



FY23 Full Year Results

21 July 2023



Headlines

Breakthrough year for the Group where we delivered very strong revenue growth and took a significant step towards sustainable profitability

- ▼ **Revenue** - up 49% to £12.4 million (2022: £8.4 million)
- ▼ **CBP** - Multi-year framework contract awarded by US Customs and Border Protection ('CBP') and related orders from the same customer delivered revenue of £8.3 million (2022: £3.7 million)
- ▼ **Adjusted gross margin** - up 4.8pp to 51.5% resulting from positive product mix and higher margin software revenue, with statutory gross margin growing 6.2pp to 47.0% reflecting production efficiencies
- ▼ **Adjusted EBITDA** - loss was £0.2 million (2022: loss of £1.7 million)
- ▼ **Cash** - at 31 March 2023 was £2.8 million (31 March 2022: £5.4 million), with cash at 20 July 2023 of £2.4 million

Financial drivers

Focusing on key factors that drive value in Thruvision

- ▼ **Attractive gross margins at ~50%** - potential to improve through monetisation of software and production efficiencies
- ▼ **Well-controlled overhead base** – selective investments in capability, for example R&D, sales and marketing.
- ▼ **Capex light** – not a capital-intensive business as manufacturing process is assembly-driven.
- ▼ **Scalable** – existing partnership with outsourced manufacturer.
- ▼ **Focus on cash** - working capital cycle can be long with a key customer (CBP) – in excess of 12 months from component ordering to final cash receipt

Results

Overview of FY23

| | 2023 £m | 2022 £m | Change |
|---------------------------------|---------------|------------|--------|
| Revenue¹ | 12.4 | 8.4 | +49% |
| Adjusted gross profit | 6.4 | 3.9 | +64% |
| Adjusted gross margin | 51.5% | 46.7% | +4.8pp |
| Adjusted EBITDA loss | (0.2) | (1.7) | +87% |
| Adjusted loss before tax | (0.8) | (2.3) | +62% |
| Adjusted loss per share (pence) | (0.46) | (1.39) | +67% |

