

Thruvision Group plc

Full year results to 31 March 2021

THRUVISION
PEOPLE-SCREENING

12 July 2021



Headlines

Decisive shift to online shopping has driven strong, sustainable growth in our Profit Protection sector. Our other sectors have been impacted to varying extents by the pandemic but are all expected to recover fully, albeit at differing rates

- ▼ Revenue of £6.7 million (2020: £8.0 million), with operating loss before tax of £2.8 million (2020: £1.7 million)
- ▼ Adjusted loss before tax of £2.3 million (2020: £1.2 million), including £0.3 million FX loss (2020: £0.1 million FX gain)
- ▼ Gross margin increased to 48% (2020: 47%) with overheads flat at £5.3 million
- ▼ Increasing focus on Profit Protection sector which grew 49%, with 16 new customers covering third-party logistics providers (including FedEx, Clipper and CEVA Logistics) and retailers (including ASOS, Asda and Fanatics) and, since the period end, Boohoo
- ▼ Sales into Customs, Aviation and Surface Transport sectors were significantly impacted by lockdowns and travel restrictions resulting from the pandemic, most notably in Asia
- ▼ Cash at 31 March 2021 of £7.3 million (31 March 2020: £8.4 million)

FY21 Full Year Income Statement

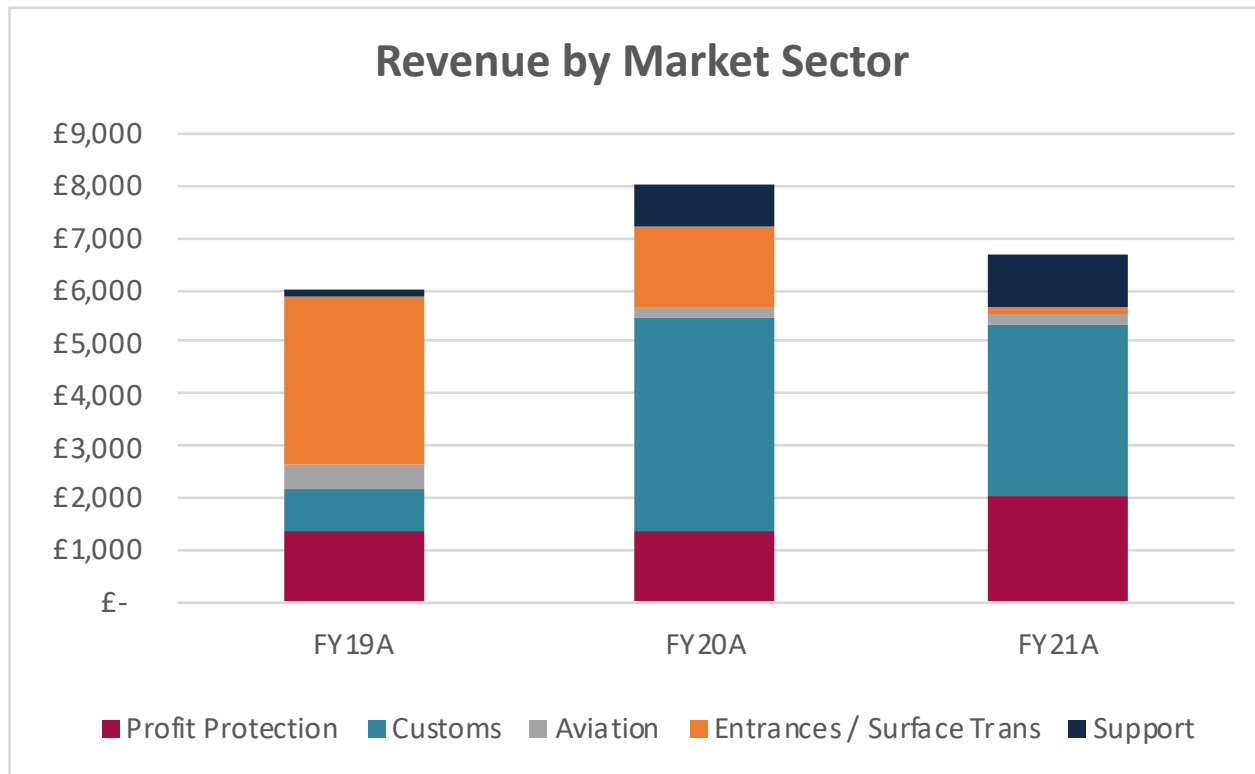
Significant challenges due to impact of pandemic on certain sectors. Reinvested savings from reduced travel into additional Profit Protection sales while maintaining flat overheads

