

Thruvision Group plc

Interim results to 30 September 2019

THRUVISION
PEOPLE-SCREENING

25 November 2019



Highlights

Commercial momentum has been maintained, new flagship customers, particularly in the US, have been added, and repeat orders from existing customers received

- ▼ Revenues for the six months ended 30 September 2019 grew 53% to £4.8 million (H1 2018: £3.2 million)
- ▼ Operating loss before tax halved to £0.4 million (H1 2018: £0.8 million)
- ▼ A total of 64 Thruvision units shipped in the first half across our four target markets (H1 2018: 60 units) with product mix shifting towards higher performance units
- ▼ Broad-based sales success
 - Strong progress in the US, with both US Customs and Border Protection and Los Angeles World Airports added as new customers
 - Morrisons and Sports Direct became our ninth and tenth household name Loss Prevention customers
 - Macau Customs was added as our seventh international Customs agency customer, with Hong Kong Customs purchasing further units
 - Ongoing strategic progress made with US Transportation Security Administration
- ▼ Cash at 30 September 2019 of £8.7 million, with cash at 22 November 2019 of £10.0 million

FY20 Half Year Income Statement

Strong revenue growth with move towards profitability

£ million		H1 2019	H1 2018	% change
Revenue		4.8	3.2	53%
Gross Profit		2.3	1.2	92%
<i>Gross Margin</i>		<i>48%</i>	<i>39%</i>	<i>9%</i>
Total admin expenses		2.7	2.1	32%
EBITDA*		(0.2)	(0.5)	(60%)
Operating Loss		(0.4)	(0.8)	(49%)
Loss before tax		(0.4)	(0.8)	(48%)

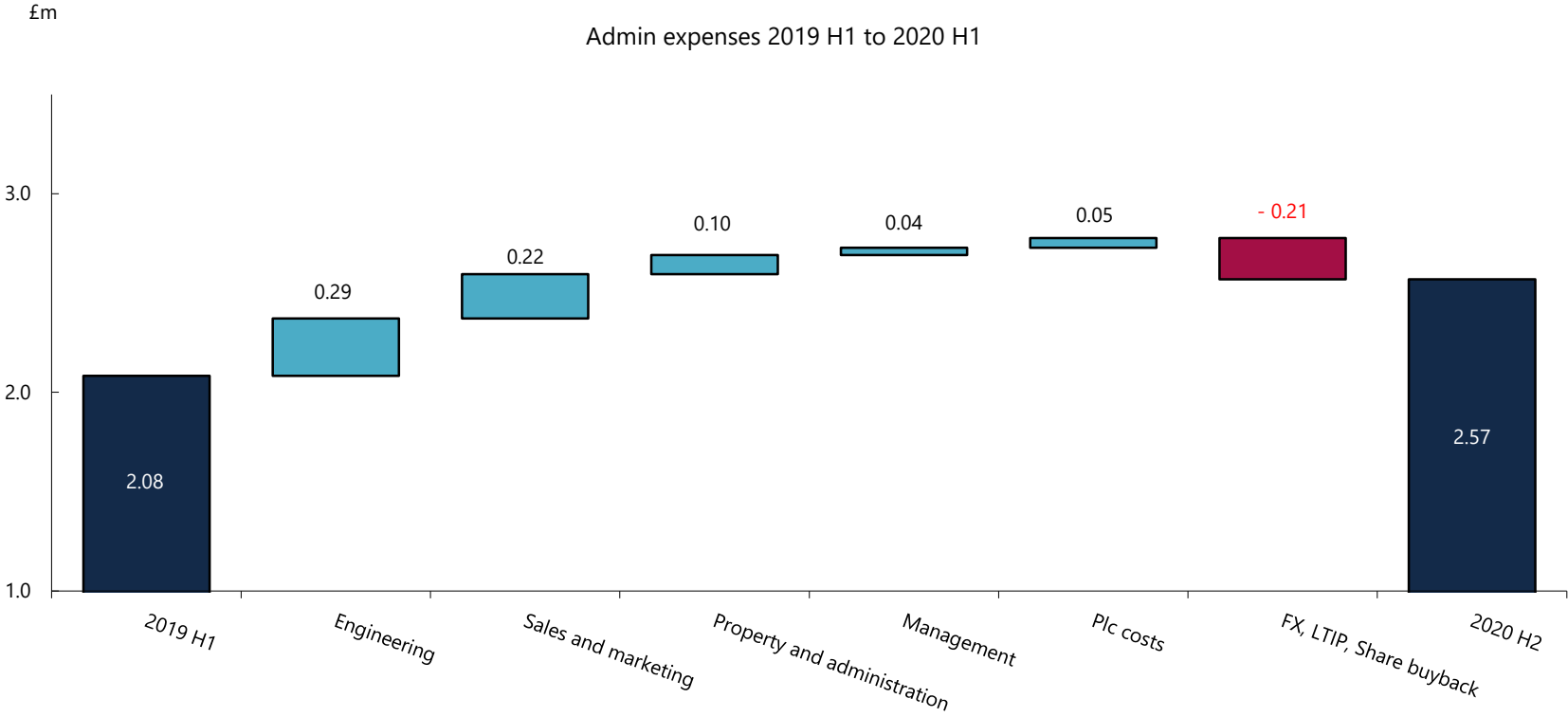
Strong revenue growth in organic unit sales. Unit volumes increasing to 64 v 60

