



**Global leader in smart security and  
sensing technologies for the  
connected world**

# **FY2021 RESULTS**

**30 AUGUST 2021**



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# AGENDA

1

FY2021 Results Overview – Rob Broomfield, CEO

2

FY2021 Financials – Leigh Davis, CFO

3

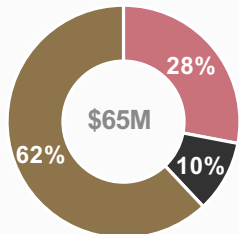
Strategy & Outlook – Rob Broomfield, CEO

# MARKET LEADER IN RISK MANAGEMENT SERVICES & TECHNOLOGY

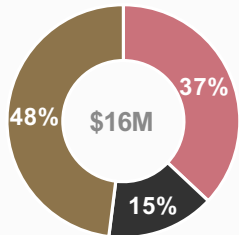


## PROTECTING HIGH VALUE ASSETS AND CRITICAL INFRASTRUCTURE AROUND THE WORLD

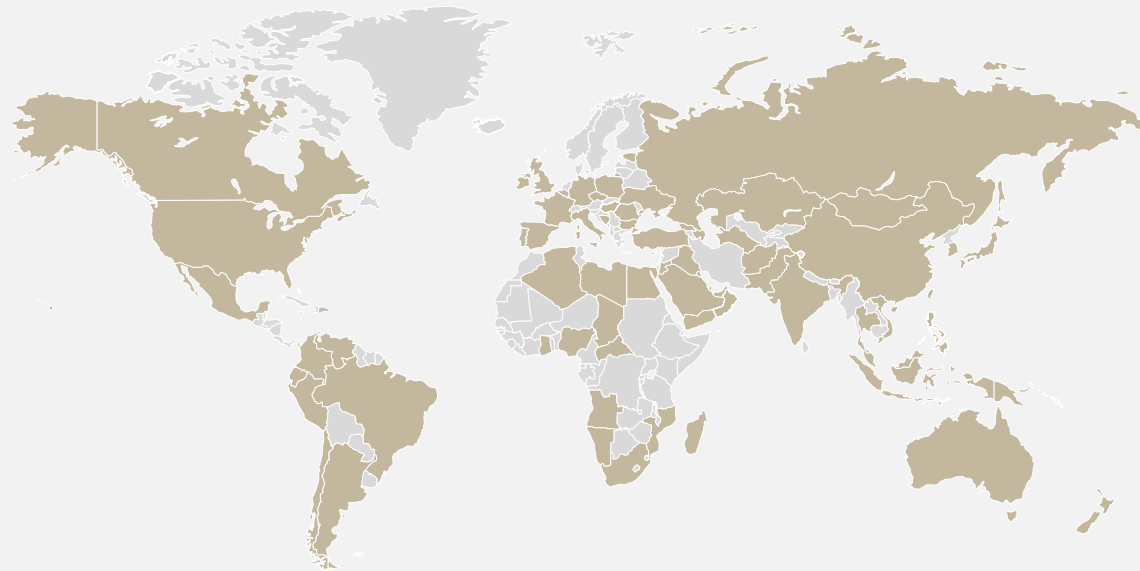
FY2021 REVENUE



FY2021 EBITDA



- AVA Global Logistics
- Future Fibre Technologies
- BQT Solutions



FINANCIAL INSTITUTIONS | MILITARY & GOVERNMENT | MINING |  
ENERGY | TRANSPORT | INDUSTRIAL & COMMERCIAL




**+100** countries

**+2,500**  
systems deployed

**+3,500**  
sites protected

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## TWO DIVISIONS, THREE MISSION-CRITICAL BUSINESSES

TECHNOLOGY DIVISION		SERVICES DIVISION
 <p><b>FUTURE FIBRE TECHNOLOGIES</b></p>		 <p><b>AVA</b> GLOBAL LOGISTICS</p>
<p><b>Global leader in fibre optic intrusion detection systems</b></p>		<p><b>Global provider of secure international logistics</b></p>
<ul style="list-style-type: none"> <li>• Perimeter Intrusions</li> <li>• Pipeline Intrusion</li> <li>• Condition Monitoring</li> <li>• Data Network Protection</li> </ul>		<ul style="list-style-type: none"> <li>• Risk Consulting</li> <li>• Precious Metals</li> <li>• High Risk Valuables</li> <li>• Banknotes</li> </ul>
<ul style="list-style-type: none"> <li>• 2,500+ Systems Deployed</li> </ul>		<ul style="list-style-type: none"> <li>• Partners in 100+ Countries</li> </ul>
<ul style="list-style-type: none"> <li>• Products &amp; Services Model</li> </ul>		<ul style="list-style-type: none"> <li>• Recurring Services Model</li> </ul>
 <p><b>bqt</b> SOLUTIONS</p>		
<p><b>Leader in high security access control technology</b></p>		
<ul style="list-style-type: none"> <li>• Access Control Readers</li> <li>• High Security Locking</li> <li>• Custom Encryption</li> <li>• Biometric Solutions</li> </ul>		
<ul style="list-style-type: none"> <li>• 3,500+ Sites</li> </ul>		
<ul style="list-style-type: none"> <li>• COTS<sup>1</sup> &amp; Custom Product</li> </ul>		