Full Year Income Statement £ million	FY21	FY20	Change
Revenue	6.7	8.0	(1.3)
Gross Profit	3.2	3.8	(0.6)
Gross Margin	48%	47%	1.0%
Total overhead expenses	(4.8)	(4.8)	(0.0)
Other Income	0.1	0.0	(0.1)
EBITDA*	(1.5)	(1.1)	(0.4)

* Excludes Share Option charges, Depreciation & FX

FY21 Revenue by Market Sector

The second half of FY21 saw strong growth in Profit Protection which helped offset pandemic-related weakness in our other, “lumpier” sectors

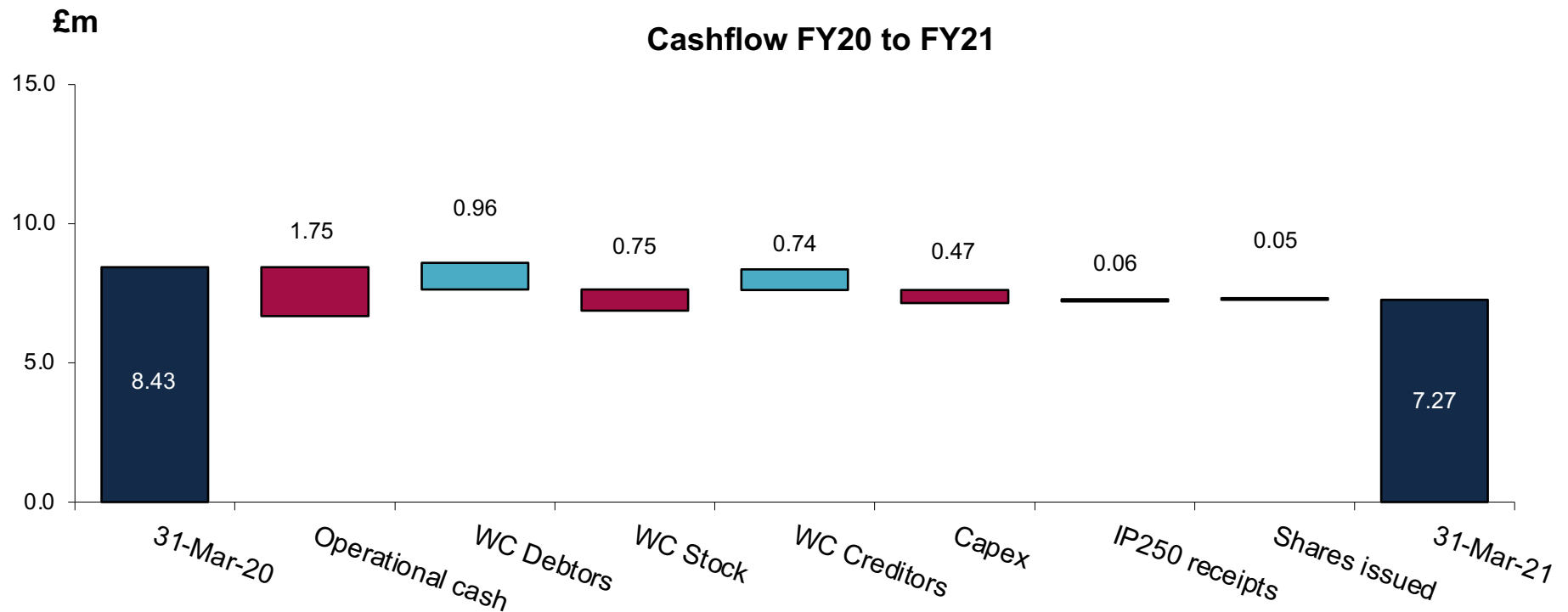


Administration Costs

- ▼ **Overheads** – stayed constant YOY primarily due to reducing spend on travel and subsistence, offset by targeted S&M investment.
- ▼ **Engineering** – decreased by £0.1 million primarily due to a reduction in travel.
- ▼ **Sales & Marketing** – increased by £0.2m with investment in our strategically important US and Profit Protection markets. In Profit Protection we expanded into the European market for the first time. Investment in new sales heads was offset by close cost management and a reduction in travel specifically to and from the Middle East.
- ▼ **Property, Administration, PLC & Management** – savings due to a reduction in travel.
 - ▼ **LTIP** – continued team incentives
 - ▼ **FX** – Loss due to strengthening of GBP v USD

Administration costs £ million	FY21	FY20
Engineering	(1.4)	(1.5)
Sales & Marketing	(1.7)	(1.5)
Property & administration	(0.5)	(0.5)
PLC & Management	(1.2)	(1.3)
Total Overheads	(4.8)	(4.8)
Depreciation & Amortisation	(0.5)	(0.5)
LTIP	(0.4)	(0.3)
