

## FY24 Interim Results

20 November 2023



# Headlines

**Resilient performance, with increased demand from a broader base of customers and markets, meaning CBP impact mitigated**

- ▼ **Revenue** - up 28% to £3.5 million (H1 2023: £2.8 million)
- ▼ **Broadening revenue base** – good progress with other international Customs agencies and Retail Distribution augmented by renewed interest from our Entrance Security market.
- ▼ **US Customs and Border Protection (CBP)** – disappointingly, no order in September due to politics of border control funding
- ▼ **Adjusted gross margin** - up 5.0pp to 53.9% (H1 2023: 48.9%) helped by particularly positive pricing mix.
- ▼ **Adjusted EBITDA loss** - reduced slightly to £1.4 million (H1 2023: loss £1.6 million).
- ▼ **Cash** at 30 September 2023 was £2.4 million (31 March 2023: £2.8 million).
- ▼ **£3.2 million gross proceeds** raised on 26 October 2023 including investment from Pentland Group, which now holds a 10% stake

# Strategy update

We are seeing increasing demand from Entrance Security, alongside continued good progress in Retail Distribution and Customs. In Aviation, policy changes in the US are potentially opening Employee Screening up for us.

## 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

CONTINUED PROGRESS  
IN UK, US AND EU

## CUSTOMS

Checking travellers for concealed contraband



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

CONTINUED SUCCESS  
IN BROADENING  
INTERNATIONAL BASE

## AVIATION

Deterring attacks on aircraft and airports



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

POLICY CHANGE  
DRIVING EMPLOYEE  
SCREENING IN US

## ENTRANCE SECURITY

Protecting travellers & visitors from terrorism



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

GROWING INTEREST  
GIVEN INCREASING  
GLOBAL INSECURITY

# Results

## Overview of H1 FY24

	H1 FY24 £m	H1 FY23 £m	Change
<b>Revenue<sup>1</sup></b>	<b>3.5</b>	2.8	+28%
Adjusted gross profit	<b>1.9</b>	1.4	+41%
Adjusted gross margin	<b>53.9%</b>	48.9%	+5.0pp
<b>Adjusted EBITDA loss</b>	<b>(1.4)</b>	(1.6)	+11%
Adjusted loss before tax	<b>(1.6)</b>	(1.8)	+11%