1. Commercial off-the-shelf

## DIVESTMENT OF SERVICES DIVISION

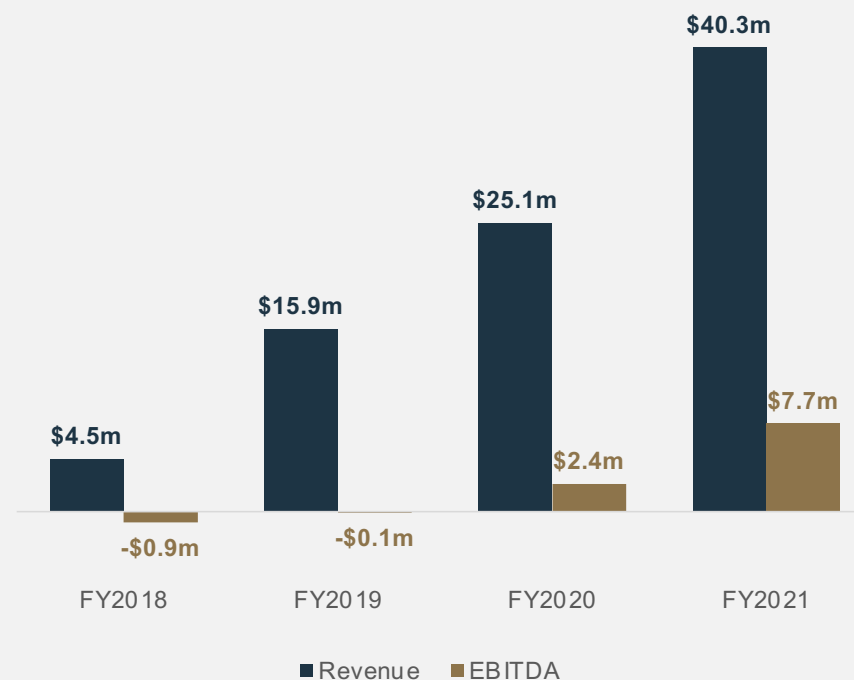
- Entered into Sale and Purchase Agreement on 16<sup>th</sup> August to divest Ava Global Logistics
- Sale price of US\$46.4m (~A\$63.1m) with anticipated net cash proceeds<sup>1</sup> of US\$31.1m (~A\$42.4m)
- Expected completion by the end of October 2021
- As at 30 June 2021, Ava Risk Group had circa \$21.6m carried forward tax losses. Whilst these losses and their application against profits are subject to relevant tax laws, management believes that the proceeds received on the sale will be not impacted by taxation

