investment activities immediately after the full year and interim results announcements. The Annual Report and the interim results are available on the Company's website. The Non-Executive Directors are available to meet with major Shareholders, if such meetings are required. Further financial and business information is available on the Investor section of the Company's website.

Feedback from meetings with Shareholders is provided to the Board to ensure that the Non-Executive Directors have a balanced understanding of the issues and concerns of major Shareholders.

The principal method of communication with private Shareholders is through the Annual Report and interim results, the AGM and through the Company's website.

Annual General Meeting ('AGM')

Where possible arrangements are made for all Directors to attend the AGM and to be available to answer Shareholders' questions. However, given the current restrictions in light of COVID-19 it is possible that not all Directors will be present at the AGM. This will depend on the restrictions regarding travel and meetings that may be in place at that time, in light of COVID-19. Further details regarding the AGM planning can be found in the Directors' report on pages 16 and 17 and in the Notice of Meeting on page 87.

The Notice of the AGM is, in accordance with the applicable Companies Act and the Articles, either posted in hard copy to Shareholders or posted on the Company's website at least 21 days before the date of the AGM. Resolutions are proposed for each substantially separate issue and details of the proxy voting on each resolution are announced at the AGM after the results of the show of hands is known and are posted on the Company's website following the conclusion of the meeting.

The Company counts all proxy votes and indicates the level of proxies lodged on each resolution. It also publishes the level of votes for and against resolutions and the number of votes withheld. The Company ensures that votes cast are properly received and recorded.

Remuneration report

Composition of the Remuneration Committee

Paul Taylor was Chairman of the Committee during the year under review and to the date of this report. The other member of the Committee was Tom Black. Richard Amos joined the Committee on appointment to the Board on 1 March 2021.

Neither Paul Taylor nor Richard Amos have a potential conflict of interest arising from cross-directorships and they are not involved in the day-to-day running of the Company. Tom Black is a member of the Committee but is not involved in decisions concerning himself.

The Remuneration Committee has appointed Alvarez & Marsal to provide advice on executive remuneration including the valuation of awards under the Equity Incentive Programme. Alvarez & Marsal is an independent advisor to the Remuneration Committee. Alvarez & Marsal did not provide any other services to the Company during the year under review.

Role of the Remuneration Committee

The Remuneration Committee is responsible for the Board policy with respect to senior executives' salary and other remuneration. It specifically determines within remuneration principles agreed with the Board, the total remuneration package of each Executive Director and reviews the remuneration packages for other senior executives. A copy of the terms of reference is available on request.

The Committee met 10 times during the year. Details of attendance are shown in the Corporate Governance report on page 22.

Remuneration policy

The Group's policy is to provide Executive Directors with a competitive market-based package in order to reward individual and Group performance and deliver outstanding Shareholder returns.

The Remuneration Committee is committed to ensuring that the Company's key executive team is incentivised to drive sustainable earnings growth and returns to Shareholders, thereby creating a genuinely strong alignment of interests between management and investors. A robust, strategically focused equity-based long-term incentive policy is a key ingredient of this.

Year ending 31 March 2021

During the year under review, it was the policy of the Company that Executive Directors receive a basic salary, a bonus opportunity, a company car if appropriate, life assurance of four times salary, private medical insurance and pension fund membership.

No bonus payments were made to the Executive Directors in respect of the year to 31 March 2021.

Awards were made to the Executive Directors in June 2020 under the EMI Share option scheme and unapproved share option scheme as detailed on page 30 of this report.

Year ending 31 March 2022 and subsequent periods

A similar structure of remuneration will be payable for the year ending 31 March 2022 in respect of base salary, life assurance, private medical insurance, company car and pension fund membership. It is anticipated that a further award under the EMI Share Option scheme and/or the unapproved share option scheme will be made later in the year.

Base salary

It is the policy of the Company to pay a competitive base salary which is regularly benchmarked against organisations of a similar size and in a similar sector.

Bonus opportunity

A bonus scheme is in place, based on revenue and profit in the year to 31 March 2022. This scheme provides a maximum bonus opportunity of 25% of base salary for Colin Evans and 10% of base salary for Adrian Crockett. In order to achieve the maximum bonus payable revenue of £12 million is required in the year ending 31 March 2022.

Long-Term Incentive Scheme

It is expected that annual awards will be made under the LTIP.

Pension

The Company introduced a Defined Contribution pension scheme, in line with legislation, for all employees (including Executive Directors) in October 2015.

During the year under review Adrian Crockett was a member of the scheme.

During the year under review the scheme provided for employer and employee contributions to be made at the rate of 3% and 5% respectively. The employer contributions of Adrian Crockett are given on page 29. Colin Evans and Tom Black (who both became eligible to join on 1 November 2017) decided not to participate in the scheme and accordingly no contributions to the scheme have been made on their behalf.

It was agreed in November 2020 that Colin Evans will receive an amount equivalent to the employer pension contribution as a taxable cash payment, effective from 1 October 2020. Accordingly Colin Evans receives £7,050 per annum in this regard and received £3,525 for the year ended 31 March 2021 (2020: £nil).

Other benefits

Currently the Executive Directors are offered life cover of four times salary and private medical insurance. With effect from 1 November 2020 Colin Evans received a fully expensed company car.

Tom Black is not entitled to a company car and does not receive a payment in lieu of employer pension contributions.

It is anticipated that these benefits will continue and that no other benefits will be offered.

Base salary

During the year under review the base salary of Colin Evans was £235,000 (2020: £235,000) and the base salary of Tom Black was £45,000 (2020: £45,000) and the base salary of Adrian Crockett was £155,000 (2020: £155,000). At the date of this report the base salaries of Tom Black and Colin Evans as detailed have not been increased and therefore remain at the levels as detailed above. The base salary of Adrian Crockett increased to £159,650 with effect from 1 April 2021.

Bonus scheme

Year ending 31 March 2021

During the year under review, the Executive Directors participated in a formal bonus arrangement but, based on the performance of the Company, no payments were made under the bonus scheme.

Year ending 31 March 2022

A bonus scheme is in place, based on revenue and profit in the year to 31 March 2022. This scheme provides a maximum bonus opportunity of 25% of base salary for Colin Evans and 10% of base salary for Adrian Crockett. In order to achieve the maximum bonus payable, revenue of £12 million is required in the year ending 31 March 2022.

Equity incentives

Enterprise Management Incentive Scheme ('EMI')

With effect from 1 November 2017 the Remuneration Committee agreed that future equity awards would be made, as far as possible, under the EMI Section of the LTIP. Awards under the EMI scheme provide tax efficient Share options up to certain limits as set by HMRC. Awards have been made under the EMI scheme as detailed on page 30 of this report. Performance Conditions apply to awards made since 1 January 2019, the details of which are given on page 31. Performance Conditions do not apply to awards made prior to 31 December 2018. In all cases the option price is payable by the employee concerned on exercise.

Unapproved options and awards to overseas employees

Awards are made under an unapproved scheme in the case where no further awards can be made under the EMI scheme or where awards are to be made to overseas employees. Awards have been made under the unapproved scheme as detailed on page 31 of this report. Performance Conditions apply to awards made since 1 January 2019, the details of which are given on page 31. Performance Conditions do not apply to awards made prior to 31 December 2018. In all cases the option price is payable by the employee concerned on exercise.

Renewal of Long-Term Incentive Plan

At the Annual General Meeting held on 22 September 2020 shareholder approval was given for the extension of the Long-Term Incentive Plan ('LTIP') which was originally implemented in 2010. All awards under the EMI, Unapproved and Overseas schemes are made under the umbrella of the LTIP. Details of the provisions relating to the LTIP can be found on pages 81 and 82 of the 2020 Annual Report.

Remuneration report continued

Sharesave Scheme

At the General Meeting held on 1 November 2013, the introduction of a Sharesave Scheme ('the Scheme') was approved by Shareholders. The Scheme was launched in June 2014. Outstanding awards under this scheme are detailed below;

- An award of 1,443,600 options was made on 21 September 2018 of which 1,281,600 options remain outstanding as at 31 March 2021
- An award of 410,863 options was made on 30 October 2019 of which 280,430 options remain outstanding as at 31 March 2021
- An award of 173,072 options was made on 23 July 2020 of which 147,112 options remain outstanding as at 31 March 2021

Details of awards made to the Executive Directors under this scheme are given on page 32.

It is anticipated that the Scheme will be re-launched to all UK employees later in 2021.

There are no other Share Option schemes operated by the Group.

Deferred Share Bonus Plan ('the Plan')

The introduction of a Deferred Share Bonus Plan for use in conjunction with the bonus arrangements for the Executive Directors and for other senior employees of the Group who may have an entitlement to Deferred Shares under Group bonus arrangements was approved by the 2013 AGM.

Full details of the Plan are given in the 2015 Annual Report.

To date no awards have been made under the Plan and it is not expected that awards will be made under the Plan in the future.

Dilution limits and Employee Benefit Trust

It is the policy of the Company that awards made under the LTIP (including the EMI scheme), the Sharesave Scheme, via the Deferred Share Bonus Plan and any other long-term incentive scheme which are to be satisfied by new issue Shares will, in total, not exceed 1% per annum on average of the issued Share capital over the medium to long term. However, in the short term, awards may be made which would exceed 1% in any one particular year.

At 31 March 2021, Share options that have been exercised and potentially dilutive awards have been made and are still outstanding are detailed below:

	31 March 2021	31 March 2020
Exercised share options (since 1 April 2011)	395,500	70,500
Awards under the EMI scheme	6,744,365	6,364,365
Awards under the unapproved scheme and to US employees	5,097,629	3,697,629
Awards under the Sharesave Scheme	1,709,142	1,677,855
Awards under the Deferred Share Bonus Plan	nil	nil
Total	13,946,636	11,810,349

If all the above equity awards were to vest, dilution on the current share capital would amount to 9.57%.

Awards made under the LTIP (excluding EMI awards) may be satisfied by Shares held in the Thruvision Group plc Employee Benefit Trust ('EBT'). The Company has confirmed to the EBT that sufficient Shares will be made available prior to the requirement to satisfy the exercise of awards under the LTIP. At 31 March 2021 no shares were held by the EBT (2020: nil).

Full details of awards made under the LTIP, the EMI scheme and the Sharesave Scheme during the year are given in note 18 on pages 67 to 70.

Pensions

Adrian Crockett joined the Thruvision Group Pension Scheme, a defined contribution scheme, from 1 May 2019, was a member during the year under review and remains a member at the date of this report.

Tom Black and Colin Evans did not participate in the scheme or any other pension scheme operated by the Company.

With effect from 1 October 2020 Colin Evans receives £7,050 per annum as a taxable payment as compensation for the 3% employer pension contribution he would have received had he been a member of the scheme.

Remuneration of the Non-Executive Directors

The remuneration of the Non-Executive Directors comprises solely of fixed fees which are set by the Board. Advice is taken on appropriate levels taking account of the development of the Group, market practice, time commitment and responsibility. Directors are not involved in discussions relating to their own salary, benefits or fees.

The total fees for Non-Executive Directors remain within the aggregate limit of £250,000 per annum as set out in the Articles. There are no pre-determined special provisions for Non-Executive Directors with regard to compensation in the event of loss of office.

In the year under review and to the date of this report the annual fee payable to Paul Taylor was £35,000 (2020: £35,000) per annum. The annual fee payable to Richard Amos with effect from 1 March 2021 is £35,000 per annum.

Directors' remuneration for the year ended 31 March 2021

	Basic	Pension	Other	Benefits	Bonus	Remuneration	
	salary/fees 2021 £'000					2021 £'000	2021 £'000
Executive Directors							
Tom Black (as Executive Chairman)	45	nil	nil	nil	nil	45	45
Colin Evans	235	nil	4	3	nil	242	236
Adrian Crockett (appointed 1 May 2019)	155	5	nil	1	nil	161	147
Ian Lindsay (to 24 May 2019)	nil	nil	nil	nil	nil	nil	67
Non-Executive Directors							
Paul Taylor	35	nil	nil	nil	nil	35	35
Richard Amos (appointed 1 March 2021)	3	nil	nil	nil	nil	3	nil
Total	473	5	4	4	nil	486	530

Tom Black, Colin Evans, Adrian Crockett and Paul Taylor were in office during the year and remuneration has been presented from 1 April 2020 to 31 March 2021.

Richard Amos joined the Board on 1 March 2021 and his remuneration is presented from that date to 31 March 2021.

Ian Lindsay left the Company on 24 May 2019 and his 2020 remuneration is presented from 1 April 2019 to date of leaving the Company.

Service contracts

Tom Black and Colin Evans are subject to rolling service contracts with a notice period of one year. Adrian Crockett is subject to a rolling service contract with a notice period of six months. Payments on termination for Executive Directors, other than on grounds of incapacity or in circumstances justifying summary termination, are restricted to the value of any unexpired notice period and the cost of providing other contractual benefits during the unexpired notice period.

The letter of appointment in respect of Paul Taylor was for a fixed period terminating on 31 March 2021. It has been agreed that he will remain on the Board until the conclusion of the AGM on 28 September 2021.

The letter of appointment in respect of Richard Amos is for a fixed period of three years and may be terminated by either party giving to the other not less than one month's notice.

