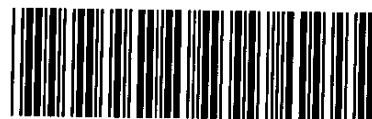


Registered number: 10523708

**VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY
LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

COMPANY INFORMATION

Directors

R G Branton (resigned 31 March 2020)
J B Payne IV (resigned 19 March 2020)
D I Robins (resigned 17 April 2019)
M C Bond (appointed 1 April 2020)
C Miller (appointed 24 February 2020)

Registered number

10523708

Registered office

Waterside House
Earls Colne Business Park
Colchester
CO6 2NS

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

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VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Introduction

The directors present the Strategic Report of Vislink Limited (the 'Company') for the year ended 31 December 2019.

Business review

The Company is a wholly owned subsidiary of Vislink Technologies, Inc. (former xG Technology, Inc.), a global technology business specialising in the provision of secure communications for the broadcast, sports and entertainment and surveillance markets. The group has offices in the UK, USA, Dubai, and Singapore, and employs over 120 people worldwide.

Turnover for the year was £12,786,823 (2019: £18,304,779). The loss before tax for the year was £5,494,754 (2018: £1,822,625). The net liabilities at 31 December 2019 were £899,417 (2018: £4,329,380).

Principal risks and uncertainties

The Company's strategy is to optimise business opportunities and minimise exposure to principle risks and uncertainties.

The operating and financial performance of the Company is influenced by economic conditions of the regions in which it operates, particularly the UK, Europe, USA and the Middle East & Africa.

The Company's products are for critical services such as live news or real time video and the risk of failure will cause loss of service to customers, bringing damage to the Company's reputation. Customer support is a key part of the companies offering to customer's to mitigate any damage.

The board and management teams monitor risk areas and adjust strategic plans to protect the Company accordingly.

Financial key performance indicators

Key performance indicators are used to measure and evaluate Company performance against targets throughout the Company.

Our key metrics employed in the Company include:

- Order intake
- Achieving revenue and profit targets

Revenue in the year was £12,786,823 (2018: £18,304,779) and gross profit is reported at £2,906,197 (2018: £7,578,778).

This report was approved by the board on 1st March 2021 and signed on its behalf.



M C Bond
Director

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activity

The Company's principal business is the sale of microwave video transmission systems, delivering complete video capture, transmit and receive solutions for the broadcast, sports and entertainment and surveillance markets. The Company's activities include research and development, manufacture and assembly, sales, marketing, customer support and administration.

Results and dividends

The loss for the year, after taxation, amounted to £5,228,797 (2018: £1,476,757).

There were no dividends declared during the year (2018: £Nil).

Directors

The directors who served during the year were:

R G Branton (resigned 31 March 2020)
J B Payne IV (resigned 19 March 2020)
D I Robins (resigned 17 April 2019)
C Miller (appointed 24 February 2020)
M C Bond (appointed 1 April 2020)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 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;
- 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 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going concern

The current economic environment is challenging, and the Company has reported an operating loss for the year. Current market conditions, which were apparent at the start of the financial year and then were further exacerbated by the COVID-19 pandemic have negatively impacted our performance and COVID-19 has particularly impacted the Live Production part of the business, therefore the directors consider there to be a material uncertainty surrounding going concern.

During the COVID-19 outbreak the directors implemented procedures to comply with government guidelines including employees working from home where possible and reducing the number of staff in the office to meet social distancing rules. The directors prepared forecasts recognizing that current events in relation to COVID-19 are unprecedented and there may be long term effects on the business. This represents material uncertainty that may cast doubt on the group's ability to continue as a going concern.

The directors, to mitigate any concern that the Company may not have the ability to continue as a going concern, have begun taking liquidity preservation actions designed to dismiss doubt about our potential to fund operations for the next 12 months. Strategic initiatives include the implementation of proactive spending reductions to improve liquidity, including a partial workforce reduction, the furlough of employees, reduced discretionary spending, resulting in projected annual savings of approximately \$5.0 million for the wider Group. Further we benefited from the support afforded to us under Coronavirus Aid relief provided by local governments.

