

Thruvision Group PLC Introduction and update

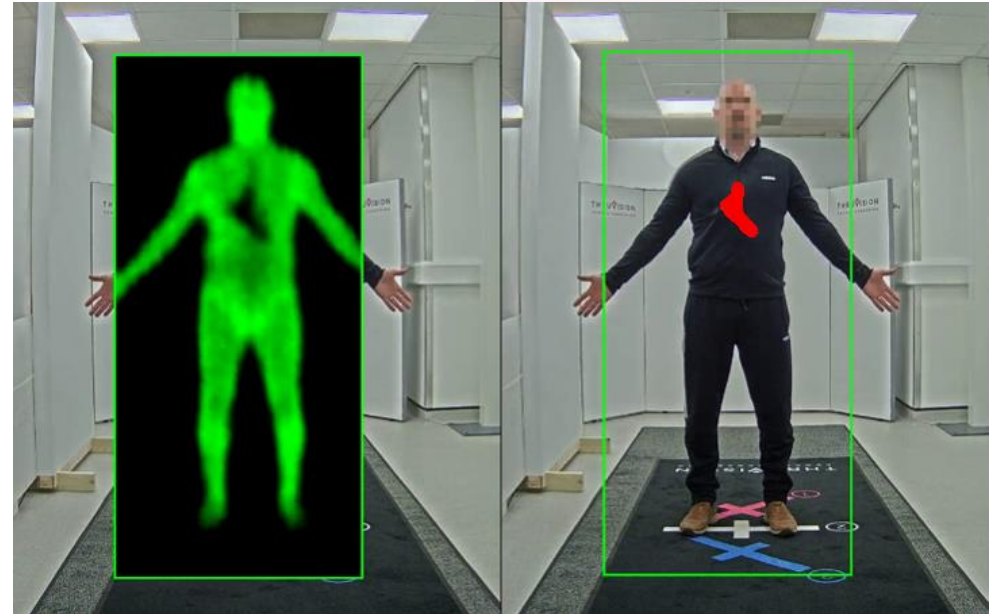
23 May 2023



Thruvision

The leading provider of walk-through security technology

- ▼ **Patented technology** uniquely capable of detecting all types of items hidden in clothing in real time
- ▼ **Deployed internationally** by government and commercial organisations
- ▼ **Quickly, safely and efficiently** security screen large numbers of people in wide range of security situations
- ▼ Sales and manufacturing facilities in the **UK and US**



Thruvision sees a person's body heat through clothing

Concealed items block that heat allowing the camera to see them

Advanced AI algorithm provides further capability

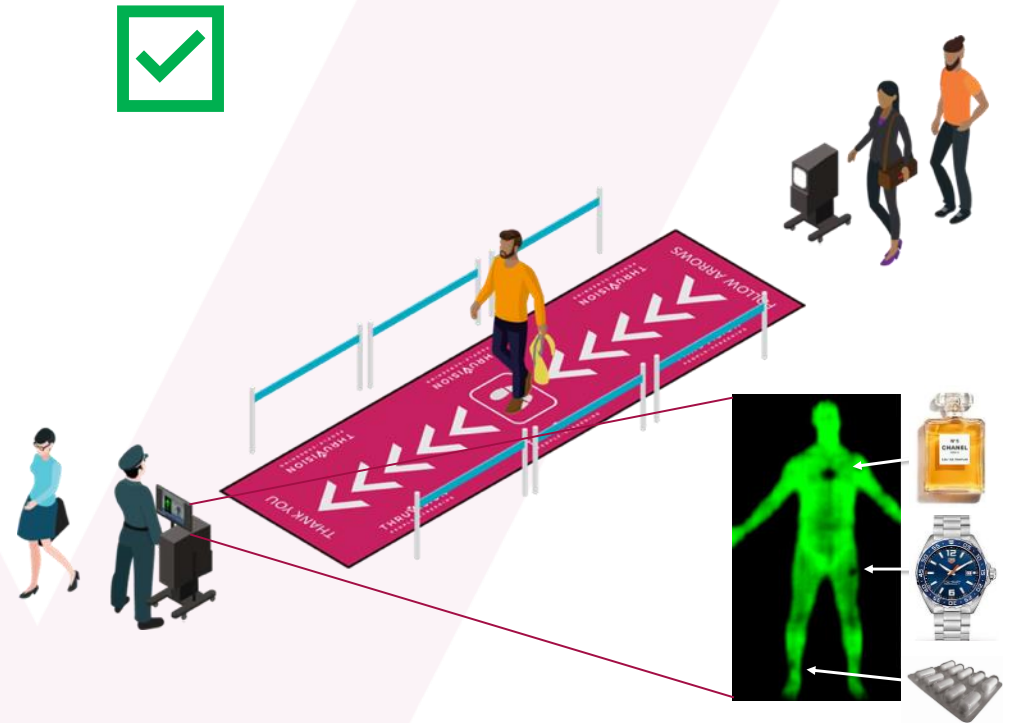
Market context

Faster and more effective than existing technology, with the additional benefit of completely removing the need for physical “pat-downs”