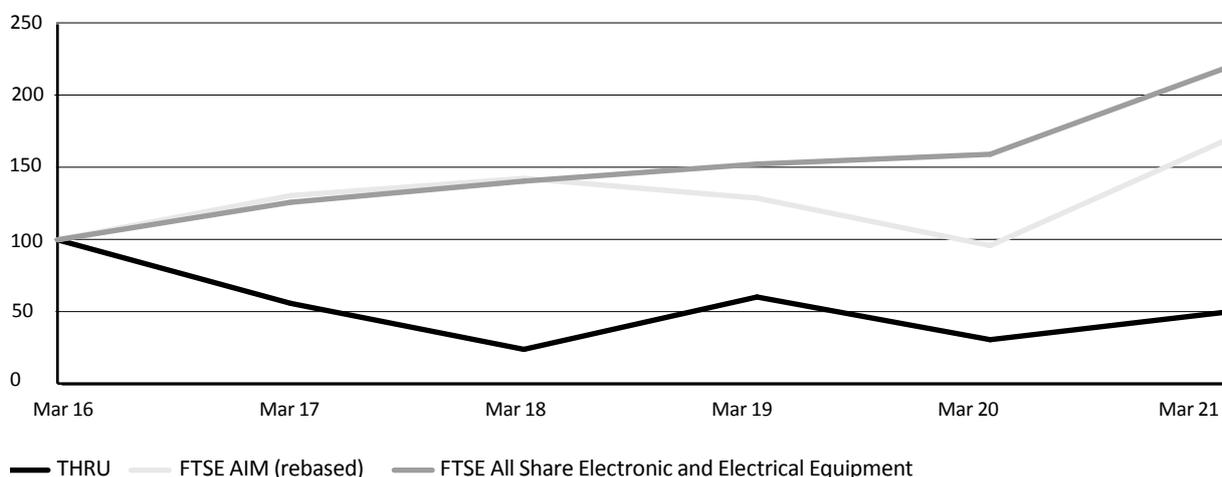
Details of the Directors offering themselves for re-election at the forthcoming Annual General Meeting are set out in the Directors' report on page 10.

The service contracts and letters of appointment include the following terms:

Executive Chairman	Date of contract	Notice period (months)
Tom Black	12 January 2018	12
Executive Directors		
Colin Evans	23 October 2010	12
Adrian Crockett	1 May 2019	6
Independent Non-Executive Director		
Paul Taylor	3 May 2018	1
Richard Amos	1 March 2021	1

TSR performance

The graph below sets out for the period from 1 April 2016 to 31 March 2021 the Total Shareholder Return of Thruvision Group plc and the performance of FTSE Aim sector and the FTSE All Share Electronic and Electrical equipment index.



The Share price of the Company on 8 February 2010 (being the date of the Company's IPO) was £1. During the year under review, the Share price varied between 28.9 pence and 14.0 pence and at 31 March 2021 was 23.5 pence.

Share awards to Directors under the EMI scheme held at 31 March 2021

	At 1 April 2020	Awarded during the year	Lapsed during the year	Exercised during the year	At 31 March 2021	Grant date	Exercisable from	Share price at grant	Exercise price
Tom Black									
EMI Share options awarded in January 2018	585,175	nil	nil	nil	585,175	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p
Colin Evans									
EMI Share options awarded in January 2018	1,625,487	nil	nil	nil	1,625,487	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p
Adrian Crockett									
EMI Share options awarded in October 2019	400,000	nil	nil	nil	400,000	8/10/19	8/10/22 to 8/10/29	27.60p	27.60p
EMI Share options awarded in June 2020	nil	250,000	nil	nil	250,000	15/6/20	15/6/23 to 15/6/30	20.00p	20.00p
Total	400,000	250,000	nil	nil	650,000				

Share awards to Directors under the unapproved Share option scheme held at 31 March 2021

	At 1 April 2020	Awarded during the year	Lapsed during the year	Exercised during the year	At 31 March 2021	Grant date	Exercisable from	Share price at grant	Exercise price
Colin Evans									
Unapproved Share options awarded in January 2018	374,513	nil	nil	nil	374,513	17/1/18	17/1/21 to 17/1/28	15.38p	15.38p
Unapproved Share options awarded in January 2019	870,370	nil	nil	nil	870,370	18/1/19	18/1/22 to 18/1/29	27.00p	27.00p
Unapproved Share options awarded in October 2019	851,449	nil	nil	nil	851,449	8/10/19	8/10/22 to 8/10/29	27.60p	27.60p
Unapproved Share options awarded in June 2020	Nil	800,000	nil	nil	800,000	15/6/20	15/6/23 to 15/6/30	20.00p	20.00p
Total	2,096,332	800,000	nil	nil	2,896,332				

Performance conditions in respect of the awards detailed above.

Awards made in June 2020.

Awards made in June 2020 under both the EMI scheme and the Unapproved scheme are subject to a performance condition based on revenue in the period 1 April 2020 to 31 March 2023 as follows:

Tranche 1

- 50% of the award will vest if Revenue in the two-year period from 1 April 2020 to 31 March 2022 is in excess of £21,125,280 providing the awardee remains in the employment of the Group (or has left as a 'Good Leaver') on the third anniversary of the award date.
- 50% of the award will lapse if Revenue in the two-year period 1 April 2020 to 31 March 2022 is below £16,900,224.
- If Revenue in the two-year period 1 April 2020 to 31 March 2022 is between £16,900,224 and £21,125,280, 80% of Tranche 1 (i.e. 40% of the total award) will be capable of vesting if Revenue in the three-year period from 1 April 2020 to 31 March 2023 is in excess of £34,952,736. In this circumstance if Revenue is below £34,952,736, 80% of Tranche 1 (i.e. 40% of the total Award) will lapse.

Tranche 2

- 50% of the award will vest on the third anniversary of the award date if Revenue in the three-year period 1 April 2020 to 31 March 2023 is in excess of £34,952,736. This is in addition to any award that may vest under Tranche 1 above.

Awards made in January 2019 and October 2019.

Awards made in January 2019 and October 2019 under both the EMI scheme and the Unapproved scheme are subject to a performance condition based on revenue and profit in the period 1 April 2021 to 31 March 2022 (FY22) as follows.

FY22 Revenue	FY22 profit (EBITDA)	Percent of awards that vest
£18.9m or more	£1m or more	100%
Between £16.2m and £18.9m	Between breakeven and £1m	Straight-line basis between 0% and 100%
Less than £16.2m	Less than breakeven	0%

In order for the awards to vest in full both the Revenue and Profit performance conditions must be met.

Awards made in January 2018.

Awards made in January 2018 under both the EMI scheme and the Unapproved scheme were not subject to a performance condition.

Remuneration report continued

Share awards made to Executive Directors under the Sharesave Scheme at 31 March 2021

	At 1 April 2020	Awarded during the year	Lapsed during the year	Vested during the year	At 31 March 2021	Grant date	Exercisable from	Share price at grant	Exercise price
Tom Black									
Sharesave option granted September 2018	90,000	nil	nil	nil	90,000	21/9/18	21/9/21 to 21/3/22	£0.25	£0.20
Colin Evans									
Sharesave option granted September 2018	90,000	nil	nil	nil	90,000	21/9/18	21/9/21 to 21/3/22	£0.25	£0.20
Adrian Crockett									
Sharesave option granted October 2019	8,152	nil	nil	nil	8,152	3/10/19	3/10/22 to 3/4/23	£0.276	£0.2208

Directors' interests in Shares

The Executive Directors are strongly encouraged to hold Shares in Thruvision Group plc to the value of at least 2X base salary. Tom Black and Colin Evans currently comply with this requirement.

A newly appointed Director is expected to build the stake over time using post-tax bonus payments, base salary increases and vested options under the LTIP scheme. Adrian Crockett has committed to this policy and will build his shareholding over time.

The interests of the Directors at the end of the year in the Share capital of the Company were as follows:

	As at 31 March 2021 Ordinary Shares	As at 1 April 2020 Ordinary Shares
Tom Black	11,349,444	11,349,444
Colin Evans	2,423,900	2,423,900
Adrian Crockett	nil	nil
Paul Taylor	272,489	272,489
Richard Amos	nil	nil

No Director holds a non-beneficial interest in the Company's Share capital. On 27 May 2021 Adrian Crockett purchased 1,627 Ordinary Shares. There have been no other changes in Directors' Shareholdings between 31 March 2021 and 9 July 2021.

Approved by the Board and signed on its behalf:

Paul Taylor

Chairman, Remuneration Committee

9 July 2021

Directors' responsibility statement – Group financial statement

The Directors are responsible for preparing the Strategic report, Directors' report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Tom Black
Chairman

9 July 2021

Adrian Crockett
Finance Director

9 July 2021

Independent auditor's report to the members of Thruvision Group Plc

Opinion

Our opinion on the financial statements is unmodified.

We have audited the financial statements of Thruvision Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company balance sheet, the Company statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included consideration of the forecasts prepared by the Directors, which incorporated a number of potential scenarios, including a reverse stress test forecast. As part of their assessment, Management prepared a number of scenarios, sensitising the key assumptions for revenue and gross margin. We considered the reasonableness of these sensitivities, which we assessed against our understanding of the business, historic information and post year end trading results.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Directors, and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Our approach to the audit



Overview of our audit approach

Overall materiality:

Group: £137,000, which represents approximately 5% of the Group’s loss before tax from continuing operations.

Parent Company: £86,000, which represents 0.4% of the Parent Company’s total assets, capped at its performance materiality.

Key audit matters were identified as:

- Group: Revenue recognition (same as previous year); and
- Parent Company: Impairment of investments (same as previous year).

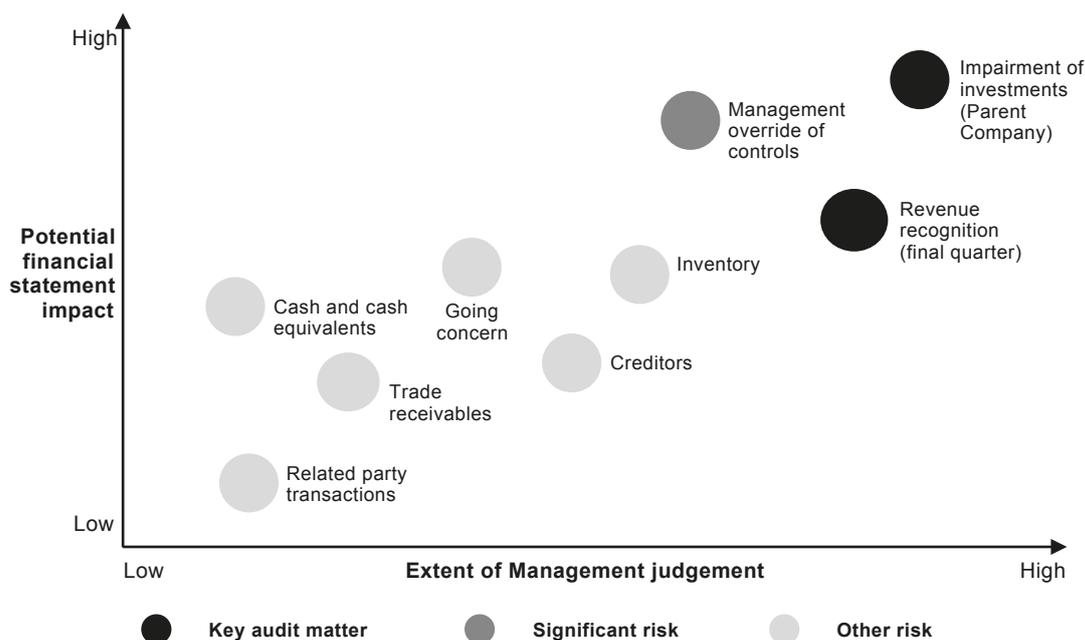
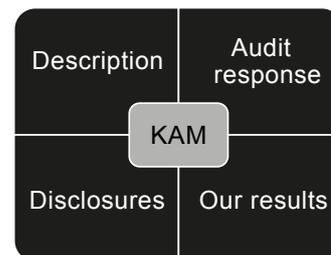
Our auditor’s report for the year ended 31 March 2020 did not include any key audit matters that have not been reported as key audit matters in our current year’s report.

We performed an audit of the financial statements of the Parent Company, Thruvision Group Plc, and of the financial information of Thruvision Limited and Thruvision Inc., using component materiality (“full scope audit”).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group

Revenue Recognition

We have identified revenue recognition, in accordance with International Financial Reporting Standard (IFRS 15) 'Revenue from Contracts with Customers', as a significant risk, which was one of the most significant assessed risks of material misstatement due to fraud.

Group revenue of £6,700,000 (2020: £8,002,000) has been recognised in the year ended 31 March 2021, arising substantially from the sales of products.

Revenue is the most significant item in the Group statement of comprehensive income and impacts several key performance indicators, and key strategic indicators, as set out in the Chairman's Statement and Strategic Report on pages 2 to 9.

Due to the global nature of the Group's customer base, differing delivery methods for products, and the fact that receipt of payments from customers does not always align with sales timelines, we identified an elevated risk of material misstatement in relation to revenue recognised in the last quarter of the year. There is a risk that revenue could be misstated if the timing of revenue recognition is not appropriate and in line with the contract.

Relevant disclosures in the Annual Report and Accounts 2021

- Accounting policies: note 8, Revenue recognition; and
- Financial statements: note 2, Segmental information.

How the matter was addressed in the audit – Group

In responding to the key audit matter, we performed the following audit procedures:

- Assessed whether the accounting policies adopted by the Directors are in accordance with the requirements of IFRS 15, and whether Management accounted for revenue in accordance with the accounting policies;
- Understood the design of processes and controls through which the business initiates, records and recognises revenue transactions;
- Obtained a schedule of revenue recognised in the final quarter of the year, reconciled back to the accounting system and checked the validity of this reconciliation;
- Selected a sample of revenue transactions recognised in the final quarter from the listing; and, for those items selected, traced recognised revenue transactions to proof of delivery, or other evidence that the customer had accepted ownership, prior to the year end in order to provide evidence of occurrence and of appropriate revenue recognition.