The directors consider that the outlook, although uncertain in terms of trading results and cashflows, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The focus is on cost savings, as stated above, strengthening our supply chain, fulfilling our order backlog to our customers, and capitalizing on new growth opportunities. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

COVID-19

The directors consider that the outlook, although uncertain in terms of trading results and cashflows, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The focus is on cost savings, as stated above, strengthening our supply chain, fulfilling our order backlog to our customers, and capitalizing on new growth opportunities. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Based on the above and together, with the capital raises at the parent company, and the Company-wide protocols invoked as a result of the worldwide consequences encountered from the COVID-19 health emergency, and based on forward-looking estimates of our business operations and results, we have formed judgement we will have sufficient funds to continue our operations for at least twelve months from the date of these financial statements.

A novel strain of coronavirus, now known as COVID-19, was first reported in December 2019, and it has since extensively impacted the global health and economic environment, with the World Health Organization characterizing COVID-19 as a pandemic on March 11, 2020. The COVID-19 virus has spread to nearly all regions in the world, creating significant uncertainties and disruption in the global economy.

We are closely monitoring pandemic-related developments, and our highest priority is the health and safety of our employees, customers, vendors, and stakeholders. We have taken and continue to make, numerous steps to address the COVID-19 pandemic. We have implemented a business continuity plan in March 2020 with a dedicated incident management team to respond quickly and effectively to changes in our environment to continue offering our customers uninterrupted products, services, and support while safeguarding the best interest of our employees, suppliers, and shareholders.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Management continues to oversee local governmental guideline updates and apply those necessary to safely navigate the Company's operations successfully through the COVID-19 pandemic. We continue to maintain social distancing protocols while staffing our facilities to handle our enterprise. We continue to require most of our employees to work remotely until further notice and have implemented global travel restrictions for our employees.

We believe that there have not been substantial interruptions in our ability to provide our products, services, and support to our customers, but we can give no assurances that existing disruptions will end, or that the severity of such interruptions will not increase. The future is indeterminate as a result of the COVID-19 pandemic. The COVID-19 pandemic postures risks of uncertainty concerning economic trends, supply chain health, and other vital inputs if circumstances do not normalize as the crisis continues in duration, increases in severity. We continue to work closely with our customers to provide consistent access to our products and services and have remained flexible to achieve their priorities as many implement their contingency plans. Additionally, the Company is continually examining its supply chain to determine critical product needs and look beyond first and second-tier suppliers. We experienced minimal supply chain limitations, alternatively substituting suppliers to fulfil our sales orders.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk and foreign exchange risk. The board has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management team. The overall objective of the board is to reduce risks as far as possible without unduly affecting the Company's competitiveness and flexibility.

Foreign exchange risk

Foreign exchange risk arises when the Company engages in transactions denominated in a currency other than its functional currency. The Company operates internationally and is exposed to foreign exchange risk arising from various currency primarily with respect to the US dollar and the Euro.

The Company does not speculate in foreign currencies.

Credit risk

Credit risk arises from the sale of goods and services to customers. It is the Company policy to obtain deposits from customers where possible, particularly for overseas customers. In addition the Company will seek confirmed letters of credit for the balances due.

Cash flow and interest rate risk

The Company has no significant interest bearing assets and the Company's income and operating cash flows are substantially independent of changes in market interest rates. It is the Company's policy not to trade in financial instruments. The Company does not use interest rate swaps.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the risk of encountering difficulties in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities. Management receives cash flow projections on a weekly basis as well as information regarding cash balances, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Future developments

The directors have implemented strategic initiatives to proactively improve liquidity, including consolidation of manufacturing sites and reduction in workforce. The directors consider that the outlook, although uncertain in terms of trading results and cashflows, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Research and development activities

The Company invests in the development of new and the enhancement of existing technology in order to maintain its strong position in its market, £160,399 was charged as an expense in the year (2018: £199,960).