FX (Losses)/Gains	(0.3)	0.1
Total Administration Costs	(6.0)	(5.5)

Cash bridge



Operational cash reflects mainly EBITDA loss

Cash balance as at 9th Jul - £5.5 million with debtors due of ~£1.0 million

Minimal cash burn in period due to strong cash management

Review of our market focus

What has the impact of Coronavirus been on our markets, and how do we focus the business moving forwards ?

PROFIT PROTECTION

Reducing staff theft from warehouses by up to 80%



Strong increase in interest
given booming online
sales, with increasing
focus on staff safety, as
well as theft reduction

**LOW BARRIERS TO ENTRY
HIGH GROWTH POTENTIAL
INVEST NOW**

CUSTOMS

Checking travellers for concealed contraband



Steady progress although short term activity has been reduced, mid-term interest in strengthening borders has grown

**LOW BARRIERS TO ENTRY
LUMPY FINITE MARKET
MAINTAIN CURRENT
INVESTMENTY LEVELS**

AVIATION

Detering attacks on aircraft and airports



Badly impacted although
US less so than Europe ...
but mandatory
requirement means
strategic interest remains

HIGH BARRIERS TO ENTRY LUMPY LARGE MARKET MAINTAIN CURRENT INVESTMENTY LEVELS

ENTRANCES / TRANSPORT

Protecting travellers & visitors from terrorism



Badly impacted with very slow post-pandemic recovery probable

**HIGHLY FRAGMENTED
NO FLAGSHIP CUSTOMERS
LIMIT INVESTMENT**

Rapid growth in numbers of Distribution Centres

Shift towards online shopping has been accelerated by pandemic with number of DCs expected to continue to grow rapidly