Our results

Based on our audit work, we did not identify any material misstatement in revenue recognition and we consider that revenue was recognised in accordance with the Group's accounting policy and IFRS 15.

Key Audit Matter – Parent Company

Impairment of investments

We identified the impairment of investments in accordance with International Accounting Standard (IAS) 36 'Impairment of Assets' as a significant risk, which was one of the most significant assessed risks of material misstatement due to error.

Investments in subsidiaries are carried at cost less necessary impairments and valued on an individual basis. The investments in subsidiaries are included within the Parent Company balance sheet and recorded at £13,841,000 (2020: £7,597,000).

Management assesses whether there are any losses in the carrying value of the investments in subsidiaries.

The determination of whether an investment in subsidiary needs to be impaired includes assumptions about the profitability of the underlying business and growth, which involves significant Management judgement.

How our scope addressed the matter – Parent Company

In responding to the key audit matter, we performed the following audit procedures:

- Obtained an understanding of the design of the Parent Company's processes and key controls around the carrying value of investments;
- Obtained Management's impairment review and compared it to our understanding of the business, with consideration of the appropriateness of the key assumptions as follows:
 - forecast revenue growth rates by reference to our understanding of the business, knowledge of the market and post year end sales discussions; and
 - the discount factor used by reference to comparable market data.
- Challenged Management's assumptions and checked the arithmetical accuracy of Management's impairment model;
- Performed sensitivity analysis to assess the impact of different assumptions utilised in the impairment models, including the key assumptions of revenue growth rates and discount rates;
- Assessed the accuracy of Management's historic forecasting through a comparison of prior year impairment reviews to actual results; and
- Assessed the reasonableness of additional indicators of the recoverability of the investments by reference to the market capitalisation of the business.

Relevant disclosures in the Annual Report and Accounts 2021

- Parent Company accounting policies: note 2, Investments; and
- Parent Company financial statements: note 4, Investments

Our results

Based on our audit work, we did not identify any material misstatement in Management's impairment review, and we consider that the review was carried out in accordance with IAS 36.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

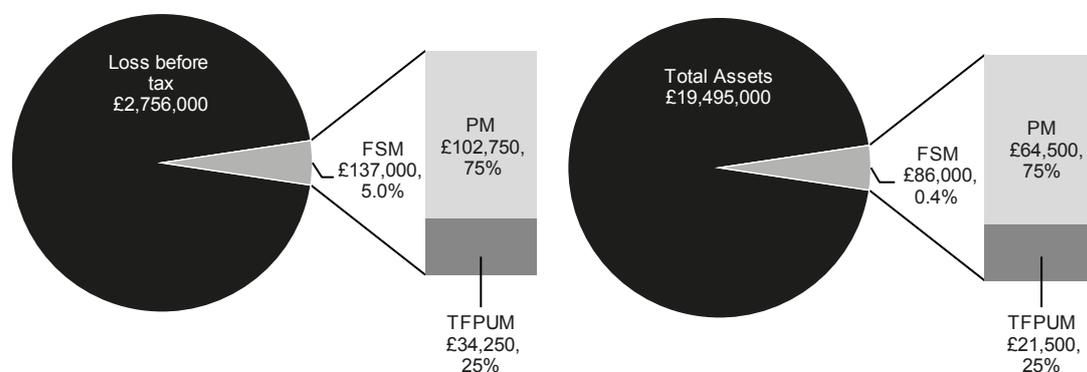
Materiality was determined as follows:

Materiality Measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£137,000, which is approximately 5% of the Group's loss before tax from continuing operations.	£86,000, which is 0.4% of the Parent Company's total assets, restricted to its component materiality, being a percentage of Group materiality.
Significant judgements made by auditor in determining the materiality	<p>In determining materiality, we made the following significant judgements:</p> <p>Loss before tax from continuing operations is considered to be the most appropriate benchmark, being a key performance metric for the Group, used in management information. In the prior year, we considered revenue to be the most appropriate benchmark, however we believe that the earnings-based measure of loss before tax from continuing operations now more appropriately reflects the key interest of investors and other users of the financial statements.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2020 as a result of the change in the benchmark and measurement percentage from 2% of the Group's revenue in the prior year to 5% of the Group's loss before tax from continuing operations in the current year, which was lower.</p>	<p>In determining materiality, we made the following significant judgements:</p> <p>Total assets is considered to be the most appropriate benchmark as the Parent Company principal activity is that of a holding company, which does not generate any revenue.</p> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2020 as a result of the impact of the component materiality restriction applied in the current year, which is based on a lower Group materiality.</p>

Independent auditor's report to the members of Thruvision Group plc continued

Materiality Measure	Group	Parent Company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£102,750, which is 75% of financial statement materiality.	£64,500, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> • Few adjustments being identified in prior years; • The Group historically having a strong control environment; and • The low number of significant components within the Group and the significant extent of audit procedures planned and performed in respect of these components. 	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> • Few adjustments being identified in prior years; and • The Parent Company historically having a strong control environment.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.	
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£6,850 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- We obtained an understanding of the Group and its environment. The Group's accounting process is resourced through a central function and team within the UK, with the accounting for all components carried out from this central function and team.

Identifying significant components

- We identified and evaluated the components to assess their significance and to determine the planned audit response based on a measure of materiality. We determined significance as a percentage of the Group's total assets, revenues and profit or loss before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- A full scope audit of the financial statements of the Parent Company and of the financial information of Thruvision Limited and Thruvision Inc.; and
- All audit work was undertaken by the Group engagement team and therefore no component auditors were used.

Performance of our audit

- As a result of the COVID-19 pandemic, all of our audit work was carried out remotely, with the exception of attendance at the year end stock-take.

Changes in approach from previous period

- 100% of the Group's revenue, gross assets and loss were included in the scope of our full scope audit procedures based on the above strategy, which is a change in approach from the prior year, where we used specified audit procedures in respect of Thruvision Inc., as it was not individually financially significant last year.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the Parent Company, and determined that the most significant which are directly relevant to the financial statements are those related to the financial reporting framework, being international accounting standards in conformity with the requirements of the Companies Act 2006, Financial Reporting Standard 101 'Reduced Disclosures Framework', the Companies Act 2006 and the QCA Corporate Governance Code, and the AIM Rules for Companies. In addition, we concluded that there are certain significant laws and regulations, such as employment law that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to employee matters.
- We obtained an understanding of how the Group and the Parent Company are complying with those legal and regulatory frameworks by making enquiries of Management and the Company Secretary. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur, by making enquiries of Management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a fraud risk assessment. We considered the risk of fraud to be highest through the potential for Management override of controls.

-
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that Management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material manual journals, those posted directly to cash and sub-ledger control accounts, and those impacting areas of estimation uncertainty;
 - challenging assumptions and judgements made by Management in its significant accounting estimates; and
 - in addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with the applicable financial reporting framework requirements.
 - In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Group's and the Parent Company's operations, including the nature of their objectives and strategies, to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the Group and the Parent Company operate; and
 - understanding of the legal and regulatory requirements specific to the Group and the Parent Company.

Use of our report

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

Mark Bishop FCA

Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

9 July 2021

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	6	22	253
Finance costs	7	(21)	(26)
Loss before tax		(2,756)	(1,502)
Income tax	8	266	223
Loss for the year from continuing operations		(2,490)	(1,279)
Discontinued operations			
Profit from discontinued operations after tax	25	2	189
Loss for the year		(2,488)	(1,090)
Adjusted loss:			
Loss before tax from continuing operations	4	(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	9	(1.71p)	(0.88p)
Loss per share – diluted	9	(1.71p)	(0.88p)
Loss per share – continuing and discontinued operations			
Loss per share – basic	9	(1.71p)	(0.75p)
Loss per share – diluted	9	(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

Assets	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	10	1,103	1,238
Intangible assets	11	48	62
		1,151	1,300
Current assets			
Inventories	12	4,419	3,671
Trade and other receivables	13	1,442	2,221
Derivative financial instrument	19	–	203
Current tax recoverable		378	296
Cash and cash equivalents	14	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	17	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	16	643	305
Provisions	21	38	38
		681	343
Current liabilities			
Trade and other payables	15	2,489	2,394
Provisions	21	175	–
		2,664	2,394
Total liabilities		3,345	2,737
Total equity and liabilities		14,658	16,122

The financial statements on pages 42 to 77 were approved by the Board of Directors on 9 July 2021 and were signed on its behalf by:

Tom Black
Chairman

Adrian Crockett
Finance Director

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	10	504	444
Amortisation of intangible assets	11	14	7
Share-based payment transaction expense	18	409	297
Unrealised gains on foreign exchange		5	48
Disposal of fixed assets		103	–
Finance income		(22)	(50)
Finance costs	7	21	26
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		956	(21)
Increase in inventories	12	(748)	(322)
Increase/(decrease) in trade and other payables		24	(123)
Increase in provisions	21	(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	25	63	265
Net cash flow from investing activities		(386)	(87)
Financing activities			
Proceeds from issue of shares		50	–
Leasing obligations repayments	20	(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 information

1. Accounting policies

1. Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Accounting Standards ('IASS') in conformity with the requirements of the Companies Act 2006, and in accordance with the provisions of the Companies Act 2006 that are relevant to companies that report under IFRSs.

Monetary amounts are expressed in Pounds Sterling ('GBP') and are rounded to the nearest thousands (£'000), except where otherwise stated.

The financial statements were authorised for issue by the Board of Directors on 9 July 2021 and the Statement of Financial Position was signed on the Board's behalf by Tom Black and Adrian Crockett.

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.

The consolidated financial statements have been prepared on a historical cost basis, except:

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2. Accounting policies

The accounting policies which apply in preparing the financial statements for the period are set out below. These policies have been consistently applied to all periods presented in these consolidated financial statements.

3. Basis of measurement

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 three financial years; and
- stock purchases and operating expenditure reduced to an extent.

This forecast showed the Group would have over £2 million 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 12 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.

1. Accounting policies continued

4. Basis of consolidation

The consolidated financial statements for the year include those of Thruvision Group plc and all of its subsidiary undertakings (together 'the Group') drawn up at 31 March 2021.

Subsidiary undertakings are those entities controlled directly or indirectly by the Company. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Assets, liabilities, revenue and costs of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries are consolidated using the Group's accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale (see note 25), if earlier. When an operation is classified as a discontinued operation, the comparative income is re-presented as if the operation had been discontinued from the start of the comparative year.

5. Critical accounting estimates and judgements

In preparing the consolidated financial statements, management has to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The critical judgements and estimates made in preparing the consolidated financial statements are detailed below. These judgements and estimates involve assumptions in respect of future events which can vary from what is anticipated.

5.1 IFRS 15 Revenue from Contracts with Customers

There were a few instances of sales made in the year where goods and services were bundled together when quoted to a customer. Under IFRS 15, the revenue attributable to each separate deliverable was assessed internally and apportioned between each performance obligation at the rate the Group expects to be entitled in exchange of the goods and services.

This was done either by reference to similar sales or our price list. In the absence of a standardised sales price reference, the known or estimated costs to perform the performance obligation along with the average gross margin applied will be used to calculate the revenue for a particular performance obligation. Revenue is either recognised in the month the goods or service are delivered, or over a period in the case of extended warranty revenue. Revenue is recognised by separating out the key deliverables in long-term development contracts, of which there were none in the year (2020: one).

No IFRS 15 revenue adjustments were necessary in relation to discounts, rebates, incentives, penalties or similar offerings. The Group's business model either does not involve these sorts of items, or, as in the case of discounts, they are applied principally at the point of delivery and therefore already form part of the amount we recognise as revenue under the current accounting standard.

5.2 Inventories

In recognising the net realisable values of inventories, Management utilises the most reliable information available at each reporting date. Management review inventories bi-annually, identifying where necessary allowances for obsolete, slow moving or defective inventories. The carrying balance of inventories as at 31 March 2021 is detailed in note 12.

5.3 IFRS 9 Financial Instruments

The Group will occasionally enter into foreign exchange contracts for trading purposes due to the majority of our cash outflows being in Sterling, with a significant amount of revenue being transacted in USD. These will include swaps and forward rate agreements with the risks associated with these instruments being regularly monitored. The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at balance sheet date. There were no unsettled forward contracts as at 31 March 2021 (2020: one for £203,000).

5.4 Income taxes

In recognising deferred tax assets, management make estimates of the forecast future profitability of entities within the Group and the likely certainty that these forecasts will be achieved. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such determination is made. The carrying value of deferred tax is disclosed in note 8.

1. Accounting policies continued

5.5 Trade receivables

Under IFRS 9, for impairment assessment purposes, trade receivables are grouped at the lowest levels for which there are independent cash inflows (per customer). IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. This is explained in detail in note 19.4 within the accounting policies note below.

6. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Payments made that are contingent on the vendors continuing to be employed by the Group are treated as remuneration and recognised within the administration cost line in the income statement. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in the income statement. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill

In accordance with IFRS 3 'Business Combinations', goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification of other intangible assets acquired. The method used to value intangible assets is the 'Income Approach'. The Income Approach indicates the fair value of an asset based on the value of the cash flows that the asset might reasonably be expected to generate.

7. Intangible assets

Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition and amortised over their estimated useful economic life. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights. The estimated useful lives of the intangible assets are as follows:

- Intellectual property and Software – three to five years;
- Patents and trademarks – five years.