**587%**

Net cash investment  
return over ~5 years

**~A\$42.4m**

Net cash proceeds<sup>1</sup>



Services Division Revenue and EBITDA

1. Anticipated net cash proceeds after closing adjustments, payment of management incentives and FY2021 accrued bonuses

## FY2021 FINANCIAL HIGHLIGHTS

Group Revenue

**\$65.0m**

Up 41% on pcp<sup>1</sup>

Technology Revenue

**\$24.7m**

Up 17% on pcp

Services Revenue

**\$40.3m**

Up 61% on pcp

Group EBITDA

**\$16.0m**

Up 116% on pcp

Technology EBITDA

**\$8.3m**

Up 64% on pcp

Services EBITDA

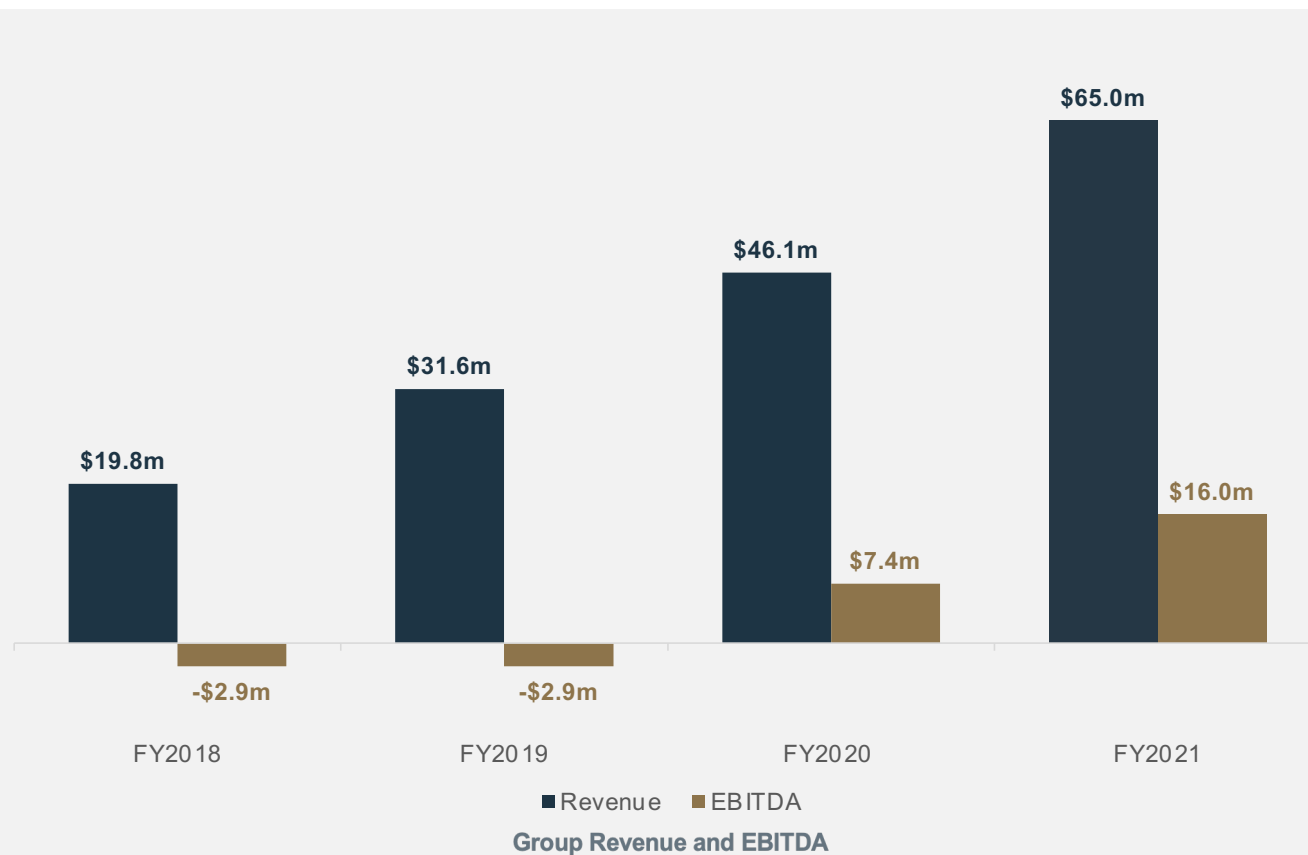
**\$7.7m**

Up 225% in pcp

**Strong financial position with cash of \$17.3m and no debt**

1. All figures compare 12 months to 30 June 2021 unless otherwise indicated.

## DELIVERING SUSTAINABLE PROFIT GROWTH



- FFT merger with MaxSec (BQT & Ava Global) in December 2017
- Since then, achieved strong revenue growth and positive EBITDA
- Delivered FY2021 results above original guidance (revenue of \$60-64m and EBITDA of \$13-15m)

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# FY2021 FINANCIALS



## GROUP FINANCIAL SUMMARY

\$Am	FY2021	FY2020	Var %
<b>Group Revenue<sup>2</sup></b>	65.0	46.1	41%
<b>COGS</b>	33.4	24.1	39%
<b>Gross Profit</b>	31.6	22.0	44%
<b>Operating Expenses</b>	16.3	15.1	8%
<b>Group EBITDA</b>	16.0	7.4	116%
<b>Gross Margin</b>	49%	48%	1%
<b>EBITDA Margin</b>	25%	16%	9%

- Group Revenue of \$65.0m in FY2021, up 41% higher on pcp<sup>1</sup>
- Gross margin of 49% for FY2021
- Group EBITDA of \$16.0m, up 116% on pcp
- EBITDA margin of 25% for FY2021 vs 16% in pcp

1. Previous corresponding period, FY2020

2. Sales Revenue only, excludes other income (Other income in FY2021 \$0.7m FY2020: \$0.5m).

## TECHNOLOGY DIVISION FINANCIAL SUMMARY

\$Am	FY2021	FY2020	Var %
<b>Sales Revenue<sup>1</sup></b>	24.7	21.1	17%
<b>COGS</b>	6.2	5.4	15%
<b>Gross Profit</b>	18.5	15.7	17%
<b>Operating Expenses</b>	10.8	11.2	-3%
<b>EBITDA</b>	8.3	5.0	64%
<b>Gross Margin</b>	75%	75%	0%
<b>EBITDA Margin</b>	34%	24%	10%
<b>Backlog</b>	4.6	14.6	

- FY2021 sales revenue of \$24.7m up 17% on pcp
- FY2021 EBITDA of \$8.3m up 64% on pcp
- Ongoing cost discipline and high margin IMoD contract revenue received in FY2021
- Short-term impact on orders and fulfilment from COVID-19 in India and South America
- Backlog at 30 June 2021 includes \$2.6m for Indian MoD project (\$10.6m at 30 June 2020)

1. Sales Revenue only, excludes other income (Other income in FY2021 \$0.6m FY2020: \$0.5m).

## SERVICES DIVISION FINANCIAL SUMMARY

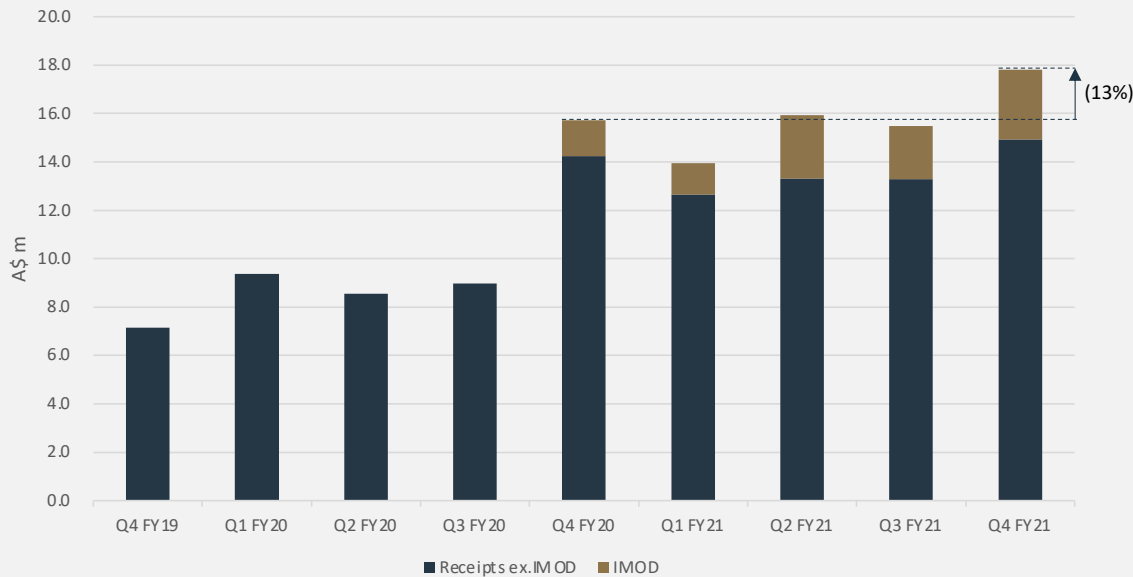
\$Am	FY2021	FY2020	Var %
<b>Sales Revenue<sup>2</sup></b>	40.3	25.1	61%
<b>COGS</b>	27.2	18.7	45%
<b>Gross Profit</b>	13.1	6.4	106%
<b>Operating Expenses</b>	5.5	4.0	38%
<b>EBITDA</b>	7.7	2.4	225%
<b>Gross Margin</b>	33%	25%	8%
<b>EBITDA Margin</b>	19%	9%	10%