Gross Margin growth as a result of higher margin new product sales

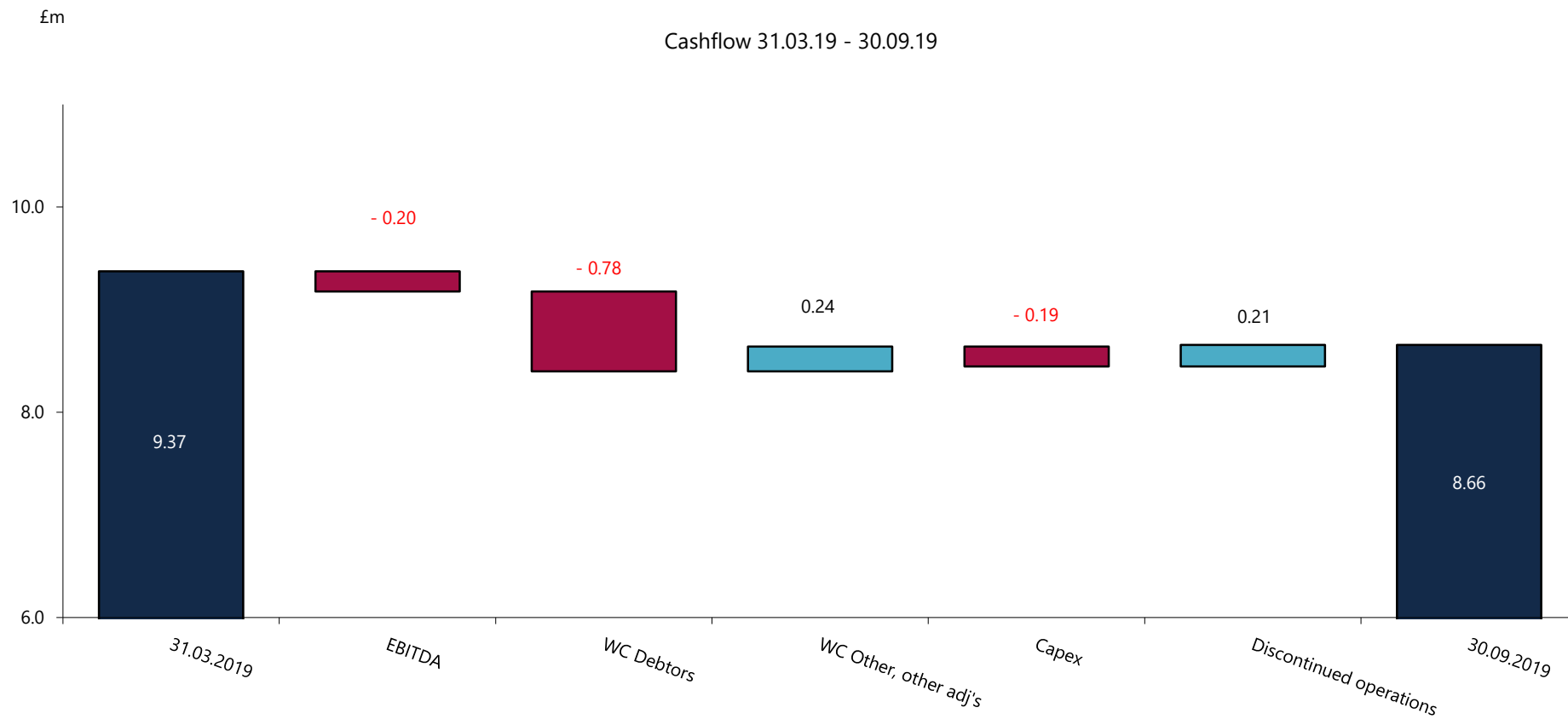
Increased admin expenses following investment in Sales and Marketing, new manufacturing and R&D.