Amortisation is charged to administration expenses in the Consolidated income statement on a straight-line basis.

The carrying value of other intangible assets is reviewed for impairment when events or changes in circumstance indicate that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is estimated to be the higher of the other intangible assets fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

8. Revenue recognition

Revenue arises mainly from the sale of hardware consisting of Thruvision units and accessories, and after-sales maintenance and extended warranty services. Revenue is also derived from bespoke R&D solutions, short-term rental and long-term leasing options, and delivery revenue resulting from shipping recharges. Software is also sold with the product but, as this is integral to the operation of the unit, this is not separated out.

1. Accounting policies continued

To determine whether to recognise revenue, the Group follows a five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

A standard sale entered into with a customer will contain a bundle of products and services comprising of Thruvision units as well as accessories, software, delivery and installation and related after-sales service. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The relevant proportion of the total transaction price allocated to unsatisfied or partially unsatisfied performance obligations are deferred, and this is shown within deferred income in note 15.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Hardware sales

Revenue from the sale of Thruvision units and accessories is recognised when or as the Group transfers control of the asset to the customer. For Ex-works (Incoterms 2020) sales this is at the point the goods are made available to the customer for collection. Non-customised software is supplied under licences with an indefinite licence period which convey a right to use software as it exists at the start of the licence period. The Group will also offer software updates to customers free of charge. The majority of sales were made under Ex-Works terms, with one sale being made under Free on Board ('FOB') (Incoterms 2020 UK), where revenue is recognised once goods are delivered to the named place of delivery. The Group also sometimes uses other terms of sales, such as Delivered at Place, where Thruvision takes on all the risks and costs of delivery of goods to an agreed upon location.

Warranty arrangements

The Group provides a basic one-year product warranty on Thruvision units and accessories whether sold on a stand-alone basis or as part of an integrated system. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These assurance-type warranties are not considered to be a separate performance obligation and so revenue is not allocated to this. The estimated costs of serving these warranties are recognised as provisions under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Extended warranties and enhanced support

The Group enters into fixed price maintenance and extended warranty contracts with its customers for non-cancellable terms between one and five years in length. Customers are required to pay in advance, with payments received in advance of the performance obligation being satisfied recognised as contract liabilities.

- Extended warranty programme – these agreements cover repairs and after-sales support for Thruvision hardware outside the Group's standard warranty period. This service involves an indeterminate number of acts as the Group is required to 'stand ready' to perform whenever a request falling within the scope of the programme is made by a customer. The benefits of the Group standing ready are received and consumed immediately and the service has therefore been assessed as a single performance obligation that is transferred over time (i.e. the warranty period). Revenue is recognised on a straight-line basis over the term of the contract. This method best depicts the transfer of services to the customer as:
 - a) the Company's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract; and
 - b) no reliable prediction can be made as to if and when any individual customer will require service.
- Enhanced support – these agreements provide customers with a faster response time, free functionality upgrades, free spare system provision as well as regularly scheduled maintenance on hardware purchased from the Group. The contracts consist of a single performance obligation that is transferred over time (i.e. the contract period) because they involve a series of services that are substantially the same and the benefit of each service is received and consumed immediately. Revenue is recognised over the time of the contract on a straight-line basis.

1. Accounting policies continued

Consulting and IT outsourcing services

The Group will occasionally provide consulting services relating to the design of an integrated solution alongside other detection systems, as well as IT security. Other sales to date have involved a specific design in order to detect hidden items or anomalies. These involve developing a customer-specific design (no alternative use) with billings based on a specified payment schedule. Revenue is recognised over time if the schedule ensures that the Group is entitled to payment for its performance to date throughout the contract period (including a profit margin that, in percentage terms, is equal to or more than the final expected profit margin).

Revenue for over-time contracts is recognised on a time-and-materials basis as the services are provided and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance. For the point-in-time contracts, materials and supplies and other directly attributable costs are recognised as contract fulfilment assets. These costs are expensed on delivery and acceptance (i.e. when the related revenue is recognised).

R&D development projects and bespoke solutions

The Group has entered into contracts in the past for the design, development and installation of a tailored or new generation Thruvision system in exchange for a fixed fee. Revenue derived from services billed to customers on a time and materials or fixed-price basis represents the value of work completed, including attributable profit, based on the stage of completion achieved on each project. For time and materials projects, revenue is recognised as services are performed. For fixed-price projects, revenue is recognised according to the stage of completion which is determined using the percentage-of-completion method based on the Directors' assessment of progress against key project milestones and risks, and the ratio of costs incurred to total estimated project costs. The cumulative impact of any revisions to the estimate of percentage-of-completion of any fixed-price contracts is reflected in the period in which such impact becomes known.

9. Contract assets

Contract assets are in relation to the Group's right for consideration in exchange of goods and services that the Group has transferred to a customer. Contract assets represents:

- revenue recognised to date less amounts invoiced to customers; and
- prepaid cost of sales to be released against future revenue.

There are no significant judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer. Revenue and cost of sales are recognised over the life of the lease, as well as any amounts not yet invoiced to the customer. Full provision is made for known or anticipated project losses.

10. Trade and other receivables

Trade receivables are recognised and measured at their original invoiced amount less provision for any uncollectible amounts. An estimate for expected credit losses is made when the collection of the full amount is no longer probable. Bad debts are written off to the income statement when they are identified. Financial assets are initially measured at fair value and subsequently at amortised cost.

11. Provisions

Provisions are recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation; discounting at a pre-tax discount rate when the time value of money is material. Onerous contract provisions are recognised for unavoidable costs of meeting the obligations under a contract that exceeds the economic benefits expected to be received under it.

12. Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position's date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

1. Accounting policies continued

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position's date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

13. Equity

Equity comprises the following:

- Share capital represented the nominal value of equity shares.
- Share premium represented the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- The Capital redemption reserve represents a historic balance transferred from deferred shares which failed to vest. These shares were cancelled on 25 September 2019 following Shareholder approval.
- The Translation reserve represents the impact of currency translation on the foreign currency net investment in Thruvision Inc.
- Retained Earnings represents the cumulative total profit or loss attributable to Shareholders, excluding those items recognised in other reserves.

Rights, preferences and restrictions attached to Ordinary Shares are as follows:

The holders of Ordinary Shares are entitled to receive the Company's reports and accounts; to attend and speak at general meetings of the Company; to appoint proxies; and to exercise voting rights. To be effective, electronic and paper proxy appointments and voting instructions must be received at the Company's registered office, or such other place in the UK specified in the relevant notice of meeting, not later than 48 hours before a general meeting. Subject to applicable statutes, there are no restrictions on transfer or limitations on the holding of Ordinary Shares and no requirements for prior approval of any transfers other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws); and
- pursuant to the Company's Share dealing code whereby the Directors and certain senior employees of the Company require approval to deal in the Company's Shares.

None of the Shares carry any special rights with regard to control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the Shares and no known agreements on restrictions on Share transfers or on voting rights.

14. Research and development costs

Research expenditure is charged to the income statement in the year in which it is incurred.

Expenditure incurred in the development of software and hardware products for use or sale by the business, and their related intellectual property rights, is capitalised as an intangible asset only when:

- technical feasibility has been demonstrated;
- adequate technical, financial and other resources exist to complete the development, which the Group intends to complete and use;
- future economic benefits expected to arise are deemed probable; and
- the costs can be reliably measured.

Development costs not meeting these criteria are expensed in the income statement as incurred. When capitalised, development costs are amortised on a straight-line basis over their useful economic lives once the related software and hardware products are available to use. During the period of development the asset is tested for impairment annually. Development costs with a value of £nil (2020: £nil) have been capitalised in the period (see note 11).

1. Accounting policies continued

15. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for any long-term construction projects if the recognition criteria are met. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repair and maintenance costs are recognised in administration expenses within the income statement as these costs are incurred. Depreciation is charged on the following bases to reduce the cost of the Company's property, plant, and equipment to their residual values over their expected useful lives at the following rates:

Leasehold improvements – 20% to 33% straight line;

Right-of-use assets – over the life of the lease (typically 25% to 33% straight line);

Office furniture and equipment – 20% straight line;

Computers, ancillary equipment and electronic test equipment – 33% straight line;

Motor vehicles – 25% straight line;

Demonstration stock – 20% to 50% straight line; and

Plant and equipment – 20% to 33% straight line.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

16. Inventories

Inventories are valued at the lower of cost and net realisable value on a first-in first-out basis. In the case of finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, an appropriate allowance is made for obsolete, slow-moving and defective inventories. In certain instances stock items are used for demonstration purposes, in this case the stock item is classified as a fixed asset and depreciated in line with the Group depreciation policy.

17. Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost.

18. Cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

19. Financial instruments

19.1 Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

19.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

1. Accounting policies continued

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss ('FVTPL'); and
- fair value through other comprehensive income ('FVOCI').

In the periods presented the Group did not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the Group's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administration costs.

19.3 Subsequent measurement of financial assets

i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

ii) Financial assets at fair value through profit or loss ('FVTPL')

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Hedge accounting requirements would apply in this instance, although the Group did not enter into any financial hedges during the year and has no plans to do so in the future.

Financial assets at fair value through other comprehensive income ('FVOCI')

The Group accounts for financial assets at FVOCI if the assets meet both of the following conditions:

- they are held under a business model whose objective it is 'hold to collect' the associated cash flows and sell
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Any gains or losses recognised in other comprehensive income ('OCI') will be recycled upon derecognition of the asset.

19.4 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ('ECL') model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of each instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

1. Accounting policies continued

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

19.5 Trade and other receivables and contract assets

The Group assesses each trade receivable individually in making its judgement as to whether any impairment to the expected amount receivable is necessary, given the number of sales recorded. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses.

These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

19.6 Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

19.7 Derivative financial instruments and hedge accounting

The Group applied the new hedge accounting requirements in IFRS 9 prospectively, however hedge accounting is not relevant to the Group as it has not carried out any hedge accounting trades.

20. Foreign currency translation

The Group's consolidated financial statements are presented in Sterling, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position's date. All differences are taken to the income statement, except when hedge accounting is applied and for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken to other comprehensive income until the disposal of the net investment, at which time they are reclassified from equity to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The assets and liabilities of foreign operations are translated into Sterling at the rate of exchange ruling at the statement of financial position's date. Income and expenses are translated using actual daily rates. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Approximately 68% (2020: 70%) of Group revenue was invoiced in USD and approximately 4% (2020: nil%) of Group revenue was invoiced in EUR. As a result of the weakening in the prevailing USD/GBP exchange rate throughout the year the Group has been subject to foreign currency exchange losses.

The USD/Sterling exchange rates used in the financial statements is as follows:

	2021	2020
Average exchange rate for the period	1.3067	1.272
Exchange rate at the period end	1.3746	1.241

1. Accounting policies continued

21. Retirement benefits

The Group operates a Group defined contribution personal pension plan for certain employees. Pension costs are calculated annually and charged to the income statement as they arise.

22. Share-based payments

22.1 The following share option schemes are relevant and the Share Option charge for the year is based on options granted under these:

a) Long-Term Incentive Plan

Historically certain employees of the Group have received remuneration in the form of awards under a Long-Term Incentive Plan ('LTIP') in the form of nil-cost options and HMRC Approved Options. The Group combined Parallel Options at nil-cost with HMRC Approved Options so that the value awarded to employees is not more than a Top-Up Award.

All awards made under the LTIP prior to 31 October 2017 in the form of nil-cost options and HMRC Approved Options have lapsed. At 31 March 2021 nil (2020: nil) LTIP awards were outstanding. These lapsed in July 2019.

All awards made under the LTIP after 1 November 2017 are subject to service conditions and performance conditions that relate to revenue (with a profit related underpin) over the subsequent three-year period.

b) Enterprise Management Incentive Scheme

Certain employees of the Group receive remuneration in the form of share options under an Enterprise Management Incentive Scheme ('EMI'). The first option awards under the scheme were made in the year ended 31 March 2018 and further awards have been made in the years ending 31 March 2019, 31 March 2020 and 31 March 2021.

All awards made under the EMI scheme prior to 31 December 2018 are subject to service conditions.

All awards made after 1 January 2019 under the EMI scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

c) Sharesave Scheme

The Group have in place a Thruvision Group Sharesave Scheme, which allows eligible employees to use regular savings to purchase shares. Options are granted at a discount of 20% of the market value of the shares. No financial performance criteria are attached to these options and they vest three years from the date of grant with an exercise period of six months. There are no cash settlement alternatives. The fair value is determined using the Black-Scholes model.

d) Unapproved Share Option Scheme

Certain employees of the Group receive remuneration in the form of share options under an Unapproved Share Option Scheme including awards to overseas employees. The first option awards under the scheme were made in the year ended 31 March 2018 and further awards have been made in the years ending 31 March 2019, 31 March 2020 and 31 March 2021.

All awards made prior to 31 December 2018 under the Unapproved Share Option Scheme are subject to service conditions.

All awards made after 1 January 2019 under the Unapproved Share Option Scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

22.2 Valuation and measurement of share-based payments relevant to all classes of share options

The total amount to be expensed over the vesting period of the awards is determined by reference to the fair value at the date on which the awards or options are granted and the number of awards that are expected to vest. The fair value is determined using the Black-Scholes model. Expected volatility was determined taking into account historic volatility of the Group's share price and the volatility of similar companies' share price, with the specific assumptions explained in more detail in note 18 on pages 67 to 70. The number of awards expected to vest are adjusted to reflect the extent to which non-market performance and service conditions are expected to be satisfied, based on conditions prevailing at each statement of financial position's date and up to the date of vesting. At the vesting date, the cumulative expense recognised in the income statement is adjusted to take account of the number of awards and options that actually vest on the above basis. Parallel Options are valued at the difference between the value of a Top-Up Award and an HMRC Approved Option. At the date of grant, it was assumed that the non-market performance conditions would be met.

