



# Liberty Defense

TSXV:SCAN | OTCQB:LDDFF | Frankfurt:LD2A

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## NEXT GENERATION SECURITY DETECTION

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# PRODUCT LINE INITIATIVES



## HEXWAVE



- Urban Security/Aviation Worker Screening
- Non-regulated
- Commercial – Shipping to Customers

## HD-AIT Upgrade Kit



- US Airport Checkpoint Upgrade Kit
- Regulated/Certification
- 12 Month Development Program

# MISSION



Protecting communities and preserving peace of mind through next generation security detection solutions

Boston office / HQ - Engineering



Atlanta office / Engineering



## NEED



- In 2021, there were **38 million gun background checks**<sup>1</sup> in the US and **mass shootings** have **increased over 66%** since 2019<sup>2</sup>
- Physical security market in 2021<sup>3</sup>

**US\$37B**

CAGR 5.2%\*

## SOLUTIONS

- **Disruptive technology** under exclusive license providing touchless security detection.
- **Developing flagship HEXWAVE™** people scanner and shoe screener technology for airport security and commercial applications.
- **Awarded grant from TSA and DHS** for tech advancement.

## TEAM

- Led by a **seasoned leadership team** in **security, product development, management, and corporate finance**
- Supported by Board of Directors and advisors who provide **unparalleled market access**

<sup>1</sup> [https://www.fbi.gov/file-repository/nics\\_firearm\\_checks\\_-\\_month\\_year.pdf/view](https://www.fbi.gov/file-repository/nics_firearm_checks_-_month_year.pdf/view)

<sup>2</sup> <https://www.gunviolencearchive.org/reports/past-tolls>

<sup>3</sup> North America Physical Security Market Report; Markets and Markets; 2021

\*Compound annual growth rate (CAGR)

# MANAGEMENT & DEVELOPMENT TEAM



**BILL FRAIN**  
CEO

Former SVP of L3  
(LHX-NYSE)



**JEFFREY GORDON**  
VP Engineering

Engineering leader with 35+  
years experience in product  
development



**OMAR GARCIA**  
CFO

Public Company  
Finance Executive with  
15+ years experience



**JAY ADELAAR**  
SVP Capital Markets

Marketing and Capital  
Markets Executive with 15  
years experience

## BOARD OF DIRECTORS



**DARYL REBECK**  
Executive Chairman

Capital Markets Executive  
with 20+ years experience



**BILL FRAIN**  
CEO/ Director

Former SVP of L3 (LHX-NYSE)



**LINDA JACKSTA**  
Independent Director

Customs & Border Protection Executive  
with 35 years experience



**ARJUN GREWAL**  
Independent Director

President One9 and 19-year Veteran  
of the Canadian Armed Forces.



# INCIDENTS AND NEW THREATS AT ALL TIME HIGH



**abc NEWS** There have been more mass shootings than days in 2023, database shows

**future tense**  
**3D-Printed Guns Are Getting More Capable and Accessible**

**The Guardian**

US on track to set record in 2023 for mass killings after series of shootings

**CBS NEWS** **TSA confiscated a record number of guns in 2022**



**FBI gun seizure orders from people who fail background checks hit historic rates**

# MARKET VALIDATION



## Attractive Opportunities in the North America Physical Security Market



**37.4 B** USD  
2021

**48.2 B** USD  
2026

**CAGR**  
**5.2%**

The North America Physical Security market is expected to be worth USD 48.2 billion by 2026, growing at a CAGR of 5.2% during the forecast period.

US is estimated to hold the highest market share in the North America physical security market in 2021 and Canada is projected to grow at the highest CAGR during the forecast period.



The market growth can be attributed to digital transformation enabled by video security systems, integration of technologies such as AI, ML, analytics in physical security, and Convergence of multiple Physical Security systems



Rising instances of terrorist activities and physical attacks, increasing use of IP-based cameras for video surveillance, and increasing adoption of cloud based physical security are driving the North America physical security market growth.



The post-COVID-19 North America physical safety market is estimated to grow from USD 37.4 billion in 2021 and reach US 48.2 billion by 2026.