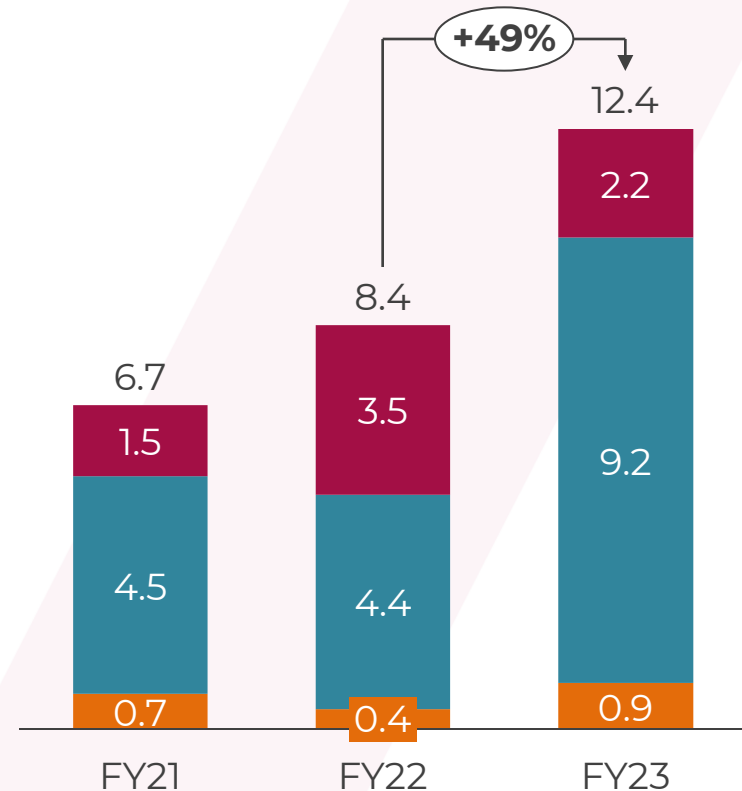
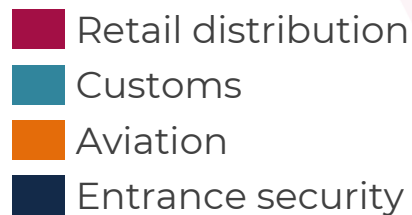
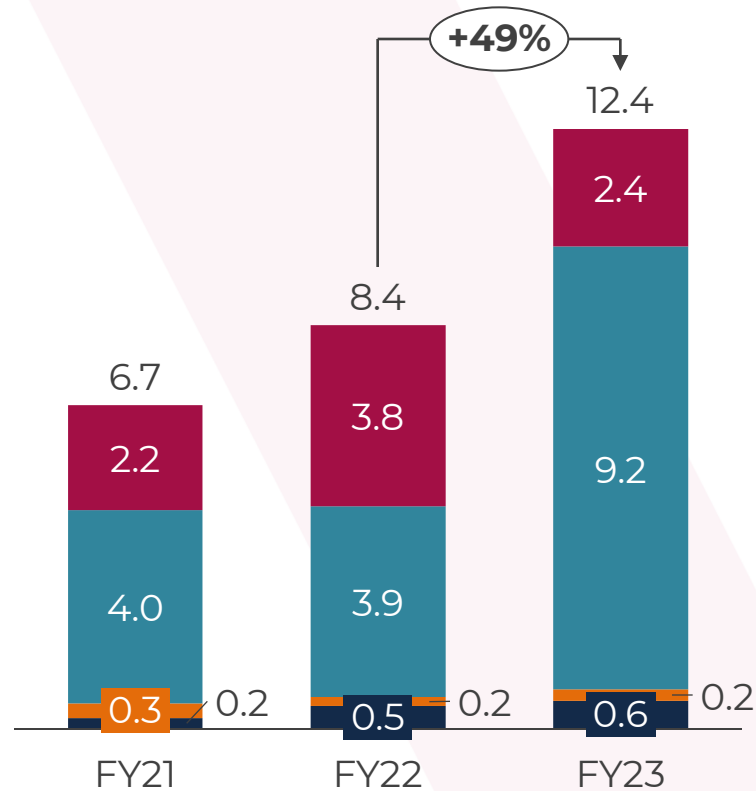
- ▼ **CBP** orders delivered revenue in the year of £8.3m (2022: £3.7m)
- ▼ **Gross margin expansion** resulting from positive product mix higher performance unit sales and higher margin software revenue

Alternative performance measures ('APMs') are used consistently throughout this presentation and are referred to as 'adjusted'.

¹ Re-translation of US\$ entity revenue at prior year exchange rates results in a constant currency increase in Group revenue of 37%.

