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DETECT • ACCESS • ILLUMINATE

Global leader in smart security and sensing technologies

FY24 RESULTS

AVA RISK GROUP

27 AUGUST 2024

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INTRODUCTIONS
David Cronin

CORPORATE SNAPSHOT

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Key Metrics

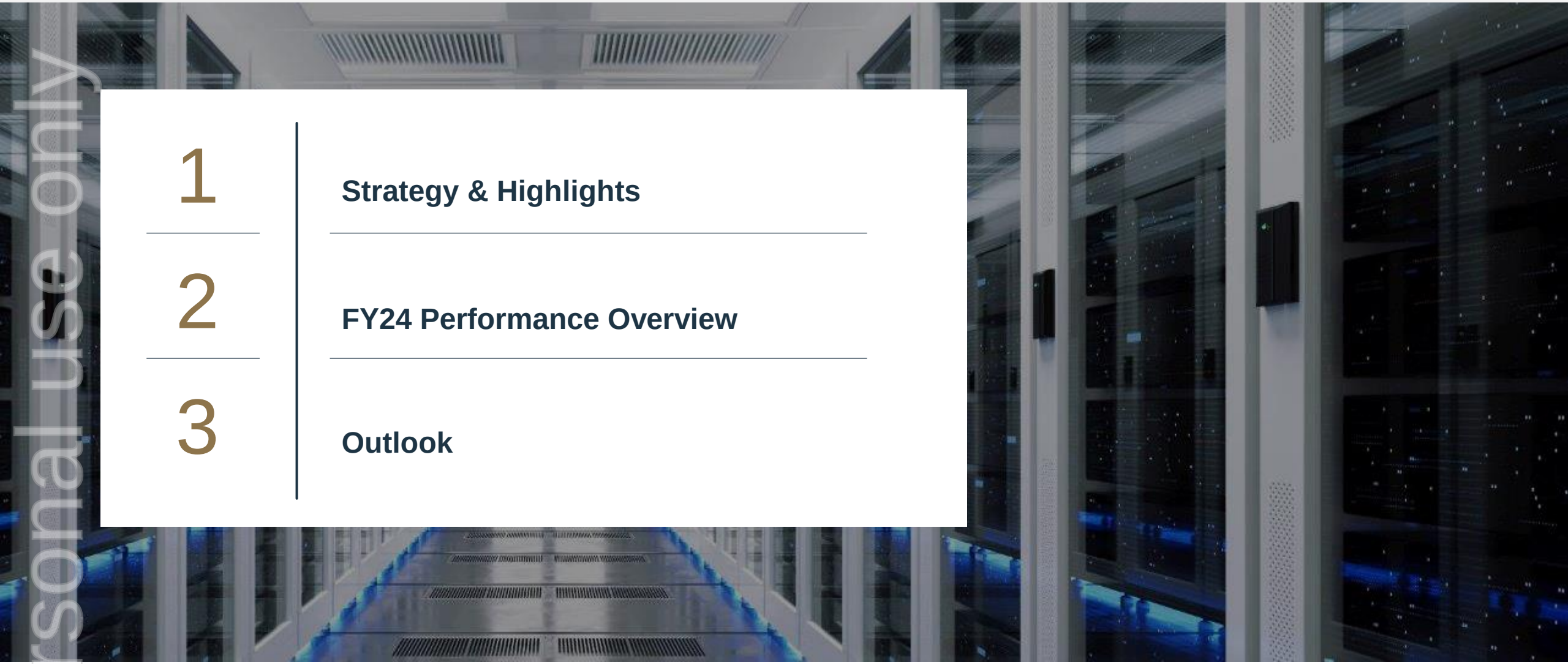
Market capitalisation (as at 19 August 2024)	**$30.4M**
Share price (as at 19 August 2024)	**$0.105**
Shares outstanding	**289.5 million**
Top 20 Shareholders	**52%**

Successful completion of a $4.3 million equity raise via an Institutional Placement and over subscribed Share Purchase Plan in May 2024 @ 13 cents per share