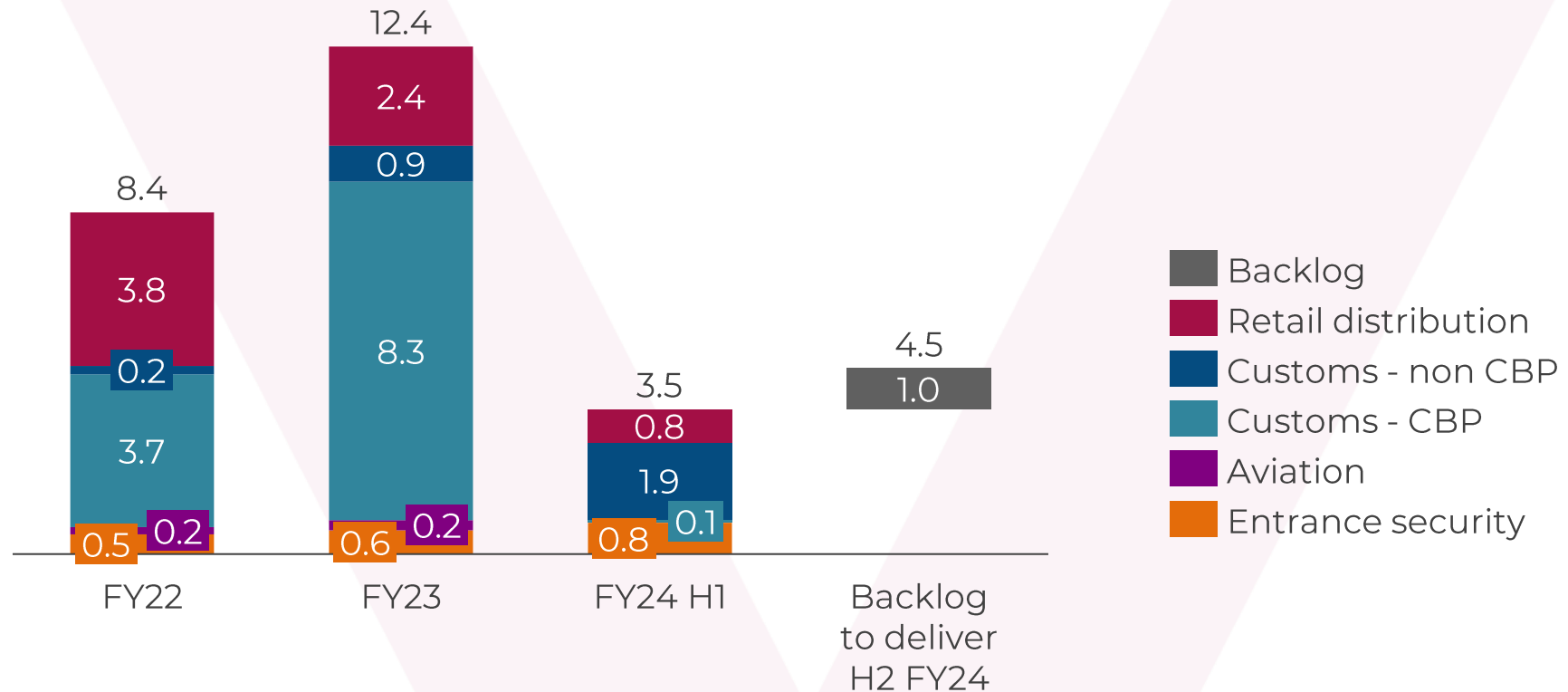
- ▼ **Gross margin expansion** of £0.5m resulting from particularly positive price mix
- ▼ **Overheads** up £0.3m driven by FX gains in prior period.

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

<sup>1</sup> Re-translation of US\$ entity revenue at prior year exchange rates results in a constant currency increase in Group revenue of 29%.

