10 December 2019

Zytronic plc
("Zytronic" or the "Company"
and, together with its subsidiaries, the "Group")

Preliminary Results for the year ended 30 September 2019 (audited)

Zytronic plc, a leading specialist manufacturer of touch sensors, announces its preliminary results for the year ended 30 September 2019.

Overview

- Group revenue of £20.1m (2018: £22.3m), impacted by a reduction in revenues in the gaming market
- Gross margin reduced to 33.7% (2018: 37.0%) due to the change in product mix sold, with fewer large format sensors being invoiced in the year
- Profit before tax of £3.1m (2018: £4.2m), reflecting reduced revenue and lower gross margin
- Basic earnings per share of 16.8p (2018: 22.7p)
- Final dividend of 15.2p proposed (2018: 15.2p), bringing total dividends for the year to 22.8p (2018: 22.8p)

Commenting on the outlook, Chairman, Tudor Davies said:

"On the basis of the first two months of trading being at lower levels than last year, we are cautious about the short term. However, as we have seen in prior years, trading results in the second half can improve as the year progresses and the level of enquiries for new projects are higher than last year."

It is intended that the AGM will take place at the Company's offices at Whiteley Road, Blaydon-on-Tyne, Tyne and Wear, NE21 5NJ on Tuesday 4 February 2020 at 9.30am. Notice of the AGM will be sent to shareholders with the annual report and accounts in due course.

Enquiries:

Zytronic plc **(Today: 020 7496 3000;**

Mark Cambridge, Chief Executive **Thereafter 0191 414 5511)**
Claire Smith, Group Finance Director

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Aubrey Powell, Alex Bond (Corporate Broking)
Rachel Hayes (Corporate Broking)

Notes to Editors

Zytronic is a developer and manufacturer of a unique range of internationally award winning optically transparent interactive touch sensor overlay products for use with electronic displays in industrial, self-service and public access equipment.

Zytronic's products employ a sensing solution that is readily configurable and is embedded in a laminate core which offers significant durability, environmental stability and optical enhancement benefits to system designers' specific requirements.

Zytronic has continually developed process and technological know-how and IP since the late 1990's around two sensing methodologies; the first being single-touch self-capacitive which Zytronic markets as PCT™ ("Projected Capacitive Technology") and the second being multi-touch, multi-user mutual-capacitive which Zytronic markets as MPCT™ ("Mutual Projected Capacitive Technology"), in which Zytronic holds a number of GB and international granted patents.

Operating from a single site near Newcastle-upon-Tyne in the United Kingdom, Zytronic is relatively unique in the touch eco-system as it offers a complete one-stop solution from processing internally the form and factor of the glass substrates, assembles their touch overlay products to customers specific requirements, in environmentally controlled cleanrooms and develops the bespoke firmware, software and electronic hardware to link the interactive overlays to customer's integrated systems and products.

Chairman's review

Introduction

As announced in May this year, trading results have been lower than the prior year, but our strong liquidity position has enabled us to maintain the dividend at the same level as last year.

Results

There was improvement in trading in the second half of the year with profits improving by 21% on revenues 12% ahead of the first half.

Revenue for the year ended 30 September 2019 was £20.1m (2018: £22.3m) and profit for the year after tax was £2.7m (2018: £3.6m). The decline in revenue was principally due to a fall in sales to our largest market, the gaming sector, where revenues reduced from £8.5m to £6.4m. The lack of growth this year has resulted not from a lack of opportunities, but from a slower than normal conversion of the larger projects into sales. As Mark Cambridge, CEO, explains in his review, in terms of opportunities the number of live projects has increased by 41% during the year.

Cash generation

The cash position has reduced over 2019 to £13.1m (2018: £14.6m) as cash generation was negative by £1.5m after payment of dividends of £3.7m (2018: £3.7m).

Dividend

The Directors have recommended a final dividend of 15.2p, which, together with the interim dividend of 7.6p paid in July 2019, will result in a total dividend of 22.8p (2018: 22.8p).

Shareholder value

Over the last four years, we have pursued a policy of increasing the dividend considerably ahead of earnings principally because our trading and cash generation were strong and we have had the additional comfort of a growing cash balance.