Among verticals, the retail segment has great expected to grow at the highest CAGR during the forecast period.

Source: North America Physical Security Market Report; Markets and Markets; 2021

## Demand in market verticals driven by:

- Aviation – Employee screening with TSA mandate
- Correctional Facilities/Prisons – Screening for non-metallics including weapons, drugs, money, cigarettes, etc.
- Distribution Centers – Theft Prevention
- Critical Infrastructure, Government Facilities – Screening for all threats, phones, recording devices
- Hospitals – all threats
- Schools – guns/knives
- Sports and Entertainment Venues – all threats





# WHY LIBERTY DEFENSE



- ▶ Experience!
  - Millimeter Wave (MMW) and AI security detection experts (Proven technology)
  - Strong Industry relationships technically and commercially
  - MIT and Pacific Northwest National Labs chose Liberty to commercialize the technology
- ▶ Next generation technology
  - Our focus is on detection of threats for today and tomorrow... “Future Proof”
  - Differentiation over existing metal detection solutions
- ▶ TSA investing in Liberty for enhanced detection performance - **\$5M Awards to date**
- ▶ Partnering with security industry leaders Viken Detection, Rapiscan and K2 Solutions
- ▶ Technology Validation ➡ Customer Adoption ➡ Growing Demand and Sales Ramp
- ▶ Proven business model; Hardware sales leading to aftermarket service and software



Transportation  
Security  
Administration



MIT  
LINCOLN  
LABORATORY



Los Alamos  
NATIONAL LABORATORY

# HEXWAVE ADVANTAGE: ACTIVE 3D CONCEALED WEAPON DETECTION TECHNOLOGY



System features that will provide the most versatile detection solution

<u>Comparables</u>	Liberty HEXWAVE	Traditional Metal Detectors	Airport MMW Systems	Evolv	Xtract Smart Gateway
Metallic Threats	✓	✓	✓	✓	✓
Non-Metallic Threats	✓	✗	✓	✗	✗
Throughput (people/hr)	700/hr	300/hr	700/hr	Up to 4,000/hr	500- 2,400/hr
Cost	\$\$	\$	\$\$\$	\$\$\$\$	\$\$
Solid Explosives	✓	⊖	✓	⊖	✗
Outdoor Use	✓	⊖	✗	✓	✓
ATD Algorithms (AI)	✓	✗	✓	✓	✓
3D Imaging for ATD	✓	✗	✓	✗	✗

## Key Differentiators (HEXWAVE)

- Detect Broader Spectrum of Threats (Metallic and Nonmetallic)
- Indoor and Outdoor Application
- High Throughput (video-rate imaging and real-time Automatic Threat Detection)
- No divestment of keys, wallets, or cell phones is required
- No Privacy Concerns
- Mobile, scalable & smart IoT functionality to match security operations