- FY2021 Revenue of \$40.3m, up 61% on pcp<sup>1</sup>
- EBITDA up 225% to \$7.7m
- Expanded customer base and greater share of existing client spend
- Margin expansion reflects market consolidation and growing market presence

1. Previous corresponding period  
 2. Sales revenue only, excludes other income (Other income in FY2021 \$0.1m FY2020: \$Nil).

# STRONG GROWTH IN CUSTOMER RECEIPTS ACROSS DIVISIONS

(Unaudited financial information)



- Receipts growth from different products and services across the three businesses
- In Q4 FY2021, Group receipts increased by 13% on pcp and by 5% if the IMoD contract is excluded
- Continued implementation of processes and systems to improve customer collections

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## GROUP BALANCE SHEET

\$A'000	30 June 2021	30 Jun 2020	Var %
Cash and cash equivalents	17.3	7.7	124%
Receivables	9.3	6.0	55%
Inventories	3.1	3.9	-20%
Intangibles	11.2	12.7	-12%
Other assets	2.4	3.4	-31%
<b>TOTAL ASSETS</b>	<b>43.3</b>	<b>33.7</b>	<b>28%</b>
Payables	8.7	5.4	61%
Provisions	1.6	1.4	11%
Borrowings	-	-	-
Other liabilities	0.9	1.5	-34%
<b>TOTAL LIABILITIES</b>	<b>11.2</b>	<b>8.3</b>	<b>36%</b>
<b>TOTAL EQUITY</b>	<b>32.0</b>	<b>25.4</b>	<b>26%</b>

- Strong cash generation from improved YoY trading performance with cash up 124% YoY to \$17.3m
- Working capital needs for growth well managed with equal growth in receivables and payables and a \$0.8m reduction in inventories
- Intangibles comprise mostly goodwill \$5.0m, and capitalised product development \$4.4m
- Other assets mostly comprise 'contract assets' – customer works completed but yet to be billed (\$1.6m at 30 June 2021)

## GROUP CASH FLOW STATEMENT

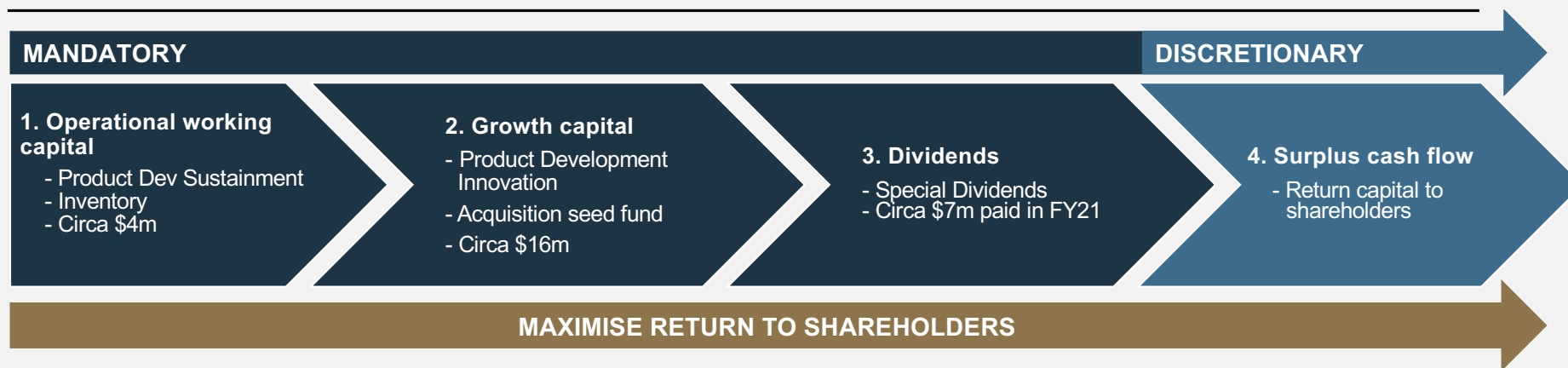
\$A'000	30 Jun 2021	30 June 2020	Variance
Receipts from customers	62.7	42.3	20.4
Payments to suppliers and employees	(45.7)	(36.8)	(8.9)
Other operating receipts and payments	0.6	0.5	0.1
<b>NET OPERATING CASH FLOWS</b>	<b>17.6</b>	<b>6.0</b>	<b>11.6</b>
Payment for intangibles	(0.9)	(0.9)	-
Payments for PPE	(0.2)	(0.2)	-
<b>NET INVESTING CASH FLOWS</b>	<b>(1.1)</b>	<b>(1.1)</b>	<b>-</b>
Net Proceeds of share issues	0.7	0.1	0.6
Dividends paid	(7.1)	-	(7.1)
Lease payments	(0.3)	(0.3)	-
<b>NET FINANCING CASH FLOWS</b>	<b>(6.7)</b>	<b>(0.2)</b>	<b>(6.5)</b>
<b>NET INCREASE IN CASH</b>	<b>9.8</b>	<b>4.7</b>	<b>5.1</b>