Top-line performance

Revenue by market sector and geography

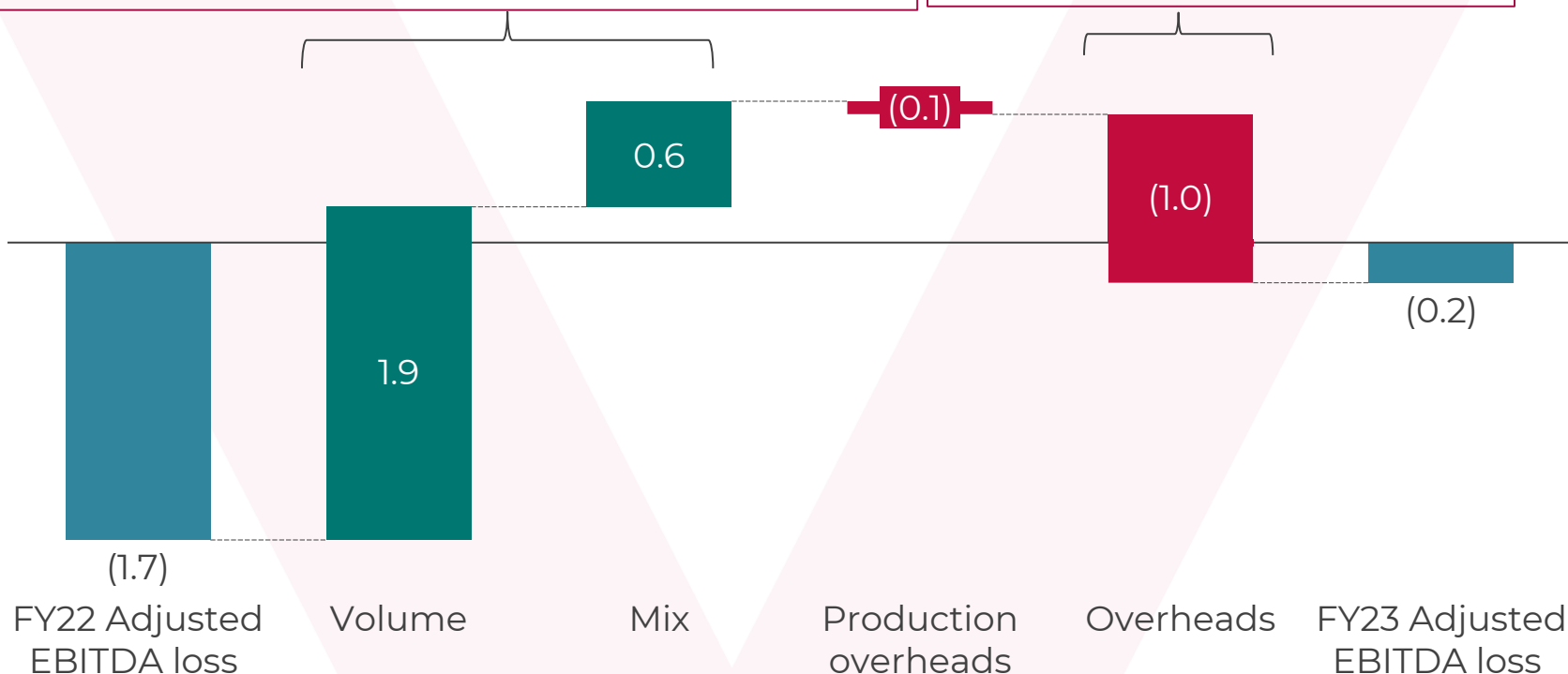


Financial performance

Adjusted EBITDA loss

Adjusted gross profit up £2.5m
Adjusted gross margin 51.5% up 4.8bps
Mix driven by higher performance unit sales and software.

Bonus up £0.4m
Sales and marketing up £0.3m
Management and Plc up £0.3m
One-off CFO change £0.2m
Favourable FX (£0.2m)