Qualifying third party indemnity provisions

During the period the Company maintained an external insurance policy to provide liability cover to its directors and officers.

Post balance sheet events

During March 2020, the COVID-19 pandemic emerged in the UK and has caused major disruption to the economy and day-to-day activities. COVID-19 is deemed to be a non-adjusting post balance sheet event in relation to these financial statements.

Disclosure of information to auditor

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.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1st March 2021 and signed on its behalf.



M C Bond
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

Opinion

We have audited the financial statements of Vislink Limited (formerly Integrated Microwave Technology Limited) (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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, 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISLINK LIMITED (FORMERLY
INTEGRATED MICROWAVE TECHNOLOGY LIMITED) (CONTINUED)**

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company incurred a net loss of £5,228,797 during the year ended 31 December 2019. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

Opinions on other matters prescribed by the Companies Act 2006

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISLINK LIMITED (FORMERLY
INTEGRATED MICROWAVE TECHNOLOGY LIMITED) (CONTINUED)**

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

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 2, 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 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 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISLINK LIMITED (FORMERLY
INTEGRATED MICROWAVE TECHNOLOGY LIMITED) (CONTINUED)**

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.

Grant Thornton UK LLP

Wendy Russell BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditors, Chartered Accountants
Milton Keynes
Date: 1/3/2021

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	12,786,823	18,304,779
Cost of sales		(9,880,626)	(10,726,001)
Gross profit		2,906,197	7,578,778
Administrative expenses		(8,804,683)	(9,412,445)
Other operating income		438,855	26,406
Operating loss	6	(5,459,631)	(1,807,261)
Interest receivable and similar income	10	274	47
Interest payable and expenses	11	(35,397)	(15,411)
Loss before tax		(5,494,754)	(1,822,625)
Tax on loss for the period	12	265,957	345,868
Loss for the financial period		(5,228,797)	(1,476,757)

There was no other comprehensive income for 2019 (2018: £Nil).

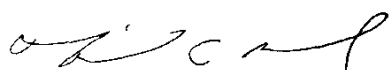
The notes on pages 15 to 33 form part of these financial statements.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)
REGISTERED NUMBER:10523708

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	753,187	932,840
		<u>753,187</u>	<u>932,840</u>
Current assets			
Stocks	14	3,487,300	5,889,571
Debtors: amounts falling due within one year	15	3,718,973	4,033,246
Cash at bank and in hand	16	163,386	234,614
		<u>7,369,659</u>	<u>10,157,431</u>
Creditors: amounts falling due within one year	17	(9,022,263)	(6,760,891)
Net current (liabilities)/assets		<u>(1,652,604)</u>	<u>3,396,540</u>
Total assets less current liabilities		<u>(899,417)</u>	<u>4,329,380</u>
Net liabilities		<u>(899,417)</u>	<u>4,329,380</u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Share-based payment reserves	20	1,363,810	1,363,810
Other reserves	20	9,083,503	9,083,503
Profit and loss account	20	(11,347,730)	(6,118,933)
		<u>(899,417)</u>	<u>4,329,380</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
1st March 2021



M C Bond
Director

The notes on pages 15 to 33 form part of these financial statements.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share-based payment reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	1,000	1,363,810	9,083,503	(6,118,933)	4,329,380
Comprehensive income for the year					
Loss for the year	-	-	-	(5,228,797)	(5,228,797)
Total comprehensive income for the year	-	-	-	(5,228,797)	(5,228,797)
At 31 December 2019	1,000	1,363,810	9,083,503	(11,347,730)	(899,417)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share based payment reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	1,000	477,892	9,969,421	(4,642,176)	5,806,137
Comprehensive income for the year					
Loss for the year	-	-	-	(1,476,757)	(1,476,757)
Share based payment recharge	-	-	(885,918)	-	(885,918)
Share based payment expense	-	885,918	-	-	885,918
Total comprehensive income for the year	-	885,918	(885,918)	(1,476,757)	(1,476,757)
At 31 December 2018	1,000	1,363,810	9,083,503	(6,118,933)	4,329,380