Top 20 Holdings (as at 19 August 2024)

BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	31,950,717	11.04%
BNP PARIBAS NOMS PTY LTD	16,051,154	5.54%
MR STEPHEN ROSS CAREW <BMS A/C>	13,000,000	4.49%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,208,375	3.53%
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	9,948,859	3.44%
DIXSON TRUST PTY LIMITED	9,032,306	3.12%
VALWREN PTY LIMITED <WFIT A/C>	7,500,000	2.59%
VALWREN PTY LIMITED <SANDY FAMILY INVESTMENT A/C>	7,500,000	2.59%
CHAG PTY LTD	5,930,769	2.05%
CITICORP NOMINEES PTY LIMITED	5,577,332	1.93%
MARK IAN TIBBENHAM	5,110,054	1.77%
BFA SUPER PTY LTD <GDN SUPERANNUATION FUND A/C>	4,612,850	1.59%
MR DAVID MALCOLM SOUTH	4,250,000	1.47%
BFA SUPER PTY LTD <GDN SUPER FUND A/C>	3,978,384	1.37%
GOVINDARAJALOO NARASIMOOLOO	3,180,027	1.10%
GOLDRUSH FUND PTY LTD <GOLDRUSH A/C>	3,000,000	1.04%
MR ROBERT ANDREW BROOMFIELD	2,944,807	1.02%
MR ATHAR JAMEEL BHUTTO	2,677,777	0.93%
CHERYL LEE TAPANES	2,600,000	0.90%
BANNABY INVESTMENTS PTY LTD <BANNABY SUPER FUND A/C>	2,560,244	0.88%

AGENDA



1 **Strategy & Highlights**

2 **FY24 Performance Overview**

3 **Outlook**

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STRATEGY & HIGHLIGHTS

Mal Maginnis

FY24 FINANCIAL HIGHLIGHTS

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Group sales
$35.3m
Up 14% on pcp

