

# Thruvision Group plc

## Interims results to 30 September 2020

23 November 2020

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# Highlights

**Despite challenges presented by Coronavirus, strong Q2 performance and careful overheads management resulted in break-even EBITDA for the first half. The varying effects of the pandemic on our different market segments driving further focus within business**

- ▼ Revenues broadly flat at £4.7 million (H1 2020 £4.8 million) with average revenue per unit and gross margins steady
- ▼ Break-even EBITDA achieved (H1 2020: (£0.2 million) loss) based on careful overhead management
- ▼ Continued mix of new “flagship” customer wins and further purchases by existing customers
  - **Profit Protection** – four new Profit Protection customers, including Superdrug’s parent company AS Watson, plus three returning customers, with CEVA Logistics signing since period end
  - **Customs** – Second significant order from US Customs, and major Gulf State becomes ninth international customer
  - **Aviation** – for employee screening, LaGuardia becomes third airport customer along with further purchase by Seattle Airport, and Coronavirus-delayed US Transportation Security Administration testing for passenger screening now restarting
  - First lease hire deals completed in Profit Protection
- ▼ Cash at 30 September 2020 of £5.0 million (31 March 2020: £8.4 million), with cash at 20 November 2020 of £7.8 million

# FY21 Half Year Income Statement

Strong second quarter and break-even EBITDA based on careful overheads management

£ million	H1 FY21	H1 FY20	% change
Revenue	4.7	4.8	(2%)
Gross Profit	2.3	2.3	0%
Gross Margin	48%	48%	0%
Total admin expenses	(2.2)	(2.5)	(12%)
<b>EBITDA*</b>	<b>0.0</b>	<b>(0.2)</b>	

