

26 October 2023

ASX ANNOUNCEMENT – ANNUAL GENERAL MEETING PRESENTATIONS

In accordance with the ASX Listing Rules, the Chairman’s and CEO addresses and presentations to the 2023 Annual General Meeting (“AGM”), are appended.

This announcement has been approved for release by the Board of Directors.

Kim Clark Company
Secretary

Ph: 0448 690 364

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 three business segments – Future Fibre Technology (FFT), BQT Solutions (BQT) and GJD Manufacturing. 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. GJD is a specialist in the development and manufacturer of perimeter detectors, illuminators and ANPR cameras. 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

CHAIRMAN'S ADDRESS

On behalf of my fellow Directors, I would like to welcome you to the Ava Risk Group Annual General Meeting and thank you for taking the time to join us either here in Melbourne or "virtually" today.

I'll spend a few moments discussing our performance highlights for FY2023 before introducing Mal Maginnis who will provide a more detailed update of the Company's operations including our plan to drive revenue and earnings growth over coming years.

During FY2023 Ava Group continued to build its position as a global leader in risk management technology, protecting critical infrastructure and high value assets. The Company remains committed to its strategy of growing revenue from its market leading technologies by increasing market share and developing adjacent applications. I am pleased to report to shareholders the significant progress that has been accomplished during FY2023.

In January 2023 Mal Maginnis commenced as Group Chief Executive Officer following the retirement of Rob Broomfield. Mal's appointment reflects the Board's commitment to ensuring that the Company has access to the skills and expertise to support its growth ambitions. Mal is a seasoned leader of global technology-enabled businesses with more than 35 years of experience in the defence, security, safety, and technology businesses.

One of Mal's immediate priorities has been to reorient the business to align the Company's technology with customer solutions. This has included continued investment in our customer facing sales and support capability. Mal will shortly share what has been achieved during FY2023, his first six months and his outlook for FY2024 and beyond.

In August 2022, Ava Group acquired GJD to create the Company's Illuminate segment. GJD is a leading UK based technology supplier, specialising in illumination and detection applications. The acquisition provides the Company with a complementary product and technology footprint as well as an established go-to-market capability in the UK and western Europe.

We continue to invest in our technology and have built on the Aura platform, leveraging the machine learning capability that the Company has developed in recent years. In March 2023 our Detect segment launched Aura AI-X at ISC West, the world's largest security industry trade show. Aura AI-X is our latest generation, data driven intrusion detection system, which includes an embedded deep learning engine that enhances system performance. We immediately gained market interest in the platform and secured an initial order for protection of a critical European border. Earlier in the year the Company received its first order for its conveyor belt application, highlighting the opportunity to use our technology to support adjacent applications.

In our Access segment we have completed critical product certifications with some of our key distribution partners. Pleasingly, in Q1 FY2024 we have seen a significant uplift in order intake with the Access segment having already received during Q1 more than 60% of the previous year orders.

The growing momentum within the business is best reflected by the increase in sales order intake and revenue. The Company received sales orders of \$30.9 million during FY2023, which is an increase of 71% on the previous year, a 36% increase when the acquisition of GJD is excluded. This has resulted in revenue of \$28.6 million for FY2023, an increase of 54% on the previous year. The growth in both sales order intake and revenue is underpinned by growth in the Detect segment and the addition of the Illuminate segment following the GJD acquisition.

Despite the addition of the lower margin Illuminate segment, consolidated gross margin was broadly maintained with the prior year. Gross margin within the Detect and Access segments grew from the prior year reflecting careful

supply chain management including the forward buying of inventory to lock in prices and secure supply. Margin in the Illuminate segment at 48% is consistent with expectations within the distribution business but has the effect of slightly diluting consolidated gross margin.

Resultant underlying EBITDA of \$2.0 million is up 150% on the previous year. Underlying EBITDA excludes one-off costs of \$0.9 million associated with restructuring the business during the second half of the year. Underlying EBITDA margin of 7% is up 3% compared to the previous year.

Importantly, we grew our forward contracted recurring revenue to \$1.6m during FY2023. The launch of Aura Ai-X will continue to support growth in recurring revenue as we embed a multi-year support and upgrade path with our key customers.

The Board remains optimistic about the future of the Company.