Slow and ineffective
current search procedure



Effective security screening
using Thruvision



Technology

Patented Terahertz technology with some \$50m of investment over the last 20 years



- ▼ **Passive technology** operating at 250GHz, giving significant performance advantages
- ▼ **Modular sensor platform**, based on deep THz engineering expertise, delivering a range of products
- ▼ **AI-based image processing** software and very active R&D roadmap, offering potential for further monetisation moving forwards
- ▼ **Patent protection** covering all major regions of interest
- ▼ **Full manufacturing** capability in UK and US, with strong non-Asia based supply chain

Strategy and markets

The Group's strategy is to build on its position as the unique provider of Terahertz walk-through security technology, in order to increase its market share in emerging and established sectors

RETAIL DISTRIBUTION

Reducing staff theft from warehouses by up to 80%



Hundreds of warehouses use Thruvision to screen thousands of employees every day.

Growing addressable market totalling **at least 20,000 across UK, US and Europe**

CUSTOMS

Checking travellers for concealed contraband



In service with eleven international Customs agencies.

Well over 100 systems already in service with US with **addressable market totalling at least 2,000 systems**

AVIATION

Deterring attacks on aircraft and airports



In US, approved to screen employees - in service in NY, LA and Seattle.

Ongoing accreditation process with US TSA for passenger screening, with **addressable market of at least 2,000 systems**

ENTRANCE SECURITY

Protecting travellers & visitors from terrorism



Approved in UK and US for 'mass casualty' weapons detection.

Highly fragmented market covering wide range of infrastructure **making addressable market hard to size**

RETAIL DISTRIBUTION

CUSTOMS



AVIATION

A collection of various weapons and tools arranged on a white background. The items include a semi-automatic handgun, a combat knife, a hand grenade, a syringe, a pair of blue-handled scissors, a pair of silver-handled pliers, a yellow and black power drill, a yellow radiation warning sign, a white bottle with a radiation warning label, and several small red and white capsules or pills.

ENTRANCE SECURITY

THRU**VISION**
PEOPLE - SCREENING

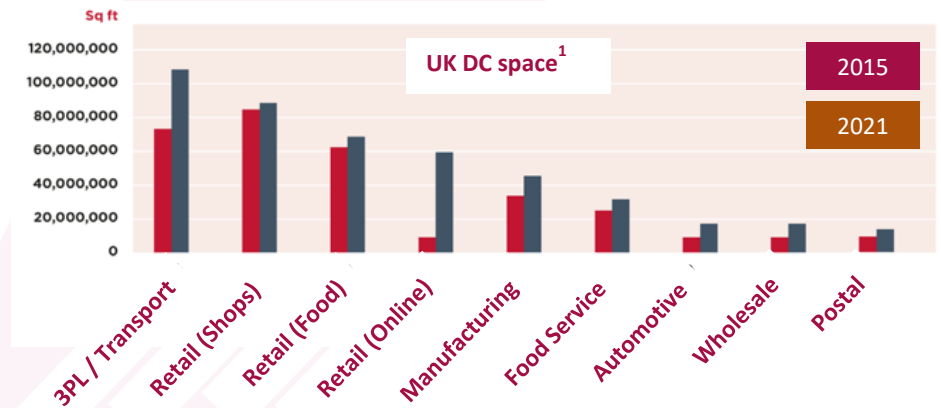
Growing with Retail Distribution

With proven RoI, organisations like these use Thruvision daily to screen over 20,000 employees to detect and deter employee theft



2025 Forecast

20,000
Distribution Centres
Across UK, EU and US



Strategic future with US CBP

Now supporting CBP on strategic multi-year roll-out of our “passive body scanners” for the detection of illegal contraband coming into or departing the United States

