



Durable, reliable  
and adaptable  
touch technology.

# LEADERS IN PROJECTED CAPACITIVE TOUCH TECHNOLOGY

We live in a world that has become interactive and responsive to our touch, where touch technology is second nature and enhances every aspect of our lives.



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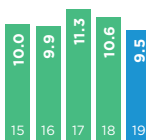
## OVERVIEW

- ▶ Group revenue of £9.5m (2018: £10.6m), impacted by decrease in Gaming revenue (partially offset by stronger revenues in other sectors)
- ▶ Profit before tax of £1.4m (2018: £2.2m)
- ▶ Interim dividend maintained at 7.6p per share (2018: 7.6p)
- ▶ Basic earnings per share ("EPS") of 7.4p (2018: 11.7p)
- ▶ Net cash of £12.1m (30 September 2018: £14.6m)

## FINANCIAL OVERVIEW

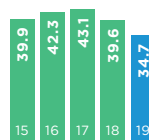
Group revenue (£m)

**£9.5m** -11%



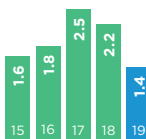
Gross profit margin (%)

**34.7%** -12%



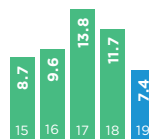
Profit before tax (£m)

**£1.4m** -37%



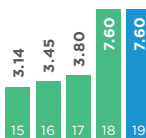
Basic earnings per share (p)

**7.4p** -37%



Interim dividend (p)

**7.60p** -%



Find out more about us and watch our video at [www.zytronic.co.uk](http://www.zytronic.co.uk)

# CONTINUED CASH GENERATION

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## Introduction

As announced in the trading update on 2 May 2019, we have experienced lower than expected revenues and profitability in the first half of this year, principally due to considerably slower sales of our touchscreen products into the previously buoyant Gaming sector.

## Results

Revenues for the first half to 31 March 2019 were £9.5m (2018: £10.6m), with profit before tax of £1.4m (2018: £2.2m).

The reduction in revenues was due to the decline in sales into the Gaming market to £3.1m (2018: £4.2m) with sales to sectors such as Financial, Vending and Signage showing an increase to £5.1m (2018: £4.6m), and other sales including Industrial of £1.3m (2018: £1.8m).

The Gaming revenues were affected by a slower conversion of opportunities to orders of new design projects not replacing the anticipated reduction in volumes from several longer running projects, which had consisted of higher margin larger format products. In volume terms the numbers of touchscreens sold remained at similar levels to last year, but the number of larger panels dropped by 35% and this change in mix contributed toward a decline in gross margin to 34.7% (2018: 39.6%) and had a knock-on effect on profitability.

## Cash generation

Net cash generation from operating activities was £0.2m (2018: £2.4m) as a result of a £1.7m increase in working capital. Along with further investment made into capital expenditure during the first half of £0.4m and with the payment of the 2018 final dividend of £2.4m, this resulted in closing cash balances of £12.1m (30 September 2018: £14.6m).

## Dividend

The Directors have maintained the interim dividend at 7.6p per share (2018: 7.6p), payable on 19 July 2019 to shareholders on the Register on 5 July 2019.

## Outlook

As stated in our recent trading update, whilst historically trading in the second half has shown an improvement over the first half, and there are several projects that should improve performance as they come to fruition, at this stage the Board is taking a cautious and conservative view on an increase in activity levels from the Gaming sector in the second half.

## Tudor Davies

Chairman  
14 May 2019

## Consolidated statement of comprehensive income

Unaudited results for the six months to 31 March 2019

	Notes	Six months to 31 March 2019 Unaudited £'000	Six months to 31 March 2018 Unaudited £'000	Year to 30 September 2018 Audited £'000
<b>Group revenue</b>		<b>9,463</b>	10,605	22,288
Cost of sales		<b>(6,178)</b>	(6,408)	(14,047)
<b>Group profit</b>		<b>3,285</b>	4,197	8,241
Distribution costs		<b>(182)</b>	(213)	(461)
Administration expenses		<b>(1,755)</b>	(1,806)	(3,639)
<b>Group trading profit</b>		<b>1,348</b>	2,178	4,141
Finance costs		<b>—</b>	(3)	(21)
Finance revenue		<b>35</b>	27	68
<b>Profit before tax</b>		<b>1,383</b>	2,202	4,188
Tax expense	3	<b>(193)</b>	(330)	(541)
<b>Profit for the period</b>		<b>1,190</b>	1,872	3,647
<b>Earnings per share</b>				
Basic	4	<b>7.4p</b>	11.7p	22.7p
Diluted	4	<b>7.4p</b>	11.7p	22.7p

All activities are from continuing operations.