22.3 Employee Benefit Trust

The Thruvision Group Plc Employee Benefit Trust (the 'Trust') has the ability to purchase and holds Ordinary Shares of the Company in connection with employee share schemes. To date the Trust has never acquired shares in Thruvision Group plc and hence is not included in the Group's financial statements. Any consideration paid or received by the Trust for the purchase or sale of the Company's own shares is shown as a movement in Shareholders' equity.

1. Accounting policies continued

23. IFRS 16 Leases

The Group adopted IFRS 16 on 1 April 2019.

23.1 The Group as a lessee

The Group makes the use of leasing arrangements principally for the provision of the main warehouse and related facilities, office space, and motor vehicles. The rental contracts for offices are typically negotiated for terms of between 3 and 5 years. Lease terms for motor vehicles have lease terms of between 2 and 4 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis with annual inflationary uplifts in some cases.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles, which are separated out and non-lease components expensed as incurred.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to decommission the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as desks, chairs and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

23.2 The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

24. Accounting developments

There are no other IFRSs or IFRIC standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

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 25 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; and
- Plc costs.

with the split of costs as shown in the Strategic report on page 7.

Whilst, as noted in the strategic report, the Group sells into multiple sectors, there is only considered to be one operating segment in line with IFRS 8 based on the information reviewed by the Chief Operating Decision Maker. 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.

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 on page 77 in note 25.

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 provide 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)

Auditor's remuneration

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

	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. Employees

The average number of employees during the period and the number at the end of the period were as follows:

	Average 2021	At 31 March 2021	Average 2020	At 31 March 2020
Directors	4	4	4	4
Business units	31	33	30	28
Corporate	5	5	5	5
	40	42	39	37

The employee benefit expense for the period of these employees amounted to:

	2021 £'000	2020 £'000
Salaries and short-term employee benefits	2,948	2,787
Social security costs	307	281
Pension costs	66	65
Share-based payments (note 18)	409	297
	3,730	3,430

6. 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

7. Finance costs

	2021 £'000	2020 £'000
Finance costs on leases accounted under IFRS 16	21	26

8. Income Tax

	2021 £'000	2020 £'000
Current tax		
R&D tax credit receivable	(183)	(116)
Adjustment in respect of prior year	(89)	(118)
Overseas tax	6	11
	(266)	(223)
Deferred tax		
Origination and reversal of temporary differences	–	–
Adjustment in respect of prior year	–	–
	–	–
Total tax credit for the year	(266)	(223)

The tax credit for the year is lower than the standard rate of corporation tax in the UK applied to the loss before tax.

The differences are explained below:

	2021 £'000	2020 £'000
Loss before tax – continuing operations	(2,756)	(1,502)
Profit before tax – discontinued operations	2	189
Loss for the period before tax	(2,754)	(1,313)
Tax at the UK corporation tax rate of 19% (2020: 19%)	(523)	(249)
Tax effects of:		
Prior year adjustments	(89)	(118)
Expenses not deductible for tax purposes	154	135
Income not taxable	–	(5)
Taxation adjustments relating to foreign earnings	–	19
Unrecognised deferred tax movements on depreciation in excess of capital allowances, share-based payments and short-term timing differences	(6)	(21)
Unrecognised deferred tax on unrelieved tax losses	381	126
Difference in foreign tax rate	–	7
Impact on research and development credits	(183)	(117)
Total tax (credit) for the period	(266)	(223)

Deferred tax included in the statement of financial position is as follows:

	2021 £'000	2020 £'000
At beginning of the year	–	–
Origination and reversal of temporary differences	–	–
At end of the year	–	–
Unrecognised deferred tax assets		
	2021 £'000	2020 £'000
Fixed assets	6	22
Temporary differences	389	153
Tax losses	2,520	2,188
	2,915	2,363

Unrelieved tax losses amount to approximately £13.0 million (2020: £11.5 million), which are available indefinitely for offset against future taxable trading profits. The final losses as at 31 March 2021 will be determined after the Group Companies have filed the relevant tax returns. Tax losses are dependent on warrants and conditions included within the Share Purchase Agreement for the disposal of the Video Business. There are no current claims under these terms at the time the financial statements are signed. A deferred tax asset has not been recognised on £13.0 million (2020: £11.5 million) of these losses on the basis that there is insufficient evidence that this asset will be recoverable as at the statement of financial position's date. An asset will only be recognised with improved certainty and quantification of taxable profits.

9. 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.

10. Property, plant and equipment

	Leasehold improvements £'000	Right of use (see note 20) £'000	Office furniture and equipment £'000	Computers, ancillary equipment and electronic test equipment £'000	Motor vehicles £'000	Demonstration stock £'000	Plant & equipment £'000	Total £'000
Cost								
At 1 April 2019	651	–	61	106	26	620	126	1,590
Adjustment on transition to IFRS 16	–	600	–	–	–	–	–	600
Additions	15	23	3	30	–	230	53	354
Assets under construction	–	–	–	–	–	9	–	9
Disposals	–	(11)	–	(1)	–	(75)	–	(87)
Exchange movements	2	–	(1)	(1)	2	–	–	2
At 31 March 2020	668	612	63	134	28	784	179	2,468
Additions	6	84	4	16	–	358	23	491
Disposals	(94)	(83)	–	–	(27)	(394)	(17)	(615)
Exchange movements	–	–	–	–	(1)	–	–	(1)
At 31 March 2021	580	613	67	150	–	748	185	2,343
Accumulated depreciation								
At 1 April 2019	345	–	40	22	13	350	60	830
Charge for the year	112	158	5	32	8	109	20	444
Disposals	–	(5)	–	(1)	–	(36)	–	(42)
Exchange movements	–	(2)	–	–	–	–	–	(2)
At 31 March 2020	457	151	45	53	21	423	80	1,230
Charge for the year	94	167	6	39	4	167	27	504
Disposals	(94)	(36)	–	–	(26)	(336)	–	(492)
Exchange movements	–	(2)	–	–	1	–	(1)	(2)
At 31 March 2021	457	280	51	92	–	254	106	1,240
Net book value								
At 31 March 2021	123	333	16	58	–	494	79	1,103
At 31 March 2020	211	461	18	81	7	361	99	1,238
At 31 March 2019	306	–	21	84	13	270	66	760

11. Intangible assets

	Patents and trademarks £'000	Intellectual property & software £'000	Total £'000
Cost			
At 1 April 2019	7	56	63
Purchased	–	62	62
Disposals	–	(14)	(14)
At 31 March 2020	7	104	111
Purchased	–	–	–
Disposals	–	–	–
At 31 March 2021	7	104	111
Accumulated amortisation			
At 1 April 2019	1	55	56
Charge for the year	1	6	7
Disposals	–	(14)	(14)
At 31 March 2020	2	47	49
Charge for the year	1	13	14
Disposals	–	–	–
At 31 March 2021	3	60	63
Net book value			
At 31 March 2021	4	44	48
At 31 March 2020	5	57	62
At 31 March 2019	6	1	7

12. Inventories

	2021 £'000	2020 £'000
Net book value (including stock provision)		
Raw materials	1,421	1,344
Work in progress	859	1,024
Finished goods and goods for resale	2,139	1,303
	4,419	3,671

The movement on the inventory provision during the year is set out below:

	2021 £'000	2020 £'000
Opening provision	208	319
Released	(39)	(246)
Increase to provision from continuing operations (charged to cost of sales during year)	301	135
Closing provision	470	208

The following amounts of inventory were included in cost of sales as an expense:

	2021 £'000	2020 £'000
Inventories booked to cost of sales	2,507	3,500
Increase to inventory provision	301	135
Inventory provision released	(39)	(246)
	2,769	3,389

13. Trade and other receivables

	Gross carrying amounts 2021 £'000	Provision for impairment 2021 £'000	Net carrying amounts 2021 £'000	Gross carrying amounts 2020 £'000	Provision for impairment 2020 £'000	Net carrying amounts 2020 £'000
Trade receivables	962	–	962	2,102	–	2,102
Prepayments	140	–	140	93	–	93
Contract assets	135	–	135	–	–	–
VAT recoverable	194	–	194	–	–	–
Other receivables	11	–	11	26	–	26
	1,442	–	1,442	2,221	–	2,221

Trade receivables

No one customer this year represents a significant concentration of credit risk (2020: One customer represented £1,754,000 of the Group's trade receivables at 31 March 2020).

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:

	2021 £'000	2020 £'000
Government customers	24	27
Commercial customers	938	2,075
	962	2,102

The movement in the expected credit loss provision is as follows:

	2021 £'000	2020 £'000
Brought forward opening provision	–	–
Released	–	–
Carried forward closing provision	–	–

14. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand:		
GBP short-term deposits	5,904	4,392
USD short-term deposits	1,210	4,039
EUR short-term deposits	154	–
	7,268	8,431

All of the Group's deposits were either available immediately for use or were held on a 32-day notice period.

15. Trade and other payables – Current

	2021 £'000	2020 £'000
Current		
Trade payables	734	877
Accruals	629	789
Deferred income	842	447
Social security and other taxes	83	75
VAT payable	–	39
Right-of-use lease liabilities	178	152
Other payables	23	15
	2,489	2,394

At 31 March 2021 the amount owing on secured creditors was £nil (31 March 2020: £nil).

16. Other payables – Non-current

	2021 £'000	2020 £'000
Non-current		
Deferred income	496	–
Right of use lease liabilities	147	305
	643	305

Deferred income at 31 March 2021 for extended warranty and enhanced support contracts will be recognised to revenue as follows:

	Revenue recognition profile on deferred revenue					Total £'000
	Within one year £'000	One to two years £'000	Two to three years £'000	Three to four years £'000	After four years £'000	
Deferred income	(842)	(456)	(23)	(10)	(7)	(1,338)

The movement on the total deferred revenue balance during the year is set out below.

	2021 £'000	2020 £'000
Opening balance	447	262
Additions	1,811	777
Released	(836)	(590)
FX revaluations	(84)	(2)
Closing balance	1,338	447

17. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary Shares of 1 pence each		
At 31 March 2020	145,454,118	1,455
Shares issued ⁽¹⁾	325,000	3
At 31 March 2021	145,779,118	1,458
Authorised, allotted, called-up and fully paid		
Deferred Shares of £1 each		
At 31 March 2019	163,124	163
Cancellation of deferred shares ⁽²⁾	(163,124)	(163)
At 31 March 2020 and 31 March 2021	–	–
		£'000
Total share capital		
At 31 March 2020		1,455
At 31 March 2021		1,458

(1) In January 2021, 325,000 shares were issued in the year (2020: nil Ordinary Shares) to certain employees as exercised share options, who received £28,916 in total.

(2) On 22 February 2010, 217,500 Incentive shares were issued to three Directors. Of these shares 163,124 failed to vest and were converted to deferred shares with nominal value. Following Shareholder approval at the 2019 AGM, 163,124 deferred shares were bought back by the Company for total consideration of £3 and subsequently cancelled on 25 September 2019.

18. Employee share schemes

Enterprise Management Incentive Scheme

Certain employees of the Group receive remuneration in the form of share options under an Enterprise Management Incentive Scheme ('EMI', 'Scheme'). The first option awards under the scheme were made in the year ended 31 March 2018 and further awards were made in the year ending 31 March 2019.

All awards made after 1 January 2019 under the EMI Scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

Sharesave Scheme

The Group have in place a Thruvision Group Sharesave Scheme, which allows eligible employees to use regular savings to purchase shares. Options are granted at a discount of 20% of the market value of the shares. No financial performance criteria are attached to these options and they vest three years from the date of grant with an exercise period of six months. There are no cash settlement alternatives. The fair value is determined using the Black-Scholes model.

Unapproved Share Option Scheme

Certain employees of the Group receive remuneration in the form of share options under an Unapproved Share Option Scheme including awards to overseas employees. The first option awards under the scheme were made in the year ended 31 March 2018. Further awards have been made in the years ending 31 March 2020 and 31 March 2021.

All awards made after 1 January 2019 under the Unapproved Share Option Scheme are subject to service conditions and performance conditions that relate to revenue and profit in the year ended 31 March 2022.

Basis of valuation

The basis of valuation of the equity awards for all of the above four Share Option Schemes, to arrive at the Share Based Payment charge, is given in note 1: Accounting policies on page 56.

18. Employee share schemes continued

It is the intention of the Group that shares needed to satisfy awards will be purchased in the market to the extent that they are not already held by the Group's employee share trust, unless it is in the interests of the Group to issue new shares.