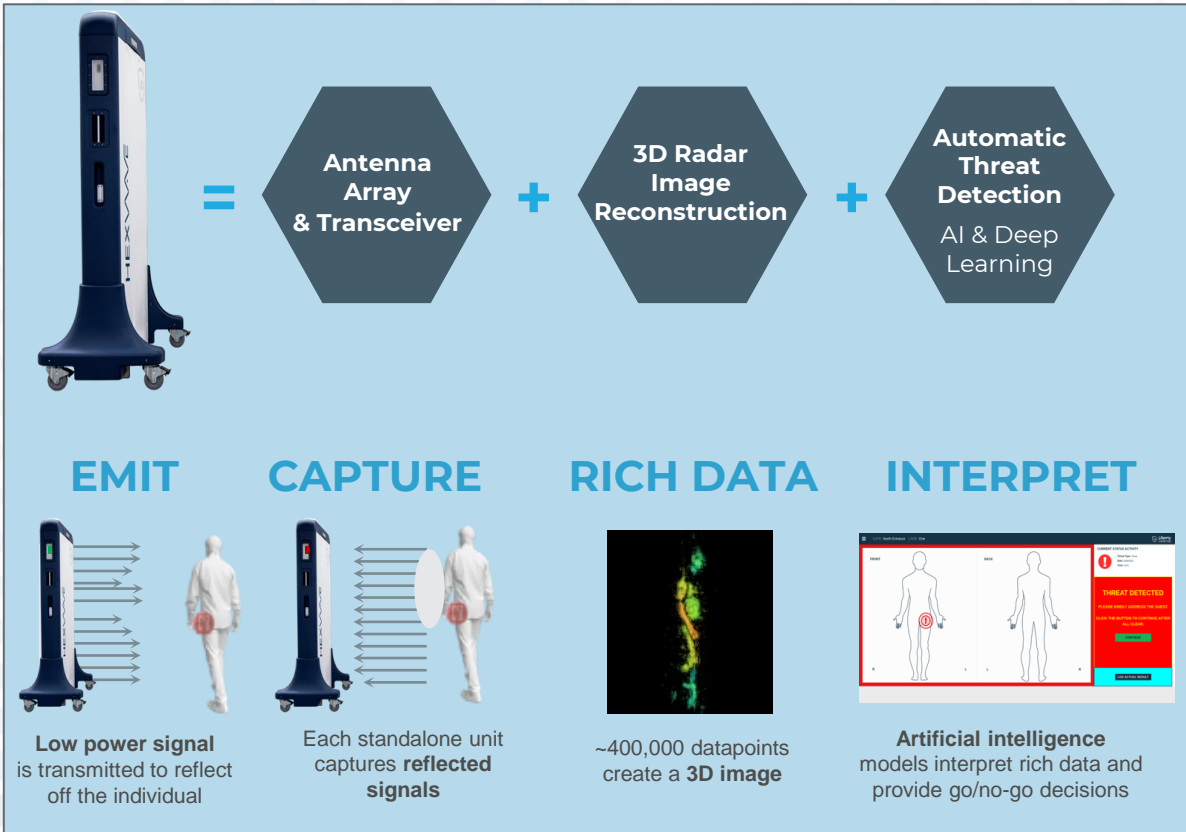
- ✓ Feature
- ⊖ Limited
- ✗ Non-Feature

MMW – Millimeter-Wave  
ATD -- Automatic Threat Detection

# HEXWAVE TECHNOLOGY



## Contactless screening for enhanced threats



### Healthcare Security Consultant:

*“If you’re looking at implementing weapons detection in your hospital, I would definitely check it out.”*

### Major University:

*“Based on the detection capability and throughput of the S-Configuration, you will put metal detectors out of business.”*