The notes on pages 15 to 33 form part of these financial statements.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the financial year		(5,228,797)	(1,476,757)
Adjustments for:			
Depreciation of tangible assets	13	209,922	243,424
Loss on disposal of tangible assets	13	(1,421)	-
Interest payable and similar expense	11	35,397	15,411
Interest receivable	10	(274)	(47)
Taxation charge		(265,957)	(345,868)
Decrease in stocks		2,402,271	562,080
Decrease/(increase) in debtors		1,883,595	(448,677)
(Increase)/decrease in amounts owed by groups		(1,303,365)	1,828,637
(Decrease) in creditors		(1,339,408)	(2,038,944)
Increase in amounts owed to groups		3,600,780	788,155
Net cash used in operating activities		(7,257)	(872,586)
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(9,466)
Purchase of tangible fixed assets	13	(30,269)	-
Sale of tangible fixed assets		1,421	-
Interest received	10	274	47
Net cash used in investing activities		(28,574)	(9,419)

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Cash flows from financing activities			
Interest paid	11	(35,397)	(15,411)
Net cash used in financing activities		<u>(35,397)</u>	<u>(15,411)</u>
Net decrease in cash and cash equivalents		<u>(71,228)</u>	<u>(897,416)</u>
Cash and cash equivalents at beginning of year	16	234,614	1,132,030
Cash and cash equivalents at the end of year		<u><u>163,386</u></u>	<u><u>234,614</u></u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		<u><u>163,386</u></u>	<u><u>234,614</u></u>

The notes on pages 15 to 33 form part of these financial statements.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Vislink Limited (formerly Integrated Microwave Technology Ltd) is a private Company limited by shares and incorporated in England and Wales. Its registered head office is located at Waterside House, Earls Colne Business Park, Colchester, CO6 2NS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The current economic environment is challenging, and the Company has reported a net loss of £5,228,797 for the year. Current market conditions, which were apparent at the start of the financial year and then were further exacerbated by the COVID-19 pandemic have negatively impacted our performance and COVID-19 has particularly impacted the Live Production part of the business, therefore the directors consider there to be a material uncertainty surrounding going concern.

During the COVID-19 outbreak the directors implemented procedures to comply with government guidelines including employees working from home where possible and reducing the number of staff in the office to meet social distancing rules. The directors prepared forecasts recognizing that current events in relation to COVID-19 are unprecedented and there may be long term effects on the business. This represents material uncertainty that may cast doubt on the group's ability to continue as a going concern.

The directors, to mitigate any concern that the Company may not have the ability to continue as a going concern, have begun taking liquidity preservation actions designed to dismiss doubt about our potential to fund operations for the next 12 months. Strategic initiatives include the implementation of proactive spending reductions to improve liquidity, including a partial workforce reduction, the furlough of employees, reduced discretionary spending, resulting in projected annual savings of approximately \$5.0 million for the wider Group. Further we benefited from the support afforded to us under Coronavirus Aid relief provided by local governments.

The directors consider that the outlook, although uncertain in terms of trading results and cashflows, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The focus is on cost savings, as stated above, strengthening our supply chain, fulfilling our order backlog to our customers, and capitalizing on new growth opportunities. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.2 Going concern (continued)**

Based on the above and together, with the capital raises at the parent company, and the Company-wide protocols invoked as a result of the worldwide consequences encountered from the COVID-19 health emergency, and based on forward-looking estimates of our business operations and results, we have formed judgement we will have sufficient funds to continue our operations for at least twelve months from the date of these financial statements.

2.3 Revenue

The Company generates all its revenue from contracts with customers. The Company recognizes revenue when we satisfy a performance obligation by transferring control of the promised goods or services to a customer in an amount that reflects the consideration that we expect to receive in exchange for those services.

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue, when, or as, we satisfy a performance obligation.