	HMRC Approved Options		Parallel Options	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 31 March 2019	3,541	0.48	3,541	nil
Forfeited	(3,541)	0.48	(3,541)	nil
Outstanding at 31 March 2020 and 31 March 2021	nil	nil	nil	nil
Exercisable at 31 March 2021	nil	nil	nil	nil
Exercisable at 31 March 2020	nil	nil	nil	nil
For the year ended 31 March 2021:				
Range of exercise prices	£nil		£nil	
Weighted average remaining contractual life	n/a		n/a	
For the year ended 31 March 2020:				
Range of exercise prices	£nil		£nil	
Weighted average remaining contractual life	n/a		n/a	
	Top-Up Awards		Sharesave Scheme	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 31 March 2019	25,000	nil	1,353,600	0.20
Granted	nil	nil	410,863	0.2208
Forfeited	(25,000)	nil	(95,608)	0.207
Outstanding at 31 March 2020	nil	nil	1,668,855	0.205
Granted	nil	nil	173,072	0.2208
Forfeited	nil	nil	(132,785)	0.217
Outstanding at 31 March 2021	nil	nil	1,709,142	0.204
Exercisable at 31 March 2020	nil	nil	nil	nil
Exercisable at 31 March 2021	nil	nil	nil	nil
For the year ended 31 March 2021:				
Range of exercise prices	nil	£0.20 to £0.2208		
Weighted average remaining contractual life	n/a	2.314 years		
For the year ended 31 March 2020:				
Range of exercise prices	£nil	£0.20 to £0.2208		
Weighted average remaining contractual life	n/a	2.23 years		

18. Employee share schemes continued

	EMI Options		Unapproved Options	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price £
Outstanding at 31 March 2019	6,194,365	0.175	2,389,698	0.215
Granted	950,000	0.276	1,182,931	0.276
Forfeited	(780,000)	0.166	(125,000)	0.218
Outstanding at 31 March 2020	6,364,365	0.191	3,447,629	0.234
Granted	735,000	0.20	1,725,000	0.206
Exercised	(325,000)	0.154	–	–
Forfeited	(30,000)	0.25	–	–
Outstanding at 31 March 2021	6,744,365	0.197	5,172,629	0.225
Exercisable at 31 March 2020	nil	nil	nil	nil
Exercisable at 31 March 2021	3,970,662	0.154	nil	nil

For the year ended 31 March 2021:

Range of exercise prices	£0.1275 to £0.276	£0.1538 to £0.27
Weighted average remaining contractual life	7.742 years	7.06 years

For the year ended 31 March 2020:

Range of exercise prices	£0.1538 to £0.276	£0.1538 to £0.276
Weighted average remaining contractual life	8.21 years	8.72 years

A charge of £409,000 (2020: £297,000) has been made in the income statement to spread the fair value of the awards over the three-year service obligations of these incentives.

Assumptions used in the valuation of share-based payment charge

Historic tranches of share awards granted which are still vesting are disclosed below. The fair value of share awards granted in the period and the assumptions used in the calculation of their fair value on the date of grant are also disclosed below:

	EMI Options 17 January 2018	Unapproved Options 17 January 2018	EMI Options 28 August 2018	SAYE Options 21 September 2018	EMI Options 18 January 2019
Number granted	5,475,662	374,513	360,000	1,443,600	938,703
Fair value per option/award	£0.069	£0.069	£0.1347	£0.0946	£0.14
Share price on date of grant	£0.1538	£0.1538	£0.2675	£0.2225	£0.27
Exercise price	£0.1538	£0.1538	£0.25	£0.20	£0.27
Vesting period (years)	3	3	3	3	3
Volatility	44.65%	44.65%	48.75%	54.49%	51.36%
Risk-free rate of return	0.99%	0.99%	1.14%	0.89%	1.04%
Expected life (years)	6.5	6.5	6.5	3.36	6.5
Expected dividend yield	nil	nil	nil	nil	nil

	Unapproved Options 18 January 2019	Unapproved Options 18 January 2019	EMI Options 8 October 2019	Unapproved Options 08 October 2019	SAYE Options 30 October 2019
Number granted	890,185	375,000	950,000	1,432,931	410,863
Fair value per option/award	£0.14	£0.14	£0.1297	£0.1297	£0.1115
Share price on date of grant	£0.27	£0.27	£0.276	£0.276	£0.258
Exercise price	£0.27	£0.27	£0.276	£0.276	£0.2208
Vesting period (years)	3	3	3	3	3
Volatility	51.36%	51.36%	50.81%	50.81%	54.81%
Risk-free rate of return	1.04%	1.04%	0.20%	0.20%	0.46%
Expected life (years)	6.5	6.5	6.5	6.5	3.25
Expected dividend yield	nil	nil	nil	nil	nil

18. Employee share schemes continued

	EMI Options 15 June 2020	Unapproved Options 15 June 2020	Unapproved Options 09 October 2020	Unapproved Options 11 December 2020	SAYE Options 23 July 2020
Number granted	735,000	1,575,000	75,000	75,000	173,072
Fair value per option/award	£0.1073	£0.1073	£0.1407	£0.1308	£0.1387
Share price on date of grant	£0.21	£0.21	£0.282	£0.264	£0.285
Exercise price	£0.20	£0.20	£0.282	£0.264	£0.208
Vesting period (years)	3	3	3	3	3
Volatility	52.72%	52.72%	52.80%	52.36%	55.69%
Risk-free rate of return	0.01%	0.01%	0.00%	0.00%	0.00%
Expected life (years)	6.5	6.5	6.5	6.5	3.35
Expected dividend yield	nil	nil	nil	nil	nil

Assumptions used with regards Share Options**Expected volatility**

Expected volatility is a measure of an amount by which a share price is expected to fluctuate during a period.

Volatility is an important factor in the core valuation of a share option because the more volatile a share price, the greater the potential gain to the participant at the end of the period.

Volatility is not relevant to the core valuation of an award of free shares because there is no element of chance involved in determining the level of gain: as there is no consideration payable by the employee, there is always a gain. However, the volatility is important in calculating the discount for a market condition, such as TSR or share price growth. The more volatile the share price, the greater the chance of meeting a market-based target in full, and therefore the greater the fair value.

The default volatility formula calculates the ratio of each week's return index to the preceding week's value, using the daily average to remove any bias from selecting a specific day of the week. The formula then calculates the standard deviation of the logs of these ratios and annualises this figure. In calculating volatility, the movement in the share price is reviewed over a certain period prior to the grant date (whilst past behaviour is not always a good indicator of movements in the future, it is difficult to determine a more accurate method).

The subjective element is assessing the period over which volatility should be measured.

Volatility has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant.

Early exercise of awards

It has been assumed that there will not be any early exercise of awards.

Employee Benefit Trust

The Thruvision Group Plc Employee Benefit Trust's (the 'Trust') objective is to hold shares in Thruvision Group Plc to satisfy awards under the Long-Term Incentive Plan. Costs of running the Trust are charged to the Consolidated income statement. Shares held by the Trust are deducted from the profit and loss reserve and held at cost to the Trust. At 31 March 2021 the Trust did not hold any shares in the Company (2020: nil).

19. Financial instruments

Categories of financial assets and liabilities

The Group had the following financial assets and liabilities:

The amounts below are contractual undiscounted cash flows and include both interest and principal amounts. All assets and liabilities are valued at amortised cost apart from the derivative financial instrument which is measured at Fair Value Through Profit or Loss ('FVTPL').

	Note	2021 £'000	2020 £'000
Assets as per statement of financial position			
Trade receivables	13	962	2,102
Contract assets	13	135	–
Other receivables	13	11	26
Derivative financial instrument (valued at FVTPL)		–	203
Cash and cash equivalents	14	7,268	8,431
		8,376	10,762

	Note	On demand or less than one year 2021 £'000	One to two years 2021 £'000	Total 2021 £'000	On demand or less than one year 2020 £'000	One to two years 2020 £'000	Total 2020 £'000
Liabilities							
Trade payables	15	734	–	734	877	–	877
Accruals	15	629	–	629	789	–	789
Other payables	15	23	–	23	15	–	15
Lease liabilities	20	325	–	325	457	–	457
Provisions	21	175	–	175	–	–	–
		1,886	–	1,886	2,138	–	2,138

The Group had no expected credit losses arising from financial instruments as at 31 March 2021.

Fair value hierarchy

The Group's hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is shown within the Accounting policies section in note 1: Financial Instruments on page pages 53 to 55:

The Group has no level 2 or level 3 financial liabilities. 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.

Financial risk management

The Group has a centralised treasury function, providing a service to the Group for funding and foreign exchange management. Treasury activities are managed under policies and procedures approved and monitored by the Board. These are designed to reduce the financial risks faced by the Group, which primarily relate to credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group undertook no trades in financial instruments during the year (2020: two).

19. Financial instruments continued

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

The Board monitors the Group's exposure to credit risk on an on-going basis. Cash investments are only allowed in liquid securities with major financial institutions that satisfy specific criteria. The maximum credit risk exposure at the statement of financial position's date is represented by the carrying value of financial assets. Cash investments have been held with two (2020: three) major financial institutions in the year.

The Board carries out a formal review of its banking arrangements on a six-monthly basis. Details of the Group's credit risk on trade and other receivables can be found in note 13.

Customer concentration risk

The Group monitors its exposure to customer concentration risk on an on-going basis. The amount of the risk exposure is shown in note 13. The Group's policy is to only extend credit to creditworthy counterparties.

Security

Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on the trade receivables balance. In addition, the Group does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Market risk analysis

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk); credit risk; and liquidity risk and certain other price risks. The main risks faced by the Group relate to the availability of funds to meet business needs and the risk of credit default by customers. The Group's overall risk management programme focuses on the unpredictability of the currency markets, and its on-going operating activities, seeking to minimise potential adverse effects on the Group's financial performance.

Foreign currency risk

Operations are subject to foreign exchange risk from committed transactions denominated in currencies other than their functional currency and, once recognised, the revaluation of foreign currency denominated assets and liabilities.

Approximately 72% (2020: 70%) of Group revenue was invoiced in currencies other than Sterling, predominantly USD. To mitigate foreign exchange risk arising from transactions denominated in other currencies, forecast revenues and costs are regularly reviewed to assess any potential currency exposures and whether forward currency contracts should be put in place. Nil forward currency contracts were entered into, and four currency contracts at spot rate were entered into during the year. As a result there were no profit or losses from forward currency or hedges for the year ended 31 March 2021 (2020: £203k profit and £18k expense).

The Group is also exposed to movements in foreign currency exchange rates in respect of the translation of net assets and income statements of foreign subsidiaries. However this translation risk is not hedged as it is immaterial to the Group.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into GBP at the closing rate:

	Short term exposure				
	GBP £'000	USD £'000	EUR £'000	Other £'000	Total £'000
31 March 2021					
Financial assets	6,490	1,633	253	–	8,376
Financial liabilities	(1,613)	(257)	(5)	(11)	(1,886)
Total exposure	4,877	1,376	248	(11)	6,490
31 March 2020					
Financial assets	4,918	5,844	–	–	10,762
Financial liabilities	(1,759)	(378)	–	(1)	(2,138)
Total exposure	3,159	5,466	–	(1)	8,624

Derivative financial instrument

There were no open forward currency contracts as at 31 March 2021. Last year on 19 March 2020 the Group entered into a fixed forward contract to exchange excess USD into GBP, with the contract being settled on 22 April 2020.

Interest rate risk

The Group has £nil financial assets on fixed rate deposits (2020: £nil), and £5,206,000 (2020: £6,266,000) on floating rate deposits.

19. Financial instruments continued

A reasonably possible change in interest rates is 25 basis points. An increase of 25 basis points would give rise to an additional £13,000 (2020: £16,000) of finance income. A decrease of 25 basis points would give rise to a reduction in finance income of £13,000 (2020: £16,000). The Group is not exposed to interest rate risks on other assets and liabilities, which are transacted on normal commercial terms.

Liquidity risk

The Group's policy is to maintain sufficient headroom to meet its foreseeable financing requirements. Substantial financial assets are held by the Group to meet its planned requirements. The Group's objective is to maintain sufficient levels of immediately available cash to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

Further information on the Group's cash position can be found in the Financial review on pages 6 and 7 and in note 14 on page 65.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows in the long and short term.

Capital risk management

The Group defines its capital as its total equity. At this stage of the Group's development, its policy is to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefit to investors and to fund its existing operations. The Group reviews the capital structure on a regular basis and considers the cost of capital and the risks and benefits associated with different forms of capital available to the Group. At 31 March 2021, total equity amounted to £11,313,000 (2020: £13,385,000).

The declaration and payment by the Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, given the Group's early stage of development, the Directors do not envisage that the Group will pay dividends in the foreseeable future and intend to reinvest surplus funds in the development of the Group's business. The Board will regularly review the appropriateness of its dividend policy.

20. Leases

The Group adopted IFRS 16 'Leases' on 1 April 2019.

IFRS 16 requires the Group, with the exception of short-term and low value leases, to value all leasing obligations disclosing right-of-use assets and corresponding lease liabilities. As detailed below, all leases of the Group have been considered to have balance sheet leasing obligations.

Additions to the right-of-use asset category reflect the recognition of the Group's leasing obligations under IFRS 16, and are included within the Property, plant and equipment balance included on the statement of financial position. These balances are shown in note 10 and below in more detail.

Lease liability

From 1 April 2019 lease contracts previously accounted for as operating leases were recognised as finance leases under IFRS 16. In the statement of financial position lease liabilities at 31 March 2021 of £325,000 (2020: (£457,000)) are offsetting right-of-use assets of £333,000 (2020: £461,000), giving a net asset position of £8,000 (2020: £4,000).