However, the last two years' results have been lower than expected, and dividends at current levels compared with performance are only sustainable by our strong liquidity position. We are also cognisant of the potential effect on the share price with a current yield of 11%* from an uncovered dividend.

The Board is already undertaking a strategic review of its operations to improve future returns for shareholders and, as part of that review, the subject of the appropriate level of future distributions compared with earnings and cash resources is under consideration.

Outlook

On the basis of the first two months of trading being at lower levels than last year, we are cautious about the short term. However, as we have seen in prior years, trading results in the second half can improve as the year progresses and the level of enquiries for new projects are higher than last year.

Tudor Davies
Chairman
9 December 2019

* Note – dividend yield is calculated using a share price of 200p as at mid-morning on 3 December 2019.

2019 Chief Executive Officer's review

The information detailed in the review provides insights into the various operational aspects of Zytronic Displays Ltd ("ZDL"), our wholly owned operating subsidiary, that have influenced the reported trading performance of Zytronic over the fiscal year, drawing comparisons with the prior period where necessary.

Sales

Revenue for the year was £20.1m, compared with £22.3m in 2018, with the historical norm of a stronger performing H2 repeating itself with H1 and H2 contributing £9.5m and £10.6m respectively (2018 H1: £10.6m; H2: £11.7m).

However, unlike the prior year, where a reduction in financial touch product revenue impacted the performance, the issue in 2019 was not associated with the financial market, which did decline by £0.2m due to a further £0.6m reduction in ATM display filter sales, but was related to the £2.1m reduction in the revenue generated from the casino-based gaming market. As a consequence of the casino revenue reduction, export revenue declined to £18.0m (2018: £19.5m), as this impacted Asia Pacific ("APAC") sales, reducing by £2.0m to £6.5m (2018: £8.5m), as this is where the majority of the integration of our products with display units for that market occurs. Sales to the Americas region (North, Central and South America) were £3.7m (2018: £4.3m) and affected by financial sales, and the Europe, Middle East and Africa ("EMEA") region were £7.8m (2018: £6.7m) as discussed under vending.

When evaluating ZDL's sales mix, several intrinsically linked factors have a significant and well-documented influence, primarily the number of touch sensor units produced and their mix based on size, shape and sensing technology formats, across the diverse set of applications and markets.

The volumes and respective revenue generated from sensors based on size range are presented in the table below.

	2019		2018		Variance	
Sensor Sizes	Units ('000)	Sales (£m)	Units ('000)	Sales (£m)	Units ('000)	Sales (£m)
'Small' (≤ 14.9")	30	1.6	35	1.7	(5)	(0.1)
'Medium' (15.0 - 29.9")	79	8.7	79	8.5	-	0.2
'Large' (≥ 30.0")	15	6.0	19	7.2	(4)	(1.2)
TOTALS	124	16.3	133	17.4	(9)	(1.1)

From the data, it is evident that it is the large format sensors that exhibited the greatest proportional reduction in both units sold and consequently revenue generated.

Within the size ranges ZDL produces several shape and technology variants in the medium and large sensor categories, where the sensors can be any combinations of either flat or curved and either PCT™ (single-touch) or MPCT™ (multi-touch) in functionality. Of the total units supplied, 17,000 units were of an MPCT™ configuration (2018: 17,000), although after the 2018 release of our ZXY500 series controllers, incorporating the MPCT™ Application Specific Integrated Circuit ("ASIC"), we saw a 2,000-unit increase in the volume of medium-sized MPCT™ sensors supplied to 7,000 units. Of sensors with a curved shape we shipped 7,000 units, of which 96% were of an MPCT™ type (2018: 10,000, 99%).

Gaming, which is predominantly casino-based upright cabinet designs, has continued to be our top revenue-generating market, albeit with a marked reduction of £2.1m against the prior year to £6.4m (2018: £8.5m). In total 19,000 touch units were produced, 56% being large format (2018: 23,000, 66%), and 8,000 units being large MPCT™ designs, of which 7,000 units were curved (2018: 10,000, 10,000). The revenue and volume drop being related to two existing projects moving significantly towards end of life ("EOL") which, combined, contributed to a reduction of £3.3m against the prior year, some of which was offset by a number of newer projects as they moved into production.