## Consolidated statement of changes in equity

Unaudited results for the six months to 31 March 2019

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>At 1 October 2018</b>	160	8,994	17,611	26,765
Profit for the period	—	—	1,190	1,190
Dividends	—	—	(2,439)	(2,439)
<b>At 31 March 2019 (unaudited)</b>	<b>160</b>	<b>8,994</b>	<b>16,362</b>	<b>25,516</b>

# Consolidated statement of financial position

Unaudited results at 31 March 2019

	At 31 March 2019 Unaudited £'000	At 31 March 2018 Unaudited £'000	At 30 September 2018 Audited £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	1,460	1,660	1,585
Property, plant and equipment	6,566	6,790	6,605
	<b>8,026</b>	8,450	8,190
<b>Current assets</b>			
Inventories	3,948	2,969	3,021
Trade and other receivables	3,856	3,562	3,738
Derivative financial assets	—	28	—
Cash and short term deposits	12,060	13,730	14,626
	<b>19,864</b>	20,289	21,385
<b>Total assets</b>	<b>27,890</b>	28,739	29,575
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	978	1,030	1,446
Derivative financial liabilities	3	—	7
Accruals	591	700	767
Tax liabilities	227	175	13
	<b>1,799</b>	1,905	2,233
<b>Non-current liabilities</b>			
Government grants	13	17	15
Deferred tax liabilities (net)	562	608	562
	<b>575</b>	625	577
<b>Total liabilities</b>	<b>2,374</b>	2,530	2,810
<b>Net assets</b>	<b>25,516</b>	26,209	26,765
<b>Equity</b>			
Equity share capital	160	160	160
Share premium	8,994	8,994	8,994
Revenue reserve	16,362	17,055	17,611
<b>Total equity</b>	<b>25,516</b>	26,209	26,765

## Consolidated cashflow statement

Unaudited results for the six months to 31 March 2019

	Notes	Six months to 31 March 2019 Unaudited £'000	Six months to 31 March 2018 Unaudited £'000	Year to 30 September 2018 Audited £'000
<b>Operating activities</b>				
Profit before tax		1,383	2,202	4,188
Net finance income		(35)	(24)	(47)
Depreciation and impairment of property, plant and equipment		361	369	709
Amortisation, impairment and write-off of intangible assets		205	175	438
Amortisation of government grant		(3)	(8)	(10)
Fair value movement on foreign exchange forward contracts		(4)	26	61
<b>Working capital adjustments</b>				
(Increase)/decrease in inventories		(927)	27	(25)
Increase in trade and other receivables		(118)	(56)	(232)
(Decrease)/increase in trade and other payables and provisions		(648)	(165)	295
Cash generated from operations		214	2,546	5,377
Tax received/(paid)		25	(195)	(573)
<b>Net cashflow from operating activities</b>		<b>239</b>	<b>2,351</b>	<b>4,804</b>
<b>Investing activities</b>				
Interest received		30	27	65
Payments to acquire property, plant and equipment		(322)	(103)	(273)
Payments to acquire intangible assets		(74)	(202)	(390)
<b>Net cashflow used in investing activities</b>		<b>(366)</b>	<b>(278)</b>	<b>(598)</b>
<b>Financing activities</b>				
Interest paid		—	(3)	(21)
Dividends paid to equity shareholders of the Parent		(2,439)	(2,439)	(3,658)
<b>Net cashflow used in financing activities</b>		<b>(2,439)</b>	<b>(2,442)</b>	<b>(3,679)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(2,566)</b>	<b>(369)</b>	<b>527</b>
Cash and cash equivalents at the beginning of the period		14,626	14,099	14,099
<b>Cash and cash equivalents at the end of the period</b>	6	<b>12,060</b>	<b>13,730</b>	<b>14,626</b>

# Notes to the interim report

Unaudited results for the six months to 31 March 2019

## 1. Basis of preparation

The financial information in these interim statements is prepared under the historical cost convention and in accordance with international accounting standards. It does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and does not reflect all the information contained in the Group's annual report and financial statements.

The tax charge is calculated by applying the Directors' best estimate of the annual tax rate to the profit for the period. Other expenses are accrued in accordance with the same principles used in the preparation of the annual report and financial statements.

The interim results for the six months to 31 March 2019 are not reviewed by Ernst & Young LLP and accordingly no opinion has been given.

The interim financial statements have been prepared using the same accounting policies and methods of computation used to prepare the 2018 annual report and financial statements.

The financial information for the six months to 31 March 2019 and the comparative financial information for the six months to 31 March 2018 have not been audited. The comparative financial information for the year ended 30 September 2018 has been extracted from the 2018 annual report and financial statements.