At contract inception, the Company assesses the goods and services promised in our contracts with customers and identifies a performance obligation for each. To determine the performance obligations, the Company considers all the products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgement. We measure revenue as the amount of consideration we expect to receive in exchange for transferring goods and services. Excluded from income are the value-added sales taxes, and other charges we collect concurrent with revenue-producing activities.

Taking into consideration the above, revenues are recognised as the services are provided or at the time the goods are shipped and title has passed.

2.4 Other operating income

Other operating income is measured at the fair value of the consideration received or receivable and represents income earned from all other operating activities outside the principal activities of the Company including intercompany recharges.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.5 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- The shorter of the economic life or remaining lease term
Plant and machinery	- 1 - 11 years
Fixtures and fittings	- 1 - 10 years
Computer equipment	- 1 - 11 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Research and development costs

Research and development costs are recognised in the Statement of Comprehensive Income as they arise.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.10 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small Company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Share-based payments

Where the Company's parent, Vislink Technologies Inc., has granted rights to its equity instruments to the employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. Fair value is measured by use of the Black-Scholes pricing model. The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Share options granted to employees are cancelled when employees cease to work for the Company, *unless otherwise agreed by the directors of the Company*. The cancellation results in immediate derecognition of the expenses that would have arisen over the remainder of the original vesting period.

Any movements in the fair value of the share-based payments is recognised in other reserves and subsequently recharged to Vislink Technologies Inc., via a capital contribution resulting in a reversal of the charge within reserves.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.18 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

3.1 Significant management judgements

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions (see Note 2.17).

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Judgements in applying accounting policies (continued)
3.2 Estimation uncertainty
Stocks

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices or its use.

Debtors

Management estimates the recoverability of its debtors in its financial statements which requires management to make judgements. The judgements, estimate and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Useful lives of tangible fixed assets

Depreciation is provided so as to write down the assets to their residual values over their estimated useful economic lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed, and should management's assessment of useful lives shorten then depreciation and amortisation charges in the financial statements would increase and the carrying amounts of the tangible fixed assets would reduce accordingly.

Share based payments

Management estimates its expense in relation to share based payments. The estimation takes into account the number of years the participants will stay with the Company.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	£	£
Sale of product and services	12,786,823	18,304,779

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	1,440,388	2,684,487
Rest of Europe	3,266,234	5,971,565
Rest of the world	8,080,201	9,648,727
	12,786,823	18,304,779

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Other operating income

	2019	2018
	£	£
Other operating income	438,855	26,406

Other operating income receivable in the year relates to intercompany recharges with the US parent company.

6. Operating loss

The operating loss is stated after charging:

	2019	2018
	£	£
Research & development charged as an expense	160,399	199,960
Exchange differences	73,622	361,769
Management recharge	1,319,010	-
Stock provision	1,455,468	(651,508)
Defined contribution pension cost	75,046	172,371
Depreciation charge	209,922	243,424

Management recharges relates to intercompany recharges for shared costs.

7. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	43,000	28,000

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	8,325	9,075
Assistance with accounts preparation	1,500	1,000
	9,825	10,075

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	4,265,539	4,473,663
Social security costs	323,614	429,789
Cost of defined contribution scheme	75,046	172,371
	<u>4,664,199</u>	<u>5,075,823</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Employees	<u>80</u>	<u>90</u>

9. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	37,838	127,333
Company contributions to defined contribution pension schemes	1,587	5,972
	<u>39,425</u>	<u>133,305</u>

During the year retirement benefits were accruing to 1 director (2018: 2) in respect of defined contribution pension schemes.

10. Interest receivable

	2019	2018
	£	£
Other interest receivable	<u>274</u>	<u>47</u>

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Interest payable and similar expenses

	2019	2018
	£	£
Other loan interest payable	35,397	15,411

12. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on loss for the year - research and development	(265,957)	(345,868)
Total current tax	(265,957)	(345,868)
Deferred tax		
Total deferred tax	-	-
Taxation on loss on ordinary activities	(265,957)	(345,868)

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: *higher than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(5,494,754)</u>	<u>(1,822,625)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(1,044,003)	(346,299)
Effects of:		
Expenses not deductible for tax purposes	30,828	212,692
Unrelieved tax losses carried forward	1,013,375	133,607
Research and development claims	(266,157)	(345,868)
Total tax charge for the year	<u>(265,957)</u>	<u>(345,868)</u>

At 31 December 2019, the Company has an estimated unrecognised deferred tax asset of £1,612,662 (2018: £694,323). In accordance with the Company's accounting policy this amount has not been recognised in the financial statement due to the uncertainty surrounding the timing of future taxable profits available for offset.