We have a proven track record of growth as demonstrated by the 71% uplift in sales order intake in the year just ended. We continue to maintain our strong gross margin and have a high quality customer base across each of the operating segments.

Our business model is highly scalable so that we can improve EBITDA margins as we continue to grow revenue. We also have proven technology which we continue to develop but does not require significant near term investment in order to go to market.

We have put together an experienced leadership team well versed in leading international businesses. And we have invested over recent years in upskilling our sales and business development capability in order to grow deeper and more sophisticated relationships with key customers and distributors.

I am sure you share my optimism that Ava Group's strategy, people, performance and technology roadmap will drive future growth. It is now my pleasure to introduce Mal who will address the meeting with his impressions and aspirations for the Company.

CHIEF EXECUTIVE OFFICER'S ADDRESS

It is a pleasure to have the opportunity to discuss with shareholders our company performance and future plans.

I joined the Company in January so have spent the last nine months travelling to each of our sites, meeting with both staff and customers. I'll share my initial thoughts on the Company as well as thoughts on how we will drive improved performance over coming years.

Ava Group has some of the most advanced detection sensing and access control technologies in the market. Upon joining in January 2023, my immediate focus was to better align the technology with customer solutions. To this end, the Company has been realigned into three operating segments:

Detect	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.
Access	Specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products.
Illuminate	Specialist in the development and manufacture of illuminators, ANPR cameras and perimeter detectors.

The organisation of the business segments with customer solutions has resulted in a renewed focus on our customer facing sales and support capability. We have continued to invest heavily and 'upskill' these teams, reflecting their criticality to growing the business in the future. Since January, we have changed around 60% of our sales and support roles. While this has created some disruption across the business the initial results from these changes are encouraging, with both sales order intake and revenue growing in the second half of the year.

I also reviewed the technology that underpins each of the operating segments. I'm pleased to say that based on this review our technology platform is strong. We will continue to invest in each of our technologies in the future to ensure that they remain market leading but we do so from a position of proven, effective technology.

Our growth in sales order intake – a key leading indicator for revenue – was pleasing during FY2023.

Order intake in Detect grew by 55% to \$20.7 million with growth in key geographies and industry verticals. Sales order intake in North America represented 34% of orders received with additional orders received from the energy sector. Orders from Europe grew significantly, notably including the first deployment of our Aura AI-X system to the protection of a critical European border. The Detect segment was also able to fulfill its first order for our conveyor belt solution, demonstrating the ability of our core technology to be adapted to adjacent applications.

The integration of GJD following its acquisition in August 2022 to create the Illuminate segment. Based in the UK, GJD provides Ava Group with complementary illuminate and detection technologies while strengthening our presence in the UK and western Europe. While the Illuminate segment has experienced challenging economic conditions in the UK during FY2023 which has impacted domestic sales, we have already provided combined customer solutions across the Detect and Illuminate segments. We are

confident that this is an opportunity that we can further exploit to expand the market reach for the Illuminate segment.

The Access segment had a slightly more challenging year. FY2023 was a year of progressing compliance obligations in key distribution channels. Pleasingly we have been able to complete these certifications in Q1 FY2024 which will accelerate sales via this channel. Earlier this week we released our Q1 trading update which showed Access order intake of \$2.8m for the quarter which represents 70% of our full year order intake for FY2023.

Over the next few slides I'll talk about why I'm excited for the opportunities that are in front of Ava.

When I look across each of our operating segments I can see clear catalysts for growth in each of them.

Within Detect, the launch of Aura Ai-X in March 2023 was a critical milestone in building on our strong technology platform. It has been well received in the market and provides an opportunity to develop long term relationships with our customers which will drive recurring revenue in the future. We are confident that Ai-X will become the solution of choice for the protection of critical infrastructure worldwide.

We also continue to focus on adapting our technology and solutions to adjacent applications. We have conducted a number of pilot programs with key partners and I am optimistic about sharing further news on this in the near future as these opportunities mature.

As I mentioned earlier, we have done a lot of work over the past year on getting our Cobalt locks certified in key markets and with key partners. We have seen the benefit of that work by completing the certifications in Q1 and we have received initial stocking orders in both North America and Europe. Our focus now is working with our partners to ensure that the stock moves to end users to drive future orders.