# Top-line performance

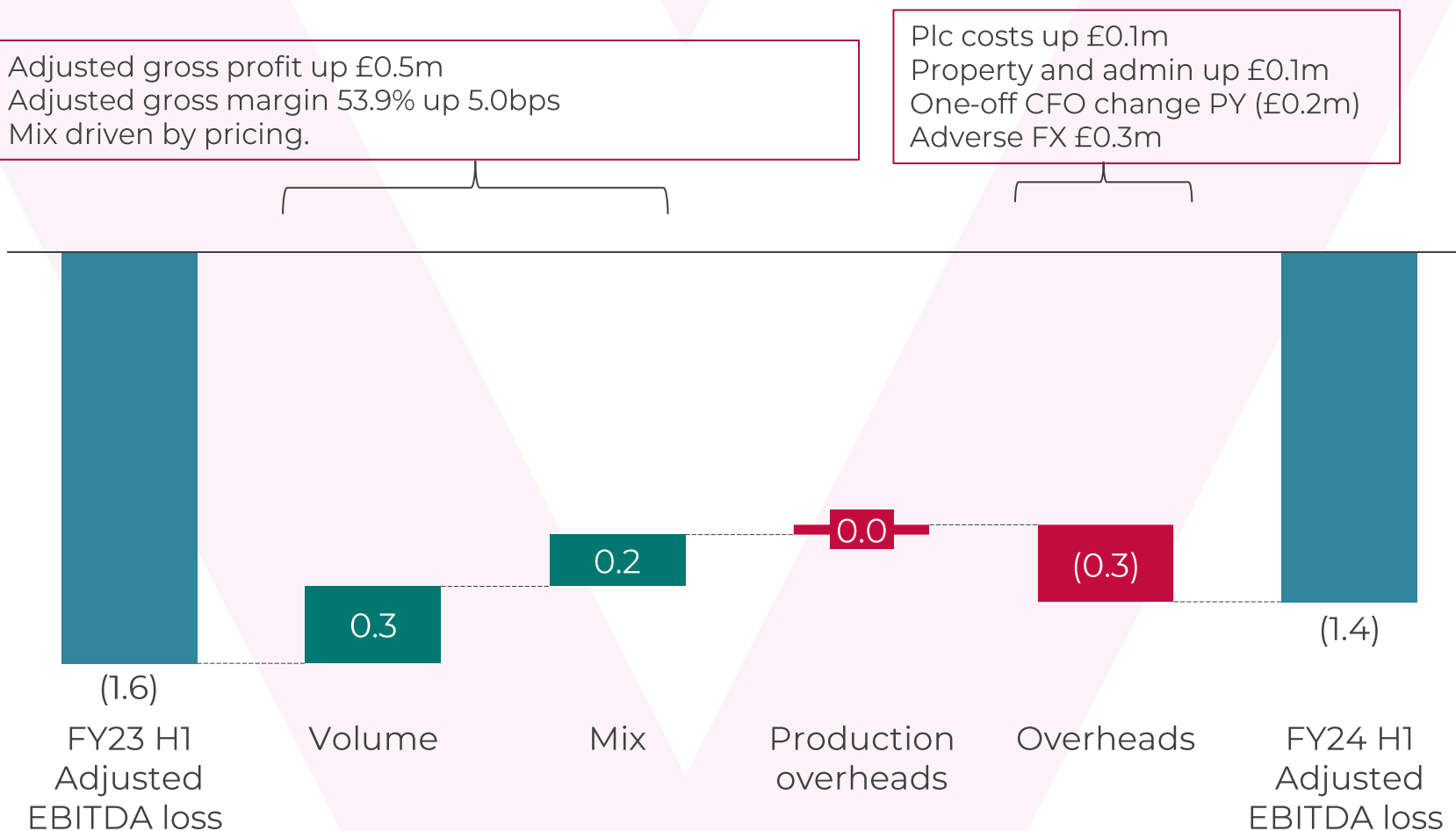
Expecting H2 revenues to show growth on H1, with no further equipment purchase by CBP in FY24



▼ Backlog at 30 September of £1.0m for delivery in H2.

