

20 January 2022

## Q2 FY2022 Trading Update

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) is pleased to provide the following update on its 1H and Q2 FY2022 Trading performance:

- **Reaffirming 1H FY2022 Guidance:** Group Revenue of \$20.2 million to \$21.2 million and Group EBITDA of \$2.2m to \$2.5m<sup>1</sup>
- Strong financial position with consolidated net cash of \$55.4 million and no debt at 31 December 2021
- COVID-19: Varied operational impact with delays in delivery and decision-making partly offset by the ability to provide innovative customer solutions, highlighting diverse global footprint and product portfolio
- Sustained momentum in sales order activity in the Technology Division through Q2 resulting in total sales orders of \$4.9 million (year to date = \$10.2 million)
- Completion of a Global Framework Agreement for the supply of BQT products and services with dormakaba International Holding GmbH
- Successful divestment of the Services division in October 2021, delivering cash proceeds of \$41.9 million.

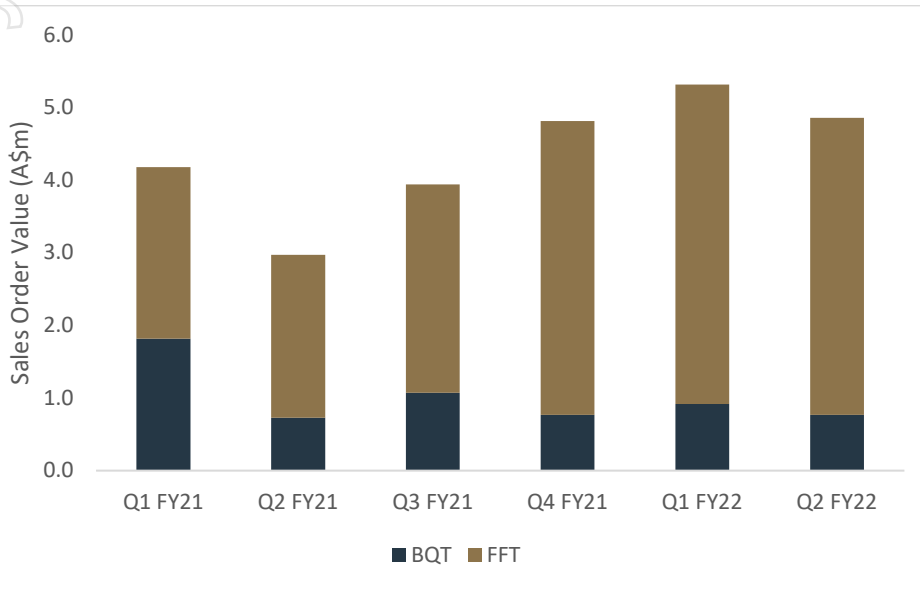
### Q2 FY2022 confirmed Technology Division sales orders

During Q2 FY2022 the Technology Division received confirmed sales orders of \$4.9 million, resulting in YTD sales orders of \$10.2 million. Order intake for Q2 continued Ava Risk Group’s recent market momentum and represents growth of 63% on the comparable period in FY2021 (42% growth on the prior YTD), driven by increased orders in FFT.

Pleasingly there has been significant growth in FFT sales order intake in the United States. Total sales orders received in the U.S. during the first half of the year grew by more than 150% compared to the prior year, reflecting the additional investment that the Company has made in sales capability in North America. Growth in order intake is also well balanced across key industry segments, with particular growth in military installations and solar farm applications.

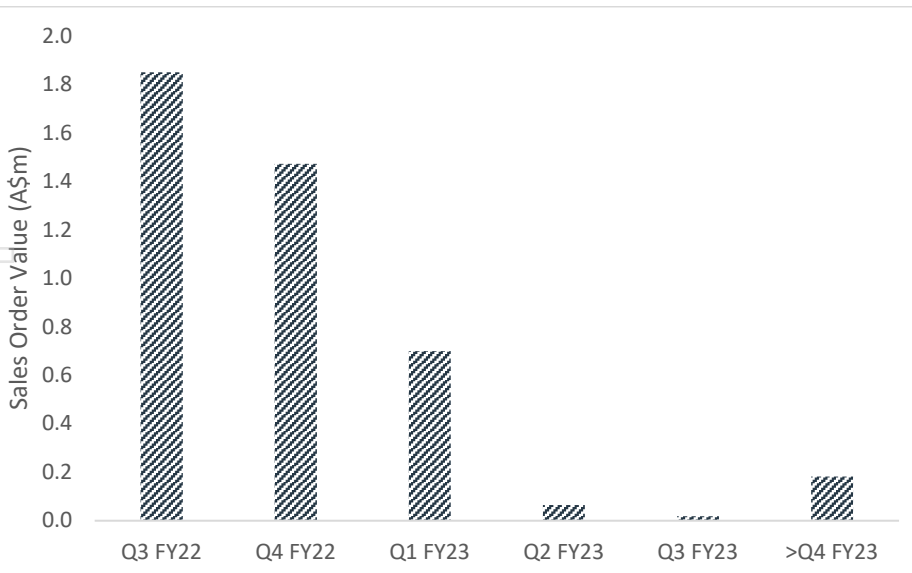
<sup>1</sup> 1H FY2022 guidance assumes no change to the exchange rate at 30 September 2021 with A\$1 equal to US\$0.74. 1H FY2022 guidance only includes an estimated contribution from the Services Division until 18 October 2021, reflecting the divestment date.