Financial, which are ATM products, exhibited a slight decline in revenue of £0.2m to £6.2m (2018: £6.4m), but maintained its position as our second largest revenue-generating market. However, although exhibiting year-on-year touch growth, the underlying ATM market and its supply chain continue to be eroded by the effects of the expansion of the cashless, mobile and digital banking society.

Vending, remained our third market in terms of revenue at £4.0m (2018: £3.0m) and continued to be our second highest market in terms of touch units produced at 32,000 units (3,000 MPCT™; 2018: 3,000), 4,000 units higher than the prior year. The year benefited from a completed project for a Spanish customer which supplied a new rail information and ticketing hardware system into Saudi Arabia.

Industrial revenue was £1.7m (2018: £1.9m), comprising applications for human machine interface ("HMI") control panels and non-transactional kiosks. The volume of touch sensors sold decreased by 4,000 units to 20,000 units, of which 57% were small PCT™ format and 43% medium PCT™ (2018: 53%, 47%).

Signage market revenue was £1.1m (2018: £1.2m), with product size and configuration mix having a large effect as we saw a near 50% reduction in the volume of units sold to 3,000 units, of which 40% were of a large MPCT™ format (2018: 6,000, 17%).

The other markets, which are predominantly small PCT™ format touch products and various niche display products are open to much greater alternative supplier competitive pressures in total, saw a further decrease in revenue to £0.7m (2018: £1.3m), as touch units supplied for the long running cooktop project went EOL (2019: 0 units; 2018: 5,000).

Strategic sales and marketing initiatives

The strategic sales and marketing initiatives during 2019 and going forward continue to be centred around advancing the organic growth potential of our touch interactive component solutions for self-service and commercial use, with a continued focus on large format, curved shapes and MPCT™ designs to provide our bespoke touch componentry to equipment designers and manufacturers across several markets, as detailed above, whilst increasing the volume and level of opportunities across all geographies.

As a UK operating business with 90% of sales represented by exports, we employ a team of sales and business development managers located at our headquarters to manage EMEA, and similar in international locations to manage locally our major markets, being the USA, SE Asia and Japan.

In support of the sales and marketing function, we have built a global network of channel partners, which we continually address for suitability based upon their performance, as well as local market preference and requirements. These partners are a combination of commissioned manufacturers' representatives or agents, who aid our direct sales team, and value-added resellers ("VARs"), which buy and resell our products (indirect sales). The type and choice of channel partner varies by what is the right construct for each specific territory. The current composition of our global channel partners is presented on the ZDL website and can be found at https://zytronic.co.uk/where-to-buy/.

During the year we changed our trade public relations company to one that was able to provide unified global coverage across the regions and market-specific areas in which we trade. Several new international case studies were also issued during the year, highlighting various applications of our technology, plus whitepapers, "thought leadership" articles and new technology advancements. These can be viewed online at https://zytronic.co.uk/about-us/.
We continue to see the benefits of directly participating in relevant market trade shows, primarily as regional networking opportunities with customers, suppliers and channel partners. In 2019, ZDL exhibited at several events: Global Gaming Exhibition, October 2018, USA; Integrated Systems Europe, February 2019, Netherlands; and Digital Signage Exhibition, March 2019, USA. Additionally, our products were also well represented at numerous other regional tradeshows around the world by both our channel partners and our customers.

To advance the customer engagement process, we have also invested in a bespoke demonstration room within our development facility, to showcase our technical capabilities and advancements in several simulated real-world market uses.

Opportunities Analysis

Due to the bespoke, long maturation and project based nature of our business, the creation, evaluation and monitoring of opportunities is critical to ongoing business performance.

The procedure for the analysis of opportunities within Zytronic has been well documented in prior years and we continue to utilise our tailored customer relationship management ("CRM") system to manage their dynamically changing status from lead generation through "Enquiry", "Prospect" and "Project" status to production with only the sensitised data of Projects incorporated into our active quarterly forecasting model.

As at 30 September 2019, there were 494 opportunities in the system with a projected value of £83m, 58 classified as Projects, and are expected to generate £13.4m of sales over their future production cycle. This compares with data as at 30 September 2018 of 414, £65m, 41 and £8.0m respectively.