# Financial performance

## Adjusted EBITDA loss

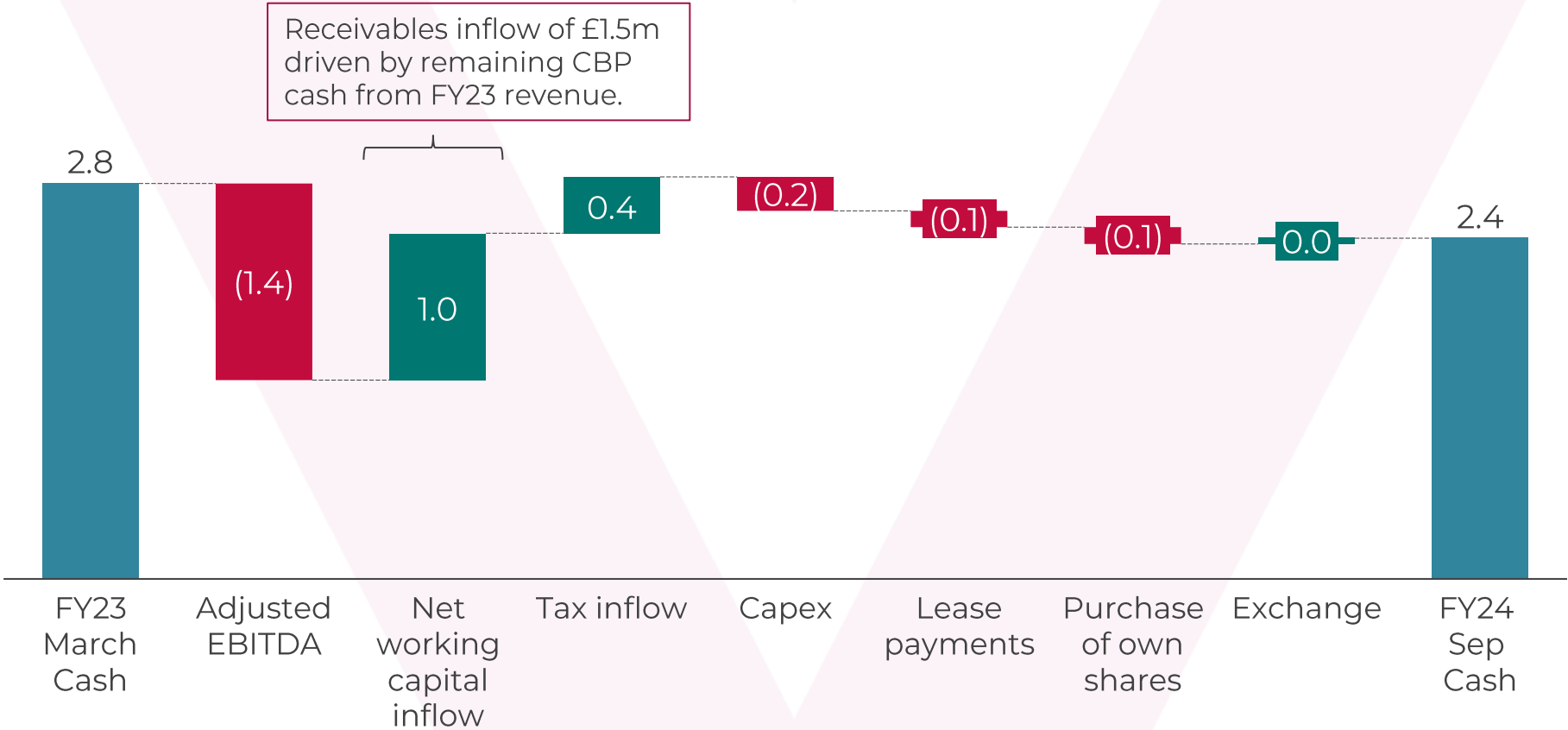


### Note

- 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



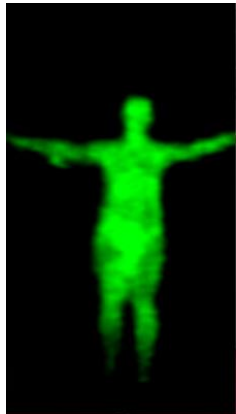
# Taking WalkTHRU forward

Due to be launched early 2024, our new “SmartSCREEN” software fuses latest video AI capability with our high-performance sensor platform

- ▼ **Major step forward** in capability based on completely new software architecture
- ▼ Part of **new camera hardware** family, with hardware upgrade path for existing customers, with further improvements planned
- ▼ Sold as **software licence upgrade** on compatible cameras

## SmartContrast

Dynamically optimise THz image contrast  
to improve detection performance



SmartContrast

ON



SmartContrast

OFF

### Plus...

#### SmartPrivacy

Blur background and faces to protect privacy....

#### SmartRecord

Automatically record only when someone is being screened...

#### SmartCount

Count and log how many people are being screened...