Notes to the financial information continued

20. Leases continued

Right-of-use assets

	Property £'000	Motor vehicles £'000	Total £'000
Cost			
At 31 March 2019	–	–	–
Adjustment on transition to IFRS 16	565	35	600
Additions	–	23	23
Disposals	–	(11)	(11)
Exchange movements	–	–	–
At 31 March 2020	565	47	612
Additions	–	84	84
Disposals	(83)	–	(83)
Exchange movements	–	–	–
At 31 March 2021	482	131	613
Accumulated depreciation			
At 31 March 2019	–	–	–
Charge for the period	145	13	158
Disposals	–	(5)	(5)
Exchange movements	(2)	–	(2)
At 31 March 2020	143	8	151
Charge for the period	138	29	167
Disposals	(36)	–	(36)
Exchange movements	(2)	–	(2)
At 31 March 2021	243	37	280
Net book value			
At 31 March 2021	239	94	333
At 31 March 2020	422	39	461

Reconciliation of liabilities arising from financing activities and adoption of IFRS 16

	Property £'000	Motor vehicles £'000	Total £'000
Lease liabilities as at 31 March 2019	–	–	–
Adjustment on transition to IFRS 16	(565)	(35)	(600)
New leases taken up in the year	–	(23)	(23)
Lease disposals	–	6	6
Interest charge	(24)	(2)	(26)
Cash outflows	168	18	186
Lease liabilities as at 31 March 2020	(421)	(36)	(457)
New leases taken up in the year	–	(84)	(84)
Lease disposals	51	–	51
Interest charge	(18)	(3)	(21)
Cash outflows	151	35	186
Lease liabilities as at 31 March 2021	(237)	(88)	(325)

Future minimum lease payments at 31 March 2021 were as follows:

	Minimum lease payments due					Total £'000
	Within one year £'000	One to two years £'000	Two to three years £'000	Three to four years £'000	After four years £'000	
Lease payments	(186)	(136)	(20)	–	–	(342)
Finance charges	13	4	–	–	–	17
Net present value	(173)	(132)	(20)	–	–	(325)

20. Leases continued

Lease liabilities are presented in the statement of financial position as follows:

	2021 £'000	2020 £'000
Current	178	152
Non-current	147	305
	325	457

Lease liabilities are calculated as the present value of the future lease obligations of the Group.

The future leasing obligations were discounted using relevant UK and US local borrowing rates of 5% respectively.

At transition IFRS 16 permits the cumulative effect of adopting the standard to be taken to retained earnings. The Group also elected to value the right-of-use assets in line with lease liabilities at transition. There were no movements taken to retained earnings as a result of transition. If IFRS 16 was not required, the operating loss of the Group for the current period would have increased by £21,000 (2020: £11,000) and the loss before tax would be reduced by £5,000 (2020: £15,000).

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

There was one low value lease expensed in the year on a straight-line basis. The value of these equipment leases amounted to £3,000 in the year ended 31 March 2021 (2020: £3,000).

21. Provisions

The below carried forward provision of £175,000 (2020: £nil) relates to expected warranty costs. This provision is to cover costs incurred for the repair of items under warranty, including the provision of hot swap units and shipping costs incurred. It is expected that a proportion of the carried forward provision will be utilised in the next financial year in meeting warranty claims from customers, although given the nature of the provision the amount and timing of these outflows is not known, and hence this balance is considered to be current. The carried forward provision has been assessed at the year-end and no change to the carried forward balance was considered necessary.

Provisions released are when units come to the end of their warranty period, the individual line item accrued for this unit is then released.

Warranty costs incurred include the cost of stock and shipping costs incurred provided to the customer by the Group under the terms of the warranty, in order to repair items.

	2021 £'000	2020 £'000
Current		
Brought forward provision	–	–
Provided for	218	–
Provisions released	(33)	–
Warranty costs incurred	(10)	–
Carried forward provision	175	–
	2021 £'000	2020 £'000
Current	175	–
Non-current	–	–

The below carried forward provision of £38,000 (2020: £38,000) relates to dilapidation provisions considered to be due in after one year. It is expected that this will only be repayable should we decide to hand properties back to the landlord.

	2021 £'000	2020 £'000
Non-current		
Brought forward	38	38
Utilisation	–	–
Carried forward	38	38
	2021 £'000	2020 £'000
Current	–	–
Non-current	38	38

Notes to the financial information continued

22. Commitments

There are no capital commitments at 31 March 2021 (2020: nil).

The Group has provided guarantees to none (2020: none) third-party customers in relation to the performance and delivery of contracts. No liability is expected to arise as a result of these commitments.

23. 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. This information is also disclosed on page 29 within the Remuneration report. 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'.

	2021 £'000	2020 Restated* £'000
Directors' remuneration	481	484
Payment in lieu of notice	–	41
Pension contributions	5	5
	486	530

The highest paid Director received £242,000 (2020 restated: £236,000) in total including benefits in kind in the year, with £nil in pensions contributions (2020: £nil). This consists of £235,000 base salary (2020: £235,000), £4,000 for payments in lieu of employer pension contributions from 1 October 2020 (2020: £nil), and £3,000 (2020: £1,000) in benefits in kind. All figures above are presented to the nearest £'000.

During the year retirement benefits were accruing to one Director (2020: two Directors) in respect of defined contribution pension schemes.

Key management compensation comprises short-term employee benefits (including national insurance) of £540,000 (2020: £591,000), pension contributions of £5,000 (2020: £5,000) and share-based payments of £174,000 (2020: £120,000).

The Directors' Shareholding at the year end are as detailed below (based on the year end share price of £0.235 per share (2020: £0.145 per share)):

	2021 No. of shares	2020 No. of shares	2021 £'000	2020 £'000
Tom Black	11,349,444	11,349,444	2,667	1,645
Colin Evans	2,423,900	2,423,900	570	351
Paul Taylor	272,489	272,489	64	40

Other interest in shares

Other interests in shares of the Directors are included in the Remuneration report on page 26.

* Prior period restatement: The amounts as disclosed in the equivalent table of the 2020 annual report have been restated in order to ensure compliance with Company Law (SI 2008/410 5 Sch). The restated total amounts above were correctly disclosed on page 28 as part of the Remuneration Report within the 2020 annual report. Total benefits including national insurance payable to Directors (2020: £591,000) were also correctly disclosed in note 22 of the 2020 annual report.

24. Post-balance sheet event

The Group has no post-balance sheet events.

25. 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.

Profit per share – discontinued operations

	Profit attributable to discontinued operations 2021 £'000	Weighted average number of shares 2021 No.	Discontinued profit per share 2021 Pence	Loss attributable to discontinued operations 2020 £'000	Weighted average number of shares 2020 No.	Discontinued loss per share 2020 Pence
Basic and diluted profit per share	2	145,515,022	0.00	189	145,454,118	0.13

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

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

Notes to the financial information continued

26. Subsidiaries

Details of the Company's subsidiary undertakings as at 31 March 2021 are as follows:

Company name	Principal activity	Registered offices	Group interest in allocated capital	Principally operates in	Country of incorporation
Thruvision Limited	People-screening technology	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Thruvision Inc.	People-screening technology	21140, Ashburn Crossing Drive, Suite 140, Ashburn, VA 20147, USA	100%	USA	USA
Thruvis Limited**	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Codestuff Limited**	Non-trading	C/O Harper Macloed LLP, The Ca'D'Oro, 45, Gordon Street, Glasgow, Scotland, G1 3PE	100%	UK	Scotland
COE Group Limited*	Non-trading	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Essential Viewing Systems Limited*	Non-trading	C/O Harper Macloed LLP, The Ca'D'Oro, 45, Gordon Street, Glasgow, Scotland, G1 3PE	100%	UK	Scotland
COE Limited*	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Timeload Local Limited***	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Timeload Holdings Limited***	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales
Timeload (UK) Limited***	Dormant	121 Olympic Avenue, Milton Park, Abingdon, Oxon, OX14 4SA	100%	UK	England & Wales

* Held indirectly via intermediate holding companies.

** Dormant subsidiaries exempt from audit under s479A of the Companies Act 2006.

No UK subsidiary companies above were exempt from preparing or filing individual accounts with the registrar under s394A and s448A of the Companies Act 2006.

Zimiti Limited and Waterfall Solutions Limited were struck off from the public register on 11 June 2019 and 25 June 2019.

Codestuff Limited was struck off from the public register on 20 April 2021.

The period of accounts for all companies is 1 April 2020 to 31 March 2021.

Statement of Directors' responsibilities – Company financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Company balance sheet

at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Investments	4	13,841	7,597
Current assets			
Trade and other receivables	5	108	5,680
Derivative financial instrument		–	203
Cash and cash equivalents		5,546	6,535
		5,654	12,418
Total assets		19,495	20,015
Equity and liabilities			
Equity share capital	6	1,458	1,455
Share premium		47	–
Capital redemption reserve		163	163
Other reserves		541	297
Retained earnings		8,230	9,040
Total equity		10,439	10,955
Current liabilities			
Trade and other payables	7	9,056	9,060
Total liabilities		9,056	9,060
Total equity and liabilities		19,495	20,015

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and have not presented a statement of comprehensive income for the Company. The loss for the year dealt with in the accounts of the Company was £983,000 (2020: £196,000).

The financial statements on pages 80 and 81 (along with notes on pages 82 to 86 of Thruvision Group plc (registered company number: 07149547)) were approved by the Board of Directors on 9 July 2021 and were signed on its behalf by:

Tom Black
Chairman

Adrian Crockett
Finance Director

Company statement of changes in equity

for the year ended 31 March 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 31 March 2019	1,618	–	–	129	9,107	10,854
Cancellation of deferred shares	(163)	–	163	–	–	–
Share-based payment credit	–	–	–	168	129	297
Transactions with Shareholders	(163)	–	163	168	129	297
Loss for the year	–	–	–	–	(196)	(196)
At 31 March 2020	1,455	–	163	297	9,040	10,955
Shares issued	3	47	–	–	–	50
Share-based payment credit	–	–	–	244	173	417
Transactions with Shareholders	3	47	–	244	173	467
Loss for the year	–	–	–	–	(983)	(983)
At 31 March 2021	1,458	47	163	541	8,230	10,439

See Group accounting policies on page 47 for a description of the above reserves.

Notes to the Company balance sheet

at 31 March 2021

1. Authorisation of financial statements and statement of compliance with FRS 101

The Company financial statements for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 9 July 2021 and the balance sheet was signed on the Board's behalf by Tom Black and Adrian Crockett. Thruvision Group plc is incorporated and domiciled in England.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2021.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- f) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payment;
- g) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- h) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1; and
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Basis of measurement

The Company financial statements are prepared on the historical cost basis with the exception of derivative financial instruments which are classified as at fair value through profit or loss.

Going concern

The accounts have been prepared on a going concern basis as described in note 1 of the consolidated Group financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The key accounting judgement of the Company are:

1. The carrying value of its investments in subsidiary undertakings.

The basis of assessing this is done by reviewing long-term forecasts for Thruvision Limited to determine if the investment in Thruvision Limited requires impairment. The Company does not deem its investments in subsidiary undertakings to be impaired.

2. The carrying value of amounts due from subsidiary undertakings.

The basis of assessing whether the amount due from subsidiary undertakings are recoverable in full under IFRS 9 involves reviewing the current estimated value which assets within the subsidiary could be converted into cash for, less the current amount of cash due to creditors, in order to determine whether the subsidiary could repay the debt owing to the Company. An assessment was carried out at the year end by the Directors and amounts due from subsidiary undertakings do not require to be impaired.

Share-based payments

The basis of valuation of the equity awards under the various share option schemes, to arrive at the Share Based Payment charge, are the same as for the Group accounts and detailed in note 1: Accounting policies on page 47 of this report.

2. Accounting policies continued

Foreign currencies

The Company's financial statements are presented in Sterling. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Investments

Fixed asset investments in subsidiaries' shares are held at cost (or deemed cost as at the date of transition) less any accumulated impairment losses in accordance with IAS 27 'Separate Financial Statements'.

Share options granted to subsidiary employees are included within capital contributions within fixed asset investments at the amount of the share-based payment charge incurred by the subsidiary. Investments made by way of a capital contribution into the subsidiary are carried at cost.

Where the Company has invested in the long-term growth of a subsidiary through intercompany loans and it is not expected that this balance will be repaid through the normal course of trading, an assessment is made as to whether the Company has made a capital contribution to the subsidiary. An assessment was carried out this year on intercompany balances and the Board approved a capital contribution of £6,000,000 to Thruvision Ltd on 31 March 2021 (2020: £nil).

Impairment

The Company's accounting policies in respect of impairment of financial assets are consistent with the Group.

The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Loans to Group undertakings

Loans to Group undertakings are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

The fair value of a derivative financial instrument represents the present value of positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Group in an orderly market transaction at balance sheet date.

Employee Benefit Trust

The Thruvision Group Plc Employee Benefit Trust (the 'Trust'), which purchases and holds Ordinary Shares of the Company in connection with certain employee share schemes, is included in the Company's financial statements. Any consideration paid or received by the Trust for the purchase or sale of the Company's own shares is shown as a movement in Shareholders' equity.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Notes to the Company balance sheet continued

2. Accounting policies continued

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to the income statement if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

3. Employees

The average number of employees during the period were as follows:

	Average 2021	Average 2020
Directors and administration	5	5

The employee benefit expense for the period of these employees amounted to:

	2021 £'000	2020 £'000
Salaries and short-term employee benefits	634	655
Social security costs	81	85
Pension costs	5	5
Share-based payments	173	128
	893	873

During the year, salaries and short-term employment benefits of £400,000 (2020: £400,000) were re-charged to Thruvision Limited. The amounts disclosed above reflect costs incurred by the company before the recharge has been made.

4. Investments

	Total £'000
Cost	
At 1 April 2019	17,740
Share-based payment additions	168
Disposals	(5,963)
At 31 March 2020	11,945
Share-based payment additions	244
Other additions	6,000
Disposals	–
At 31 March 2021	18,189
Amounts provided	
At 1 April 2019	10,310
Disposals	(5,962)
At 31 March 2020 and 31 March 2021	4,348
Net book value	
At 31 March 2021	13,841
At 31 March 2020	7,597

4. Investments continued

Notes to movements in Investments

Share-based payment capital contributions in the period relate to share-based payments to employees of subsidiary undertakings of £244,000 (2020: £168,000).

