

ASX RELEASE

27 August 2024

Ava Risk Group announces FY24 Results

Ava Risk Group Limited (ASX: AVA) (“Ava” or “the Company”) announces its full year results for the financial year ended 30 June 2024.

Highlights

- Sales order intake of \$35.3 million, up 14% on PCP
- Group revenue and other income of \$30.2 million¹ up 5.6% on PCP and 2H24 up 13% on 1H24
- Significant orders in major infrastructure projects in Australia and Latin America secured
- Major supply agreement with Telstra Group announced in February 2024
- Group gross margin of 60%, in line with expectations
- Underlying Group EBITDA of \$(0.9) million following investments in technology and commercial capabilities supporting a record sale order intake, with EBITDA positive in 2H FY24
- Sales order backlog of \$8.5 million at 30 June 2024, representing orders received yet to be fulfilled
- Backlog includes \$2.0 million of annual recurring revenue under contract driven by strong uptake of subscriptions for Aura Ai-X
- Cash balance of \$5.1 million at 30 June 2024

Ava’s strong sales order intake represents continued progress across each operating segment, and in building the Company’s position as a global leader in sensing and risk management technology.

Ava CEO Mal Maginnis said: “I am very pleased with our progress this year, with increasing sales order volumes and commercial partner interest reflecting the success of investments made in our technology and commercial capabilities. These investments were necessary to transform the deployment of our technology from its security-based heritage to world-leading fibre sensing applications. Following the completion of these investments in the first half, we have already seen the benefit through growth in sales order intake while establishing contracts with major partners such as Telstra Group, UGL Limited, Siemens, Santos, Exxon and dormakaba.

“Our supply agreement with Telstra Group provides tangible evidence of the applicability of our technology in adjacent sensor-based applications. This is an incredibly exciting opportunity which will propel our growth in Australia and access to other international telecommunications sector projects.

“The investments and broader sales efforts have also culminated in an increase in our backlog and the volume and quality of our pipeline and visibility of future revenues. These factors are key to sustaining our momentum and building on our progress for a strong FY25.”

Performance Overview

The Group's total sales order intake for the year was \$35.3 million, an increase of 14% on the previous year. This resulted in revenue and other income of \$30.2 million, up 5.6% year on year but up 14% 2H24 on 1H24 as momentum started to build through the year.

Ava had a sales order backlog of \$8.5 million at 30 June 2024, representing orders received and yet to be fulfilled. Of the backlog, \$4.9 million relates to equipment for project delivery which is anticipated to be fulfilled in H1 FY25. The balance of the backlog relates to commissioning services and multi-year support contracts, including contracted ARR of \$2.0 million.

Underlying EBITDA in the second half was positive due to revenue increasing 2H24 on 1H24 and the cost base stabilising. The full year underlying EBITDA loss of \$0.9 million is below the \$1.3m profit in FY23 following the significant investment in Ava's commercial and technology capability supporting its record order intake. This resulted in a net loss after tax for the period of \$2.8 million (FY23: \$1.1 million). The Company had a cash balance of \$5.3 million at 30 June 2024.

Financial Summary:

| A\$m | FY2023 | H1 FY2024 | H2 FY2024 | FY2024 | Change |
|---------------------------|--------|-----------|-----------|--------|--------|
| Revenue and Other Income | 28.6 | 14.2 | 16.0 | 30.2 | 1.6 |
| Underlying EBITDA* | 1.3 | (0.9) | 0.1 | (0.9) | (2.1) |
| Profit / (loss) after tax | (1.1) | (2.3) | (2.9) | (5.2) | (1.7) |