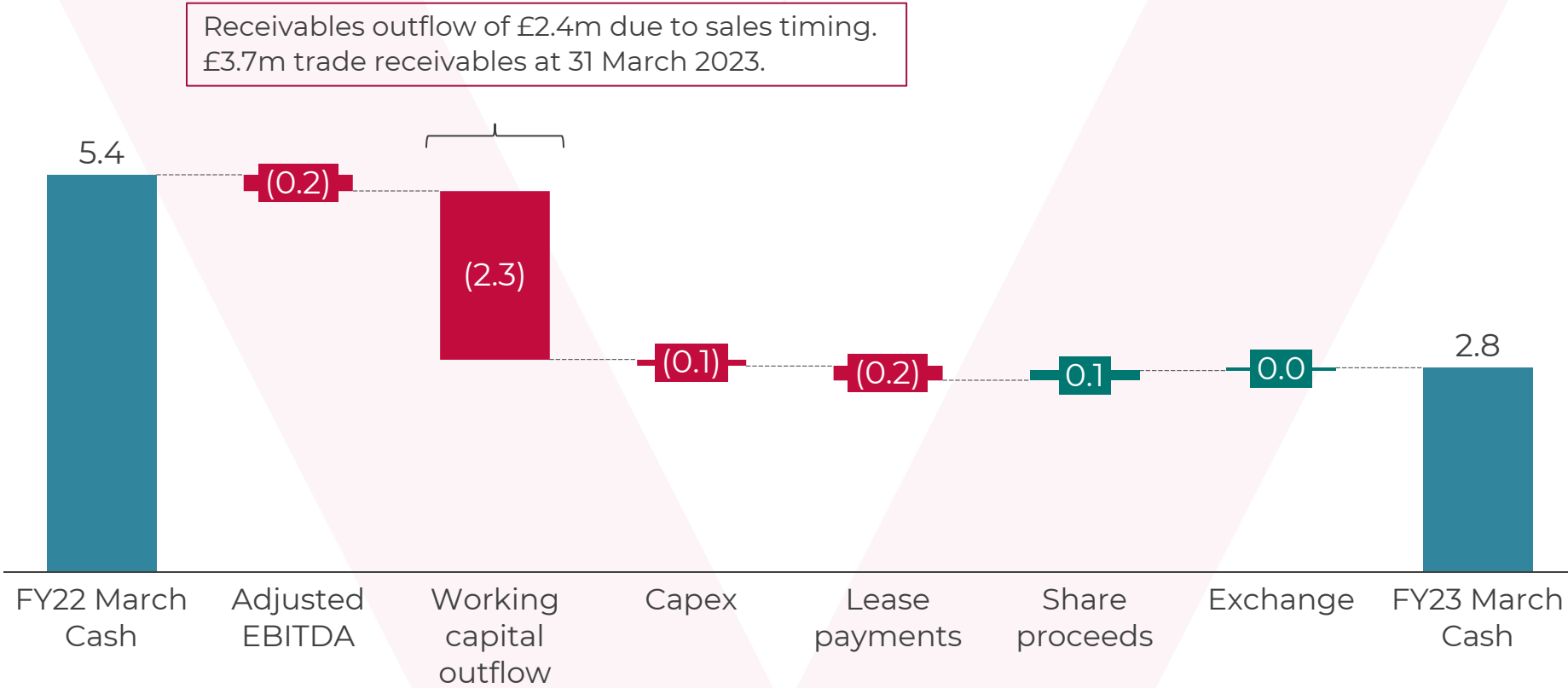


Note

- Adjusted gross profit is defined as Statutory gross profit excluding production overheads
- Adjusted EBITDA is defined as Statutory operating profit excluding D&A, share based payments and impairment of intangibles.

Financial performance

Cash flow and working capital



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%



Prevent theft of **non-metallic** items such as tobacco, cosmetics, apparel, alcohol and electronics

**EMERGING SECTOR
INVEST FOR GROWTH**

CUSTOMS

Checking travellers for concealed contraband



Prevent smuggling of **non-metallic** contraband such as drugs and cash

**EMERGING SECTOR
INVEST FOR GROWTH**

AVIATION

Deterring attacks on aircraft and airports



Prevent passengers and employees taking **metallic & non-metallic** weapons onto aircraft – highly regulated market

**ESTABLISHED SECTOR
GAIN ACCREDITATION**

ENTRANCE SECURITY

Protecting travellers & visitors from terrorism







Prevent visitors taking **metallic & non-metallic** weapons into a wide range of buildings

**ESTABLISHED SECTOR
RESPOND TO INTEREST**





First to market with WalkTHRU technology

Ongoing focus on improving our ability to meet the growing need to detect effectively at walk-through speeds

THRUVISION COMMERCIAL IN CONFIDENCE

| | LPC8 | LPC16 |
|---|--|--|
| |  |  |
| Detection Performance Minimum detectable object size at 2.5 m screening distance "Super Slow" scan mode | 30 mm x 30 mm  | 20 mm x 20 mm  |
| Throughput Rate | 180 people per hour | |

THRUVISION COMMERCIAL IN CONFIDENCE

| | LPC8 | LPC16 |
|---|--|---|
| |  |  |
| Detection Performance Minimum detectable object size at 3.0 m screening distance | 150 mm x 100 mm  | 100 mm x 60 mm  |
| Throughput Rate | 1,200 people per hour | |