Strategic research and development

The research and development team has undertaken a number of activities during the course of the year, in particular one development relates to the use of our unique micro-fine filament system to not only provide our unique touch sensing capability, but also to provide invisible micro-tracks to allow for power and data transfer from mechanical devices such as buttons, and LED lighting features which appear unconnected and floating within the touch active and display viewable area. This work has resulted in a further UK patent application being made during the year. The casino cabinet market is showing interest in this type of technology as they look to further enhance the functionality experience and aesthetics of its video button deck player area.

Development continued with third party providers on the further evaluation of alternative materials and processes to our present micro-fine filament system as a sensing medium, particularly around the well-established solution of mixed metal oxide coatings as a conductive medium. To determine the potential of market acceptance of a ZDL derived product, a soft launch pack, incorporating datasheets and samples, is being established and feedback sought from several of our channel partners.

Significant firmware development continued on the MPCT™ ASIC ZXY500 series controllers to develop an enhanced functionality which will support on a single piece of glass an active multi-touch sensor area, in combination with a separate touch sensing fully functioning keyboard and configurable function keys, for industrial type HMI control panels. Demonstration systems have been provided to several of our channel partners.

The team has also worked closely with operations on the design and development of bespoke fourth industrial revolution ("4IR") data acquisition systems, for integration on our filament dispensing and 2D writing equipment to measure and improve the overall equipment efficiencies of these devices.

Operations

Over the course of 2019, the productive labour headcount was steadily reduced to align with the demand cycles. The higher headcount at the beginning of the year was associated with the continuation of the Q4 yield issues reported last year. However, with the observed reductions in gaming, and expected reduction in the financial market, we have undertaken a further review of production staffing levels, which has resulted in a temporary reduction in headcount.

During the year, we have continued with our tailored apprenticeship scheme and with two former apprentices having successfully finalised their schemes and taking permanent roles within the business, we initiated schemes for a further two new apprentices. In total we have three active apprentice schemes running covering, technical, quality and maintenance roles.

With regards to the Q4 2018 yield issues, significant work continued in the early part of the year to understand the issues observed and bring the yields of the affected processes back in line with expectations. This work was not fully concluded until November 2018. For the remainder of the year we have observed an average 34% yield improvement compared to the Q4 period, across the range of touch sensing products produced.

2019 Chief Executive Officer's review

Finally, I would like to conclude the review, by thanking all Zytronic employees, for their valued contribution to the business over the course of the reporting period and their continuing commitment.

Mark Cambridge
Chief Executive Officer
9 December 2019

2019 Financial review

Group revenue

Total Group revenue for the year decreased by £2.2m to £20.1m (2018: £22.3m), due to a reduction in revenues from both the touch and traditional non-touch elements of the business. The Operational review explains in detail the reasons for this, with the performance in the gaming market, where a long running project is coming to the end of its life and the new projects in the pipeline not commencing in sufficient time to compensate, affecting margin.

Gross margin

The reported gross margin for the year ended 30 September 2019 was 33.7% (2018: 37.0%). The reduction is a result of the change in the mix of sensors sold over the year with 4,000 less units of the larger format sensors being invoiced compared to that in 2018 and thereby adversely impacting margin.

Group trading profit

With reduced levels of revenues and the gross margin reduction noted above, Group trading profit decreased to £3.0m (2018: £4.1m). However, distribution costs show a year-on-year saving of £0.1m due to the lower volume of sales into the gaming market, in which the Group was responsible for the costs of carriage. Administration costs also show a year-on-year saving of £0.2m due to lower professional fees incurred (£0.4m saving), which impacted the previous year due to the litigation claim being successfully defended. Some of this saving was offset in increased salary and other overseas support costs. Net finance income also increased over 2019 giving profit before tax of £3.1m (2018: £4.2m).

Tax

The Group continues to benefit from the many reliefs available to it and the reported tax charge of £0.4m represents an effective tax rate of 12.0% for the year, compared to the £0.5m and 13.0% recorded in the prior year. In the year, the Group claimed relief under the Patent Box regime and utilised the R&D tax credits allowance, which has been beneficial in lowering the effective rate of tax payable.

Earnings per share

The issued share capital of 16,044,041 ordinary shares of 1.0p has remained constant over the year and the associated EPS recorded is 16.8p, which is lower than that reported for last year (2018: 22.7p) by 26%. The recorded decline arises wholly due to lower profits over 2019.

