28 June 2024

Thruvision Group plc

Results for the year ended 31 March 2024

Thruvision (AIM:THRU, 'Thruvision' or the 'Group'), the leading international provider of walk-through security technology, today publishes its results for the financial year ended 31 March 2024 ('2024').

Highlights

- Revenue of £7.8 million (2023: £12.4 million), primarily comprising Entrance Security, new Customs agency and Retail Distribution sales - reduction reflects previously announced lack of further significant orders from US Customs and Border Protection ('CBP') in 2024.
- Adjusting for the impact of this single customer, revenue growth was 85% to £7.6 million (2023: £4.1 million) demonstrating strong broad-based growth in demand for our solutions.
- Approximately 70% of revenue came from the existing customer base - most upgrading to our flagship WalkTHRU solution.
- Adjusted gross margin[1] improved by 1.5pp to 53.0% (2023: 51.5%) mainly due to higher performance product sales. Statutory gross margin down 1.9pp which reflected lower volumes.
- Adjusted EBITDA loss[1] was £2.5 million (2023: loss of £0.2 million), which is in line with market expectations. Operating loss was £3.0 million (2023: loss of £1.0 million).
- Cash balance as at 31 March 2024 was £4.1 million (31 March 2023: £2.8 million). The Group has no debt.
- Strategic sales partnership announced in May 2024 with Sensormatic Solutions, a leading global retail solutions company, owned by Johnson Controls Inc. (NYSE: JCI).
- £3.2m (gross) equity fundraising completed in October 2023, enabling the strategic investment by Pentland Capital to become a 10% shareholder in the Group.

Continuing operations	**2024 £m**	2023 £m
Statutory measures:		
Revenue	**7.8**	12.4
Gross profit	**3.5**	5.8
Gross margin	**45.1%**	47.0%
Operating loss	**(3.0)**	(1.0)
Loss before tax	**(2.9)**	(1.0)
Loss per share (pence)	**(1.85)**	(0.55)
Alternative measures[1]:		
Adjusted gross profit	**4.1**	6.4
Adjusted gross margin	**53.0%**	51.5%
Adjusted EBITDA loss	**(2.5)**	(0.2)
Adjusted loss before tax	**(3.0)**	(0.8)
Adjusted loss per share (pence)	**(1.90)**	(0.46)

[1] Alternative performance measures ('APMs') are used consistently throughout this announcement and are referred to as 'adjusted'. These are defined in full and reconciled to the reported statutory measures in the Appendix.

Commenting on the results, Colin Evans, Chief Executive, said:

"FY2024 was an important year for the Group. Our walk-through technology is now fully proven in the international security market and we are seeing sales coming from across the world in each of our four market sectors. Some 70% of our revenue came from existing customers who rely on our technology to screen many thousands of people every day.

Given this, we are now concentrating on expanding our reach into each of our four potentially very large markets through a broader set of sales partnerships. We are delighted to be working with Sensormatic Solutions, the global retail solutions company, and we are extending our reach through regional partners into Europe, Asia and the Middle East. With all of the well publicised security issues being experienced around the world, we are seeing significantly more interest in our Entrance Security solutions.

Trading in the current financial year is in line with the Board's expectations and our sales pipeline points to a return to activity levels the Group achieved in FY2023. This, coupled with the tight control over our cost base, provides us with the confidence that we are heading towards sustainable profitability and positive cashflow generation."

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About Thruvision (www.thruvision.com)

Thruvision is the leading international developer, manufacturer and supplier of walk-through security technology. Its technology is deployed in more than 30 countries around the world 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 concealed objects in real time using an advanced AI-based detection algorithm. The Group has offices and manufacturing capability in the UK and US.

Important information

This announcement may include statements that are, or may be deemed to be, 'forward-looking statements' (including words such as 'believe', 'expect', 'estimate', 'intend', 'anticipate' and words of similar meaning). By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances, and actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by applicable law, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement, whether following any change in its expectations or to reflect events or circumstances after the date of this announcement.

Chairman's statement

The past year has been one of mixed fortunes for Thruvision. On one hand we failed to build on the record results from the year ending 31 March 2023 ('2023') with a significant reduction in both revenue and profitability in the year ending 31 March 2024 ('2024'). But on the other, we made significant progress on a number of the strategic and commercial initiatives that we have been targeting for some time. In doing so, we have built a much stronger underlying business, which has exited the year with a more distributed customer base, wider opportunity and activity in more markets, a better product portfolio, and a stronger balance sheet.

As we announced in October, the financial results for the past year were dominated by the lack of a previously anticipated material follow-on contract award from our major customer, US Customs and Border Protection ('CBP'), which had contributed £8.3 million (or 67%) of our revenues in 2023. Inevitably, this had a material impact on both revenue, which fell to £7.8 million (2023: £12.4 million) and profitability, as our Adjusted EBITDA loss expanded to £2.5 million (2023: £0.2 million loss). As we explained when we announced this, the lack of a follow-on order was due in large part to the well-publicised US Federal budget stale-mate. It does, however, indicate the challenges faced by a small business with a substantial reliance on a single customer.