- ▼ **First to market with WalkTHRU** – pioneered with NEXT and rapidly gaining traction in Retail Distribution and Customs
- ▼ **100% screening** – maximises deterrence with minimal impact on operations
- ▼ **New sensor platform release** – purpose-designed to extend our WalkTHRU range based on latest modular hardware
- ▼ **New image processing software release** – adding to our successful AI product by exploiting latest video camera technology to improve detection performance
- ▼ **Value-add upgrade path** – drive additional revenue and widen margin by helping customers add latest functionality as it is released

Growing with Retail Distribution

With a return on investment of typically under six months, organisations use Thruvision at over 100 sites to screen 1,000s of employees every day

- ▼ **Seven** new customers signed with **five** WalkTHRU lanes installed
- ▼ **“Sticky” customer base** with 55% of revenue from existing customers including CEVA, NEXT and JD, with fleet expansion and system upgrades
- ▼ **Investment in US sales team** starting to deliver through direct and channel partner
- ▼ **Employee theft increasing** meaning strengthening interest, especially in WalkTHRU, from both existing and new customers in US and Europe, as well as UK

2025 Forecast*

**20,000
Distribution Centres
Across UK, US and EU**

* 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

DIAGEO



THRUVISION
PEOPLE - SCREENING

Strong presence with Customs agencies

Strategic future with US Customs and Border Protection (CBP)

- ▼ **Multi-year roll-out** of our “passive body scanners” for the detection of illegal contraband coming into or departing the US
- ▼ **Blanket Purchase Agreement** awarded which runs to Sept 2026
- ▼ Over 100 of our high-performance cameras **operationally deployed**
- ▼ **14 land, sea and air “Ports of Entry”** now equipped
- ▼ **Significant opportunity** to expand, given a total of 328 Ports of Entry in US

Proven capability in operation internationally

- ▼ **In service with nine** other international Customs agencies
- ▼ **CBP referenceability** assisting sales activity elsewhere in the world
- ▼ Further **new customer wins** expected

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



Maintain presence in other markets

Progress with accessing regulated Aviation market

- ▼ **Testing continues** by US Government against accreditation standard – once achieved will open access to passenger security checkpoint market
- ▼ **Continued successful operation** by Seattle, Los Angeles and La Guardia airports for employee screening

Win high-profile Entrance Security projects on an international basis

- ▼ **Prisons**
- ▼ **Government buildings**
- ▼ **Nuclear sites**
- ▼ **Royal Palaces**
- ▼ **International events**



Outlook

The leading provider of walk-through security technology

- ▼ **Break-through year in FY23** – strong growth with near breakeven achieved for the first time. Strong, sustainable gross margin
- ▼ **Established infrastructure** covering R&D, manufacturing, finance, sales and commercial
- ▼ **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
- ▼ **Strong product roadmap**, building on WalkTHRU with emphasis on further software innovation, to maintain competitive advantage



 **WalkTHRU**

Thruvision

Introduction slides

Introducing the 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 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