- ▼ **Blanket Purchase Agreement** awarded which runs to Sept 2026
- ▼ **Operational deployment** of over 100 of our high-performance cameras almost complete
- ▼ **Land, sea and air** “Ports of Entry” now equipped
- ▼ **Significant opportunity** to expand this fleet
- ▼ **US referenceability** assisting sales activity elsewhere in the world



Thruvision WalkTHRU lane in operational on the US's Southern Border

Financial summary

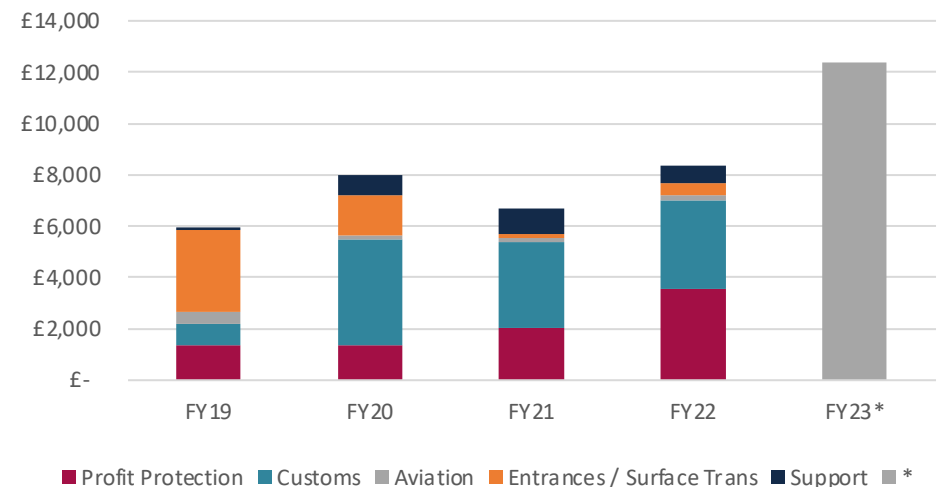
FY23 Trading Update (21 April 2023)

- ▼ Reported revenue grew 48% to £12.4 million (2022: £8.4 million)
- ▼ Adjusted EBITDA loss of £0.2 million (2022: loss £1.7 million)
- ▼ During H2, we successfully delivered all the upgraded and new high-performance systems that had been ordered by CBP, announced in September 2022
- ▼ Cash at 31 March 2023 of £2.8 million (31 March 2022: £5.4 million) reflecting post year-end timing of payment for orders delivered in February and March

Full Year Income Statement £ million	FY23*	FY22	FY21	FY23 vs FY22 Change
Revenue	12.4	8.4	6.7	+48%
Gross Profit		3.9	3.2	
Gross Margin		47%	48%	
Total overhead expenses		(5.6)	(4.7)	
Adjusted EBITDA	(0.2)	(1.7)	(1.5)	+85%

* Subject to audit

Revenue by Market Sector



More information at Progressive

Progressive
EQUITY RESEARCH

THRUVISION TECHNOLOGY

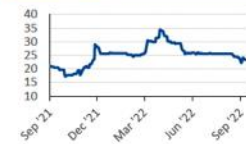
12 October 2022

THRU.L

23.3p

Market Cap: £34m

SHARE PRICE (p)



12m high/low 35p/17p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£3.1m (at 11/10/22)
Enterprise value	£30.9m
Index/market	AIM
Next news	Interim results, Nov 22
Shares in issue (m)	145.8
Chairman	Tom Black
Chief Executive	Colin Evans
Finance Director	Victoria Balchin

COMPANY DESCRIPTION

Thruvision develops, manufactures and sells people screening technology to the global security market

www.thruvision.com

THRUVISION IS A RESEARCH CLIENT OF
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Strong and reassuring trading update

Thruvision has announced a positive H1 23 trading update, to 30 September 2022, as the group continues to benefit from its diversified revenue base. The Customs division has contributed very strongly, and we expect the acceleration of growth to continue given the recently announced US Customs and Border Protection (CBP) framework agreement. The quantum of CBP spend is large, with the two recent orders totalling \$9.7m, and we upgrade revenue by 26% for FY23E. Economic headwinds have created a challenging environment for retailers, with H1 23 Profit Protection revenue flat year on year having achieved 70% growth in FY22. Any uptick in demand in Profit Protection could allow further upgrades later in the financial year, and we note that there has been a good level of new business in this area, plus upselling opportunities. We look forward to further developments as the technology becomes rapidly more accepted and mainstream.