On 31 March 2021 the Company's Board approved capitalising £6,000,000 of intercompany balances due from Thruvision Ltd (2020: £nil) as shown within Investments.

The disposals in the year ended 31 March 2020 relate to Waterfall Solutions Limited and Zimiti Limited, which were struck off from the Companies House register.

All of the Company's investments are unlisted.

Details of the Company's subsidiary undertakings as at 31 March 2021 are disclosed in note 26 of the Group financial statements.

5. Trade and other receivables

	Gross carrying amounts 2021 £'000	Provision for impairment 2021 £'000	Net carrying amounts 2021 £'000	Gross carrying amounts 2020 £'000	Provision for impairment 2020 £'000	Net carrying amounts 2020 £'000
Amounts falling due after one year	–	–	–	–	–	–
Amounts falling due within one year						
Amounts owed by subsidiary undertakings	82	–	82	5,671	–	5,671
Prepayments and accrued income	26	–	26	9	–	9
	108	–	108	5,680	–	5,680

The provision for expected credit loss was £nil (2020: £nil).

6. Share capital

	Number	£'000
Authorised, allotted, called-up and fully paid		
Ordinary Shares of 1 pence each		
At 31 March 2019 and 31 March 2020	145,454,118	1,455
Shares issued in the year	325,000	3
At 31 March 2021	145,779,118	1,458
	Number	£'000
Authorised, allotted, called-up and fully paid		
Deferred Shares of £1 each		
At 31 March 2019	163,124	163
Cancellation of deferred shares	(163,124)	(163)
At 31 March 2020 and 31 March 2021	–	–
		£'000
Total share capital		
At 31 March 2019		1,618
Cancellation of deferred shares		(163)
At 31 March 2020		1,455
Shares issued in the year		3
At 31 March 2021		1,458

The rights preferences and restrictions attached to each class of share are disclosed in the Group financial statements on page 52.

Full details on the movements in share capital are provided in note 17 of the Group financial statements.

Notes to the Company balance sheet continued

7. Trade and other payables

	2021 £'000	2020 £'000
Amounts owed to subsidiary undertakings	8,762	8,762
Trade creditors	36	45
Accruals	228	226
Social security and other taxes	30	27
	9,056	9,060

At 31 March 2021 the amount owing on secured creditors was £nil (31 March 2020: £nil).

8. Related party transactions

Transactions with the Directors of the Company are disclosed in the Remuneration report and in note 23 of the Group financial statements.

Amounts outstanding due from related parties that have had transactions during the period are detailed below:

	2021 £'000	2020 £'000
Amounts owed by subsidiary undertakings	82	5,671

Amounts owed by subsidiary undertakings are interest free and repayable on demand. Interest is applied at commercial rates on the interest-bearing loans.

Amounts outstanding due to related parties that have had transactions during the period are detailed below:

	2021 £'000	2020 £'000
Amounts owed to subsidiary undertakings	8,762	8,762

9. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2020 and 31 March 2021.

10. Post-balance sheet event

The Company has no post-balance sheet events.

11. Statutory and other information

The Company is a public limited company incorporated and domiciled in England and Wales. The Company's Ordinary Shares are listed on the Alternative Investment Market, regulated by the London Stock Exchange.

Directors' remuneration is disclosed in note 23 of the Group financial statements.

The fee for the audit of the Company was £38,453 (2020: £36,500). The Company's individual accounts do not disclose fees for other services required by Regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration) Regulations 2008 as exempt because the Group financial statements are required to comply with and include the disclosures required by Regulation 5(1)(b).

Details of share-based payments are in the Remuneration report on pages 26 to 32. Information on the main employee share-based payments is given in note 18 to the consolidated Group financial statements. Details of the remuneration of key management personnel are given in note 23 to the consolidated Group financial statements.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent advisor authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if you reside elsewhere, another appropriately authorised financial advisor.

If you have sold or otherwise transferred your shares in Thruvision Group plc, you should forward this document and other documents enclosed as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Thruvision Group plc Notice of Annual General Meeting

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 07149547)

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting (the 'Meeting' or the 'AGM') of Thruvision Group plc (the 'Company') will be held at the Marriott Courtyard Hotel, 6 Milton Gate, Milton, Abingdon OX14 4FP at 10.00 am on Tuesday, 28 September 2021 to consider and, if thought fit, to pass the following resolutions of which Resolutions 1 to 9 will be proposed as ordinary resolutions of the Company and Resolutions 10 to 12 will be proposed as special resolutions of the Company.

Given the uncertainty around whether Shareholders will be able to attend the AGM due to a change in the situation with the COVID-19 pandemic, we recommend that all Shareholders appoint the Chair of the meeting as proxy. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person. Further details of the AGM arrangements are explained in the Directors' report on pages 16 and 17.

Ordinary business

1. To receive and adopt the audited financial statements of the Company for the year ended 31 March 2021 and the reports of the Directors and auditors thereon.
2. To approve the Directors' remuneration report for the year ended 31 March 2021.
3. To re-elect Tom Black as a Director, who retires in accordance with the Company's Articles of Association.
4. To re-elect Colin Evans as a Director, who retires in accordance with the Company's Articles of Association.
5. To re-elect Adrian Crockett as a Director, who retires in accordance with the Company's Articles of Association.
6. To elect Richard Amos as a Director, who having been appointed since the last Annual General Meeting offers himself for election in accordance with the Company's Articles of Association.
7. To re-appoint Grant Thornton UK LLP as auditor of the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
8. To authorise the Directors to determine the remuneration of the auditor.

Special business

9. That, in substitution for any existing authorities and powers granted to the Directors pursuant to Section 551 of the Companies Act 2006 (the 'Act') prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Act to exercise all powers of the Company to allot Shares in the Company, and to grant rights to subscribe for or to convert any security into Shares of the Company (such Shares, and rights to subscribe for or to convert any security into Shares of the Company being 'relevant securities') up to an aggregate nominal amount of £485,930 and unless previously renewed, revoked, varied or extended this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if this authority had not expired.
10. That, conditional upon the passing of Resolution 9 and in substitution for all existing authorities and powers given to the Directors pursuant to Section 570 of the Act prior to the passing of this resolution, the Directors be and are hereby empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by Resolution 9 above, and/or where such allotment constitutes an allotment of equity securities by virtue of Section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that such power conferred by this resolution shall be limited to:
 - a) the allotment of equity securities in connection with an invitation or offer of, or invitation to apply for, equity securities to the holders of Ordinary Shares in the capital of the Company (excluding any Shares held by the Company as treasury Shares (as defined in Section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such Shares or in accordance with the rights attached to such Shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and

b) the allotment (otherwise than pursuant to paragraph (a) of this resolution) of equity securities up to a maximum nominal amount equal to £72,889.

And unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if this power had not expired.

11. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are empowered in addition to the authority granted pursuant to Resolution 10 to allot equity securities (as defined in Section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by Resolution 9 above (in accordance with Section 570(1) of the Act) and/or by way of a sale of treasury Shares (in accordance with Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment provided that:

a) the power conferred by this resolution shall be:

- (i) limited to the allotment of equity securities up to an aggregate nominal value equal to £72,889;
- (ii) used only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment; and

b) unless previously revoked, varied or extended, this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing of this resolution, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

12. That the Company be and is hereby generally and unconditionally authorised (pursuant to Section 701 of the Act) to make one or more market purchases (as defined in Section 693(4) of the Act) on the London Stock Exchange (the 'Exchange') of any of its own Ordinary Shares of 1 pence each ('Ordinary Shares') on such terms and in such manner as the Directors of the Company may from time to time determine provided that:

- a) the maximum number of Ordinary Shares hereby authorised to be purchased is 21,866,867;
- b) the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 110% of the average of the middle market quotations for an Ordinary Share derived from the AIM appendix of the Daily Official List of the Exchange for the five business days immediately prior to the day on which the Share is contracted to be purchased;
- c) the minimum price which may be paid for an Ordinary Share is 1 pence exclusive of attributable expenses payable by the Company; and
- d) the authority conferred by this resolution, unless previously renewed, revoked, varied or extended, shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months after the date of passing this resolution, except that the Company may, before such expiry, enter into 1 or more contracts for the purchase of Ordinary Shares which may be completed by or executed wholly or partly after the expiration of this authority.

By order of the Board:

John Woolhead
Company Secretary

9 July 2021

Registered Office
121 Olympic Avenue
Milton Park
Abingdon
Oxon
OX14 4SA

Appendix 1 Explanatory notes to certain resolutions

Resolution 9 – Directors’ power to allot relevant securities

This resolution grants the Directors authority to allot Shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £484,930, representing approximately one third of the nominal value of the issued Ordinary Share capital of the Company as at 9 July 2021, being the latest practicable date before the publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company, or the date falling 15 months from the passing of the resolution, whichever is the earlier.

Resolution 10 – Directors’ power to issue Shares for cash

This resolution authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a Company to offer all allotments for cash first to existing Shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £72,889 representing approximately 5% of the nominal value of the issued Ordinary Share capital of the Company as at 9 July 2021 (being the latest practicable date before the publication of this notice) for general purposes. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 11 – Directors’ power to issue Shares for cash

This resolution authorises the Directors to allot further equity securities for cash in connection with acquisitions or other specified capital investments which are announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. This authority is limited to a maximum nominal amount of £72,889 which represents approximately 5% of the nominal value of the issued Ordinary Share capital of the Company as at 9 July 2021 (being the latest practicable date before publication of this notice). The Directors consider that the power proposed to be granted by Resolution 11 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company, or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 12 – Directors’ authority to purchase Shares (market purchases)

This resolution authorises the Directors to make market purchases of up to 21,866,867 Ordinary Shares (representing approximately 14.99% of the Company’s issued Ordinary Share capital as at 9 July 2021, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled. The authority will expire at the end of the next Annual General Meeting of the Company or 15 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The minimum price that can be paid for an Ordinary Share is 1 pence, being the nominal value of an Ordinary Share. The maximum price that can be paid is 10% over the average of the middle market prices for an Ordinary Share, derived from the AIM appendix of the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the relevant Share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per Share), they believe that such purchases are in the best interests of the Company and its Shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action.

Recommendation

The Directors consider that the proposals being put to the Shareholders at the AGM are in the best interests of the Company and of the Shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the resolutions set out in the Notice of the AGM, as they intend to do in respect of their own beneficial holdings of Ordinary Shares.

Explanatory notes on proxy voting:

1. Every Shareholder has the right to appoint some other person(s) of their choice, who need not be a Shareholder, as his or her proxy to exercise all or any of his or her rights, to attend (should this be permitted under applicable COVID-19 restrictions), speak and vote on their behalf at the AGM. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided on the reverse of the proxy form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name on the reverse of the proxy form, the number of Shares in relation to which they are authorised to act as your proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes (or if this proxy form has been issued in respect of a designated account for a Shareholder, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes).
2. To appoint more than one proxy to exercise rights attached to different Shares, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on 0370 707 1889 or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name on the reverse of the proxy form the number of Shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. To be valid a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should reach the Company's registrar, Computershare Investor Services plc, The Pavilions, Bridgewater Road, Bristol BS99 6ZY by no later than 10.00 am on Friday 24 September 2021. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.
4. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), entitlement to attend (should this be permitted under applicable COVID-19 restrictions) and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 pm on Friday 24 September 2021 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the AGM.
6. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 10.00 am on Friday 24 September 2021 being two working days before the time appointed for holding the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
7. The address on the proxy form is how it appears on the Register of Members. If this information is incorrect, please ring the Registrar's helpline on 0370 707 1889 to request a change of address form or go to www.investorcentre.co.uk to use the online Investor Centre service.
8. Any alterations made to the proxy forms should be initialled.
9. The completion and return of the proxy forms will not preclude a member from attending the AGM (should this be permitted under applicable COVID-19 restrictions) and voting in person.
10. In the case of joint holders of Shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
11. Please note that communications regarding the matters set out in this Notice of AGM will not be accepted in electronic form, other than as specified in the accompanying proxy form.
12. A member that is a Company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it (should this be permitted under applicable COVID-19 restrictions). This can be done in either one of two ways: Either by appointment of a proxy (described in note 1 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association, and the relevant provision of the Companies Act 2006.

Officers and professional advisors

Directors and Officers

Tom Black
Chairman

Colin Evans
Chief Executive Officer

Adrian Crockett
Finance Director

Paul Taylor
Non-Executive Director

Richard Amos
Non-Executive Director

John Woolhead
Company Secretary

Registered Office

121 Olympic Avenue
Milton Park
Abingdon
Oxon
OX14 4SA

Registered No: 07149547

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS99 6ZZ

Auditors

Grant Thornton UK LLP
Seacourt Tower
Botley
Oxford
OX2 0JJ

Nominated Advisor

Investec
30 Gresham Street
London
EC2V 7QP

Financial PR

F T I Consulting
Holborn Gate, 26 Southampton Buildings
London
WC2A 1PB

Bankers

HSBC
City of London Corporate Banking Centre
60 Queen Victoria Street
London
EC4N 4TR

Solicitors

Osborne Clarke
One London Wall
London
EC2Y 5EB

Annual Report and Accounts 2021

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.

FAST ▼ SAFE ▼ PROVEN