# AVIATION WORKER SCREENING

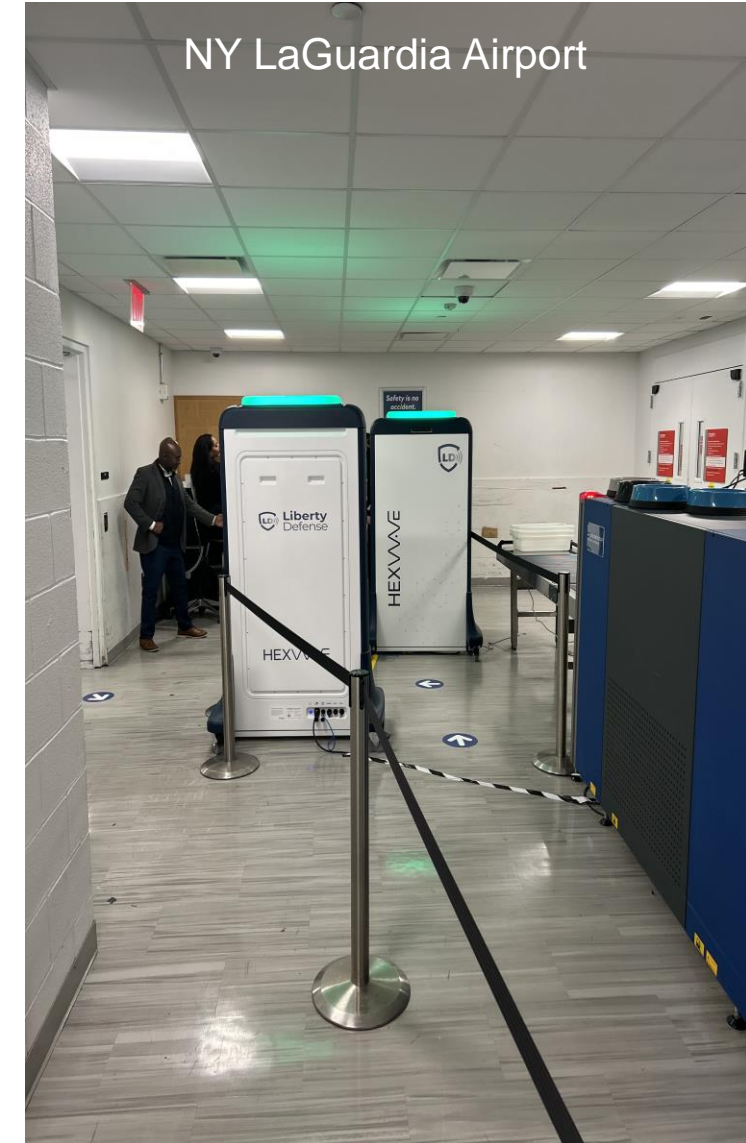


- Insider threat poses a real risk with the potential for employees to exploit secure access and insider knowledge to smuggle contraband and weapons.
- HEXWAVE's portability allows for different entrances and events to push the security perimeter out
- TSA mandates call for planning and rapid adoption of next generation, open architecture technology
- DEN, LGA, JFK, OAK, LAX

## MARKET OUTLOOK

Airport Category	# of Airports	Average Operating Time (Hours/Week)	Average # of Screening Systems/Airport	Total Minimum Number of Screening Systems
X	27	160	7.7	208
I	57	75-90	3.8	217
II	89	36-50	1	89

**514**



# RECENT TRIAL & EVALUATION – THIRD PARTY



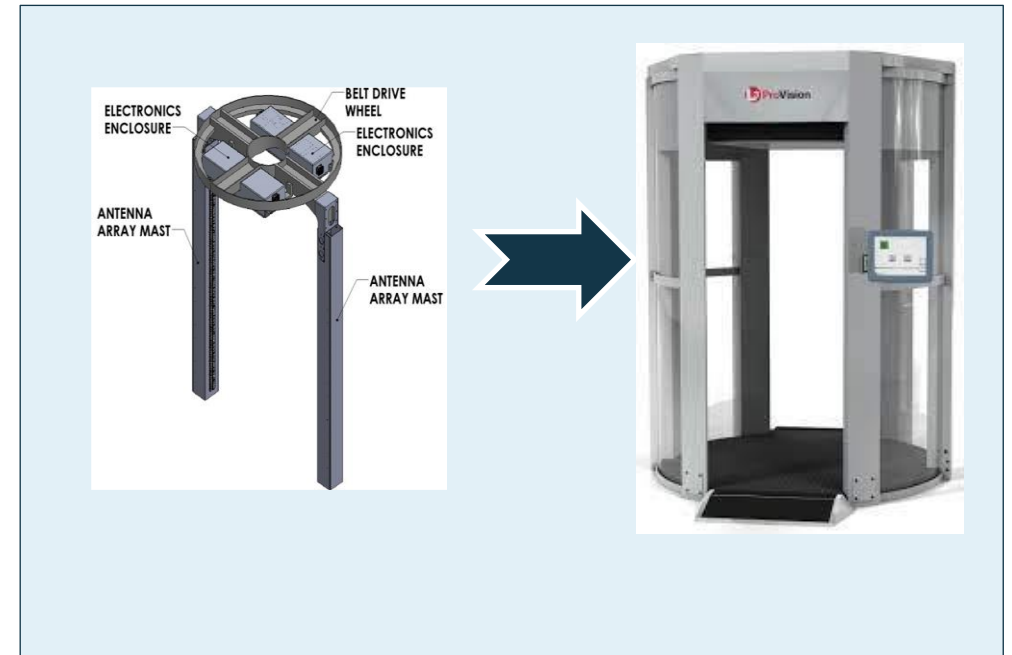
55 Objects – 100% Detection – 2 False Alarms