The addition of the Illuminate segment remains an important accelerator of growth for the Company. The product offering is complementary to our large scale solutions in the Detect segment, and its geographic location in the UK provides scale to the Company's presence in the UK and western Europe. While domestic economic conditions in the UK during FY2023 were challenging, we are confident that we can rapidly grow export channels in the Illuminate segment, leveraging the Company's existing strong position in North America and Asia Pacific.

Our technology across each segment is well developed and can be leveraged to support growth.

Our deep learning development is fundamental to the success of Aura Ai-X. It delivers market leading detection rates while minimising nuisance alarm rates. Customers are attracted by the continuous "learning" of the systems to drive improved performance.

Our market leading locks are now fully certified and in Q1 we have seen the evidence of their market attractiveness.

In Illuminate we are in the process of launching our LoRa D-Tect product which provides long range wireless integration. This will also complement our Detect technology by being able to more easily integrate wireless Illuminate solutions as part of our product offering.

For a Company of our size we have extraordinary geographic reach.

I have organised our sales and service teams to support four geographic regions – North America, Asia Pacific, Middle East / North Africa, Western Europe / Southern Africa. We are not constrained in any of these regions by opportunity and we have now established a structure to better support customers. Additionally, we have senior leadership in each of the regions to that any escalations can be dealt with in the relevant time zone.

And finally I have invested in our commercial capability in order to grow revenue. In broad terms, over the past eight or nine months I have altered around 60% of our sales and support staff. We have brought on board resources that also bring new clients and commercial networks. While recognising it will take a little time for this to settle, the initial signs have been encouraging and leave us better placed for the future.

So what does all this mean?

This is a slide that we have used in a number of external presentations to provide an outline of what our business performance may look like over a number of years. I have spoken about the catalysts for growth in each of our operating segments as well as how our technologies, geographic positioning and enhanced commercial capability support growth. I believe that over the next three years we can drive the Company to around \$70 - \$100 million revenue business. While the revenue ranges are wide, they reflect the programmatic nature of the Detect segment in particular. While growing revenue I expect that we can maintain gross margins at their current levels while minimising incremental operating costs to support sales, service and technology development. The leveragability of our model is best illustrated by the anticipated expansion in EBITDA margins to around 25% on a revenue base in the range of \$70 - \$100 million.

Earlier this week we released our trading update for the first quarter of FY2024.

Sales order intake for the quarter was \$7.7 million which was a solid result. We completed the product certifications for our Cobalt series locks in Access which enabled dormakaba to place initial stocking orders for both the US and Europe. Q1 orders for the Access segment are already 72% of the full year orders for FY2023, leaving Access well placed to accelerate its revenue growth in FY2024.

The Detect business is more project based and whilst I would have liked to have seen more opportunities close in the quarter I note that the expected close dates for a number of opportunities are within Q2. I am very confident we will see a significant uplift in order intake for Detect in the next quarter.

We also provided revenue guidance for H1 in the range of \$14.2 million to \$15.2 million. While not providing specific guidance for the full year I expect revenue in the second half to be substantively higher than the first half based on the strength of the opportunities in front of us.

I am excited by the opportunity ahead of us and committed to the challenge of growing revenue. I look forward to providing further updates to you as we progress on the journey I have outlined.

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DETECT • ACCESS • ILLUMINATE

**Global leader in smart security and
sensing technologies**

ANNUAL GENERAL MEETING

26 OCTOBER 2023

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CHAIRMAN'S ADDRESS DAVID CRONIN

FY23 OPERATIONAL HIGHLIGHTS

Growth through focus and investment on customer facing capability

- New CEO and a renewed **focus and investment on customer facing sales and support capability** (investment of additional opex of \$0.9m consistent with our global growth strategy).
- Significant growth in both the Detect and Illuminate segments.
- **Development and launch of Aura AI-X** – the latest generation, data driven intrusion detection system that uses an embedded deep learning engine to improve system performance.
- First sale of Aura AI-X to protect a critical European border.
- Continued **expansion in key geographies and industry verticals:**
 - 81% growth in U.S. revenue including additional orders in the energy market;
 - 214% growth in Europe
- **Creation of Illuminate segment following acquisition of GJD** in August 2022. GJD is a UK-based security technology supplier and provides a complementary product, technology and geographic footprint.
- Significant progress on product certifications within the **Access segment to open key high quality distribution channels.**