Loss reduced as business moves to profitability.

Administrative Expenses



Cash bridge



Our five market segments ...

CUSTOMS

Checking travellers for concealed contraband



AVIATION

Deterring attacks to aircraft and airports



Potential market of many thousands of units per year

LOSS PREVENTION

Reducing staff theft from warehouses by up to 80%



MASS TRANSIT

Protecting travellers from terrorism



ENTRANCES

Reducing queues while enhancing security



Aviation ...

Deterring terrorist attacks on aircraft and airports by passengers and employees

Market characteristics

- ▼ Significant growth in air passenger numbers
- ▼ New faster bag scanning technology making people screening the bottleneck
- ▼ 'Insider' or employee threat seen as a growing risk

Employee screening

- ▼ **Los Angeles World Airports** and **Seattle** are already users with active pipeline of opportunity in the US

Passenger screening

- ▼ Developing new specialised AI-based solution with **TSA's Innovation Task Force** ¹

Airport concourse screening

- ▼ Delivered order to **Asian government** for airport concourse at beginning of period

LAX selected Thruvision to help manage 'Insider' threat



"There remain serious vulnerabilities and gaps in employee screening at airports nationwide. Frighteningly, we have seen multiple examples of aviation workers with access to secure areas of airports being involved in serious criminal activities, including terror plotting, after being radicalized"

US Congressman John Katko, 2017

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Customs ...

Screening travellers for prohibited items at Ports of Entry

Market characteristics

- ▼ National government agency customers, principally screening for cash, drugs and other contraband
- ▼ Politically important for many customs agencies, but long sales cycles

Update

- ▼ Now have **eight** international Customs agencies using Thruvision
- ▼ Recent major award by **US Customs and Border Protection** now being piloted at several different land, air and sea “Ports of Entry”
- ▼ First order received from **Macau Customs** following fifth tranche of units ordered by **Hong Kong Customs** earlier in half
- ▼ Received “Blanket Purchase Agreement” **from US State Department INL** in July 2019



US CBP becomes Thruvision's eighth
Customs Agency user

U.S. Customs and
Border Protection



*CBP screens more than 1 million international travellers arriving every day
at its 238 Ports of Entry*

Pedestrian Port of Entry on Southern Border

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Loss Prevention ...

Reducing staff theft at retail and logistics distribution centres (DCs)

Market characteristics

- ▼ Many retail customers and each with a growing number of distribution centres
- ▼ Increasing problem given shift to online retailing

Update

- ▼ **Sports Direct** becomes **tenth** new customer, with **JD Sports** a repeat buyer in period
- ▼ Recent global retail industry research¹ estimates losses due to staff theft **averages 0.4% of turnover** meaning Thruvision delivers ROI in under 12 months
- ▼ Focus remains on **Grocery, Apparel, Healthcare** and **Logistics** partners

JD Sports use Thruvision to improve the security process for employees, whilst simultaneously increasing the number of searches



"Thruvision not only operates to deter theft and speed up the shift exit process, but it allows us to show our staff respect."