Factors that may affect future tax charges

In the current year, the main rate of UK corporation tax was 19% (2018: 19%). Reductions in the main rate of UK corporation tax from 19% to 17% for the year beginning 1 April 2020 have been substantively enacted at the Statement of Financial Position date. Temporary differences have been measured using enacted tax rates that are expected to apply when the liability is settled or the asset realised.

However, the UK government announced, in their budget held on 11 March 2020, that the corporation tax rate applicable from 1 April 2020 is now to remain at 19 per cent. This change was substantively enacted on 17 March 2020. This change in the corporation tax rate should not have a material future effect on the deferred tax balances recognised in these financial statements.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2019	200,068	1,203,722	178,321	173,887	1,755,998
Additions	-	30,269	-	-	30,269
Write-off	-	(291,692)	(85,821)	(35,855)	(413,368)
Transfers between classes	(174,640)	174,640	-	-	-
At 31 December 2019	25,428	1,116,939	92,500	138,032	1,372,899
Depreciation					
At 1 January 2019	49,888	564,423	107,266	101,581	823,158
Charge for the year	26,160	139,404	12,132	32,226	209,922
Write-off	-	(291,692)	(85,821)	(35,855)	(413,368)
Transfers between classes	(63,669)	63,669	-	-	-
At 31 December 2019	12,379	475,804	33,577	97,952	619,712
Net book value					
At 31 December 2019	13,049	641,135	58,923	40,080	753,187
At 31 December 2018	150,180	639,299	71,055	72,306	932,840

14. Stocks

	2019 £	2018 £
Work in progress	420,723	856,849
Finished goods and goods for resale	3,066,577	5,032,722
	3,487,300	5,889,571

Stock recognised in cost of sales during the period as an expense was £10,457,987 (2018: £10,310,740).

Stocks are stated after provisions for impairment of £4,236,436 (2018: £3,923,980).

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Debtors

	2019 £	2018 £
Trade debtors	1,343,430	2,472,742
Amounts owed by group undertakings	1,656,421	353,056
Other debtors	112,055	479,089
Prepayments and accrued income	340,910	382,491
Corporation tax recoverable	266,157	345,868
	<u>3,718,973</u>	<u>4,033,246</u>

Trade debtors are stated after provisions for impairment and returns of £840,261 (2018: £407,127).

Amounts owed by group undertakings are non-interest bearing, payable upon demand and unsecured.

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>163,386</u>	<u>234,614</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,215,806	2,391,372
Amounts owed to group undertakings	6,142,802	2,542,022
Other taxation and social security	200,786	163,821
Other creditors	808,421	25,476
Accruals and deferred income	654,448	1,638,200
	<u>9,022,263</u>	<u>6,760,891</u>

Amounts owed to group undertakings are non-interest bearing, payable upon demand and unsecured.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Financial instruments

	2019	2018
	£	£
Financial assets		
<i>Financial assets measured at amortised cost</i>	<u>3,275,292</u>	<u>3,370,330</u>
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>	<u>(8,779,239)</u>	<u>(6,427,899)</u>

Financial assets that measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

19. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1,000 (2018: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

Each share has full voting, dividend and distribution rights.

20. Reserves**Share-based payment reserve**

Represents the fair value charge of share-based payments in issue.

Other reserves

Other reserves consists of a capital contribution.