However, aside from this significant event, the year saw a number of very positive actions and results that place the business in a considerably healthier position than 12 months ago. Revenue from customers other than CBP actually grew by 85%, demonstrating the increasing scale and resilience of our other revenue streams and the potential that exists for Thruvision to grow in the future. Of these revenues, 70% came from existing customers across our various markets, most of whom are well-known government agencies and leading retailers, who enthusiastically embraced our new 'WalkTHRU' solution. This high level of repeat business derives from a clearly defined competitive market position with now proven technology, which has delivered over £50 million of revenue since we became an independent company in 2017, with more than 700 units deployed in over 30 countries.

The more fragile global security situation resulted in a significant bounce-back in our Entrance Security market and led to strong revenues from Customs Agencies in numerous countries, many of whom look to CBP for technology leadership. Retail Distribution, which for us is still mainly UK focused, proved more challenging as retailers restricted budgets in response to significant cost headwinds and consumer belt-tightening. Aviation too continued to be challenging, although recent policy changes are expected to drive future demand for worker screening in US Aviation. As a result of these various factors, our four markets are all showing signs of healthy demand for 2025 and beyond.

Since its launch in 2023, our WalkTHRU technology has become a powerful growth driver in all our markets. This unique capability allows our customers to screen people at walking pace for many applications and hence greatly increase throughput relative to conventional security solutions. We launched our latest AI-powered products, the LPC71 Series, in the year to further improve WalkTHRU performance.

As our technology and international position has become more established, we are increasingly using channel sales partners as we seek to widen our distribution more globally. To this end, we were delighted to announce, in May 2024, our Strategic Sales Partnership with Sensormatic Solutions, the leading global retail solutions company, owned by Johnson Controls Inc. (NYSE: JCI).

There has been considerable commentary that small public companies, particularly in the UK, have for some time not seen their progress reflected in enhanced valuations. Thruvision is certainly in this position. However, we have exhibited great resilience during the past year and we are delighted that Pentland Group has become a new significant shareholder. This has enabled us to continue with our investment programme in our leading international technology and sales capability as well as to end the year with an enhanced cash position.

Our people remain the bedrock of the business and their continued commitment is key to our success. We continued to invest in our sales capability and we added several important hires in this area, including a new Sales Director who joined from a leading security solution provider. Competition for talent remains acute, especially in the technology arena. I am pleased to say that we have filled all of our openings with very high-calibre staff which, I believe, is an endorsement of our belief that Thruvision is well positioned to be an important player in the UK technology landscape.

Outlook

2024 was undoubtedly a challenging year for Thruvision with the absence of a major contract award from our previously largest customer, CBP. However, the very strong revenue growth we achieved from customers outside CBP, and the fact that 70% of our revenues came from existing customers provides an encouraging platform from which we can now return to growth. We also remain confident that our further product release plans will continue to enhance the competitiveness of our market positioning.

The more fragile global security situation when combined, as it currently is, with a generally improving global macro-economy and our increased focus on indirect sales channels has resulted in strengthening interest levels for our technology across each of our four target markets. This is resulting in a pipeline which points to activity levels in 2025 back towards those we achieved in 2023. With our cost base remaining under tight control, this in turn should drive us towards our primary strategic goal of sustainable profitability and positive cash flow generation.

Chief Executive's review

Strategic update

Overview

With a further expansion of our customer base and strong growth outside CBP, we continued to strengthen our market-leading international position as a developer, manufacturer and supplier of unique walk-through security technology.

Overall, revenue was £7.8 million (2023: £12.4 million), with the reduction reflecting the lack of further orders from CBP in 2024 following the £8.3 million of revenue that it generated in 2023 (2024: £0.2 million). Excluding CBP, revenue grew by 85% to £7.6 million. Adjusted gross margin remained strong and improved to 53.0% (2023: 51.5%) with statutory gross margin down to 45.1% (2023: 47.0%) as a result of lower throughput.

We were very pleased to benefit again from high levels of repeat purchasing by existing customers, which stood at approximately 70% of revenue. Most of these were upgrading to our latest 'WalkTHRU' capability, which gives us confidence that our technology continues to deliver real-world benefits. We face little direct competition at present in our areas of focus.

Looking forward, our objective now is to increase our market share in a number of growing and established market sectors and to thereby scale the business to reach sustained profitability.

Strategy for growth

With a strong recovery in demand from our Entrance Security market, and policy changes driving renewed interest in US Aviation worker screening, the Group is, once again, seeing opportunities for growth across all four of our market sectors including Customs and Retail Distribution.

With highly referenceable, household name customers in all of our market sectors and a wide geographic spread, the Thruvision brand and technology is now well known in the international security market.

Given this, and with the addition of new sales leadership earlier in 2024, we have been placing greater emphasis on building out our indirect sales partnerships in order to proactively develop our sales pipeline and deliver orders.

As mentioned in the Chairman's statement, in May 2024 we announced our Strategic Sales Partnership with Sensormatic Solutions, the leading global retail solutions company. Sensormatic is seeing interest in Distribution Centre ('DC') security technology from some of the world's largest retailers and this partnership means it is now able to offer Thruvision technology to meet this need.

With Sensormatic, we have a rapidly growing sales pipeline across UK, Europe and the US and have a dedicated senior sales executive managing this relationship.

With our increasingly well understood technology maturity, we have refreshed our Value Added Reseller ('VAR') network and now have 11 covering much of Europe and Asia. These partners have been selected for their expertise and existing customer base in three of our four markets, Aviation, Customs and Entrance Security, complementing the Sensormatic relationship for Retail Distribution.

