

Thruvision Group plc

Full Year results to 31 March 2020

THRUVISION
PEOPLE-SCREENING

8 June 2020



Highlights

Good momentum maintained through second half of year with a total of ten new customers in the year accounting for 55% of units sold. COVID-19 crisis is changing industry landscape and increasing interest in our “safe distance” security technology

- ▼ Revenues grew 34% to £8.0 million (2019: £6.0 million) with notable uptake of new product variants which has led to increased average revenue per unit and gross margins
- ▼ EBITDA loss reduced to £1.1 million (2019: £1.8 million)
- ▼ Further strategic focusing of business based on “flagship” customer adoption
 - **Profit Protection** - UK-wide rollout by Morrisons, repeat purchases by JD Sports and Next, plus first sale into North America
 - **Customs** - Significant first half sale to US Customs, and success with Hong Kong and Macau Customs
 - **Aviation** - Addition of LaGuardia, Los Angeles and Seattle Airports for employee screening, plus further good progress with US Transportation Security Administration towards passenger screening approvals
- ▼ COVID-19 pandemic delayed sales in March, but business and supply chain now fully operational, and an increase in inbound sales enquiries is now evident as a result of crisis
- ▼ Cash at 31 March 2020 of £8.4 million (31 March 2019: £9.4 million)

FY20 Full Year Income Statement

Good growth with new customers and repeat business with existing customers

£ million	FY20	FY19	% change
Revenue	8.0	6.0	34%
Gross Profit	3.8	2.3	65%
Gross Margin	47%	39%	8%
Total admin expenses	(5.3)	(4.3)	23%
EBITDA*	(1.1)	(1.8)	(39%)
Operating Loss	(1.7)	(2.1)	(19%)
Loss before tax*	(1.2)	(1.8)	(33%)