Profit and loss account

Profit and loss accounts includes all current and prior period retained profits and losses.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Share based payments

On 1 July 2017, under the 2017 Incentive Compensation plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 2,115,000 ten years options to employees of the Company with an exercise price of \$1.62 per share. The fair value of the options granted on 1 July 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.84%, dividend yield of -0-%, volatility factor of 283.93% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 1 July 2018, one third on 1 July 2019 and one third on 1 July 2020.

On 16 November 2017, under the 2017 Incentive Compensation plan, Vislink Technologies Inc., the ultimate parent undertaking of the Company, issued 135,150 ten years options to employees with an exercise price of \$1.54 per share. The fair value of the options granted on 16 November 2017 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.98%, dividend yield of -0-%, volatility factor of 281.91% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 16 November 2018, one third on 16 November 2019 and one third on 16 November 2020.

On 11 April 2018, under the 2017 Incentive Compensation plan, Vislink Technologies Inc. issued 180,000 ten years options to employees of the Company with an exercise price of \$0.83 per share. The fair value of the options granted on 11 April 2018 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 2.63%, dividend yield of -0-%, volatility factor of 149% and the expected life of options is 6.00 years. The Company estimates forfeiture and volatility using historical information of our stock price. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues over the equivalent lives of the options. The expected life of the options represents the estimated period of time until exercise giving consideration to the contractual terms. The Company has not paid dividends on common stock and no assumption of dividend payment is made in the model. The options vest at one third on 11 April 2019, one third on 11 April 2020 and one third on 11 April 2021.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Share based payments (continued)

	Weighted average exercise price £ 2019	Number 2019	Weighted average exercise price £ 2018	Number 2018
Outstanding at 1 January	1.57	1,905,000	1.61	2,400,000
Granted during the year	-	-	0.83	180,000
Forfeited during the year	-1.54	(510,000)	-1.59	(675,000)
Outstanding at 31 December	1.58	1,395,000	1.57	1,905,000
Exercisable at 31 December	-	-	-	-

	2019 £	2018 £
Equity-settled schemes - share-based payment charge for the period	-	885,918

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £75,046 (2018: £172,371). Contributions totalling £66,501 (2018: £25,477) were payable to the fund at the Statement of Financial Position date and are included in creditors.

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	323,843	475,926
Later than 1 year and not later than 5 years	1,071,938	1,003,922
Later than 5 years	55,000	275,000
	1,450,781	1,754,848

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

24. Related party transactions

Key management personnel remuneration for the period totalled £117,040 (2018: £230,063).

The Company recognised revenue of £1,337,409 (2018: £797,494) arising from transactions with group members.

Amounts owed by and to group undertakings are non-interest bearing, payable upon demand and unsecured.

During the year ended 31 December 2019 the Company incurred management recharge of £1,319,080 (2018: £Nil). During the year ended 31 December 2019 the Company earned intercompany recharges of £438,855 (2018: £Nil).

25. Contingencies

The Company has an agreement regarding Specific Credit Balance dated 21 April 2017. This resulted to fixed charges over the assets of the Company, both present and future, as at year end. The charge was satisfied in full in April 2019.

The Company entered in a debenture agreement with a bank in June 2019. As a result of this, fixed and floating charges were made over the assets of the Company.

26. Controlling party

The immediate parent undertaking is Integrated Microwave Technology LLC, a Company incorporated in the United States.

The ultimate parent undertaking and controlling party is Vislink Technologies, Inc. (former xG Technology, Inc.), a Company incorporated in the United States. Copies of the group financial statements are available from 240 South Pineapple Avenue Suite, Sarasota, FL 34236, United States.

27. Post balance sheet events

During March 2020, the COVID-19 pandemic emerged in the UK and has caused major disruption to the economy and day-to-day activities. COVID-19 is deemed to be a non-adjusting post balance sheet event in relation to these financial statements. It is not possible to make a reasonable estimate of the financial impact of these events.

VISLINK LIMITED (FORMERLY INTEGRATED MICROWAVE TECHNOLOGY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. Analysis of net debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	234,614	(71,228)	163,386
Debt due within 1 year	-	-	-
	234,614	(71,228)	163,386