- 195% improvement in YoY operating cash flows as a result of substantial trading improvements
- Continued key spending on product R&D, consistent with prior year
- \$9.8m net increase in cash after payment of \$7.1m in dividends to shareholders

## CAPITAL MANAGEMENT UPDATE

Capital Return to Shareholders of \$39.2m (circa 16 cents per share); On-Market Buy Back of \$1.0m

### CAPITAL MANAGEMENT FRAMEWORK



- Post divestment of Services Division, \$57.9m of cash available
- Following the completion of the divestment, Ava Risk Group is expected to hold \$40.2m in excess capital
- The Board's intention is to use the excess capital for a capital return to shareholders of \$39.2m (circa 16 cents per share) and an on-market buy back of \$1.0m
- *Subject to the Company obtaining a favorable Class Ruling from the Australian Taxation Office, a formal proposal could be put before shareholders for approval at the AGM scheduled to be held on 28 October 2021. Depending on the results of the on-market buy back, and the surplus cash available to the Company, the amount allocated to the buy back may increase over time.*

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# STRATEGY & OUTLOOK



# AVA RISK GROUP POST DIVESTMENT

- 'Pure play' technology company
- Global Sales and Support Operations
- Growth driven by increasing global security concerns and rise in connectivity
- Expanding solutions and new applications



**Leader in fibre optics  
for intrusion  
detection**



**Leader in high  
security access  
technology**

Proforma numbers based on FY2021 results	Ava prior to Transaction \$(000)	Ava after Transaction \$(000)
<b>Consolidated total assets</b>	\$43,253	\$72,667
<b>Consolidated total equity interests</b>	\$32,040	\$70,815
<b>Consolidated revenue</b>	\$65,040	\$24,700
<b>Consolidated EBITDA</b>	\$16,037	\$8,284
<b>Consolidated profit before tax</b>	\$13,770	\$6,695

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## STRONG TRACK RECORD AND GLOBAL OPPORTUNITY



### TRACK RECORD OF GROWTH AND RESULTS

- Technology division FY21 revenue of \$24.7m, up 17% vs pcp despite COVID-19 challenges
- High margins and ongoing cost discipline, strong cash generation, and surplus cash for investment and return to investors
- Global footprint with thousands of products installed in more than 70 countries



### HIGHLY SCALABLE MODEL

- Blue chip customer base, with significant long term recurring revenue potential
- Expanding application markets beyond security into condition monitoring through low CAPEX partner programs, OEM<sup>1</sup>, and technology licencing and extended support services
- Efficient, scalable go-to-market strategies which include key distributor partners in Europe and the US (dormakaba and Assa Abloy)



### STRONG COMPETITIVE ADVANTAGES

- Highly defensible competitive position, breadth of product range, TCO and performance advantages, investments in innovation including AI and Machine Learning, Australian made
- Experienced leadership team with broad global industry knowledge and deep market domain expertise
- Customer-centric focus on product and services development provides high performance, customised, flexible, and scalable solutions