Revenue / Income
$30.2m
Up 6% on pcp

EBITDA[1]
($0.9)m
Positive Underlying EBITDA in H2

Sales backlog
$8.5m
Up from $3.5m in pcp

Gross Margin
60%
Expected GM 60% - 64%

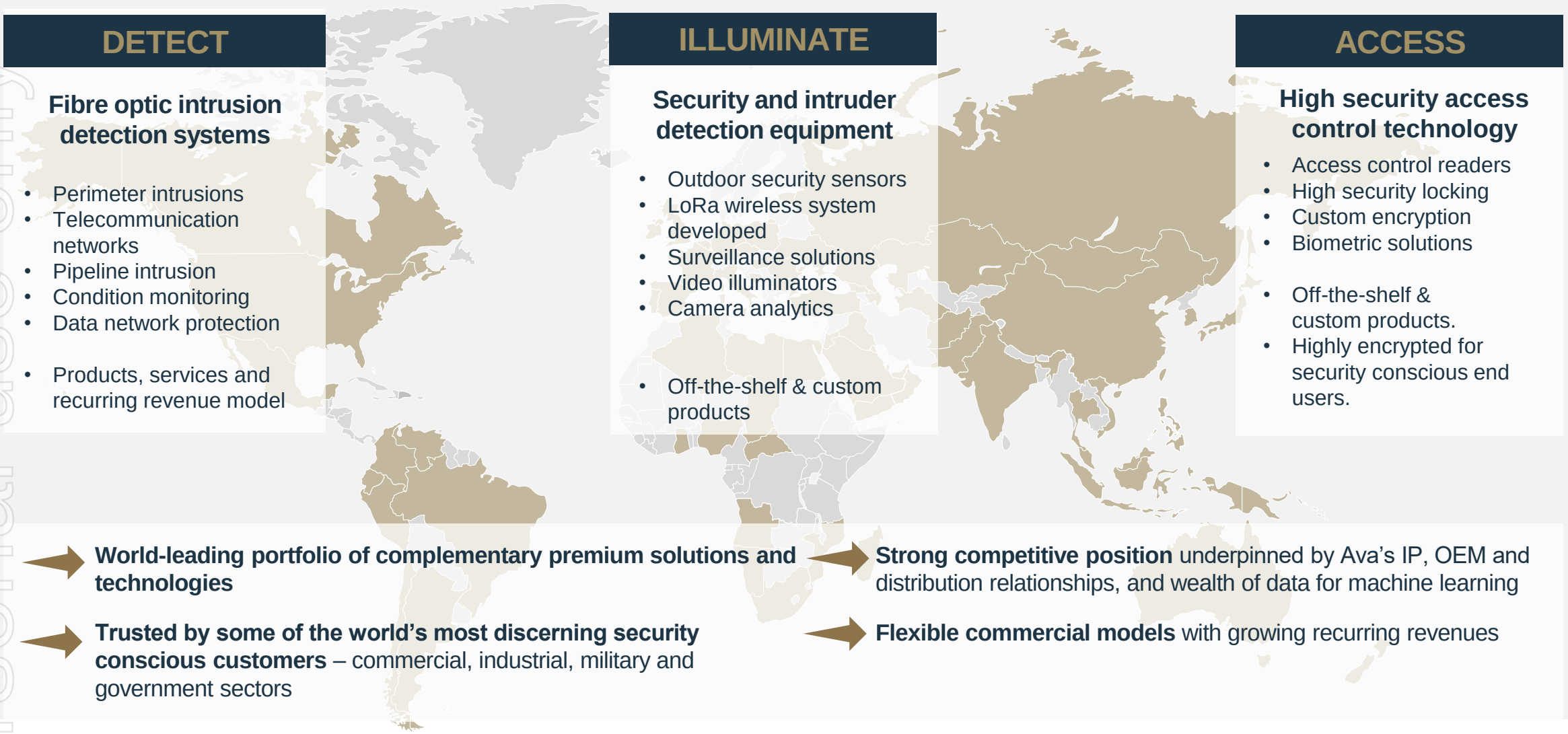
Cash
$5.1m
Well funded for growth

- FY24 revenue in line with guidance, growth of 16% in H2 versus H1
- Excellent sales momentum, supported by new product releases, sophisticated partners, and a growing quality pipeline
- Strong sales order backlog and pipeline to support FY25 revenue growth
  - Product: $4.9m
  - Services: $1.6m
  - Recurring revenue: $2.0m
- Positive EBITDA in H2 leveraging scalable and stable cost base.

1. 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.

GLOBAL LEADER IN RISK MANAGEMENT TECHNOLOGIES

Protecting high value assets and critical infrastructure globally



DETECT

Fibre optic intrusion detection systems

- Perimeter intrusions
- Telecommunication networks
- Pipeline intrusion
- Condition monitoring
- Data network protection

- Products, services and recurring revenue model

ILLUMINATE

Security and intruder detection equipment

- Outdoor security sensors
- LoRa wireless system developed
- Surveillance solutions
- Video illuminators
- Camera analytics

- Off-the-shelf & custom products

ACCESS

High security access control technology

- Access control readers
- High security locking
- Custom encryption
- Biometric solutions

- Off-the-shelf & custom products.
- Highly encrypted for security conscious end users.

- **World-leading portfolio of complementary premium solutions and technologies**
- **Trusted by some of the world's most discerning security conscious customers** – commercial, industrial, military and government sectors
- **Strong competitive position** underpinned by Ava's IP, OEM and distribution relationships, and wealth of data for machine learning
- **Flexible commercial models** with growing recurring revenues

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SENSING BEYOND SECURITY

Building on success in existing deployments in multiple infrastructure types

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USE OF SOLUTIONS FOR SENSING APPLICATIONS

- Identifying and responding to a threat at the perimeter, or within a facility.
- Managing personnel access to restricted areas.
- Securing critical assets and buildings.

AVA RISK GROUP'S SOLUTIONS

DETECT

- Borders, Perimeters, Critical Infrastructure.
- Data investigation on patterns of intrusion.
- Data generation and analytics using existing fibre networks targeting telecommunications sector.