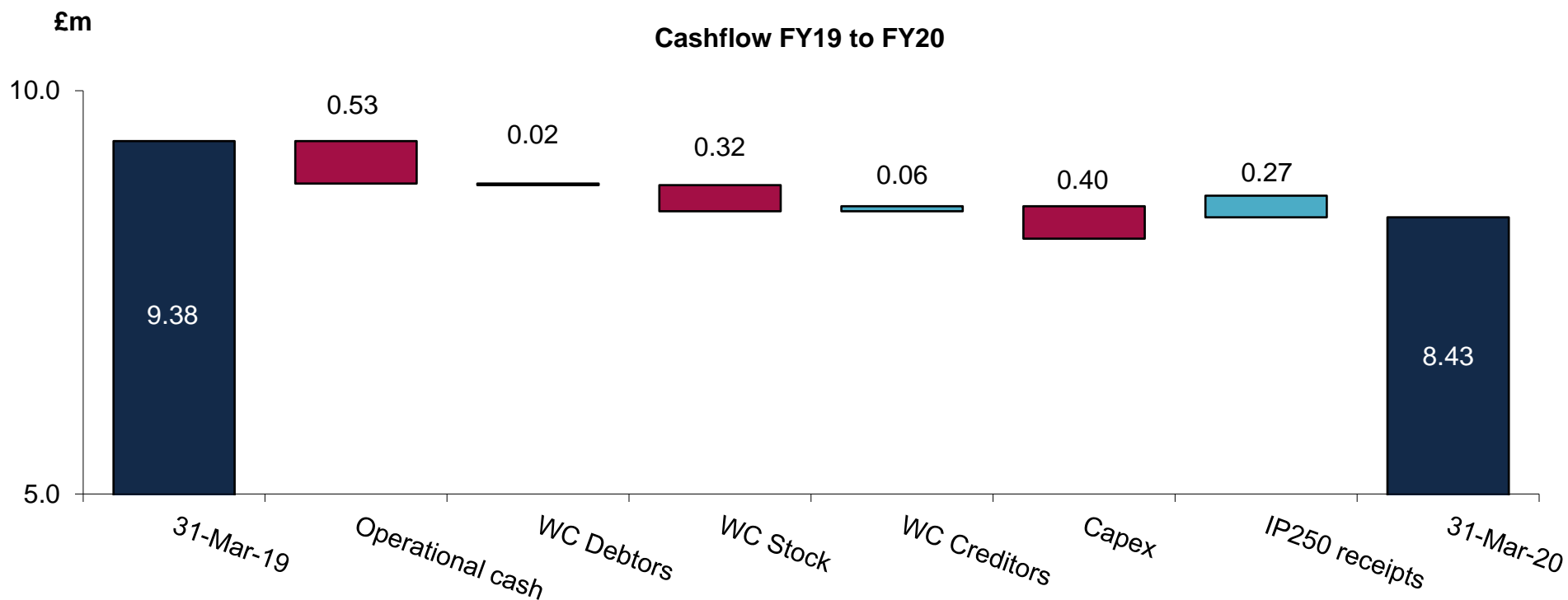
Overhead costs

- ▼ **Overheads** - reduced from 68% to 60% of revenue and continue to be closely managed
- ▼ **Engineering** – increased by £0.2 million to expand production capacity and strengthen software capability, particularly to enable the development of new AI-based threat-detection algorithms
- ▼ **Sales & Marketing** - increased by £0.5 million to invest in our strategically important US and Profit Protection markets. Used to capitalise on ‘flagship’ customer wins by increasing marketing and pre-sales support
- ▼ **Property, Administration, PLC & Management** – little change

Overhead costs * £ million	FY20	FY19
Engineering	(1.5)	(1.3)
Sales & Marketing	(1.6)	(1.1)
Property & administration	(0.5)	(0.4)
PLC & Management	(1.3)	(1.3)
Total	(4.8)	(4.1)

* Excludes Share Option charges, Depreciation & FX

Cash bridge



“Safe Distance” Security

COVID-19 crisis means customers now looking at how they can completely remove the need for physical “pat-downs”



Unsafe and ineffective
current search procedure



Effective “Safe Distance”
security screening
using Thruvision



3 plus metres

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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

PROFIT PROTECTION

Reducing staff theft from warehouses by up to 80%



MASS TRANSIT

Protecting travellers from terrorism



ENTRANCES

Reducing queues while enhancing security



Profit Protection ...

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

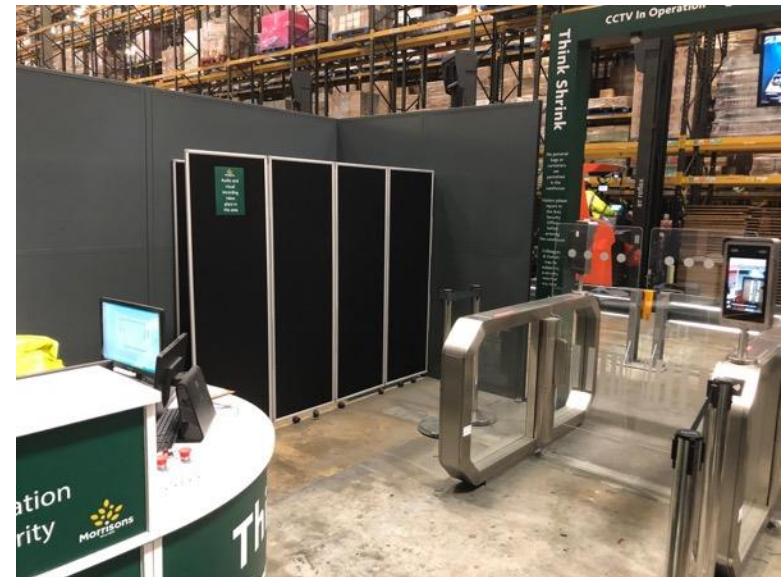
Market characteristics

- ▼ Approx 25,000 DCs in UK and Europe, and 20,000 in US, and growing as shift to online retailing continues
- ▼ Focus on Grocery, Logistics, Healthcare, Apparel and Electronics

Update

- ▼ Major **Morrisons** rollout with **JD Sports** and **Next** repeat buyers
- ▼ 25 units sold (FY19: 20) although specifically impacted by COVID-19
- ▼ Increasing focus on **higher performance new LPC8** model
- ▼ First **North America sale** and increased Sales & Marketing investment growing pipeline
- ▼ Recruiting European sales head to pursue leads from **mainland Europe**

Morrisons roll out Thruvision across all DCs as part of comprehensive security upgrade programme



"Having invested in upgrading our depot security infrastructure, Thruvision's innovative new "safe distance" technology is now helping us respond to the unique challenges of Coronavirus."