Tim Edwards, Group Profit Protection Director, JD Sports Fashion Plc

Mass Transit and Entrance Security ...

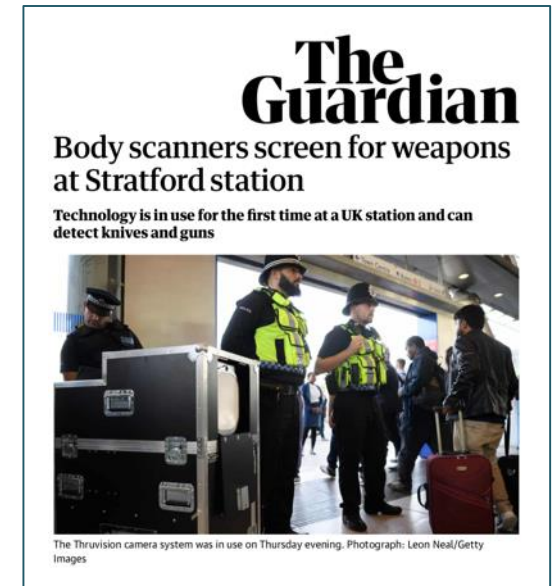
Balancing visitor throughput with security assurance at both public and private sites

Market characteristics

- ▼ Large number of potential uses across all types of facilities ranging from subway and rail stations, through high security buildings to public venues
- ▼ General counter-terrorism use requiring development of new concepts of operation
- ▼ Wide range of security threat detection requirements

Update

- ▼ Approved by **UK Government's new "High-Footfall Security" programme** to protect public areas
- ▼ Knife crime trial with **British Transport Police** in September in London, Stratford with **very positive public** feedback
- ▼ Won **high-profile government building project** in Asia



Widely publicised knife crime trials with BTP in London

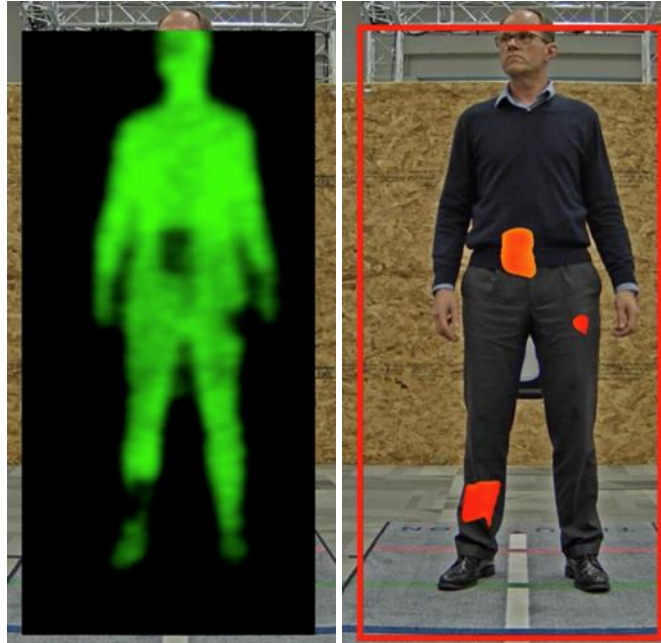


Ongoing technology development ...

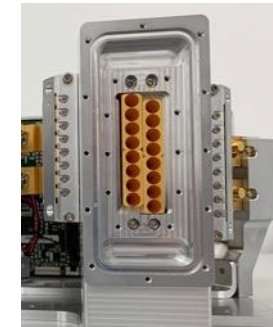
Good progress with R&D, covering both hardware and software innovations, and active patent programme



'Fusing' of three different terahertz frequencies in new outdoor product that can detect difference between metal, plastic explosive and skin



Under contract to TSA, using advanced AI-based image processing techniques to automate detection and comply with US Air Passenger Security legislation



New high performance 16 channel sensor to complement existing 4 and 8 channel product line up

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Summary ...