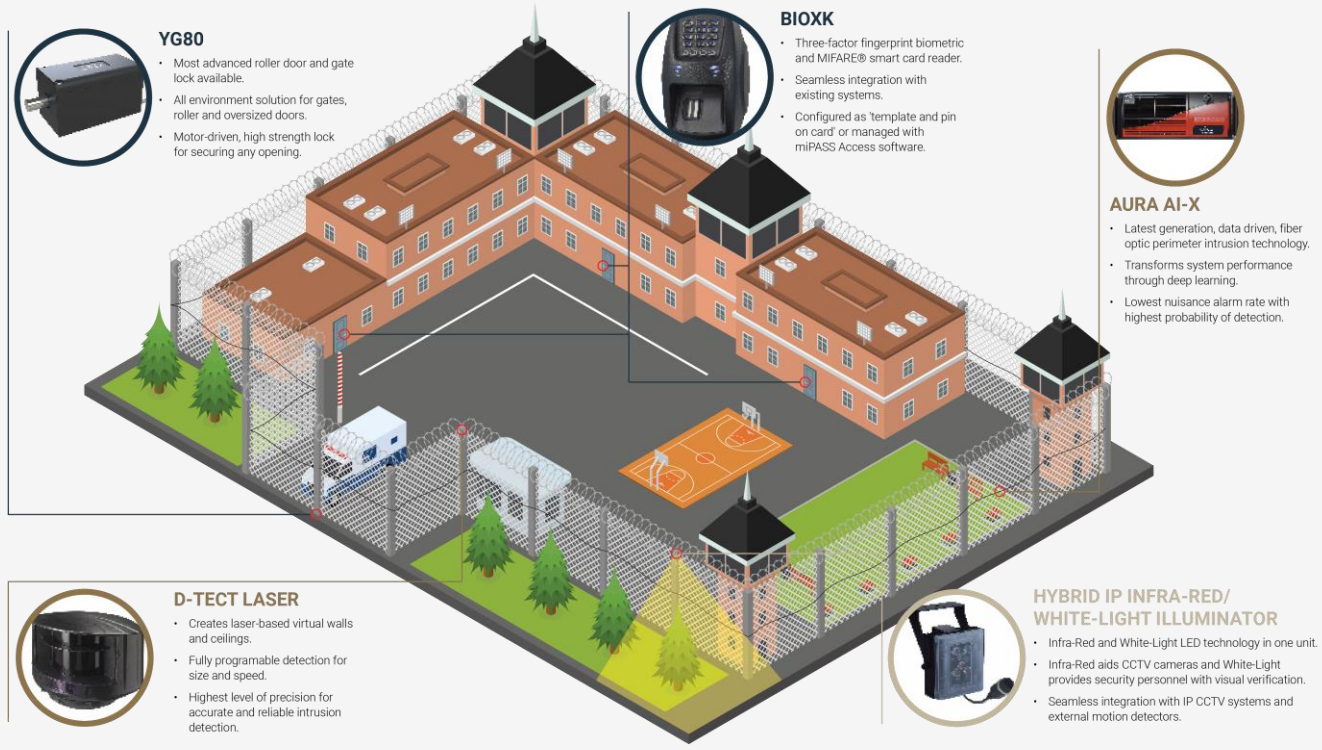
ILLUMINATE

- Supports Detect's smaller physical sites, targeted customer designs, illuminate CCTV images, identifying activity.

ACCESS

- Protect key infrastructure assets and strengthen vulnerable access points.