Our product roadmap is designed to maintain our significant performance advantage over different competitors through our continued investment in improving our patented, AI-enhanced Terahertz ('THz') imaging technology. We made very good progress in the year with a major new release, the 71 Series, featuring a significant new AI-based software functionality. This work also lays the foundations for further similarly important new AI-based capability in the next 12 months.

Financially, we aim to maintain adjusted gross margin in the low 50% range through a newly designed, more aesthetic and easier to assemble enclosure and by increasing the relative value of the high margin software component of our sales. With an increasing percentage of sales coming via partners, we will be able to manage our cost base such that we expect to see operational leverage improving as revenues grow, leading to sustained profitability.

Business review

Markets

The Group was, until the pandemic, active in four different market sectors, each of which has differing end-user requirements and operating on different economic and geopolitical cycles. In the last year, Entrance Security and Aviation, which at the time were badly affected by the pandemic, have both started generating significant interest again. This means that we once more see growth opportunities across all four of our market sectors.

Customs

Thruvision was already used by international Customs agencies in nine countries to screen travellers for drugs, cash and other contraband. In the year, we made further good progress in broadening our international customer base in this market, adding two new customers in the year. This brings the total number of Customs agencies that have purchased solutions from Thruvision to 11 internationally. We also received a further order from an existing customer in Asia.

Well-publicised US Federal budget issues led, in-part, to our largest customer, US Customs and Border Protection ('CBP'), not ordering further equipment from us in 2024. Although our multi-year CBP framework purchasing agreement remains in place until September 2026, Presidential election politics means funding for border security remains uncertain. However, opportunities for fleet expansion with other existing customers and new customer prospects means we expect to see revenue growth from this sector.

Retail Distribution

Retailers and their logistics partners use our technology to check employees for a wide range of potential theft items as they leave DCs. Our analysis shows there are around 20,000 DCs in the UK, US and Europe, which could use Thruvision systems.

Our model in this market is characterised by a larger number of smaller orders as customers typically buy on a site-by-site basis. Evidence shows that once a new customer buys Thruvision and establishes an initial Return on Investment ('RoI'), they are more likely to either buy more units or upgrade existing units as they better understand how to minimise theft in their organisation.

The market research we published with Retail Economics in November 2023, showed that theft by employees from UK retailers' DCs was a growing issue, which was estimated to have cost £1.4 billion in 2023. However, many retailers have faced a broader set of challenges given current general economic weakness, which led to us experiencing weaker than expected demand in the past year.

With retailers tightly controlling discretionary spend in 2024, we signed up three new retail customers. Of our Retail Distribution revenue in the year, 75% came from existing customers with already proven RoI. They typically invested to upgrade to our WalkTHRU solution, given the additional throughput rates and deterrence it offers.

Looking forward, we expect to see similar levels of repeat buying and upgrading given our very focused product strategy.

The signing of the sales partnership with Sensormatic is a very important initiative, which we are confident will help us win new customers and reinvigorate international growth in this sector.

Aviation

In Aviation, we focus on the US market given our long-standing relationship with the US Government's Transportation Security Administration ('TSA'). Our technology is used in security checkpoints to ensure no prohibited items are taken airside and onto planes and is in service in three large US airports where it is used for screening aviation workers.

Security screening in the aviation industry is a regulated activity and, to date, Thruvision technology has only been given regulated approval for aviation worker screening in the US. However, in response to changes in international aviation policy, the TSA issued a National Mandate in autumn 2023 requiring US airports to upgrade their capabilities for security screening aviation workers. Under this Mandate, Thruvision technology is listed by the TSA in its Aviation Worker Screening Toolkit.

In order to further strengthen our market position, we recently completed operational testing and evaluation of our WalkTHRU solution at San Diego International Airport with the National Safe Skies

Alliance ('Safe Skies'). Safe Skies is an independent, non-profit organisation funded by the US Federal Aviation Administration.

This testing demonstrates that Thruvision is well placed to help US airports meet their new TSA-mandated aviation worker security obligations and, since the announcement, we have seen a meaningful pick-up in sales enquiries, which we expect to lead to new sales in 2025. We are developing plans for how best to partner strategically to maximise our reach as this market moves into its specification and purchasing phase.

Regarding passenger screening, while our testing contract with the TSA has been extended for a further three years, testing activity levels have slowed. This is because TSA funding remains focused on completing the unrelated rollout of new passenger bag CT scanners, which is both costly and running later than anticipated.

Entrance Security

Thruvision is used by a wide variety of venues ranging from high-security government sites to public museums to check visitors, typically for concealed weapons.

The Group saw a strong growth in sales in 2024 in traditional entrance security weapons checks. Sales also included a specific counter-terrorism deployment in the Middle East, other early-stage counter-terrorism work for the US Department of Defense and a counter-drugs deployment for a European Prison Service.

In all cases, Thruvision technology was selected for its unique ability to detect reliably a broad range of threat objects, including non-metallics, in a diverse range of operational environments.

With a continuing increase in geopolitical instability and the related terrorism risk, we saw significantly growing interest and received orders from customers across the Middle East, Europe and Africa. We expect this interest to continue and revenue growth to result.

Product R&D and Intellectual Property ('IP')

Our technology allows security guards to see items hidden in clothing, which means that intrusive physical searches, or 'pat-downs', are no longer necessary. Based on our patented THz sensor and image processing software, our systems can detect, quickly and reliably, all types of material (non-metallic as well as metallic).