**Chart 1 – Technology Division Sales Orders**



At the completion of Q2, the Company carried a confirmed sales order backlog of \$4.2 million (excluding the Indian Ministry of Defence (“IMOD”) contract). The backlog reflects confirmed sales orders that are pending fulfillment. The anticipated fulfillment of the sales orders is set out below:

**Chart 2 – Sales Order backlog fulfillment (excluding IMOD)**



The Company also maintains an order backlog under the IMOD contract for the licencing of further systems and fulfillment of a seven year maintenance program. As advised via the ASX on 22 December 2021, due to COVID-19

related impacts, affecting the timing of certain government programs as well as extending global procurement times, the Company is not forecasting any material contribution to revenues in FY2022 from IMOD at this stage.

### **Global Agreement for the supply of BQT products and services to dormakaba International**

At the end of December 2021 Ava Risk Group signed a Global Framework Agreement for the supply of products and services with dormakaba International Holding GmbH. Dormakaba is a global leader in the supply of security access control systems, locks and digital locking systems with sales representatives in 130 countries.

The agreement is effective from 1 January 2022 and enables BQT to sell its products in all jurisdictions in which dormakaba operates, including new markets in the United States and Europe. An initial order for the provision of stock is expected by the end of January 2022.

### **Successful divestment of the Services division**

As confirmed via the ASX on 19 October 2021, Ava Group completed the sale on its non-core Services division, Ava Global, to TTG Bidco Limited, an entity backed by funds advised by Phoenix Equity Partners (United Kingdom).

The Company received net cash proceeds of US\$31.1 million (A\$41.9 million) after closing adjustments and settlement of management incentives. Financial results for the Services division prior to the divestment will be consolidated and reported in the Ava Group financial statements for the six months ending 31 December 2021.

### **Update on Return of Capital**

The Company is still awaiting receipt of a draft Class Ruling from the Australian Taxation Office (“ATO”) prior to progressing the Return of Capital announced on 30 August 2021 and pursuant to Resolution 5 approved by the Shareholders at the Annual General Meeting on 28 October 2021. The Company will provide a further update in respect of the Return of Capital and associated timetable upon receipt of the formal response from the ATO. The Company re-affirms its intention to distribute \$39.2 million (circa 16 cents per share) to its shareholders.

Ava Group CEO Rob Broomfield commented: “During Q2, sales order intake remained strong underpinned by demand for FFT products and services. COVID-19 continues to have some impact on both FFT and BQT, particularly on supply chains and access to international freight. Nonetheless, the easing of travel restrictions in New South Wales resulted in an uplift in orders for BQT in November and we expect that momentum to continue into the second half of the financial year.

“Following the successful divestment of the Services Division in October 2021, the Group is focused on delivering its growth strategy in the Technology Division. The sales opportunity pipeline is strong with a focus on recurring revenue, product licencing and Aura-IQ opportunities. We continue to invest in our sales capability and the Global Framework Agreement with dormakaba opens access to new markets for BQT products. Coupled with the existing sales order backlog, the Company is well placed to pursue growth in 2H FY2022.”

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Ava Risk Group will release its financial results for the half year ending 31 December 2021 and outlook for the remainder of FY2022 on 25 February 2022.

**ENDS**

**Approved for release by the Board of Directors.**

**For further information, please contact:**

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**About Ava Risk Group**

Ava Risk Group is a global leader in providing technologies and services to protect critical and high value assets and infrastructure. It operates two business segments – Future Fibre Technology (FFT) and BQT Solutions (BQT). FFT manufactures and markets ‘smart’ fibre optic sensing systems for security and condition monitoring for a range of applications including perimeters, pipelines, conveyors, power cables and data networks. BQT is a specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products. Ava Risk Group products and services are trusted by some of the most security conscious commercial, industrial, military and government clients in the world. [www.avariskgroup.com](http://www.avariskgroup.com)

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