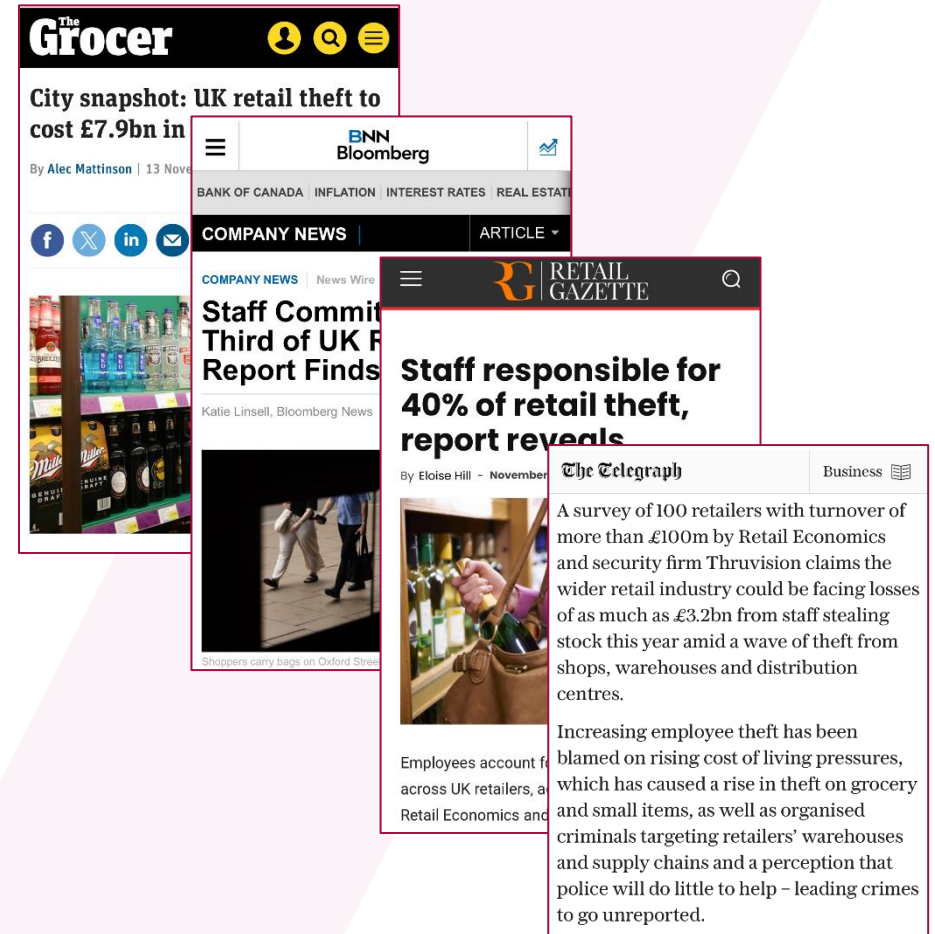




# Growing with Retail Distribution

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

- ▼ **Key market research** shows employee theft is a significant and growing problem and was widely reported in key trade as well as mainstream business publications
- ▼ **Seven** further WalkTHRU lanes installed in H1 with mix of existing and new customer wins
- ▼ **GXO**, another global 3PL, purchased for the first time with further sites now being actively identified for Thruvision installation
- ▼ **Good momentum** building in the US where we solve both inbound screening for guns and outbound theft reduction problems



# Strong presence with Customs agencies

## Two new customers added in H1

- ▼ **Asian agency** with major narcotics control issue ordered first tranche of cameras for deployment at principally land crossings
- ▼ **Central American agency** ordered cameras for airport deployment
- ▼ **Further opportunity** for selling additional cameras to existing customers in Asia in pipeline for H2

## Setback with US Customs and Border Protection (CBP)

- ▼ **Broader budget issues** led to no order from CBP in September
- ▼ **Successful deployment** of all previously ordered units, and evidence of results being delivered on the border
- ▼ **Remain engaged with CBP** and see future opportunity

WalkTHRU lane deployed in Customs Hall in Asia



# Rebound in interest for Entrance Security

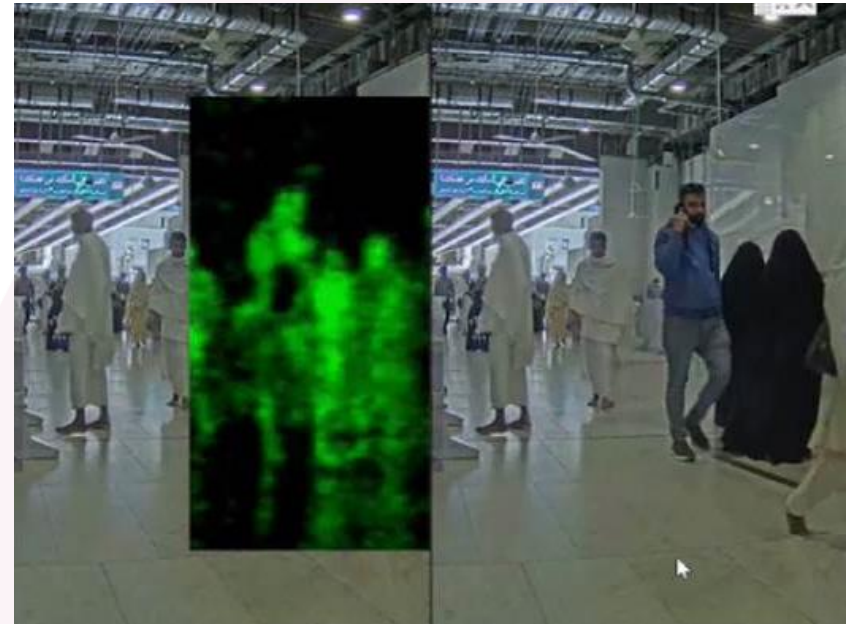
Increasing geopolitical tensions have stimulated good progress in Entrance Security, where we are engaged in many different situations across the world