Our product strategy aims continuously to improve throughput rates, detection performance and ease of use, and is now almost wholly focused on expanding our WalkTHRU capability.

Our R&D and product roadmap therefore, has three objectives. We have made good progress in the last year against each of these:

- Focus on utilising latest developments in AI to deliver additional new functionality and to offer this as optional software licences to help improve product profitability;
- Provide clear value-add upgrade paths for existing customers to take advantage of latest developments; and
- Improve the physical design of our product range to improve in-field useability and aesthetics.

These three strands came together with a major new product release in early 2024, the 71 Series. This new series, focused initially on Retail Distribution, was the result of feedback from our retailer user forum.

The 71 Series features major new software functionality that adds significant new video AI capability and, for the first time, tightly couples THz with video image processing to deliver significant performance benefits to users, including improved detection performance and people-counting. This new redesigned software will allow significant further new functionality to be released in the next 12 months.

With some of the new software functionality sold as an optional extra licence, the 71 Series should ensure the Group can enhance product profitability.

The Group currently holds patents in five families and our patent strategy is designed to cover the IP value, which is based on our modular, satellite-grade engineering THz sensor platform, the unique combination of this sensor with purpose-designed optics and scanning mirror, and our purpose-developed image processing software.

As part of our ongoing patent portfolio management, we have taken initial steps towards increasing our patent portfolio by patenting some new capability which has resulted from our recent R&D activities.

Manufacturing and support

We have delivered further improvements in our manufacturing capability across the UK and US. This has mostly focused on optimising supply-chain management to better manage our working capital needs and redesigning our products for ease of assembly and reduced manufacturing and support costs. We also saw far fewer component supply shortages than in previous years.

We expect to see further reductions in build cost through improvements in product design and economies of scale as revenues grow.

We continued to improve our post-sales support capability and have also been ensuring full skills transfer to our growing number of VARs. Our product reliability remains good with a new fault-free record of 28,000 hours in-service operation being recorded on units deployed in a particular US airport.

People

Average headcount remained at 43 staff during the year. Within this, we made changes to introduce a new senior sales leader, from a global airport security equipment provider, into the business to enhance and execute our sales strategy. To support this strategy, we then also added an experienced Channel Sales Manager to develop our VAR network into a more proactive, new demand generator for the Group.

Financial review

Highlights

Revenue for the year to 31 March 2024 was down £4.6 million (37%) to £7.8 million (2023: £12.4 million) attributable to the lack of further significant orders from CBP in 2024. Adjusting for the impact of this single customer, revenue from other customers grew by 85% to £7.6 million, with strong growth in Entrance Security and Customs.

Adjusted gross margin improved by 1.5pp to 53.0% (2023: 51.5%) mainly due to product mix. Statutory gross margin was down 1.9pp to 45.1% (2023: 47.0%) reflecting lower absorption of production overheads as volumes decreased. The operating loss in the period was £3.0 million (2023: loss £1.0 million), with an Adjusted EBITDA loss of £2.5 million (2023: loss £0.2 million). Adjusted loss before tax of £3.0 million increased by £2.2 million (2023: loss £0.8 million) with statutory loss before tax of £2.9 million (2023: loss £1.0 million).

Cash as at 31 March 2024 was £4.1 million (31 March 2023: £2.8 million). The increase in cash of £1.3 million was driven by the share placing in October 2023, which raised net proceeds of £3.1 million and was partly offset by an operating cash outflow of £0.8 million, capital expenditure of £0.6 million and net other outflows of £0.5 million.

Revenue

Revenue is split between our two principal activities below.

	2024	2023
	£'000	£'000
Product	**7,394**	11,782
Support and Development	**420**	638
	7,814	12,420

The principal growth driver for the business is product sales. Support revenue includes extended warranty and other post-sale support revenue, as well as customer-funded development contracts. We expect warranty and other support revenue to grow in the future, with customer-funded development contracts not a key driver for future growth.

Revenue is split by market sector and geographical region below.

	2024	2023
Revenue by market sector	**£'000**	£'000
Retail Distribution	**1,924**	2,429
Customs[1]	**3,148**	9,165
Aviation	**23**	246
Entrance Security	**2,719**	580
	7,814	12,420

[1] 2024 includes £169k of revenue from CBP (2023: £8,281k). Excluding CBP, Customs revenue was £2,979k (2023: £884k).

	2024	2023
Revenue by geographical region	**£'000**	£'000
UK and Europe	**2,436**	2,249
Americas[1]	**1,998**	9,223
Middle East and Africa	**845**	346
Asia Pacific	**2,535**	602
	7,814	12,420

[1] 2024 includes £169k of revenue from CBP (2023: £8,281k). Excluding CBP, Americas revenue was £1,829k (2023: £942k).

Gross profit

Adjusted gross profit, defined as gross profit excluding production overheads, is used to enable a like-for-like comparison of the contribution from sales after variable costs only. Adjusted gross margin is used as a key performance indicator ('KPI') to understand the impact of input cost pressures, product mix and sales price changes. Production overheads are excluded since the significant movements in revenue volumes impact labour and overhead absorption rates in each year. Production overheads are monitored on an absolute basis. As a result, adjusted gross profit is the APM used to represent this metric, see Appendix for calculation and further information.