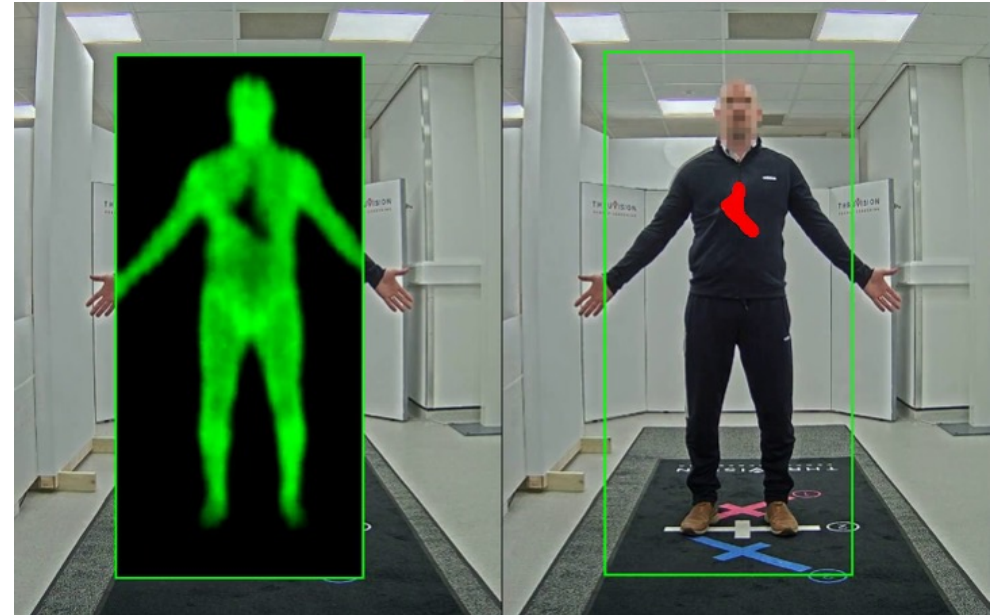


Victoria was appointed Chief Financial Officer on 1 October 2022. Victoria held a number of finance roles with British Sky Broadcasting Group plc (2000 to 2005) and SABMiller plc (2005 to 2017) before joining Spectris plc in 2017 as Group Financial Controller. In 2019, she was appointed CFO of Brüel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

Thruvision

The leading provider of walk-through security technology

- ▼ **Patented technology** uniquely capable of detecting items hidden in clothing in real time
- ▼ **Non-metallic** as well as metallic items detected
- ▼ **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

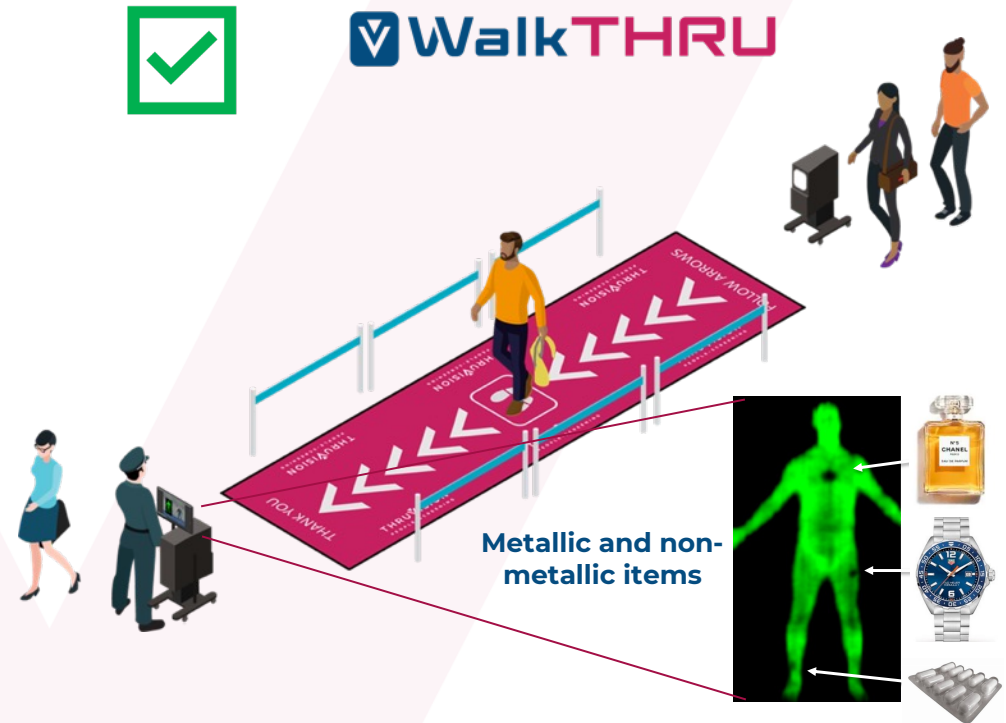
Market context

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 geographies of interest
- ▼ **Full manufacturing** capability in UK and US, with strong non-Asia based supply chain
- ▼ **Minimal** direct competition



Colin Evans
Chief Executive

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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.