Retailers

Online Revenue Growth



41%



asos

25%



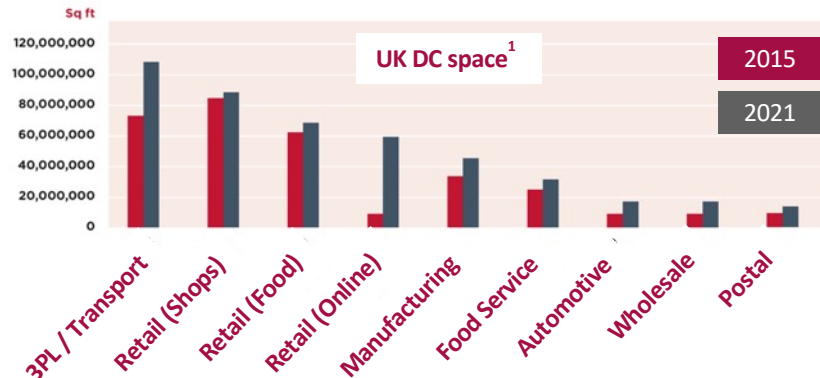
boohoo

41%



2025 Forecast

20,000
Distribution Centres
Across UK, EU and US¹



3PLs



52 sites across Europe²



130 sites for Ecommerce alone in US³



> 1,000 sites worldwide, across 160 territories⁴

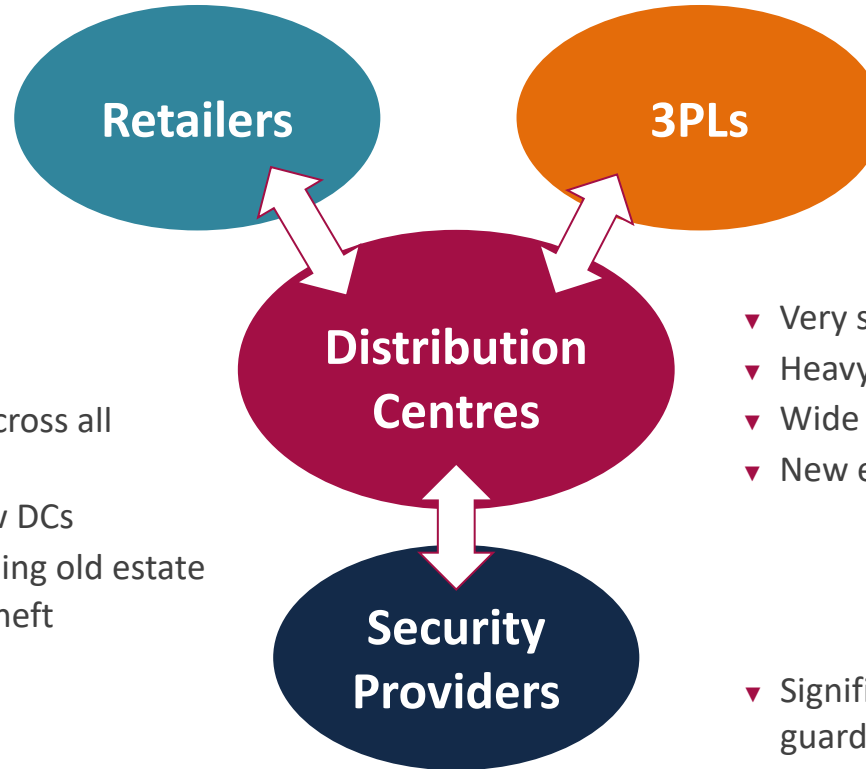
- 1 The Size and Make-up of the UK Warehousing Sector - 2021, Savills and UK Warehousing Association, June 2021
Report concludes there are 1,506 DCs over 100kft² in 3PL and Retail sectors in UK today (out of a total of 1,944). This is forecast to grow to 1,613 by 2025. We then use GDP to scale up for EU and US markets for 3PL and Retail
- 2 Clipper Interim Results Presentation for the 6 months ended 31 October 2020
- 3 Gartner – Magic Quadrant for Third Party Logistics – North America, 17 May 2021
- 4 CEVA website: <https://www.cevalogistics.com/>

Our Profit Protection sector is developing quickly

Growing customer list in each key sub-sector, with units being deployed into both new and existing DCs, and existing customers now replacing older units



- ▼ Employee theft increasing across all categories
- ▼ Online retailers opening new DCs
- ▼ High Street retailers retrofitting old estate
- ▼ Generally carry liability for theft



- ▼ Very significant growth
- ▼ Heavy competition for DC space
- ▼ Wide variety of business models
- ▼ New entrants grabbing market share



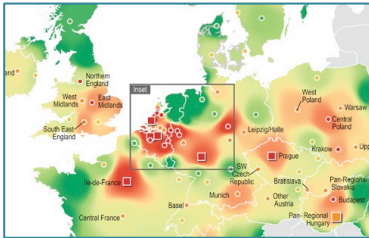
- ▼ Significant downward pressure on guarding costs
- ▼ Imperative to introduce new technology to offer better value for money

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Driving Profit Protection growth

We have a number of key initiatives running to drive sustainable growth and to cement our position as the *de facto* standard in the market

GEOGRAPHIC EXPANSION



Added sales heads in the **Netherlands and Poland** to cover **Western and Eastern Europe**

Building out **US team** over course of next year to give full coverage

TRADE ASSOCIATION MEMBERSHIP



Joined a number of UK, US and European trade associations covering **retailers and 3PLs** to raise awareness and expand network of personal relationships