Adjusted gross margin grew in the second half of the year reflecting improved product mix caused by an increased proportion of higher performance product sales. This contributed to the 1.5pp increase in adjusted gross margin for the full year, with statutory gross margin down by 1.9pp including a 3.4pp negative impact from manufacturing as there was lower production throughput together with pay cost inflation.

Adjusted gross profit and statutory gross profit are shown below.

	2024 **£'000**	2023 £'000
Revenue	**7,814**	12,420
Adjusted gross profit	**4,141**	6,401
Adjusted gross margin	**53.0%**	51.5%
Statutory gross profit	**3,522**	5,837
Statutory gross margin	**45.1%**	47.0%

Administrative expenses

Administrative expenses are analysed as follows:

	2024 **£'000**	2023 £'000
Sales, marketing and support	**2,454**	2,527
Engineering (including R&D)	**1,067**	1,047
Management	**949**	1,046
Plc costs	**884**	829
Property and administration	**580**	417
Bonus	**89**	458
Foreign exchange losses/(gains)	**80**	(198)
Overheads	**6,103**	6,126
Depreciation and amortisation	**465**	569
Share-based payments (credit)/charge	**(50)**	96
Impairment of intangible assets	**-**	36
Administrative expenses	**6,518**	6,827

Administrative expenses decreased by 5% (£0.3 million) to £6.5 million, with overheads flat at £6.1 million and a reduction in bonus costs offsetting adverse transactional exchange movements. The ratio of overheads to revenue increased to 78% from 49% last year driven by lower revenues. Administrative expenses include share-based payment charges, depreciation and amortisation and impairment of intangible assets, but these are excluded from overheads. Overheads benefitted from translational exchange as the appreciation in the US Dollar exchange rates decreased overheads by approximately £50k, compared to the prior year average exchange rate experienced.

Sales and marketing expenditure was slightly lower driven by lower sales commissions. Engineering costs, including R&D costs, were up as a result of increased headcount in our software team as well as new product costs. Property and admin cost increases were due to additional finance headcount and recruitment costs. Management costs were lower driven by one-off costs relating to the CFO replacement in the prior year; Plc costs were up because of higher insurance costs and professional fees.

Loss after tax and loss per share

Statutory loss after tax increased by £2.0 million from £0.8 million to a loss of £2.8 million with the adjusted loss after tax of £2.9 million increasing by £2.2 million. The tax credit of £0.1 million (2023: £0.2 million) reflects R&D tax credits receivable. Unrelieved trading tax losses in the UK available to carry forward indefinitely are £9.3 million (2023: £7.3 million). No deferred tax asset has been recognised (2023: none).

The loss per share and adjusted loss per share were 1.86 pence and 1.90 pence respectively (2023: loss per share and adjusted loss per share of 0.55 pence and 0.46 pence respectively) and reflected the movements in adjusted and statutory loss after tax.

Cash flow

Cash and cash equivalents increased during the year by £1.3 million to £4.1 million as at 31 March 2024, driven by the share placing in October 2023, which raised net proceeds of £3.1 million and was partly offset by an operating cash outflow of £0.8 million, capital expenditure of £0.6 million and net other outflows of £0.5 million. The operating cash outflow is driven by an Adjusted EBITDA loss of £2.5 million partly offset by a net working capital inflow of £1.3 million and cash tax received of £0.4 million relating to R&D tax credits.

The principal movements in net working capital were as follows:

- Trade and other receivables resulted in a £2.1 million inflow in the year, driven by higher sales in the final quarter of the prior year compared to the current year.
- A decrease in trade and other payables resulted in an outflow of £0.7 million driven by the lower bonus accrual and the timing of stock purchases in the final quarter compared to the prior year.

Capital expenditure during the year of £0.6 million (2023: £0.1 million) was driven by investment in demonstration equipment of £0.5 million supporting the growth in non-CBP activity.

Financing, treasury and going concern

Cash and cash equivalents as at 31 March 2024 were £4.1 million (31 March 2023: £2.8 million).

The Group has prepared and reviewed cash flow forecasts for the period to 30 June 2025, which reflect forecast changes in revenue across its business and performed a reverse stress test of the forecasts to determine the extent of any downturn which would result in insufficient cash being available to the business. Following this assessment, the Board are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in relation to this conclusion and preparing the consolidated financial statements.

Currency

The Group has both translational and transactional currency exposures. Translational exposures arise on the consolidation of the US overseas subsidiary results into GBP. The largest translational exposures during the year were to the US Dollar. Translational exposures are not hedged. During the year, currency translation effects resulted in revenue being £115k lower, gross margin being £20k lower and the Adjusted EBITDA loss £30k lower than they would have been if calculated using prior year exchange rates.

Transactional exposures arise where the currency of sale or purchase invoices differs from the functional currency in which each company prepares its local accounts. The transactional exposures include situations where foreign currency-denominated trade receivables, trade payables and cash balances are held. Transactional foreign exchange losses of £0.1 million (2023: £0.2 million gain) were included in administrative expenses. The Group maintains non-GBP cash balances to meet short-term operational requirements.

The table below shows the average and closing key exchange rates for the US Dollar compared to GBP.

	2024	2023
Average exchange rate for the year	**1.257**	1.206
Exchange rate at the year-end	**1.262**	1.236

Other

A programme of share purchases by the Thruvision plc Employee Benefit Trust was undertaken during the year with the purpose of partly satisfying future employee exercises of share options. The total number of shares purchased during the year was 1,051,557 at a cost of £239k.