1. Caught IED belt
2. Had no threats, system stayed green
3. Caught IED in front
4. Alarm went off but nothing was found( bad conops)
5. Had no threats, system stayed green
6. IED caught
7. IED caught
8. IED on front caught
9. Plastic bombs on front caught
10. Had no threats, system stayed green
11. Hand grenades both pockets caught
12. Wallet, phone detected
13. Alarm went off but nothing was found (bad conops)
14. Marbles with metal plate behind them caught
15. Had no threats, system stayed green
16. Had no threats, system stayed green
17. Gun on left side caught
18. Had no threats, system stayed green
19. Had no threats, system stayed green
20. IED front caught
21. Had no threats, system stayed green
22. Backpack with metal thermos, did not catch threat(we don't let back packs through
23. Lighter/phone caught
24. Pocketbook with cans inside caught
25. Women with garments over body and face, had front vest with cans caught
26. Suitcase with pressure cooker, caught threat plus ankles where suitcase was next too caught threat
27. Big gun on back caught
28. Had no threats, system stayed green
29. Rolling bag with threats caught
30. Tile on front AB caught
31. Had no threats, system stayed green
32. Had no threats, system stayed green
33. M-4 rifle caught
34. IED on front caught
35. Beretta 9m taped on thigh caught
36. Had no threats, system stayed green
37. Explosives and glass caught
38. Had no threats, system stayed green
39. Had no threats, system stayed green
40. Glass but covered with tie around waist sweater caught
41. Bolts and sugar caught
42. Grenade in leather Jacket caught
43. IED with winter coat on caught
44. Had no threats, system stayed green
45. IED under dress caught
46. Different types of shattered glass under winter parker coat caught
47. Powder with metal plate behind it caught
48. Beretta on side caught
49. IED under leather jacket caught
50. Had no threats, system stayed green
51. Had no threats, system stayed green
52. Backpack with plastic weapons caught
53. Had no threats, system stayed green
54. Had no threats, system stayed green
55. Glass and powder caught



# TSA Upgrade Kit Development

- ✓ Three Contract awards for \$5.75M USD
  - Liberty Defense is the only company to receive an award
  - TSA committed to Liberty with follow-on awards
- ✓ LDT's winning strategy was to provide TSA with a hardware platform that supports a 7+ year roadmap
- ✓ Improved imaging capability to detect new and emerging threats
- ✓ DHS has vested interest in commercialization. Building a "system"
- ✓ **Open Architecture Platform**
  - TSA identified "best in class" partners for optimal performance
- ✓ Market Opportunity
  - TSA plans to upgrade 1,042 body scanners installed at US airports
  - Over \$100M over the life of the upgrades



# HEXWAVE SCREENING – “FUTURE PROOF”

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## Customer Adoption – Growing Interest – Societal Need

- ▶ **Los Alamos National Labs** units installed and operational.
- ▶ Unit installed at TSA
- ▶ **Greater Toronto Airport Authority (GTAA)** has issued an award for the purchase of multiple HEXWAVE systems.
- ▶ Award received (1) HEXWAVE from National Lab, shipped and installed - March
- ▶ Additional awards: Elkhart County Courthouse (3), Viken Detection (30), Linev US (1), Grasp Amsterdam (1), Rapiscan (20)

## Expanding Business Development

- ▶ **Viken Detection** (Americas) and **Rapiscan** (International) choose HEXWAVE for on person screening capability – Expanding Global Distribution and actively quoting.
- ▶ **K2 Solutions** and **Point Security** signed for US Aviation, **Linev** for Corrections, Two new sales agents for commercial market
- ▶ Upcoming Events:
  - Liberty meetings at TSA (Lab) for initiation of HEXWAVE testing – April 8th
  - Completed Safe Skies Evaluation @ Oakland Airport for Aviation Worker Screening Program
  - Denver Airport trial for Aviation Worker Screening – April 8-12
  - Hosting Biosecurity Group from various universities in Wilmington April 8<sup>th</sup>