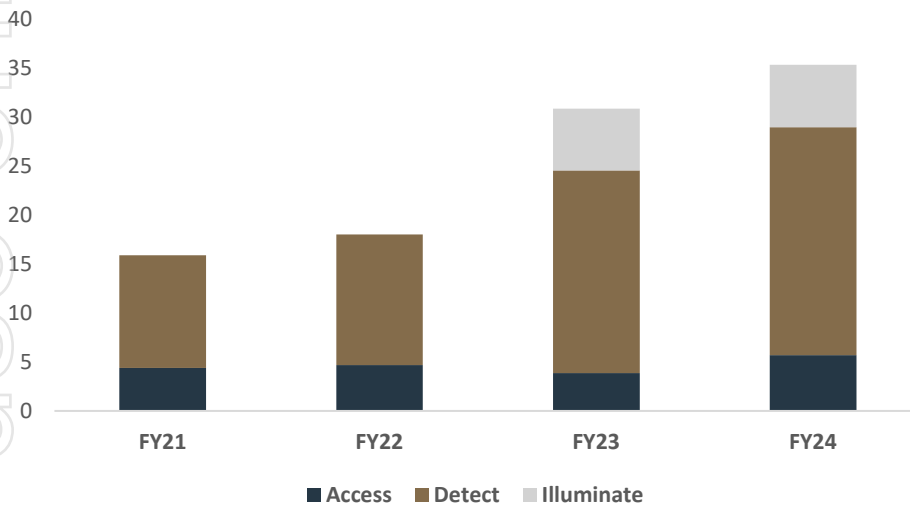
* Underlying EBITDA is profit / (loss) after tax adjusted for depreciation and amortisation, impairment of goodwill, finance expense and foreign exchange movements per Consolidated Statement of Comprehensive Income.

An impairment charge of \$1.5 million against goodwill in the Illuminate segment was recognised in FY2024. The charge is a result of lower than previously forecast (within our internal impairment testing model) performance during FY2024 for the segment which has resulted in a re-assessment of subsequent periods. In accordance with relevant accounting standards an adjustment to the carrying value of goodwill was recorded. Nonetheless I remain very confident in the future performance of the Illuminate segment, particularly its complimentary offering with Detect.

Net loss for the period was \$5.2 million (FY2023 was a net loss of \$1.1 million) reflecting lower EBITDA and the \$1.5 million impairment of goodwill. The Company had a cash balance at 30 June 2024 of \$5.1 million.

Chart 1 – Sales Orders

Sales Order Received (A\$m)



In the **Detect** segment, Ava continued to invest in technology with Aura Ai-X launched in early 2023. This is a market leading, fibre optic sensing solution with significant versatility in its application. It is fast becoming a solution of choice for a diverse range of industries including telecommunications, sovereign border detection and energy infrastructure protection.

Having deployed Aura Ai-X to multiple applications, the Group is focused on increasing its market penetration by consolidating its position in both the North American corrections and energy sectors where it sees significant growth opportunities.

Ava expects to complete the UGL transportation project in early FY25 and leverage that for future rail infrastructure projects, both in Australia and internationally. Additionally, the successful deployment on a sovereign border protection project has led to a number of other opportunities in Europe and Asia, which are expected to close in FY25.

In the **Access** segment, total sales order intake for Access grew by 48%, underlining the importance of the framework agreement with dormakaba and success of the work on product certifications, including for the Cobalt series locks. dormakaba remains an important relationship to drive increased volumes, as it provides access to a global distribution network. The Group expects to grow other distribution channels, particularly in Europe, the U.K. and Asia Pacific, while refreshing reader technology to generate opportunities for equipment upgrades to existing customers while also attracting new customers.

A new wireless solution was developed in the **Illuminate** segment, based on the long range LoRa integration system which will be launched in FY25. This system enables the integration of up to 500 devices without the need for data cables, to provide a unified control and security network. Illuminate provides a complementary product offering to the Detect segment and there are several opportunities for leveraging Ava’s position in North America and Asia.

Investor Webinar

Chairman David Cronin, CEO Mal Maginnis and CFO Neville Joyce will host a Zoom webinar to present the results at 9.30am AEST today. To register for the webinar, please select the following link:

https://us06web.zoom.us/webinar/register/WN_PsX4gbqiRNCK11qkTUSFmw

ENDS

Approved for release by the Board of Directors.

For further information, please contact:

Investor Enquiries

Alexandra Abeyratne

Sodali & Co

alexandra.abeyratne@sodali.com

+61 438 380 057

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 – Detect, Access and Illumination. The Detect segment 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 is a specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products. Illumination specialises in the development and manufacture of illuminators, ANPR cameras and perimeter detectors. 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