INVESTMENT CASE BUILDING



Developed '**industry benchmarks**' for theft reduction, guarding costs and staff throughput rates to support investments

Able to offer **CAPEX and OPEX** finance options

SALES PARTNER ACCREDITATION



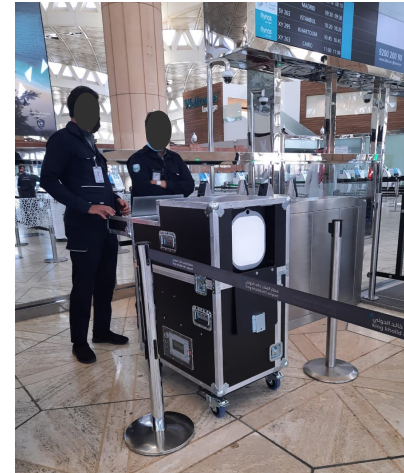
Accreditation programme for **VARs and Security Guarding companies** to expand our reach into the market

Steady progress in Customs, particularly in US

Although the pandemic has caused deployment delays and impacted sales activity levels, we are now supporting US Customs rollout and have made steady progress with a number of new agencies in Gulf and Asia

Update

- ▼ US Customs rollout started after pandemic delays. Expect to fill strategic “Pedestrian Inspection” capability gap
- ▼ Growing interest across the Gulf with two ongoing pilots – but our ability progress these to major sales now dependent on travelling to support local partners
- ▼ Through US State Dept, opportunity to extend Central and South American footprint
- ▼ Some evidence of UK and other European nation interest



Above left : Pilot airport deployment in Gulf State #1



Above right : Operational deployment by Mexican Customs on US border

Right : Pilot airport deployment in Gulf State #2



Slowdown in Aviation, but opportunity undiminished

Aviation sector significantly impacted by pandemic. Formal TSA accreditation testing started after further delays but remains early in process

Update

- ▼ Positive user feedback from both **Seattle** and **LaGuardia** airports – both continued to use Thruvision through pandemic
- ▼ Start of TSA testing delayed several times due to pandemic restrictions
- ▼ Size of **future TSA opportunity remains substantial** with increasing passenger throughput required due to new faster bag scanning technology



CASE STUDY

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SEA
Seattle-Tacoma International Airport

How Seattle-Tacoma International Airport uses new people screening technology for "Safe Distance - No Pat Down" airport employee screening

The Challenge: Improving Airport Employee Security in the COVID-19 Era

The largest airport serving the Pacific Northwest, Seattle-Tacoma International Airport (SEA) is one of the busiest airports in the country, serving over 80 million passengers in 2019 and acting as a gateway for international travel.

It is also a major employer. In 2019, the airport had 28,000 direct bagged employees, and provided a total of approximately 40,000 direct jobs through the different employers operating on-site.

Because many employees have access to secure areas of the airport, its security team conducts screening of airport employees to ensure staff do not bring prohibited items into the secure areas of the airport, and to detect theft and smuggling. However, the need for security must be balanced against the need for employees to do their job efficiently, while also addressing staff health and safety requirements, especially in the era of COVID-19.

The Need for Effective, High Throughput, "Safe Distance" Screening

Prior to the outbreak of COVID-19, one of the most common methods of screening airport employees was the use of hand-held metal detectors or "wands." This technique always had disadvantages for employees and airport staff – it was slow, intrusive, and ineffective at detecting non-metallic items.

But with employee health and safety a top SEA priority, such "close proximity" searches created various problems. There is no practical way to use hand-held metal detectors while maintaining CDC recommended social distancing guidelines. As a result, SEA needed a contactless technology that reduced the risk of COVID-19 transmission, without sacrificing security or operational effectiveness.

Solution: Thruvision's Safe Distance, "No Pat Down" Airport Employee Screening Technology

SEA considered multiple solutions to address its needs before selecting Thruvision's safe distance, stand-off people screening technology.

"Our goal is to improve security in the most efficient manner based on COVID-19 restrictions," said Terence Molyneux, SEA Airport Manager Aviation Security. "This technology meets our requirements to quickly detect any concealed items while respecting physical distancing of up to six feet."