- ▼ Sites of national significance
- ▼ Corporate headquarters
- ▼ Critical National Infrastructure
- ▼ Military checkpoints
- ▼ Prisons

## International Go-To-Market strategy

- ▼ Given **strengthening international interest**, we are accelerating process of signing up Value-Added Resellers

Simulated suicide bomb vest detected in recent Entrance Security trials in the Middle East

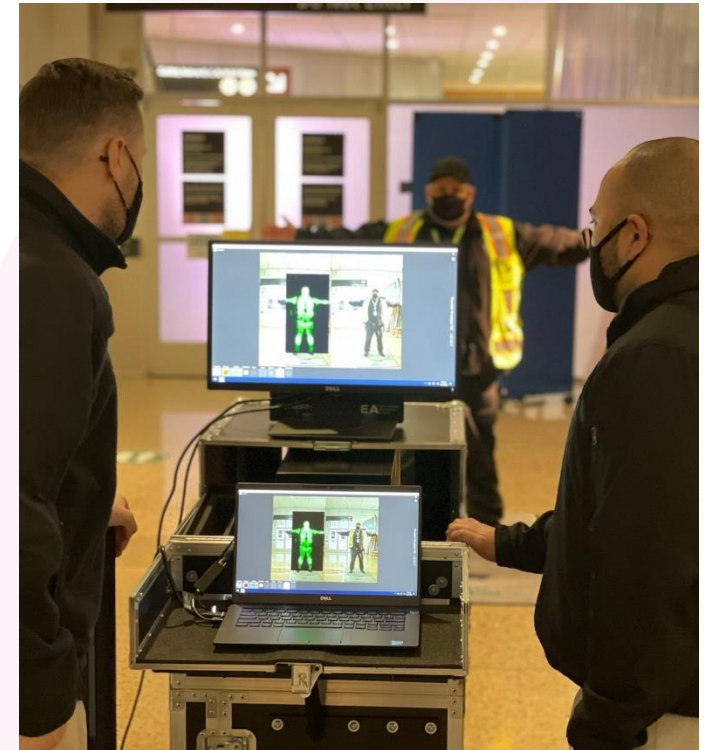


# Moving forwards in Aviation

Changes in US policy regarding Employee Security is driving renewed interest from US airports

- ▼ **TSA policy change** is requiring US airports to upgrade security technology for screening employees
- ▼ **Seattle-Tacoma**, where have have been used for 4 years now, is a strong advocate of our technology
- ▼ **We are competitively positioned**, and expect the market to develop over coming months
- ▼ **Accreditation testing process** for passenger screening rumbles on. TSA focus is on completing rollout of new passenger bag CT scanners

**SEA** Seattle-Tacoma  
International  
Airport



# Outlook

## The leading provider of walk-through security technology

- ▼ **Resilient H1FY24** and robust gross margin, despite CBP setback
- ▼ **Entrance Security re-emerging**, given geopolitical change, as an important market alongside Customs and Retail Distribution
- ▼ **Strong product roadmap**, building on WalkTHRU with emphasis on further software innovation, to extend competitive advantage
- ▼ **Strengthening international sales network** through appointment of further Value-Added Resellers
- ▼ **Second half revenue** expected to exceed that of first half, and delivering good non-CBP growth



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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.