FY23 FINANCIAL HIGHLIGHTS

Significant revenue growth delivering improved EBITDA performance

Group Sales

\$30.9m

Up 71% on pcp

Group Revenue

\$28.6m

Up 54% on pcp¹

Underlying EBITDA

\$2.0m

Up 150% on pcp²

EBITDA margin

7%

Up 3% on pcp

Gross margin

64%

In line with FY22 (65%)

Recurring revenue

\$1.6m+

Confirmed revenue under contract

Strong balance sheet to support growth

1. Up 36% if the acquisition of GJD is excluded. Reported EBITDA of \$1.3m, including one off expenses, up 63% on FY22 (\$0.8m).
 2. Underlying EBITDA excludes 'one-off' costs of \$0.7m during FY23 H2.

COMPELLING CASE FOR INVESTMENT

Leading technology with scalable model and organisational capability to support growth plans



TRACK RECORD OF GROWTH AND RESULTS

- FY23 sales order intake up 71%
- High gross margins, circa 64%
- Trusted by blue chip and government customers



STRONG COMPETITIVE ADVANTAGES

- Defensible competitive position and investments in innovation including AI and deep learning
- Experienced leadership team
- Customer-centric focus with customised, flexible, and scalable solutions



HIGHLY SCALABLE MODEL

- Blue chip customer base and long-term recurring revenue potential
- Efficient, scalable go-to-market strategies which include key distributor partners
- Target revenue growth to \$70 - \$100m over next three years achieved with minimal cost increases



GLOBAL OPPORTUNITY

- Well-placed to become a global leader in smart digitisation for security and asset protection, thousands of products installed in +70 countries
- Emerging global partnerships with large multinationals
- Existing global revenue base

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CEO'S ADDRESS MAL MAGINNIS

GLOBAL LEADER IN RISK MANAGEMENT TECHNOLOGIES

Protecting high value assets and critical infrastructure in +70 countries

DETECT

Fibre optic sensing systems for detection and monitoring

- Perimeter intrusions
- Pipeline intrusion
- Condition monitoring
- Data network protection
- 2,500+ systems deployed
- Products & services model

ACCESS

High security access control technology

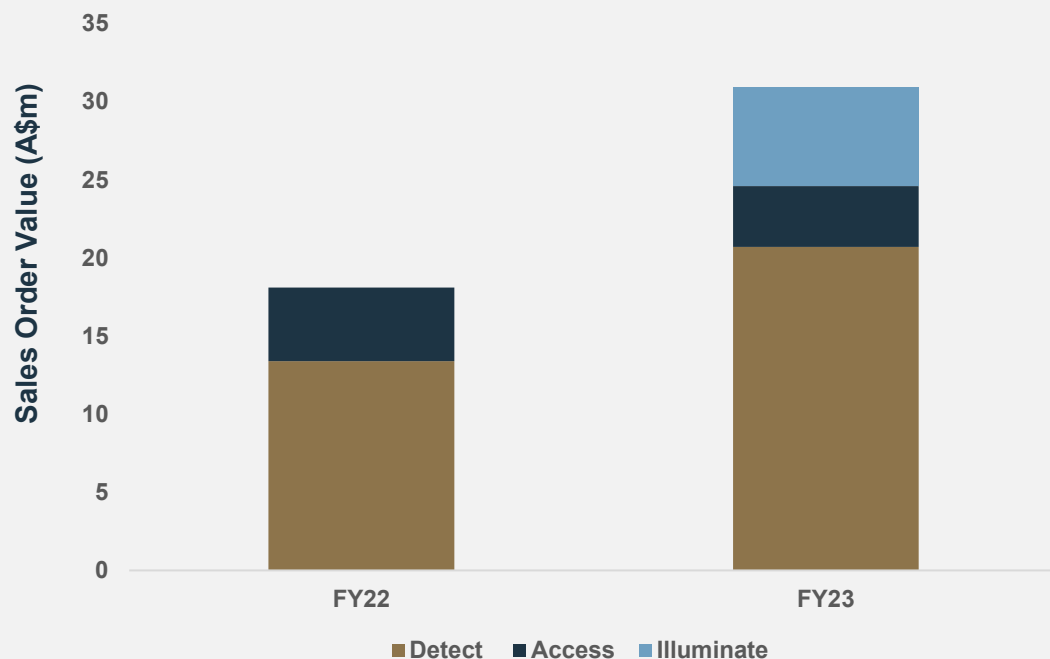
- Access control readers
- High security locking
- Custom encryption
- Biometric solutions
- 3,500+ sites
- Off-the-shelf & custom products