SAFE ▼ FAST ▼ PROVEN

Safe Distance Security



CUSTOMER PROFILE

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B **LaGuardia**

How Terminal B at LaGuardia Airport Enhanced Staff Safety and Security With Innovative "Safe Distance - No Pat Down" Screening Technology

The Challenge: Improving Airport Employee Security in the COVID-19 Era

Terminal B at LaGuardia Airport (LGA) is one of the nation's busiest hubs for air travel. Prior to COVID-19, it processed over 15 million passengers, and it was home to scores of retail businesses and thousands of airport employees and airport staff – it was slow, intrusive, and ineffective at detecting non-metallic items.

But with employee health and safety foremost on management's mind, such "close proximity" searches were now also seen as an unacceptable risk. LGA wanted to implement a contactless technology that improved airport security and employee productivity, while reducing the risk of COVID-19 transmission.

LaGuardia's New Terminal B and The Need for Effective, Safe Distance Screening

The new Terminal B at LaGuardia, currently operated by LGA, is one of the largest and most ambitious airport development projects ever. Valued at \$1.1 billion (including \$4 billion in construction value), the Terminal B redevelopment is the largest public-private partnership in US aviation history.

The redesigned facility is at the leading edge of airport design worldwide and incorporates numerous innovations to improve passenger and employee satisfaction, including in areas related to health and safety, which have become especially important in light of the COVID-19 pandemic.

LGA's choice of Thruvision technology for Terminal B demonstrates a commitment to building a safer new "contactless" security checkpoint that is purpose-designed for the post COVID-19 world.








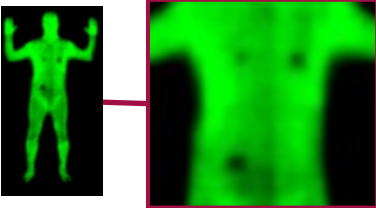








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Visualizing the threat

Ready to learn more?
Contact Kevin Gramer
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Expanded product range and investment in software

Camera Family		Markets	Features	
 Tactical Awareness Camera			VariView Variable, user-selectable field-of-view for increased operational flexibility and detection performance	
 Loss Prevention Camera			SloScan User variable scan speed for enhanced detection performance and clear detection of objects as small as 2 cm x 2 cm	
 Check Point Camera			DynamicDetection Advanced, AI-based concealed item detection designed to meet international aviation security accreditation standards	
 High Throughput Camera			MultiLane User selectable field-of-view for simultaneous screening up to four lanes of walking people	

8- & 16-channel versions now launched across four product families,
with entry-level 4-channel LPC planned

No change in competitive landscape

We see least direct competition in our potentially largest market

PROFIT PROTECTION	CUSTOMS	AVIATION	ENTRANCES / TRANSPORT
Reducing staff theft from warehouses by up to 80%	Checking travellers for concealed contraband	Detering attacks to aircraft and airports	Protecting visitors & travellers from terrorism
			

Static
AMMW



Walk-through
AMMW



Passive
Terahertz



Mature market with
incumbent player that
require displacement



Emerging competition in
US or China, with no clear
traction evident



Secondary market
with occasional
visibility



No evidence of
competitor activity

Summary ...

Multiple market exposure gave us some resilience through the pandemic. With an expanded product range, competitive market position and a strong cash balance, the Board remains confident in our strategy, market drivers and longer-term opportunities

- ▼ With the Distribution Centre market growing strongly, we are increasingly confident we will be able to sustain strong growth in Profit Protection across UK, Europe and US
- ▼ Our International Customs sector will remain lumpy, but activity levels are picking up and we expect better performance in the coming months
- ▼ The Aviation sector remains difficult, but we have started formal TSA testing and the scale of our opportunity here remains attractive once normal trading conditions resume
- ▼ We have expanded our product range, and invested in software leadership to drive further performance improvement, including further AI developments

Support slides

Highly effective detection performance

Reliably detects metallic and non-metallic item as small as 3cm x 3cm



Thruvision sees a person's body "heat" through clothing. Concealed items block that heat allowing the camera to see them



Thruvision quickly and reliably detects prohibited metallic and non-metallic threat items



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“Safe Distance” Security

Coronavirus pandemic 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 screening








3 plus metres

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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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