# CUSTOMER INTERFACE VERTICALS



Transportation Security Administration



Point.FWD



CATSA ACSTA



Crate&Barrel

PORT OF OAKLAND



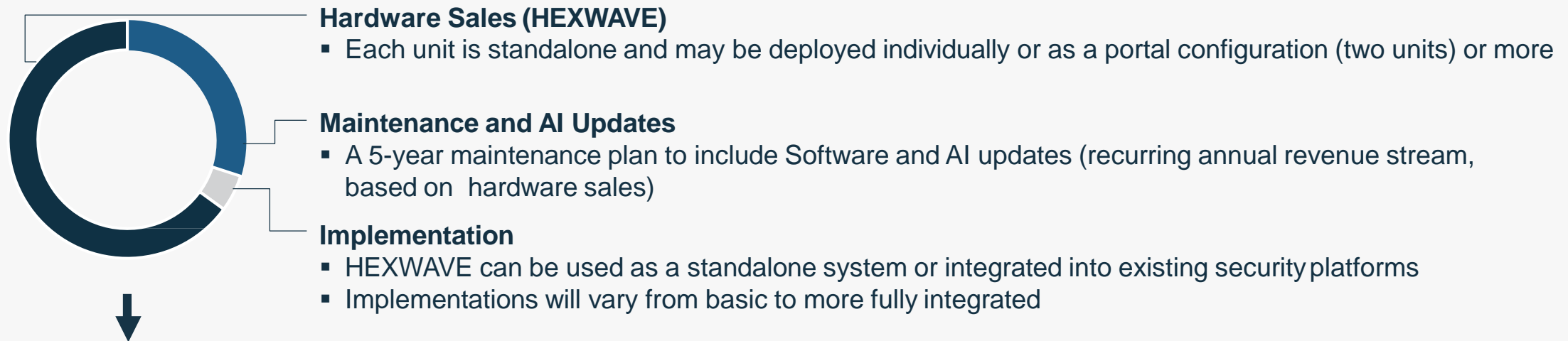


# LIBERTY DEFENSE BUSINESS MODEL



- Liberty aims to improve the customer experience and safeguard clients, customers, employees, students, and property
- Customers have the potential to capture additional revenues through either increased throughput or in-venue sales

## REVENUE STREAMS



### MARGINS

- High product gross margins after 2023
- Volume, technology curve, and value engineering will further enhance margins