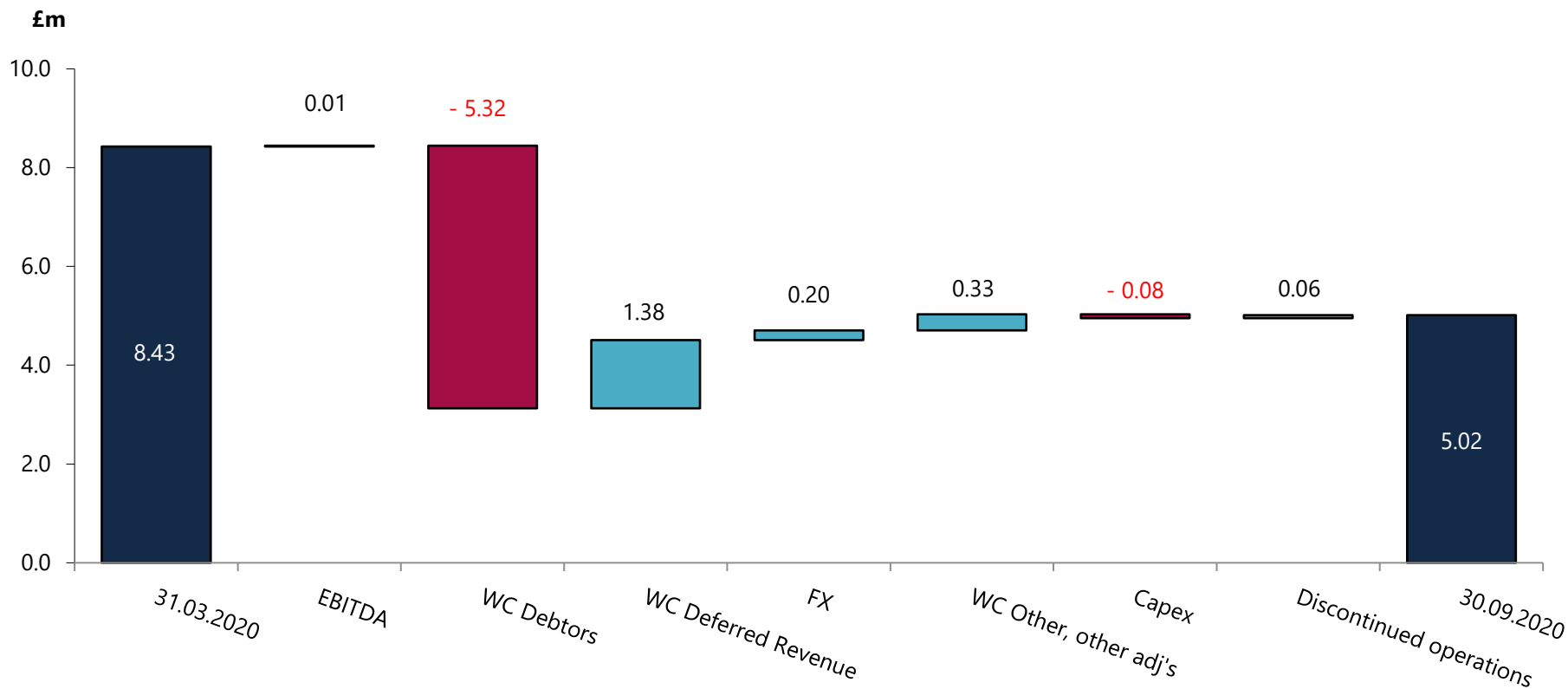
# Overhead costs

- ▼ **Overheads** - reduced from 52% to 49% of revenue and continue to be closely managed
- ▼ **Engineering** – decreased by £0.1 million - less external R&D spend and reduced travel
- ▼ **Sales & Marketing** – flat despite our investment in our strategically important US and Profit Protection markets. Investment in two new sales heads offset by close cost management and a reduction in travel specifically to and from Middle East and APAC
- ▼ **Property & Administration, PLC & Management** – savings primarily due to reduced travel

Overhead costs * £ million	H1 FY21	H1 FY20
Engineering	(0.7)	(0.8)
Sales & Marketing	(0.8)	(0.8)
Property & Administration	(0.2)	(0.3)
PLC & Management	(0.5)	(0.6)
<b>Total</b>	<b>(2.2)</b>	<b>(2.5)</b>

\* Excludes Share Option charges, Depreciation & FX

# Cash flow bridge



- ▼ Debtor balance at 30 September 2020 of £6.9m, £5.3m increase on prior period. Included CBP cash of £3.7m now received
- ▼ Cash balance as at 20 November 2020 of £7.8m with debtors due of £2.7m
- ▼ Working Capital deferred revenue £1.7m being warranty and support for CBP and State INL
- ▼ Two lease deal totalling £200k in period. La Guardia and FootAsylum, self funded
- ▼ Majority of revenue booked in Q2. Cash collection post period end

# Impact of Coronavirus on our markets ...

## 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

## CUSTOMS

Checking travellers for concealed contraband



**Least impact** given longer sales cycles but international travel restrictions making trials harder to organise and run

## AVIATION

Deterring attacks on aircraft and airports



**Impacted** although US less so than Europe ... but mandatory requirement means strategic interest remains

## VENUES & TRANSPORT

Protecting travellers & visitors from terrorism



**Impacted** with significant medium term implications for most organisations in these sectors making them less attractive

# “Safe Distance” Security

Coronavirus pandemic means customers now looking at how they can completely remove the need for physical “pat-downs”



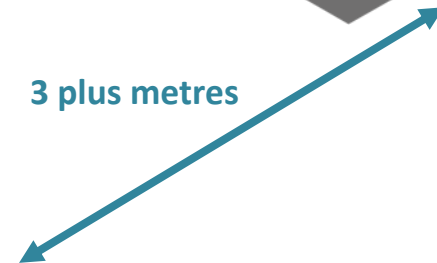
Unsafe and ineffective current search procedure



Effective “Safe Distance” security screening using Thruvision screening



3 plus metres



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# Profit Protection ...

## Reducing staff theft at retail and logistics distribution centres (DCs)

### Market characteristics

- ▼ Approx 25,000 DCs in UK and Europe, and 20,000 in US, and growing as shift to online retailing continues
- ▼ Focus on Global Logistics, Grocery, Healthcare, Apparel and Electronics

### Update

- ▼ Very slow start to the period given lock-down
- ▼ **AS Watson, FootAsylum and Wilko** added as new customers in half, with **CEVA Logistics** added since
- ▼ Several **material opportunities** in UK and US now at operational trials stage
- ▼ Customers mostly now buying **new LPC8** model, with even **higher performance LPC16** now being trialled in US
- ▼ **Sales team strengthened** with addition of senior personnel in US and Holland