Dividend

During the year the Group paid a final dividend for 2018 of 15.2p per share and a 2019 interim dividend of 7.6p per share totalling £3.7m of cash (2018: £3.7m). The Directors have assessed the position of the Group's cash balances and reserves and are recommending the payment of a final dividend of 15.2p per share for the year ended 30 September 2019 giving a total dividend for the year of 22.8p per share (2018: 22.8p). Subject to approval by shareholders, the dividend will be paid on Friday 7 February 2020 to shareholders on the register as at the close of business on Friday 10 January 2020. Although the dividend is uncovered this year, the Directors think it is an appropriate consideration, whilst the ongoing review of the Group's operations, cash balances, reserves, future trading and dividend policy position is undertaken.

Capital expenditure

Spend on capital expenditure over the year totalled £0.6m (2018: £0.7m) and was weighted considerably to tangible assets at £0.5m (2018: £0.3m). Items added in the year included a new glass storage racking system, a new glass cutting table and a replacement glass profiling machine which in combination cost £0.3m, the latter giving the benefit of additional functionality to enhance product offerings. Further small items of equipment were also added as necessary, to either replace dilapidated equipment, improve process efficiencies or on the grounds of health and safety improvements. Intangible spend was lower than in previous years at £0.1m (2018: £0.4m) with more of the cost being expensed through the statement of comprehensive income. Depreciation and amortisation for the year was similar to last year at £1.2m (2018: £1.1m).

Cash and debt

The Group continues to turn profit into cash despite the increase in working capital over last year which arose due to several reasons. Inventory levels remained constant year on year, but the Group saw an increase in debtors of £0.4m at the end of September due to accepting a one-off different payment request from one of its customers for a large project. This debt has now been settled in full. Creditors decreased over the year due to a reduction in accruals required and trade balances being settled. Net cashflow used in investing and financing activities remained the same as the previous year at £0.6m and £3.7m respectively. The Group continues to assess its level of cash holdings and will continue its policy to invest in internal R&D and capital refurbishments to drive growth and to pay a return to its shareholders.

The Group maintains an overdraft facility, which is available for use in any of its three currencies. The Group also has an FX policy in place whereby it is hedged in both US Dollars and Euros for a period of four months ahead to correspond with its working capital policies and currency requirements.

The Group remains debt free and had cash and cash equivalents of £13.1m at 30 September 2019 (2018: £14.6m).

Claire Smith
Group Finance Director
9 December 2019

Consolidated statement of comprehensive income
For the year ended 30 September 2019

	Notes	**2019 £'000**	2018 £'000
Group revenue		**20,104**	22,288
Cost of sales		**(13,311)**	(14,047)
Gross profit		**6,793**	8,241
Distribution costs		**(350)**	(461)
Administration expenses		**(3,462)**	(3,639)
Group trading profit		**2,981**	4,141
Finance costs		**—**	(21)
Finance revenue		**76**	68
Profit before tax		**3,057**	4,188
Tax expense	3	**(366)**	(541)
Profit for the year		**2,691**	3,647
Other comprehensive income		**—**	—
Total comprehensive income		**2,691**	3,647
Earnings per share			
Basic	5	**16.8p**	22.7p
Diluted	5	**16.8p**	22.7p

All profits are from continuing operations.

Consolidated statement of changes in equity
For the year ended 30 September 2019

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 October 2017	160	8,994	17,622	26,776
Profit for the year	—	—	3,647	3,647
Dividends	—	—	(3,658)	(3,658)
At 1 October 2018	160	8,994	17,611	26,765
Profit for the year	—	—	2,691	2,691
Dividends	—	—	(3,658)	(3,658)
At 30 September 2019	**160**	**8,994**	**16,644**	**25,798**

Consolidated statement of financial position

At 30 September 2019

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets		**1,299**	1,585
Property, plant and equipment		**6,385**	6,605
		7,684	8,190
Current assets			
Inventories		**3,034**	3,021
Trade and other receivables		**4,127**	3,738
Cash and short term deposits		**13,143**	14,626
		20,304	21,385
Total assets		**27,988**	29,575
Equity and liabilities			
Current liabilities			
Trade and other payables		**962**	1,446
Derivative financial liabilities		**21**	7
Accruals		**499**	767
Tax liabilities		**192**	13
		1,674	2,233
Non-current liabilities			
Government grants		**—**	15
Deferred tax liabilities (net)		**516**	562
		516	577
Total liabilities		**2,190**	2,810
Net assets		**25,798**	26,765
Capital and reserves			
Equity share capital		**160**	160
Share premium		**8,994**	8,994
Retained earnings		**16,644**	17,611
Total equity		**25,798**	26,765