Dividends

The Board is not proposing to pay a dividend (2023: none).

Events after the balance sheet date

In order to manage fluctuations in working capital, the Group has recently agreed a continuation of the previous £0.25 million overdraft facility with HSBC at £0.1 million from 31 May 2024 for 12 months. This remains undrawn at the date of publication of these results.

Consolidated income statement
for the year ended 31 March 2024

	Notes	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Revenue	2	**7,814**	12,420
Cost of sales		**(4,292)**	(6,583)
Gross profit		**3,522**	5,837
Administrative expenses		**(6,518)**	(6,827)
Operating loss	3	**(2,996)**	(990)
Finance income		**109**	26
Finance costs		**(62)**	(15)
Loss before tax		**(2,949)**	(979)
Taxation credit		**103**	174
Loss for the year		**(2,846)**	(805)
Loss per share			
Loss per share – basic and diluted	4	**(1.86p)**	(0.55p)

All operations are continuing.

Consolidated statement of comprehensive income
for the year ended 31 March 2024

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss for the year attributable to owners of the parent	**(2,846)**	(805)
Other comprehensive loss – items that may be subsequently reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	**(16)**	(50)
Total other comprehensive loss	**(16)**	(50)
Total comprehensive loss attributable to owners of the parent	**(2,862)**	(855)

Consolidated statement of financial position
at 31 March 2024

	31 March 2024 £'000	31 March 2023 £'000
Non-current assets		
Property, plant and equipment	**1,375**	1,173
Intangible assets	**124**	109
	1,499	1,282
Current assets		
Inventories	**3,655**	3,639
Trade and other receivables	**2,229**	4,342
Current tax recoverable	**99**	375
Cash and cash equivalents	**4,119**	2,810
	10,102	11,166
Total assets	**11,601**	12,448
Current liabilities		
Trade and other payables	**(1,926)**	(2,690)
Lease liabilities	**(151)**	(121)
Provisions	**(52)**	(107)
	(2,129)	(2,918)
Net current assets	**7,973**	8,248
Non-current liabilities		
Trade and other payables	**(109)**	(72)
Lease liabilities	**(492)**	(604)
Provisions	**(110)**	(38)
	(711)	(714)
Total liabilities	**(2,840)**	(3,632)
Net assets	**8,761**	8,816
Equity		
Share capital	**1,611**	1,472
Share premium	**3,282**	325
Capital redemption reserve	**163**	163
Translation reserve	**(5)**	11
Retained earnings	**3,710**	6,845
Total equity attributable to owners of the Company	**8,761**	8,816

Consolidated statement of changes in equity
for the year ended 31 March 2024

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2022	1,466	201	163	61	7,554	9,445
Shares issued	6	124	–	–	–	130
Share-based payment charge	–	–	–	–	96	96
Transactions with Shareholders	6	124	–	–	96	226
Loss for the year	–	–	–	–	(805)	(805)
Other comprehensive loss	–	–	–	(50)	–	(50)
Total comprehensive loss	–	–	–	(50)	(805)	(855)
At 31 March 2023	1,472	325	163	11	6,845	8,816
Shares issued	139	2,957	–	–	–	3,096
Share-based payment credit	–	–	–	–	(50)	(50)
Purchase of own shares	–	–	–	–	(239)	(239)
Transactions with Shareholders	139	2,957	–	–	(289)	2,807
Loss for the year	–	–	–	–	(2,846)	(2,846)
Other comprehensive loss	–	–	–	(16)	–	(16)
Total comprehensive loss	–	–	–	(16)	(2,846)	(2,862)
At 31 March 2024	**1,611**	**3,282**	**163**	**(5)**	**3,710**	**8,761**

Consolidated statement of cash flows
for the year ended 31 March 2024

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating activities		
Loss after tax	**(2,846)**	(805)
Adjustments for:		
Taxation credit	**(103)**	(174)
Finance income	**(109)**	(26)
Finance costs	**62**	15
Depreciation of property, plant and equipment	**500**	619
Profit on disposal of property, plant and equipment	**-**	(10)
Amortisation of intangible assets	**26**	20
Impairment of intangible assets	**-**	36
Share-based payment charge/(credit)	**(50)**	96
Operating cash outflow before changes in working capital and provisions	**(2,520)**	(229)
Decrease/(increase) in trade and other receivables	**2,132**	(2,360)
Increase in inventories	**(16)**	(183)
(Decrease)/increase in trade and other payables	**(745)**	321
Decrease in provisions	**(55)**	(71)
Cash utilised in operations	**(1,204)**	(2,522)
Net income taxes received	**378**	-
Net cash outflow from operating activities	**(826)**	(2,522)
Investing activities		
Purchase of property, plant and equipment	**(581)**	(37)
Purchase of intangible assets	**(41)**	(86)
Proceeds from disposal of property, plant and equipment	**-**	11
Interest received	**90**	26
Net cash outflow from investing activities	**(532)**	(86)
Financing activities		
Proceeds from issue of shares	**3,243**	130
Share issue costs	**(147)**	-
Purchase of own shares	**(239)**	-
Payments on principal portion of lease liabilities	**(143)**	(180)
Financing charge	**(12)**	-
Interest paid on lease liabilities	**(50)**	(15)
Net cash inflow/(outflow) from financing activities	**2,652**	(65)
Net increase/(decrease) in cash and cash equivalents	**1,294**	(2,673)
Cash and cash equivalents at 1 April	**2,810**	5,441
Effect of foreign exchange rate changes	**15**	42
Cash and cash equivalents at 31 March	**4,119**	2,810

Notes to the financial information

1. Accounting policies

1.1 Basis of preparation

The financial information of the Group set out above does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006. The financial information for the year ended 31 March 2024 has been extracted from the Group's audited financial statements which were approved by the Board of Directors on 27 June 2024.