- **Strong revenue growth and order backlog.** Thruvision expects revenue for the period to increase by 41% to £2.8m (H1 22: £2.0m). Cash at 30 September was £1.1m, but £3.1m at 11 October. Despite Profit Protection revenue remaining flat at £1m, we note that the model is evolving. Customers appear to be comfortable paying higher prices for walk-through lanes to allow mass screening, as the group pioneered with Next Plc, rather than just relying on single-person spot-checks.
- **Revenue diversification.** Against a challenging economic backdrop, Thruvision is benefitting from its technology being applicable to multiple end markets. The two significant recent orders from CBP have totalled \$9.7m (see our note). This means that the total CBP spend with Thruvision for the last US Government fiscal year was \$14m, which we believe gives an indication of the potential scale of the opportunity.
- **Upgrading estimates.** The order backlog for equipment is \$8.3m (£7.3m using \$/£ 1.1), with most (if not all) expected to be recognised in H2. We upgrade revenue from £10.4m to £12.7m for FY23E and maintain EBITDA-break-even, given an uptick in costs due to investment for growth.

In our view, this is a strong and reassuring update. Management has been open and quick to acknowledge the slower growth in Profit Protection due to economic uncertainty, however employee theft continues to be a big (and growing) issue for retailers. Confirmed CBP orders underpin FY23E, with additional orders via the framework likely in future years, which would drive revenue growth and, given the strong gross margin, earnings and cash.

FYE MAR (£M)	2020	2021	2022	2023E
Revenue	8.0	6.7	8.4	12.7
Adj EBITDA	-1.1	-1.5	-1.7	0.1
Fully Adj PBT	-1.2	-2.3	-2.3	-0.4
Fully Adj EPS (p)	-0.8	-1.7	-1.1	-0.1
EV/Sales (x)	3.9x	4.6x	3.7x	2.4x
EV/EBITDA (x)	-28.9x	-20.6x	-18.2x	246.7x
PER (x)	N/A	N/A	N/A	N/A

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MIFID II regulations.
Please refer to important disclosures at the end of the document.

THRUVISION
PEOPLE - SCREENING

Summary

The leading provider of walk-through security technology

- ▼ **Patented technology** comprising innovative sensor hardware and latest AI-based image processing software
- ▼ **Key markets** - Customs Agency and Retail Distribution - are large and growing
- ▼ Growing list of **“flagship customers”** including US Customs, Tesco, Next, Saks Fifth Avenue and CEVA Logistics
- ▼ **Diverse revenue base** with Aviation and Entrance Security too
- ▼ **Little direct competition** with clear advantages over metal detectors and airport body-scanners
- ▼ **Break-through year in FY23** with breakeven achieved for the first time and strong, sustainable Product Margin
- ▼ **Blue-Chip** shareholder register
- ▼ **Highly experienced** leadership team



Experienced Leadership Team

Tom Black
Chairman



Tom spent over 20 years with Detica Group plc, where he led the management buyout in 1997 and the Group's flotation on the London Stock Exchange in April 2002. Tom then oversaw the acquisition of Detica by BAE Systems in 2008. He is also currently the Non-Executive Chairman of Herald Investment Trust plc and a Trustee of the Black Family Charitable Trust and the Edward Barnsley Educational Trust.

Colin Evans
Chief Executive



Colin was appointed Chief Executive of Thruvision in November 2017, having previously served in a number of senior management positions within the Group. Colin has over 25 years' experience delivering innovative new technology to the international security industry and, in particular, to the US Federal Government. Prior to joining Thruvision, Colin spent 15 years with Detica Group plc, where he was Group Chief Operating Officer.

Victoria Balchin
Chief Financial Officer



Victoria was appointed Chief Financial Officer on 1 October 2022. Victoria held a number of finance roles with British Sky Broadcasting Group plc (2000 to 2005) and SABMiller plc (2005 to 2017) before joining Spectris plc in 2017 as Group Financial Controller. In 2019, she was appointed CFO of Brüel & Kjær Vibro, a Spectris business headquartered in Germany, which was sold in March 2021 to a large Japanese listed Group.

About Thruvision

Thruvision is the leading developer of walk-through security technology, with sales and manufacturing facilities in the UK and US. Its technology is deployed internationally by government and commercial organisations in a wide range of security situations, where large numbers of people need to be screened quickly, safely and efficiently. Thruvision's patented technology is uniquely capable of detecting all types of items hidden in clothing in real time.



Colin Evans

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