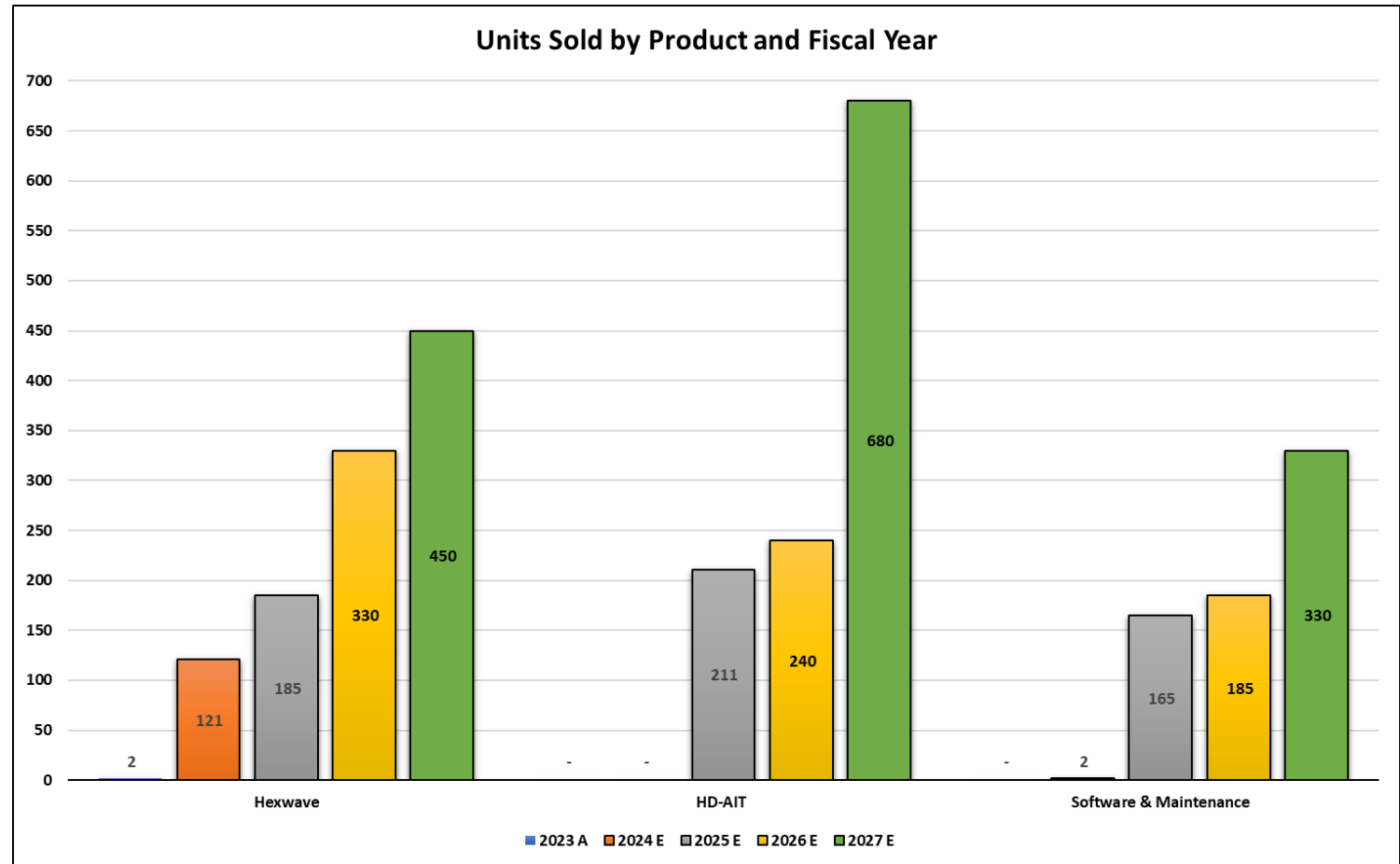
### MARKET

- Initial focus will be on US and Canada but there is an international need
- Will look to use channel partners where appropriate and direct sales
- Capital services engaged to facilitate large and small ticket leasing and financing of HEXWAVE