The financial statements of Thruvision Group plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

These financial statements are presented in Pounds Sterling ('GBP') and are rounded to the nearest thousand (£'000), except where otherwise stated.

The financial statements were authorised for issue by the Board of Directors on 27 June 2024 and the statement of financial position was signed on the Board's behalf by Colin Evans and Victoria Balchin.

The Company is a public limited company incorporated and domiciled in England and Wales and whose shares are quoted on AIM, a market operated by the London Stock Exchange.

The consolidated financial statements have been prepared on a historical cost basis.

1.2 Accounting policies

The key accounting policies which apply in preparing the financial statements for the year are set out below. These policies have been consistently applied to all periods presented in these consolidated financial statements.

The USD/GBP exchange rates used in the consolidated financial statements is as follows:

	2024	2023
Average exchange rate for the year	**1.257**	1.206
Exchange rate at the year end	**1.262**	1.236

1.3 Basis of measurement

Going concern
The Group's loss before tax from continuing operations for the year was £2.9 million (2023: £1.0 million). As at 31 March 2024, the Group had net current assets of £8.0 million (31 March 2023: £8.2 million), of which cash and cash equivalents of £4.1 million (31 March 2023: £2.8 million).

The Board has taken the cash flow forecast for the period to 30 June 2025, reviewed the key assumptions underpinning the projection, and considered a range of downside scenarios to assess whether the business has adequate financial resources to continue operational existence and to meet liabilities as they fall due for a period of not less than 12 months from the approval of the financial statements.

In completing the above analysis, the Board has reviewed the following:

- The current pipeline of potential sales opportunities, differentiating between existing customers and new customers, and smaller sales and large, multi-unit sales. Potential scenarios included a general downgrading of smaller unit sales volumes and the removal of larger sales for which confidence of securing an order was not already high based on customer interaction to date
- Market, political and recessionary economic trends that may adversely impact the prospects of revenue realisation from a broad range of customers in all geographical areas of operation
- The availability of manufacturing facilities and the impact of unforeseen outages.
- The potential for supply chain issues to result in higher purchasing costs and reduced margins, or an inability to fulfil all orders received due to raw materials shortages
- An expectation of retaining a materially higher overheads cost base than the prior year, aligned to support a growing business
- General inflationary pressures that may have similar impacts on revenues and costs to those described above

Stress testing has been performed to identify and analyse the circumstances under which the Group's business would no longer be viable without recourse to new funding throughout the period reviewed, including steps taken to maximise liquidity, for example a reduction in discretionary spend and inventory levels. The testing undertaken applied various stresses simultaneously even though it would not be considered reasonable to expect all downsides to occur concurrently.

As a result, the above testing demonstrates that cash generation is sufficient for the business to remain a going concern, without recourse to alternative sources of finance, for the period to 31 July 2025.

Overall, the Group is well placed to manage business risk effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors are satisfied that the Group has adequate resources to continue operating for a period of at least 12 months from the approval of these accounts. For this reason, they have adopted the going concern basis in preparing the financial statements.

2. Segmental information

The business is run as one segment although we sell our products into a number of sectors as disclosed in the Finance review. The employees of the business work across both our geographical and market sectors, with the assets of the business being utilised across these sectors as well, and it is not possible to directly apportion these costs between these sectors.

As such, the Directors do not split the business into segments in order to internally analyse the business performance. The Directors believe that allocating administrative expenses by department provides a suitable level of business insight. The overhead department cost centres comprise:

- Engineering (including R&D);
- Sales, marketing and support;
- Property and administration;
- Management; and
- Plc costs.

with the split of costs as shown within the Financial Review.

2. Segmental information (continued)

Revenue is split between our two principal activities below:

	2024	2023
	£'000	£'000
Product	**7,394**	11,782
Support and Development	**420**	638
	7,814	12,420

The Group's revenue by market sector and geographical region is detailed below:

	2024	2023
Revenue by market sector	**£'000**	£'000
Retail Distribution	**1,924**	2,429
Customs[1]	**3,148**	9,165
Aviation	**23**	246
Entrance Security	**2,719**	580
	7,814	12,420

[1] In 2024 includes £169k of revenue from CBP (2023: £8,281k). Excluding CBP, Customs revenue was £2,979k (2023: £884k).

	2024	2023
Revenue by geographical region	**£'000**	£'000
UK and Europe	**2,436**	2,249
Americas[1]	**1,998**	9,223
Middle East and Africa	**845**	346
Asia Pacific	**2,535**	602
	7,814	12,420

[1] In 2024 includes £169k of revenue from CBP (2023: £8,281k). Excluding CBP, Americas revenue was £1,829k (2023: £942k).