Our first Top 10\* Contract Logistics customer operating across 750 locations globally



*"Eight of the world's top ten retailers place their faith in us because our teams of specialists can deliver the solutions, value-added logistics services and support required."*

**Mathieu Freiburg, CEO**

\* CEVA website





# Customs ...

## Screening travellers for prohibited items at Ports of Entry

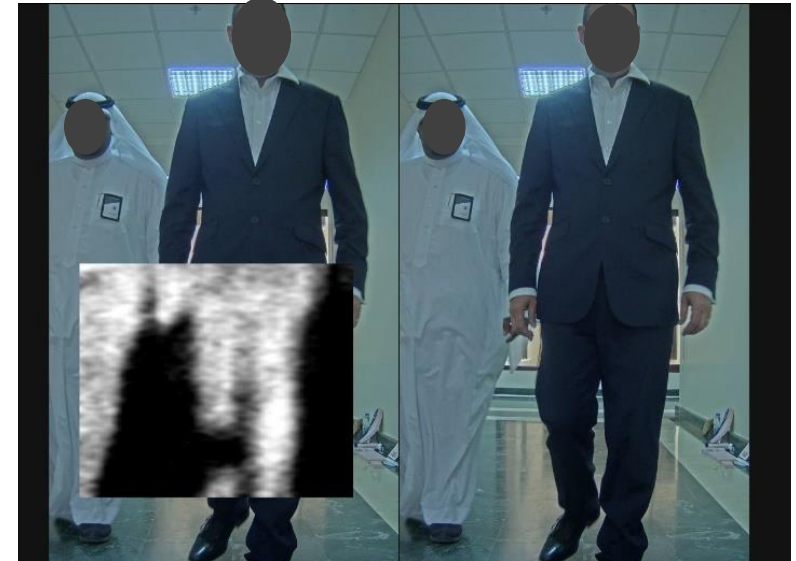
### Market characteristics

- ▼ National government agency customers, principally screening for cash, drugs and other contraband
- ▼ Politically important for many customs agencies, but long sales cycles

### Update

- ▼ Signed **ninth** international Customs agency in the Gulf, for initial pilot deployment
- ▼ Received second major **US Customs** order
- ▼ Further ongoing trials in the **Gulf** and further interest from Asia
- ▼ New high performance 16-channel system providing greater operational flexibility

Major Gulf State becomes Thruvision's  
ninth Customs Agency user



*Pilot deployment planning major Gulf State Customs agency in main airport*

# Aviation ...

## Deterring terrorist attacks on aircraft and airports by passengers and employees

### Market characteristics

- ▼ Sector severely impacted by COVID-19
- ▼ “Contactless Security” a major new driver, with new ICAO guidelines issued

### Employee screening

- ▼ **LaGuardia** becomes third major airport user
- ▼ **Seattle** upgrades to 16-channel hardware
- ▼ Ongoing operational trials in US airports

### Passenger screening

- ▼ Further improvements to performance of AI-based **DynamicDetection** algorithm completed, based on new 16-channel hardware
- ▼ Restarting delayed TSA accreditation testing
- ▼ Awareness raised across **UK and European** accreditors and airport operators

Seattle Tacoma becomes first airport to deploy new 16-channel camera



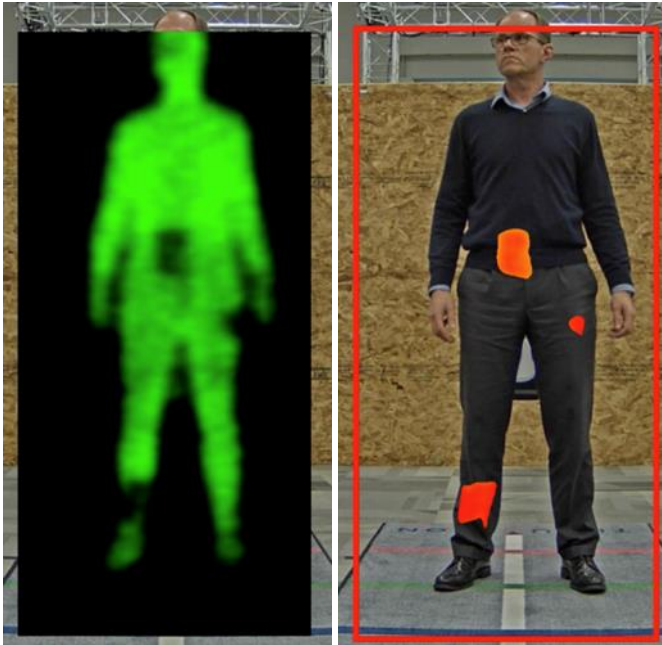
*“I was emailing you with my feedback from the new ThruVision (TAC-16). The imaging and the speed is amazing! It really speeds up the process of processing people coming through our checkpoint”*