David Oliver, Senior Loss Prevention Manager, WM Morrisons Plc

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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, with 57 units sold in FY20 (2019: 18)
- ▼ Completing planning for rollout with **US Customs and Border Protection** with expectation of expansion of footprint moving forwards
- ▼ Completing rollout of **Macau Customs** again with expectation of expansion, and refresh of fleet in **Hong Kong**
- ▼ Growing interest from **Gulf Customs agencies** based on US reference

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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Aviation ...

Deterring terrorist attacks on aircraft and airports by passengers and employees

Market characteristics

- ▼ Sector severely impacted by COVID-19
- ▼ “Contactless Security” a major new driver, with new ICAO guidelines issued

Employee screening

- ▼ **LaGuardia** becomes third major airport user
- ▼ **Passed** trial at Dallas Fort Worth

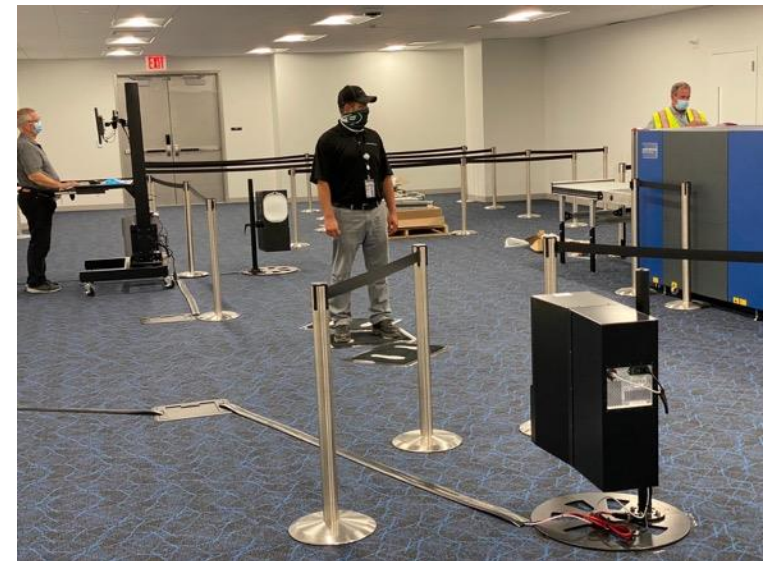
Passenger screening

- ▼ Newly developed AI-based “Dynamic Detection” algorithm **passed** testing
- ▼ Next steps in US dependent on COVID-19 Recovery planning
- ▼ Initiated business development with **EU and UK** Aviation sector

Airport concourse screening

- ▼ Further major order to Philippines Government in H2, meaning total units sold in aviation were 16 (FY19: 14)

LaGuardia selected
Thruvision for its new,
flagship Terminal B



“As we continue to upgrade and modernize this airport for the 21st century, this new state-of-the-art hall will offer ... increasing space for passengers to more safely and efficiently during and after the Covid-19 pandemic”

New York's Governor Andrew Cuomo, June 2020

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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

- ▼ Generally negatively impacted by COVID-19 although some interest for removing need for “pat downs” in high security facilities
- ▼ Installed in British Government’s **Brexit Negotiation HQ**
- ▼ Another major order from Philippines Government
- ▼ Adopting more responsive approach to these market segments, with 12 units sold (FY19: 21)