ILLUMINATE

Security and intruder detection equipment

- Outdoor security sensors
- Surveillance solutions
- Video illuminators
- Camera analytics
- 60+ countries
- Off-the-shelf & custom products

SEGMENT GROWTH FROM DETECT AND ILLUMINATE



- Continued expansion in key geographies and verticals
- **Detect:** First commercial orders for Aura IQ and first deployment of Aura AI-X system, order growth in North America and Europe
- **Access:** Significant progress towards relevant product certifications for Access segment which will enable an acceleration of sales in FY24
- **Illuminate:** Already providing combined customer solutions across Detect and Illuminate

STRONG GROWTH CATALYSTS IN EACH SEGMENT

DETECT

- Aura AI-X is the solution of choice for the protection of critical infrastructure worldwide.
- Expand solutions to new applications and customers.

ACCESS

- Cobalt 2 full release with final certification in Q1 FY24.
- Major channel network growth using the quality of our distribution partners.

ILLUMINATE

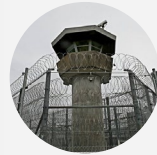
- Cross sell combined Illuminate and Detect solutions.
- Expand product sales in North America and Asia Pacific via established channels.

DRIVING GROWTH – GLOBAL GEOGRAPHIC REACH

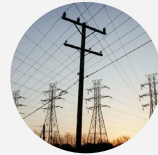
Growth in the US supported by increased capability, expansion in Europe following acquisition of GJD

Strong revenue growth in each of the key geographies in which we operate.

→ **AMERICAS**
 Market Expansion



Corrections

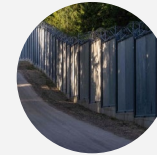


Energy

→ **EUROPE**
 Integration

Cross sell solutions to expand into Europe

→ **MENA**
 Applications

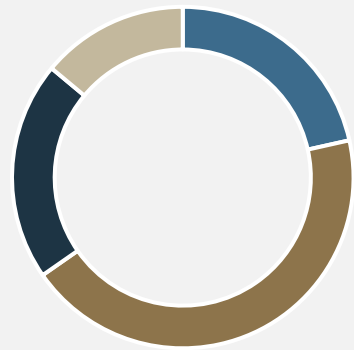


Border protection



Critical Infrastructure

FY23 Revenue by Geography



- APAC
- Europe
- United States
- Rest of World



→ **APAC**
 Market Expansion

Strong growth in Australia, India and Singapore

DRIVING GROWTH - EXPANDED COMMERCIAL CAPABILITY

SALES

- Restructured core team across all regions – successful recruitment of key resources.
- Focus on customer network in each region.
- Team bringing new clients and commercial networks.

APPLICATIONS & PROGRAMS

- Dedicated technology application team in each sales sector.
- Dedicated program support for large opportunities.
- Global links to share data and success.

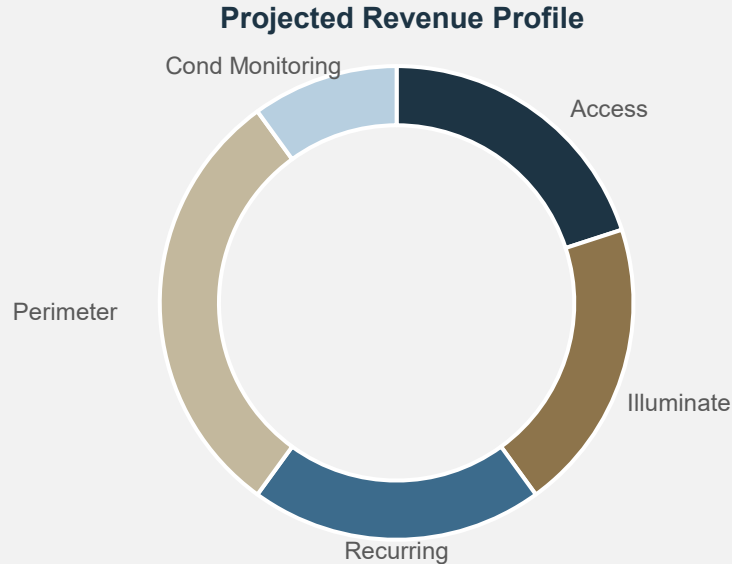
SERVICE

- Investment in staff, training and regional support.
- Integrating all three business segments in one system.