The Group's revenue by point of recognition is detailed below:

	2024	2023
	£'000	£'000
Revenue recognised at point in time	**7,727**	11,888
Revenue recognised over time - extended warranty and support revenue	**87**	532
	7,814	12,420

Analysis of revenue by customer
There have been two individually material customers (comprising over 10% of total revenue) in the year (2023: one customer). These customers represented £1,885k (24%) and £938k (12%) of revenue for the year (2023: £8,286k (or 67%)).

2. Segmental information (continued)

Other segment information

The Group's non-current assets by geography are detailed below:

	2024	2023
	£'000	£'000
United Kingdom	**1,176**	1,027
United States of America	**323**	255
	1,499	1,282

3. Operating loss

The operating loss is stated after charging/(crediting):

	2024	2023
	£'000	£'000
Cost of inventories recognised as an expense	**3,894**	5,475
Research and development expense	**636**	598
Net impairment credit on trade receivables and contract assets	**-**	(57)
Share based payment (credit)/charge	**(50)**	96
Depreciation of property, plant and equipment	**500**	619
Profit on disposal of property, plant and equipment	**-**	(10)
Expenses relating to short-term and low-value leases	**1**	3
Amortisation of intangible assets	**26**	20
Impairment of intangible assets	**-**	36
Exchange losses/(gains)	**80**	(198)

4. Loss per share

	2024	2023
Loss after tax (£'000)	**(2,846)**	(805)
Weighted average number of shares outstanding (total in issue)	**153,197,717**	147,138,774
Less: weighted average number of shares owned by Employee Benefit Trust	**(522,781)**	-
Weighted average number of shares used to calculate basic and diluted loss per share	**152,674,936**	147,138,774
Basic and diluted loss per share (pence)	**(1.86p)**	(0.55p)

The inclusion of potential Ordinary Shares arising from LTIPs and EMI Options would be anti-dilutive. Basic and diluted loss per share has therefore been calculated using the same weighted number of shares for each financial year.

5. Post-balance sheet events

In order to manage fluctuations in working capital, the Group has recently agreed a continuation of its overdraft facility with HSBC at £0.1 million from 31 May 2024 for 12 months. This remains undrawn to date.

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES ('APMs')

Thruvision uses adjusted figures as key performance measures in addition to those reported under IFRS, as management believe these measures enable management and stakeholders to assess the underlying trading performance of the businesses. The APMs exclude certain items that are considered to be significant in nature and/or quantum.

The APMs are consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board. Some of these measures are used for the purpose of setting remuneration targets.

The key APMs that the Group uses include adjusted measures for the income statement together with adjusted cash flow measures. Explanations of how they are calculated and how they are reconciled to an IFRS statutory measure are set out below.

Adjusted measures

The Group's policy is to exclude items that are considered to be significant in nature and/or quantum, where the item is volatile in nature and cannot be directly linked to underlying trading, and where treatment as an adjusted item provides stakeholders with additional useful information to better assess the period-on-period trading performance of the Group. They reflect how the business is measured and managed on a day-to-day basis.

The Group excludes certain items, which management have defined as:

- Share-based payments charge or credit
- Impairments of intangible assets

Gross profit, excluding production overheads, is used to enable a like-for-like comparison of underlying sales profitability and provide supplementary information. This adjusted measure is termed Adjusted gross profit. The use of Adjusted gross profit margin provides the Board and management with a measure of direct product profitability (pricing, direct costs of sale and directly allocable costs including inventory provisions), without the impact that sales volumes can have on the absorption of the more fixed production overheads. It provides a useful measure of sales and procurement effectiveness as a subset of topline profitability analysis and may help investors understand and evaluate performance in the same way as the Board and management. The metric is helpful to show current trends in the Group's operations and is useful for like-for-like comparisons of product profitability between years.

These non-GAAP measures should not be considered in isolation or as a substitute for the comparable GAAP (IFRS) measure and may not be comparable with other companies. All APMs relate to the current year results and the comparative year.

Based on the above policy, the adjusted performance measures are derived from the statutory figures as follows

a) Adjusted gross profit

	2024 **£'000**	2023 £'000
Gross profit	**3,522**	5,837
Add back:		
Production overheads	**619**	564
Adjusted gross profit	**4,141**	6,401

b) Adjusted EBITDA

	2024	2023
	£'000	£'000
Statutory operating loss	**(2,996)**	(990)
Add back:		
Depreciation and amortisation	**526**	639
Impairment of intangible assets	**-**	36
Share-based payment (credit)/charge	**(50)**	96
Adjusted EBITDA loss	**(2,520)**	(219)

c) Adjusted loss before tax

	2024	2023
	£'000	£'000
Statutory loss before tax	**(2,949)**	(979)
Add back:		
Impairment of intangible assets	**-**	36
Share-based payment (credit)/charge	**(50)**	96
Adjusted loss before tax	**(2,999)**	(847)

d) Adjusted loss per share

	2024	2023
	£'000	£'000
Statutory loss after tax	**(2,846)**	(805)
Add back:		
Impairment of intangible assets	**-**	36
Share-based payment (credit)/charge	**(50)**	96
Adjusted loss after tax	**(2,896)**	(673)
Weighted average number of shares	**152,674,936**	147,138,774
Statutory loss per share (pence)	**(1.86)**	(0.55)
Adjusted loss per share (pence)	**(1.90)**	(0.46)