### GLOBAL OPPORTUNITY

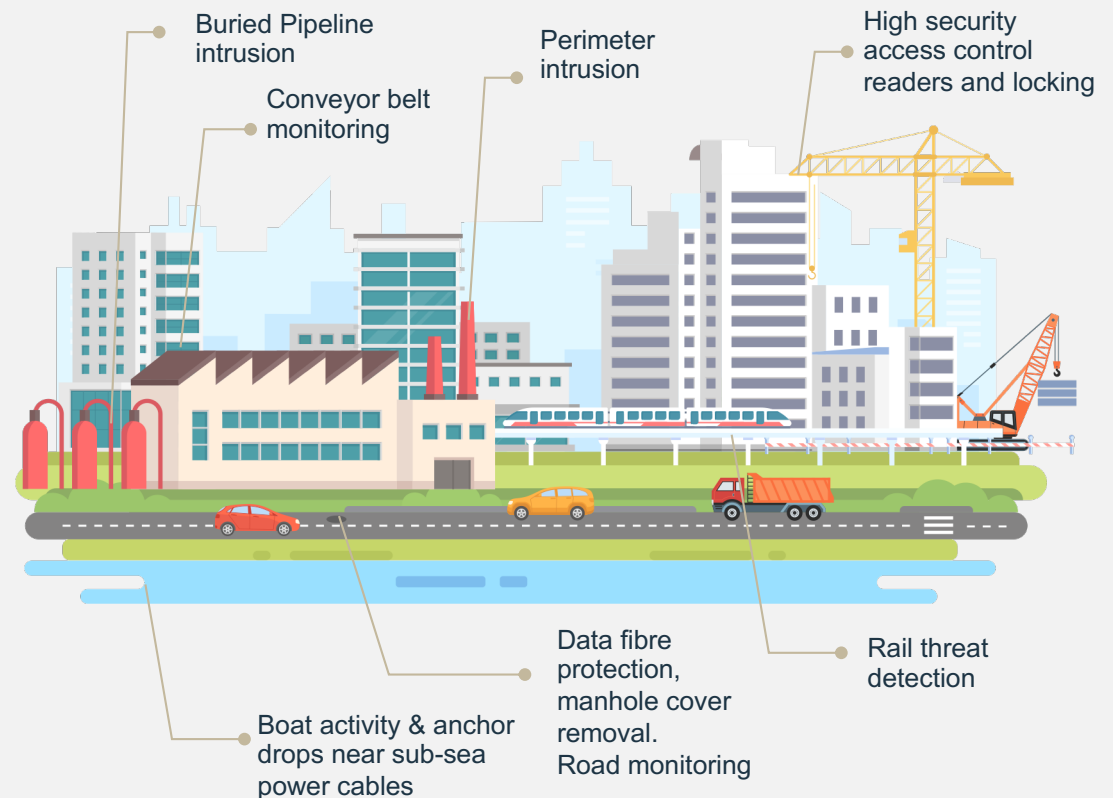
- Well-placed to become a global leader in smart digitisation for security and asset protection
- Global smart cities market spend on technology expected to reach US\$327bn by 2025, growing at a CAGR of 22.7% from \$96bn in 2019<sup>2</sup>.

1. Original Equipment manufacturer  
2. Source: Frost & Sullivan

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## AURA AI: NEW APPLICATION FOR TECHNOLOGY

- Using real-time data to enhance asset management, improve reliability and introduce new predictive capabilities to an expanding set of large market opportunities, including **Smart Cities of the future**
- Built on FFT's latest advanced optical designs and signal processing algorithms to detect, classify and report 'real' threats
- Extending into adjacent markets including monitoring of conveyor belt, roads, rail lines and sub-sea power cables



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## GROWTH INITIATIVES

To be a global leader in actionable, intelligent data streams that protect and optimise critical assets

### LEVERAGE PARTNERSHIPS

- Leverage **BQT distribution partnerships** with dormakaba and Assa Abloy
- Extend **FFT partnerships** into the global power cable sensing market
- Leverage **Aura AI technology** and **partnerships** into new applications and verticals

### GROW RECURRING REVENUE

- Convert **Aura IQ** conveyor health monitoring POVs into sales (\$50M+ opportunity)
- Leverage **existing install base** of 2,500 customers for **support contracts**.
- Expand comprehensive **maintenance products** with remote monitoring, and AI upgrade solutions

### LEVERAGE SCALABLE MODEL

- **Licence technology** for low cost and high margin access into new markets (similar to IMoD)
- Leverage existing install base of 2,500 customers for **upgrades and extensions**
- **Extend solutions capability** and fit to address adjacent market segments
- **Operating leverage** from both cost discipline and economy of scale

## OUTLOOK

- ▶ Strong uplift in Q1 FY2022 orders, **continuing the momentum** of Q4 FY2021 and building on the \$4.3m FY2021 backlog
- ▶ **Leverage strong base** to grow and close the existing projects sales opportunity pipeline
- ▶ Drive **BQT sales** through key distributor partners in the US and Europe
- ▶ Convert Aura-IQ POV trials to **generate SaaS revenue**, and expand the solution with additional sensing capabilities

- ▶ **Expansion of sales capacity** and revenues in the US
- ▶ Grow **FFT long term contracts** and **recurring revenue** from technology licencing agreements and multi-year support contracts
- ▶ Expand **solution fit and partner programs** to enter and expand in new and growing markets: power cable, transport & Smart Cities

