

14 January 2021

Ava Group Achieves Record Result for H1 FY2021 (unaudited)

Ava Risk Group Limited (ASX: AVA) ("Ava Group" or "Company") is pleased to announce revenue and profit growth in the first half of FY2021:

- Sales Revenues have increased by approximately 70% compared to the same period last year to be in excess of \$35.0 million for the half year.
- EBITDA has improved by circa 450% compared to the same period last year, to exceed \$12.0 million for the half year.
- All business units are profitable for the half-year.
- Cash at bank as at 31 December 2020 of \$13.4 million.

Services Division – H1 FY2021 Snapshot

- H1 FY2021 Revenue approximately \$18.4m (With Q2 FY2021 revenues more than \$2.2m+ above Q1 FY2021)
- Gross Margin to be maintained at around 34%, considerably above the 25% in FY2020
- H1 FY2021 EBITDA to exceed \$3.5m (versus \$2.4m for the whole of FY2020)
- New contract awarded in the wholesale banknote sector, with annual revenue in excess of \$1m, commencing Jan 2021
- New operational staff in Frankfurt and Miami, supporting recent and anticipated growth in the Americas and EMEA, in addition to the New General Manager Asia, based in Singapore, appointed in Q1 FY2021
- Whilst there has been some normalisation of pricing due to the lifting of certain COVID-19 air freight restrictions, the underlying revenue and gross margin trend remains strong
- Industry consolidation continues to provide additional revenue opportunities with current and prospective customers

Technology Division – H1 FY2021 Snapshot

- 1H FY2021 Revenue approximately \$16.6 million
- 1H FY2021 EBITDA in excess of \$8.5 million
- Q2 FY2021 EBITDA was adversely impacted compared to Q1 FY2021 EBITDA by FX losses on a strengthening Australian dollar, the completion of the BQT Australian DoD project early in Q2 FY2021, and the cessation of government incentives income (combined impact of circa \$3.2 million vs. Q1). We had previously estimated an FX benefit of circa \$0.4 million in Q1. Our latest review of the combined Q1 and Q2 FX impact has resulted in a revised estimate of circa \$0.9 million FX loss for 1H FY2021
- Indian Ministry of Defence revenue for the large-scale data network protection program (FFT's SecureLink product) is expected to be approximately \$7.7m for H1 FY2021
- Despite Covid-19 restrictions continuing to delay certain orders due to travel restrictions and office shutdowns, our Technology Division has continued to operate, and delivered systems to both current and new customers including deliveries for major defence programs
- Growing commercial interest in our new conveyor health monitoring solution (Aura IQ) with multiple Proof of Value trials completed and/or underway
- Increasing activity with our assurance sensing solutions for terrestrial and sub-sea power cables
- First shipments of the latest version of our FOSS platform delivered during the half year – with Machine Learning software which is the completion of the first step in our roadmap of innovative solutions that will be offered to our customers on a SaaS revenue model.

Ava Group CEO, Rob Broomfield said "Our record H1 FY2021 results have demonstrated that our streamlined and highly scalable cost structure, along with our diverse customer base and revenue streams, are able to show continued growth even in times as disruptive as the current global pandemic period".

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Please refer to Note 1 below.

Approved for release for and on behalf of the Board of Directors by:



Leigh Davis

Company Secretary

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About Ava Group

The Ava Group, comprising world leading technology divisions Future Fibre Technologies (FFT) and BQT Solutions (BQT), and international secure logistics services division Ava Global, is a market leader in the provision of risk management services and technologies, trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

The Group features a range of complementary solutions including intrusion detection for perimeters, pipelines and data networks, biometric and card access control as well as the secure international logistics and storage of high value assets. Through decades of innovation, the Ava Group continues to build upon a comprehensive portfolio of premium services and technologies for the most complex and demanding markets.

Our business truly serves a global market, with our knowledgeable team spread across six continents, providing market and industry expertise directly to customers. With thousands of sites protected, the Ava Group is proven to deliver first class services and technologies that surpass the expectations of our partners and end users.

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Note 1

Forward Looking Statements

The above preliminary results for 1H FY2021 are unaudited and are subject to adjustment.

Information in this release is for general information purposes only. Certain statements in this document regarding the Company's financial position, business strategy and objectives, contain forward-looking statements (rather than being based on historical or current facts) and as such, are not able to be verified.

All forward-looking statements are based on the current views of the Company's management as well as reasonable assumptions made by, and information currently available to the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that some or all of the underlying assumptions will prove to be valid. If assumptions are invalid this is likely to have an impact on the accuracy of the statement itself.

All data presented in this document reflects the current views of the Company with respect to future events. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. Forward looking statements are also subject to external matters outside the control of the Company.

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