HM Government



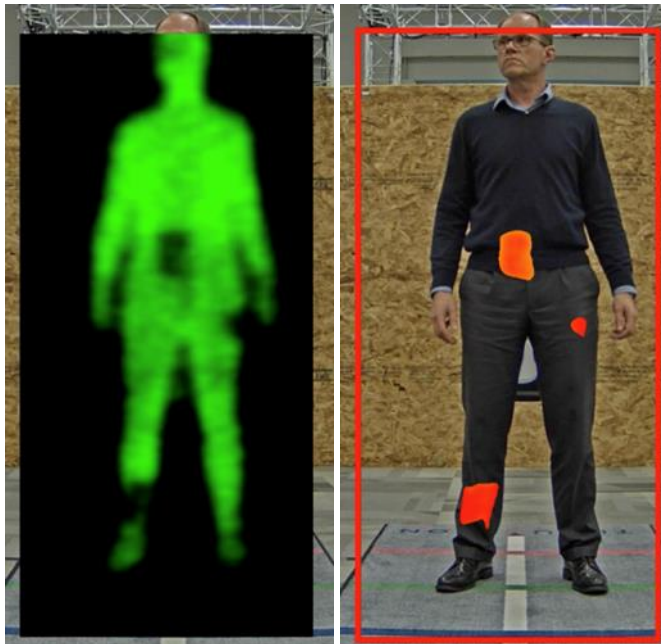
Visitor Friendly Security Lane in HM Government’s 1 Victoria Street Conference Centre

THRU**VISION**
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Ongoing technology development ...

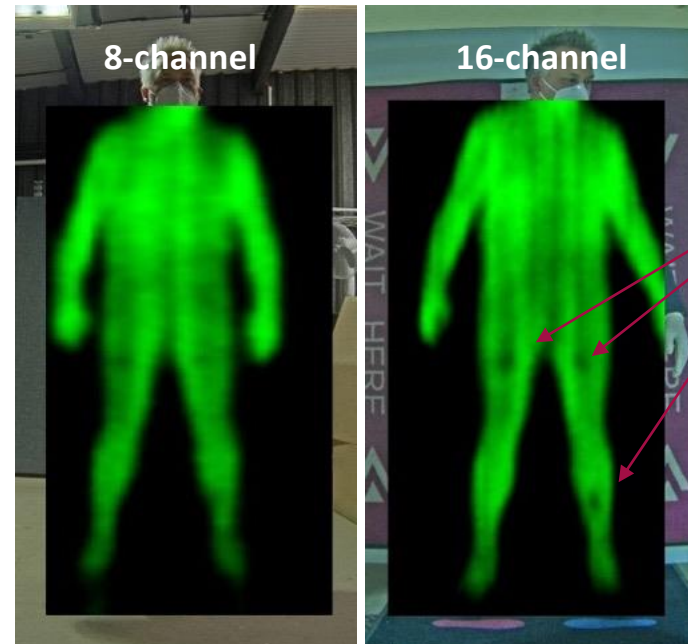
Increasing focus on designing specific products to meet needs of individual markets, with combination of hardware and software innovation

Thruvision CPC8 for aviation



New AI-based “Dynamic Detection”
algorithm passed
testing in Dec 2019

Thruvision LPC16 for data centres



Improved
detection of
memory sticks

First sale of new high performance
16-channel product to global Tech Company for
memory stick detection

Summary ...

Whilst it is too early to provide guidance for FY21 given COVID-19, the Board remains confident Thruvision is well placed to grow into mainstream of international security market

- ▼ Good headline growth with continuing improvement in gross margin, and further reduction in losses
- ▼ Profit Protection, Customs and Aviation becoming clear focus areas moving forwards
- ▼ Continuing to invest in sales and marketing in UK, US and now Europe, and seeking to benefit from “safe distance” requirement in Profit Protection and Aviation in particular
- ▼ Ongoing product development programme increasing our capability and broadening product range to meet needs of specific markets

Support slides






Highly effective detection performance



Completely Safe ... the science

Innovative new “body heat” video camera technology



					
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	THRUVISION PEOPLE-SCREENING	IR camera	Video camera	X-Ray scanner



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