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# QUESTIONS

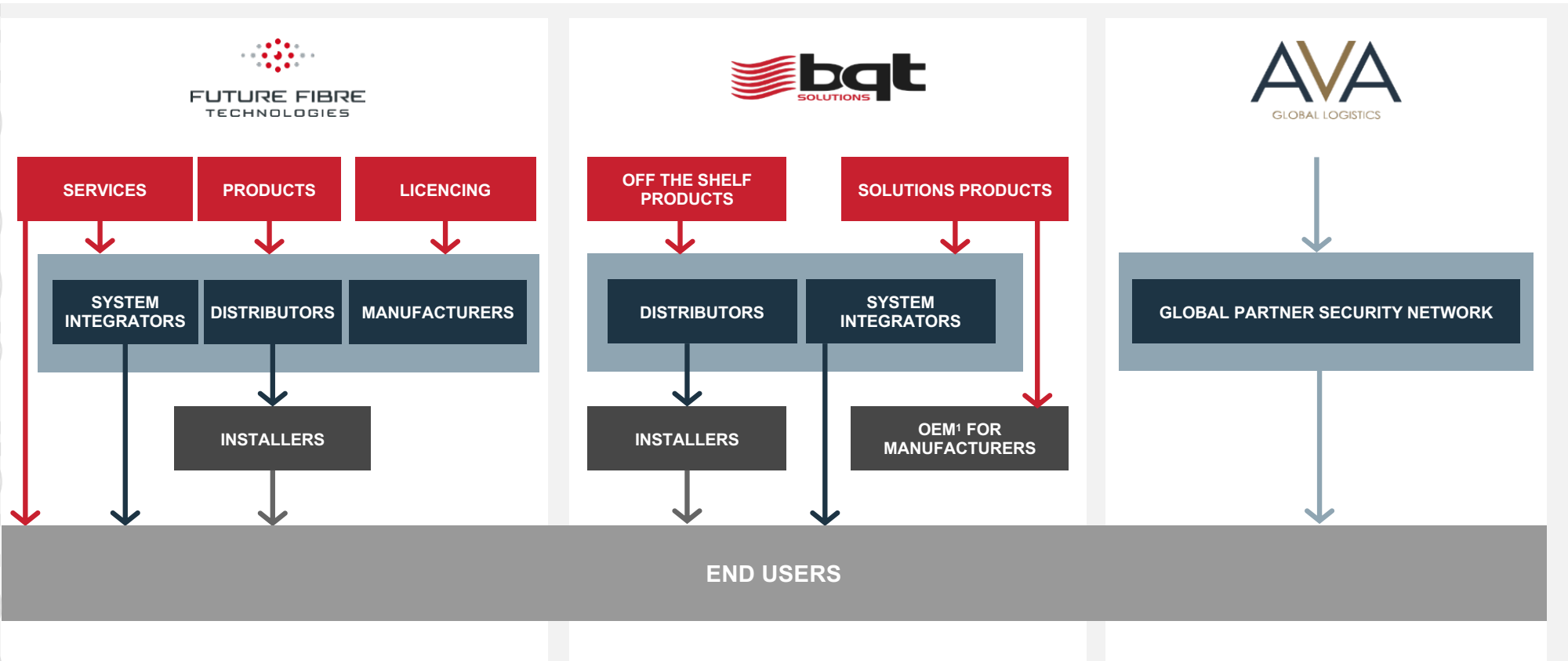


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# APPENDIX



# PROVEN GO-TO-MARKET STRATEGIES



1. Original Equipment Manufacturer

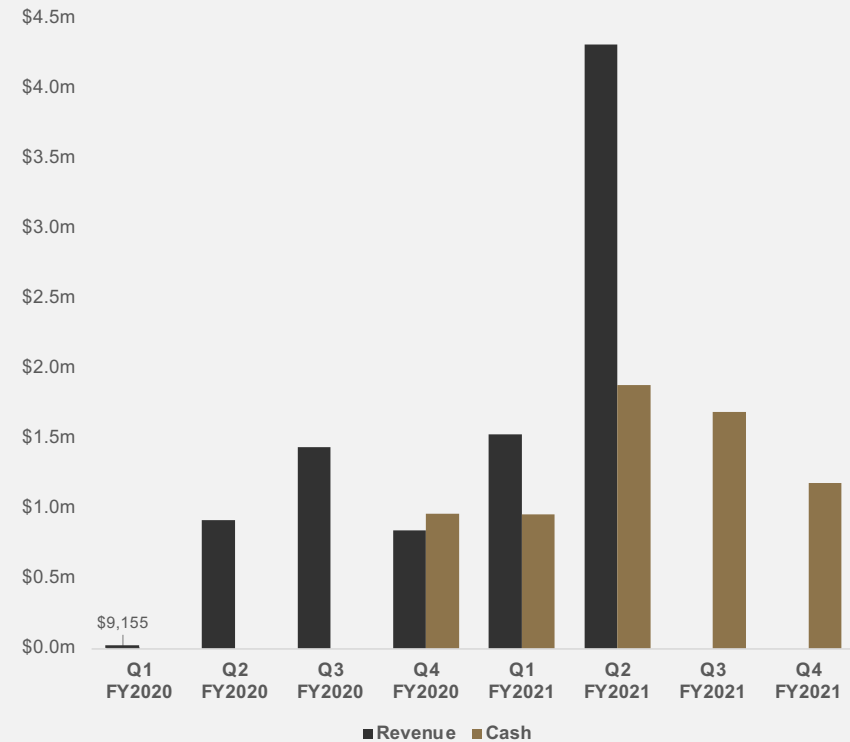
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## IMoD CONTRACT FOR LICENCING TECHNOLOGY

- Licencing FFT's SecureLink technology to Indian Ministry of Defence (IMoD) via local manufacturing partner
- Licencing model provides low working capital, low risk and high margin go-to-market approach
- **US\$11.9m including tax credits over 3 years**
- Final delivery expected in FY22 following COVID-19 delay
- ~US\$3.4m in additional revenue from 7-year spares and maintenance contract<sup>1</sup>
- +40,000km of data communications cables protected (equal to >10x the distance from Perth to Sydney)

**Blueprint to win more licencing deals**



1. After the initial 3-year warranty period

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## CONVEYOR HEALTH MONITORING SOLUTION



- World-leading fibre optic technology with advanced signal processing algorithms, reporting and alerts
- Developed in partnership with leading industry research organisation Mining3
- Access to sites for Proof of Value (POV) trials has been volatile as a result of ongoing COVID-19 conditions
- On-boarding customers and sales expected in 1H FY2022
- Cloud platform allows for future enhancements and SaaS opportunities for **recurring revenue stream**
- Partnership agreements with specialist mining technology service providers after POV trials to support sales expansion
- First premium partnership agreement with US Company Strata Worldwide to distribute to mining and tunneling operations