Consolidated cashflow statement

For the year ended 30 September 2019

	2019 £'000	2018 £'000
Operating activities		
Profit before tax	**3,057**	4,188
Net finance income	**(76)**	(47)
Depreciation and impairment of property, plant and equipment	**726**	709
Amortisation, impairment and write-off of intangible assets	**430**	438
Amortisation of government grant	**(15)**	(10)
Fair value movement on foreign exchange forward contracts	**14**	61
Working capital adjustments		
Increase in inventories	**(13)**	(25)
Increase in trade and other receivables	**(389)**	(232)
(Decrease)/increase in trade and other payables and provisions	**(742)**	295
Cash generated from operations	**2,992**	5,377
Tax paid	**(238)**	(573)
Net cashflow from operating activities	**2,754**	4,804
Investing activities		
Interest received	**71**	65
Payments to acquire property, plant and equipment	**(506)**	(273)
Payments to acquire intangible assets	**(144)**	(390)
Net cashflow used in investing activities	**(579)**	(598)
Financing activities		
Interest paid	**—**	(21)
Dividends paid to equity shareholders of the Parent	**(3,658)**	(3,658)
Net cashflow used in financing activities	**(3,658)**	(3,679)
Increase in cash and cash equivalents	**(1,483)**	527
Cash and cash equivalents at the beginning of the year	**14,626**	14,099
Cash and cash equivalents at the year end	**13,143**	14,626

Notes to the consolidated financial statements

1. Basis of preparation

The preliminary results for the year ended 30 September 2019 have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as endorsed by the European Union regulations as they apply to the financial statements of the Group for the year ended 30 September 2019. Whilst the financial information included in this preliminary announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies adopted are consistent with those of the previous year.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 30 September 2018 have been filed with the Registrar of Companies. The statutory accounts for the year ended 30 September 2019 will be filed in due course. The auditors' report on these accounts was not qualified or modified and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

Each of the Directors confirms that, to the best of their knowledge, the financial statements, prepared in accordance with IFRS as adopted by EU standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and the Group results, Operational review and Financial review includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

2. Basis of consolidation and goodwill

The Group results comprise the financial statements of Zytronic plc and its subsidiaries as at 30 September each year. They are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

3. Group revenue and segmental analysis

Revenue represents the invoiced amount of goods sold and services provided, stated net of value-added tax, rebates and discounts.

For management purposes, the Chief Operating Decision Maker considers that it has a single business unit comprising the development and manufacture of customised optical filters to enhance electronic display performance. All revenue, profits or losses before tax and net assets are attributable to this single reportable business segment.

The Board monitors the operating results of its entire business for the purposes of making decisions about resource allocation and performance assessment. Business performance is evaluated based on operating profits.

All manufacturing takes place in the UK and accordingly all segment assets are located in the UK. The analysis of segment revenue by geographical area based on the location of customers is given below:

	30 September 2019		30 September 2018	
	Touch	**Non-touch**	Touch	Non-touch
	£'000	**£'000**	£'000	£'000
Sale of goods – Americas (excluding USA)	**300**	**23**	541	39
– USA	**3,152**	**257**	3,449	302
– EMEA (excluding UK and Hungary)	**5,735**	**223**	4,224	396
– Hungary	**1,718**	**172**	1,602	473
– UK	**1,609**	**455**	2,119	667
– APAC (excluding South Korea)	**1,883**	**174**	2,652	239
– South Korea	**4,327**	**76**	5,531	54
	18,724	**1,380**	20,118	2,170
Total revenue	**20,104**		22,288	

Individual revenues from three major customers exceeded 10% of total revenue for the year. The total amount of revenue was £9.7m (2018: £10.8m).

The individual revenues from each of these three customers were: £3.8m (2018: £5.0m); £2.4m (2018: £3.0m); and £3.5m (2018: £2.8m).