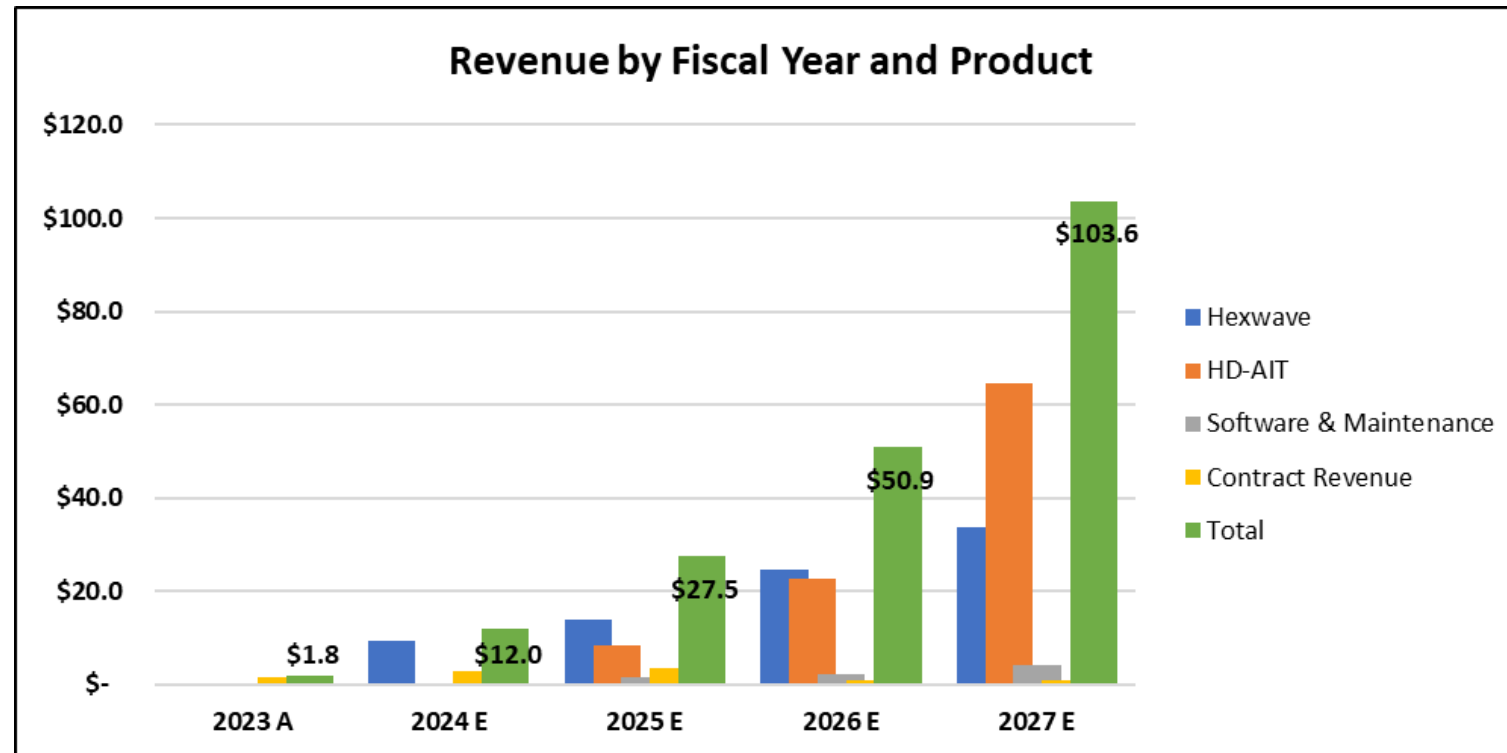
# Unit Sales



- In 2023 Liberty shipped two Hexwave units while increasing our backlog to over 50 units; all will ship in 2024. Numerous quotes are still in process to add to the 2024 backlog.
- HD-AIT units will start to ship in 2025 and will substantially grow from 2026 to 2027.
- Software and Maintenance will increase as Hexwave units increase year over year.



# Revenue by Fiscal Year and Product



- Revenue in 2023 was \$1.7M, with a small amount from Hexwave and the majority from Contract Revenue. As Liberty starts to ship more units and deploy HD-AIT, revenue will continue to grow with 2024 totaling \$12M, 2025 - \$27.5M, 2026 - \$50.9M, 2027 - \$103.6M. Year over year growth will be 129% in 2025, 85% in 2026 and 103% in 2027.
- Liberty expects to continue to receive contract revenue from the TSA year after year for various research and development initiatives.

# CAPITALIZATION STRUCTURE



OTCQB:LDDFF; TSXV: SCAN; FWB:LD2A	
Market Cap @ US\$0.10	US\$15.13 M
Shares Outstanding	161,419,674
Warrants Outstanding	51,163,214
Options	6,689,597
RSU's	7,404,130

**52-week Price Chart (LDDFF)**



Date Closed	Transaction Type	Gross Proceeds		Issuance Price	
		CAD\$M	US\$M	CAD\$M	US\$M
02/28/2024	Private Placement	\$1.3	\$1.0	\$0.15	\$0.11
10/05/2023	Private Placement	\$3.5	\$2.59	\$0.20	\$0.15
05/01/2023	Private Placement	\$2.1	\$1.55	\$0.20	\$0.15
10/27/2022	Private Placement	\$5.3	\$3.92	\$0.27	\$0.20
03/22/2022	Private Placement	\$8.6	\$6.36	\$0.33	\$0.24
06/17/2021	Private Placement	\$7.1	\$5.25	\$0.50	\$0.37
03/12/2021	RTO with DrawDown Detection	\$6.9	\$5.11	\$0.40	\$0.30

CAD:USD 0.75  
As of March 25, 2024

# LIBERTY DEFENSE – KEY TAKEAWAYS

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- Technology Validated
- Sales ramp and customer adoption
- Market primed and waiting for enhanced screening
- Growing pipeline and backlog
- Key partnerships in place for rapid growth
- Growing industry interest





# Liberty Defense

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