**Aura IQ  
Opportunity  
Pipeline  
\$50m  
for 3 year  
contracts**

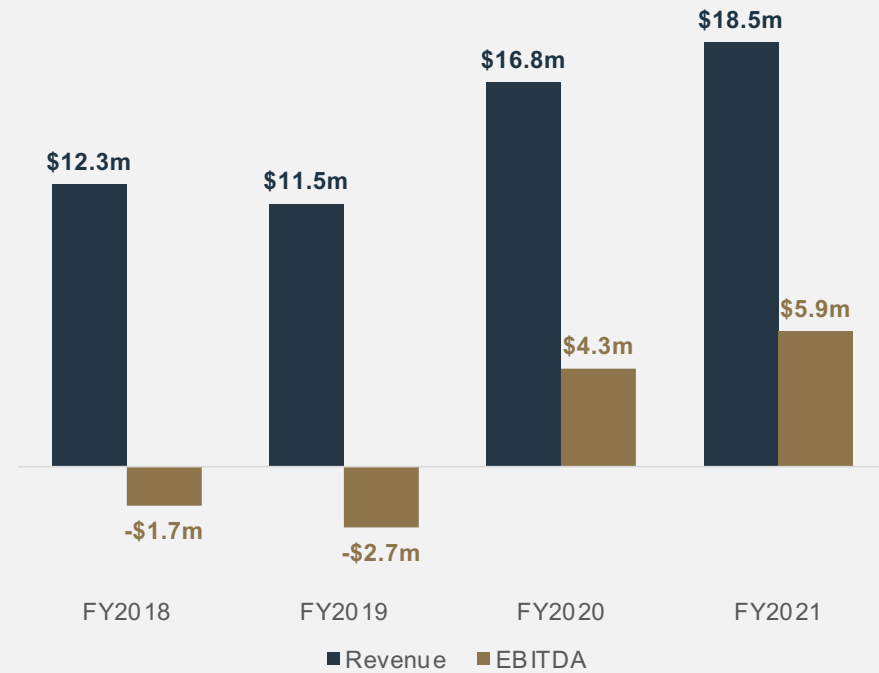


# FIBRE OPTIC PRODUCTS FOR INTRUSION DETECTION

- Global leader in advanced fibre optic intrusion detection systems
- Protect critical sites and infrastructure across transport, government, military and utility sectors
- COVID-19 restrictions led to delays in number of major security-related contracts in FY2021
- Backlog and delayed orders of \$5.8m deferred to FY2022
- Strong pipeline of growth opportunities and well positioned to meet pent-up demand

**US\$1-2bn**  
est. addressable market<sup>1</sup>

**>2,500**  
systems installed  
in 70+ countries



1. Ava Risk Group estimate

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# HIGH-QUALITY CUSTOMER BASE

## SYSTEM INTEGRATORS / DISTRIBUTORS



## END USERS



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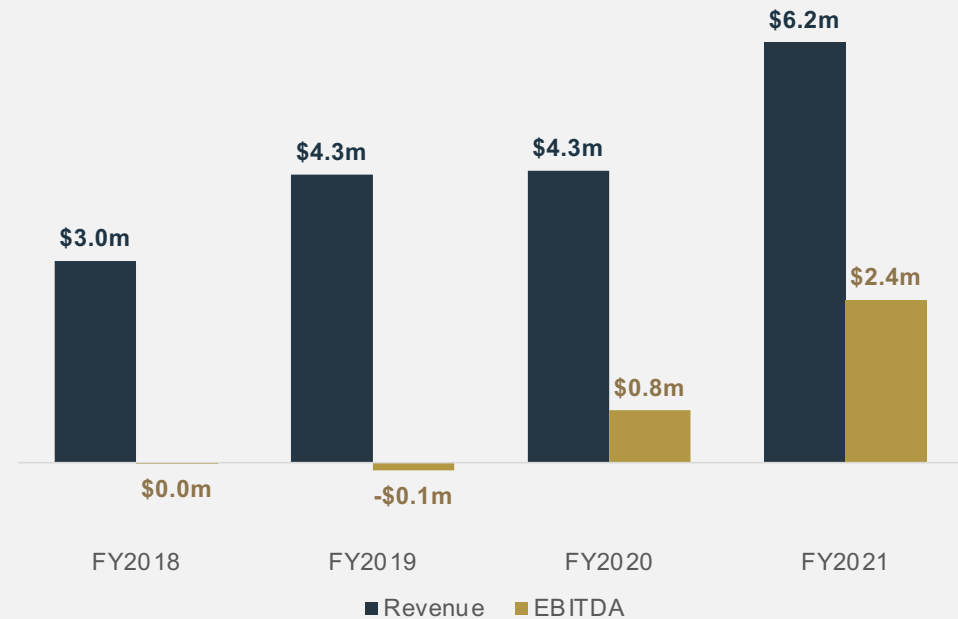
# LEADER IN HIGH SECURITY ACCESS TECHNOLOGY



- Provider of high security card and biometric readers, electromechanical locks and related electronic security products
- Military, critical infrastructure, commercial, industrial and residential applications
- Expanded distribution agreements with locking industry leaders ASSA ABLOY and dormakaba
- Consolidation of Auckland production activities drives operational efficiency and better supports customer demand

**US\$0.6-1.5bn** est.  
addressable market<sup>1</sup>

**+3,500 sites**  
in >50 countries



1. Ava Risk Group estimate

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## FORWARD LOOKING STATEMENTS

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