The annual report and financial statements for the year ended 30 September 2018, which were approved by the Board of Directors on 10 December 2018, received an unqualified audit report, did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

The Group has one reportable business segment comprising the development and manufacture of customised optical products to enhance electronic display performance. Products in this reportable business segment include touch sensors, filters and other laminated products. All revenue, profits or losses before tax and net assets are attributable to this reportable business segment.

## 2. Basis of consolidation

The Group results consolidate the accounts of Zytronic plc and all its subsidiary undertakings drawn up to 31 March 2019.

## 3. Tax charge on profit on ordinary activities

The estimated tax rate for the year of 14% has been applied to the half year's profit before tax, in accordance with the Auditing Standards Board's statement on interim reports.

## 4. 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 period. All activities are continuing operations and therefore there is no difference between EPS arising from total operations and EPS arising from continuing operations.

### For the six months to 31 March 2019 and 2018

	Earnings 31 March 2019 £'000	Weighted average number of shares 31 March 2019 Thousands	EPS 31 March 2019 Pence	Earnings 31 March 2018 £'000	Weighted average number of shares 31 March 2018 Thousands	EPS 31 March 2018 Pence
Profit on ordinary activities after tax	1,190	16,044	7.4	1,872	16,044	11.7
Basic EPS	1,190	16,044	7.4	1,872	16,044	11.7



#### 4. Earnings per share *continued*

##### For the six months to 31 March 2019 and 2018 *continued*

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

	Earnings 31 March 2019 £'000	Weighted average number of shares 31 March 2019 Thousands	EPS 31 March 2019 Pence	Earnings 31 March 2018 £'000	Weighted average number of shares 31 March 2018 Thousands	EPS 31 March 2018 Pence
Profit on ordinary activities after tax	1,190	16,044	7.4	1,872	16,044	11.7
Weighted average number of shares under option	—	—	—	—	—	—
Diluted EPS	1,190	16,044	7.4	1,872	16,044	11.7

##### For the year to 30 September 2018

	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	3,647	16,044	22.7
Basic EPS	3,647	16,044	22.7

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

	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	3,647	16,044	22.7
Weighted average number of shares under option	—	—	—
Diluted EPS	3,647	16,044	22.7

## Notes to the interim report *continued*

Unaudited results for the six months to 31 March 2019

### 5. Dividends

The Directors propose the payment of an interim dividend of 7.6p per share (2018: 7.6p), payable on 19 July 2019 to shareholders on the Register on 5 July 2019. This dividend has not been accrued in these interim accounts. The dividend payment will be approximately £1.2m.

	Six months to 31 March 2019 Unaudited £'000	Six months to 31 March 2018 Unaudited £'000	Year to 30 September 2018 Audited £'000
<b>Ordinary dividends on equity shares</b>			
Final dividend of 15.2p per ordinary share paid on 9 March 2018	—	2,439	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	<b>2,439</b>	—	—
	<b>2,439</b>	2,439	3,658

### 6. Cash and cash equivalents

	Six months to 31 March 2019 Unaudited £'000	Six months to 31 March 2018 Unaudited £'000	Year to 30 September 2018 Audited £'000
Cash at bank and in hand	<b>12,060</b>	13,730	14,626

For the purpose of the consolidated cashflow statement, cash and cash equivalents comprise the following:

	Six months to 31 March 2019 Unaudited £'000	Six months to 31 March 2018 Unaudited £'000	Year to 30 September 2018 Audited £'000
Cash at bank and in hand	<b>5,991</b>	11,382	8,580
Short term deposits	<b>6,069</b>	3,030	6,046
Bank overdraft	—	(682)	—
	<b>12,060</b>	13,730	14,626

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for variable lengths, being overnight, three months or one year (with break conditions), depending on the immediate cash requirements of the Group, and earn interest at variable rates.

At 31 March 2019 the Group had available a net £1.0m (cash less overdrawn accounts) overdraft facility from Barclays Bank plc, which will fall for review in September 2019.

The fair value of cash and cash equivalents is £12.1m (2018: £13.7m).

### 7. Availability of the interim report

A copy of the interim report is available on the Company's website, [www.zytronicplc.com](http://www.zytronicplc.com), and can be obtained from the Company's registered office: Whiteley Road, Blaydon-on-Tyne, Tyne and Wear NE21 5NJ. Copies will be made available to shareholders shortly.

## Corporate information

### Websites

www.zytronicplc.com  
www.zytronic.co.uk  
www.zytronic-inc.com  
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### Secretary

Claire Smith  
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