CLEAR PATH TO DELIVER GROWTH OVER THE NEXT THREE YEARS

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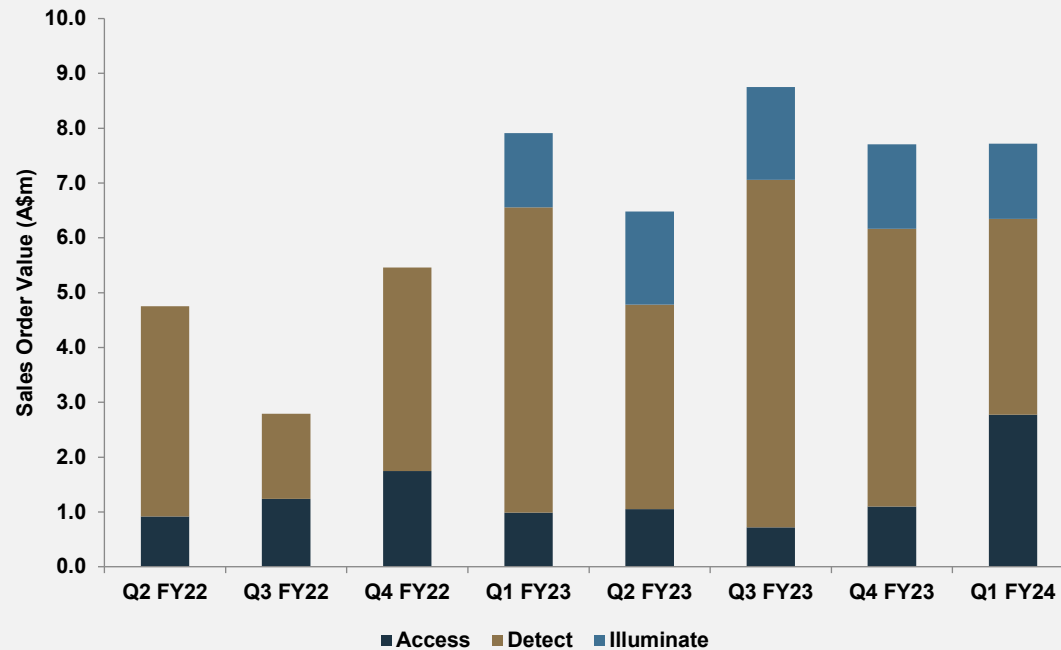
	Revenue Range	Gross Margin	Op Cost Range	EBITDA Margin
Year 1	\$36m - \$45m	60% - 65%	\$18m - \$21m	circa 14%
Year 2	\$50m - \$70m	60% - 65%	\$21m - \$25m	+20%
Year 3	\$70m - \$100m	60% - 65%	\$24m - \$30m	+25%



- **Leverage the existing drivers of growth** across all business segments:
 - OEM / Distribution channels to support the Access and Illuminate segments.
 - Grow recurring revenue via annual upgrade path in the Detect segment to improve system performance and ensure cyber security compliance
- Recurring and OEM / Distribution revenue anticipated to provide around **60% of Group revenue base from predictable / run rate sources.**
- Supplement Group revenue with new installations in the Detect segment from both perimeter detection and condition monitoring applications.
- Increased operating costs to support additional sales / business development resources, continued development of core Group technology and modest increases to support production capability.

Q1 FY24 SALES ORDER INTAKE AND H1 REVENUE OUTLOOK

Sales Orders Received (A\$m)



- Total sales order intake of \$7.7m in Q1
- Strong growth in Access segment with initial stocking orders for Cobalt series locks from dormakaba under its global framework agreement.
- Lower order intake in Detect due to the timing of some significant orders now expected to close in Q2.
- Revenue guidance for H1 FY24 in the range of \$14.2m - \$15.2m.
- Second half revenue is expected to be substantively stronger than the first half.

FORWARD LOOKING STATEMENTS

This presentation is given on behalf of Ava Risk Group Limited (AVA)

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