4. Tax

	30 September 2019 £'000	30 September 2018 £'000
Current tax		
UK corporation tax	**420**	621
Tax due on foreign subsidiary	**2**	—

Corporation tax over-provided in prior years	**(10)**	(35)
Total current tax charge	**412**	586
Deferred tax		
Origination and reversal of temporary differences	**(46)**	(45)
Total deferred tax credit	**(46)**	(45)
Tax charge in the statement of comprehensive income	**366**	541

Reconciliation of the total tax charge

The effective tax rate of the tax expense in the statement of comprehensive income for the year is 12.0% (2018: 13%) compared with the average rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	30 September 2019 £'000	30 September 2018 £'000
Accounting profit before tax	**3,057**	4,188
Accounting profit multiplied by the average UK rate of corporation tax of 19% (2018: 19%)	**581**	796
Effects of:		
Expenses not deductible for tax purposes	**1**	8
Depreciation in respect of non-qualifying items	**22**	24
Enhanced tax reliefs – R&D	**(147)**	(169)
Enhanced tax reliefs – Patent Box	**(70)**	(79)
Effect of deferred tax rate reduction and difference in tax rates	**(13)**	(4)
Tax over-provided in prior years	**(10)**	(35)
Tax due on foreign subsidiary	**2**	—
Total tax expense reported in the statement of comprehensive income	**366**	541

Factors that may affect future tax charges

Under current tax legislation, some of the amortisation of licenses will continue to be non-deductible for tax purposes.

There are no tax losses to carry forward at 30 September 2019 (2018: £Nil).

The main rate of corporation tax in the UK reduced to 19% with effect from 1 April 2017. The rate will be reduced to 17% from 1 April 2020. Both of these lower rates have been substantively enacted by the statement of financial position date. As the majority of the temporary differences will reverse when the rate is 17%, this rate has been applied to the deferred tax assets and liabilities arising at the statement of financial position date.

The Patent Box regime allows companies to apply a rate of corporation tax of 10% to profits earned from patented inventions and similar intellectual property. Zytronic generates such profits from the sale of products incorporating patented components. The Group has determined that all relevant criteria has been satisfied for bringing income within the regime. Consequently, Patent Box claims have been made for 2014 to 2018 accounting periods, and the 2019 benefit has been estimated.

5. Dividends

The Directors propose the payment of a final dividend of 15.2p per share (2018: 15.2p), payable on 7 February 2020 to shareholders on the Register of Members on 24 January 2020. This dividend has not been accrued in these financial statements. The dividend payment will amount to some £2.4m.

	30 September 2019 £'000	30 September 2018 £'000
Ordinary dividends on equity shares		
Final dividend of 15.2p per ordinary share paid on 9 March 2018	**—**	2,439
Interim dividend of 7.6p per ordinary share paid on 20 July 2018	**—**	1,219
Final dividend of 15.2p per ordinary share paid on 22 February 2019	**2,439**	—
Interim dividend of 7.6p per ordinary share paid on 19 July 2019	**1,219**	—

	3,658	3,658

6. Earnings per share

Basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. All activities are continuing operations and therefore there is no difference between EPS arising from total operations and EPS arising from continuing operations.

	Earnings 30 September 2019 £'000	**Weighted average number of shares 30 September 2019 Thousands**	**EPS 30 September 2019 Pence**	Earnings 30 September 2018 £'000	Weighted average number of shares 30 September 2018 Thousands	EPS 30 September 2018 Pence
Profit on ordinary activities after tax	**2,691**	**16,044**	**16.8**	3,647	16,044	22.7
Basic EPS	**2,691**	**16,044**	**16.8**	3,647	16,044	22.7

The weighted average number of shares for diluted EPS is calculated by including the weighted average number of potentially dilutive shares under option.

	Earnings 30 September 2019 £'000	**Weighted average number of shares 30 September 2019 Thousands**	**EPS 30 September 2019 Pence**	Earnings 30 September 2018 £'000	Weighted average number of shares 30 September 2018 Thousands	EPS 30 September 2018 Pence
Profit on ordinary activities after tax	**2,691**	**16,044**	**16.8**	3,647	16,044	22.7
Weighted average number of shares under option	—	—	—	—	—	—
Diluted EPS	**2,691**	**16,044**	**16.8**	3,647	16,044	22.7