- ▼ Good headline growth in the period, with improving gross margins and reduced operating losses, in move towards profitability
- ▼ Further significant progress in the US, with both US Customs and Border Protection and Los Angeles World Airports becoming latest customers
- ▼ Further new and repeat customer wins in Loss Prevention
- ▼ Continued strategic progress towards passenger screening with TSA
- ▼ Successful ongoing product development programme
- ▼ Board remains confident Thruvision is well placed to exploit new niches in the international security market

Support slides

A new type of security technology ...

Where does “Passive Terahertz Technology” fit in ?



Wavelength

120 mm

1.2 mm

0.01 mm

0.0005 mm

0.000001 mm

Technology type

Active

Passive

Passive

Passive

Active

Example

Airport scanner

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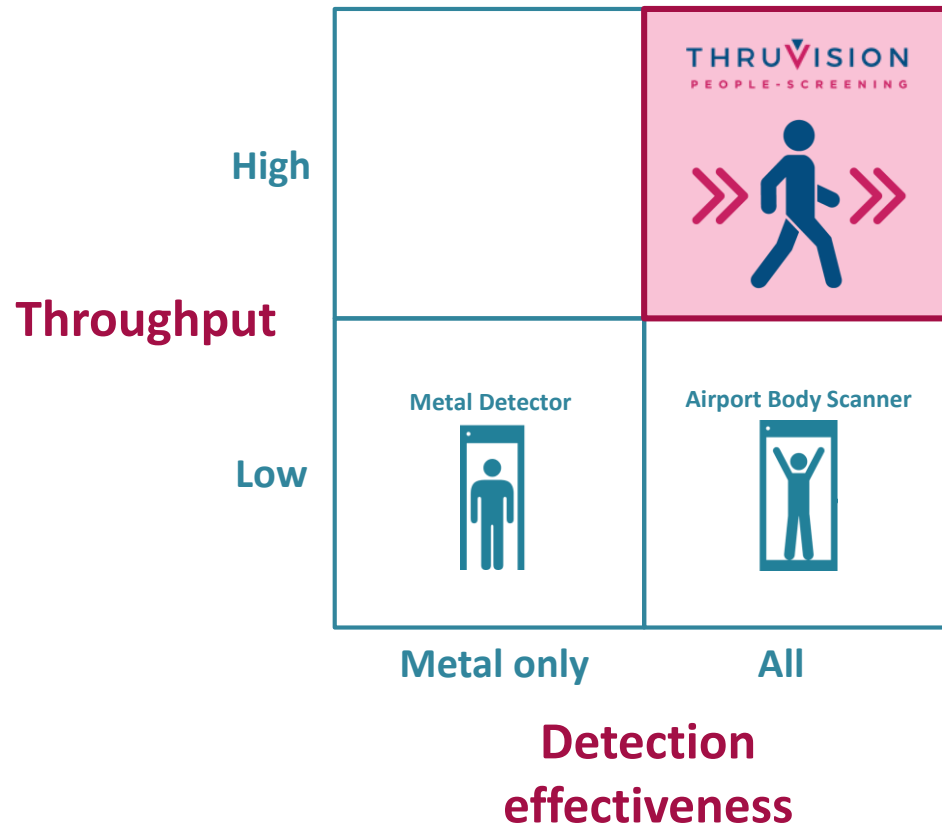
IR camera

Video camera

X-Ray scanner

Addressing the need for fast, effective detection ...

Existing technologies have significant drawbacks in terms of throughput and detection effectiveness



Why is Thruvision different ?

- ▼ No “divestment” of clothing or personal effects
- ▼ No “pat downs” as concealed item can be seen
- ▼ Can screen **moving people** as well as those who are stationary
- ▼ **Highly flexible** and easy to deploy

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