**Aviation Security Supervisor, SEATAC**

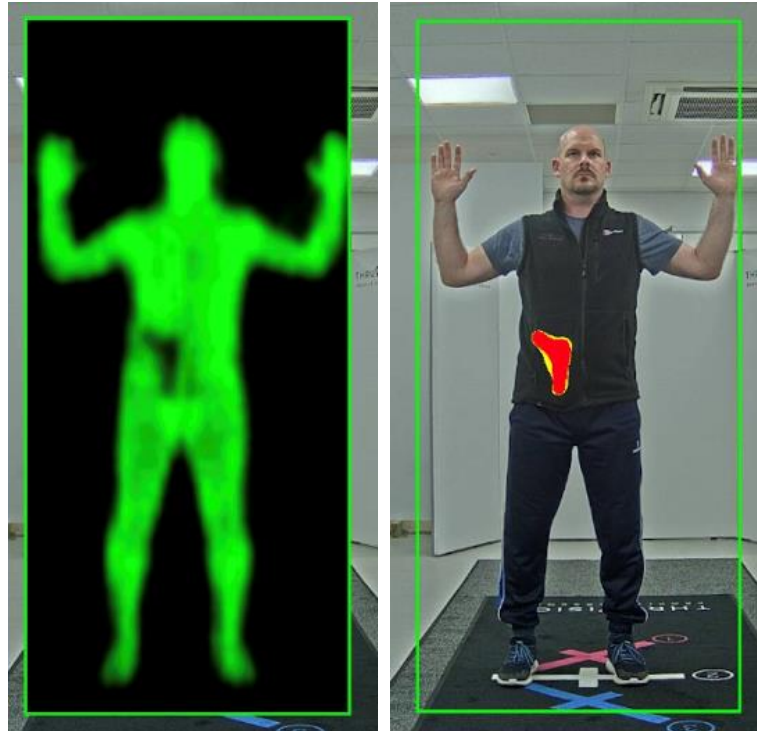
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# Ongoing technology development ...

Further significant R&D improvements, to both hardware sensitivity and AI-algorithm detection performance







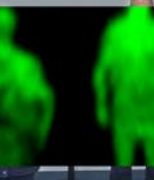


CPC8 camera running Nov 19 version of "Dynamic Detection"



CPC16 camera running Oct 20 version of "Dynamic Detection"

# Expanded product range ...

Using changes to software to tailor products to specific needs of each of our markets, all based on common, modular hardware platform

	CAMERAS		SOFTWARE	IMAGERY
PROFIT PROTECTION	LPC8	LPC16	<b>SloScan</b> to maximise very small item detection	 
AVIATION	CPC8	CPC16	<b>DynamicDetection</b> to meet international aviation standards	  
CUSTOMS	TAC8	TAC16	<b>VariView</b> to maximise operational flexibility	  
VENUES & TRANSPORT		HTC16	<b>MultiLane</b> to provide simultaneous screening of walking people	

# Summary ...

**While providing guidance on Full Year remains difficult given uncertainty regarding national and international travel restrictions and the resulting impact on our ability to prosecute sales, the Board remains confident Thruvision is well placed to grow into mainstream of international security market**

- ▼ Profit Protection market in US, UK and Europe looking increasing strong and we are investing in extra sales resource
- ▼ Also focusing on US Aviation and International Customs market as these also provide significant post-Coronavirus opportunity
- ▼ Encouraging market uptake of broadening product range, being driven by successful R&D activities
- ▼ Overhead and cash management remains well controlled, with supportive supply chain

# 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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# THRUVISION

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## **Colin Evans**

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