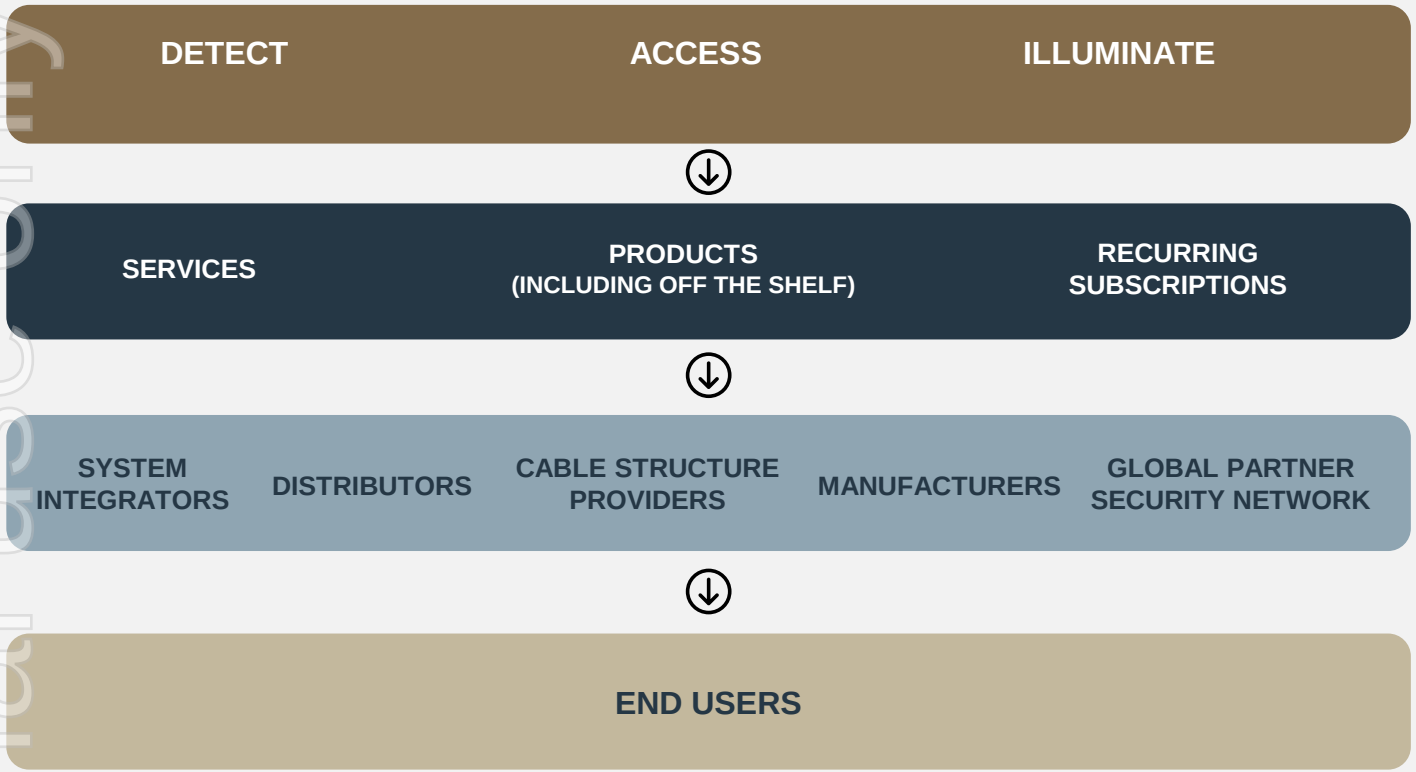
Example of solutions at a correctional facility



DETECT ILLUMINATE ACCESS

GO TO MARKET AND REVENUE MODEL

PROVEN GO-TO-MARKET STRATEGIES WITH GLOBAL REACH



Products:
Project based revenue in Detect supporting system integrator solutions to end users. Key distributor relationships driving product sales in the Access and Illuminate segments.

Services:
Support for the installation and commissioning of Detect systems.

Recurring Subscriptions:
Multi-year support agreements providing access to machine learning algorithms and data libraries to improve Detect system performance.

Established go to market through extensive global partner network:
Mix of system integrators and direct distribution partners allows us to provide our solutions worldwide and in remote and challenging locations.

1. Original Equipment Manufacturer

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DRIVING GROWTH IN FY25 AND BEYOND

Building on our market verticals and geographies with sophisticated global partners

Proven technology

- Aura Ai-X
- Cobalt YD30 series development
- LoRa Connect wireless system
- Growing recurring revenue via subscription

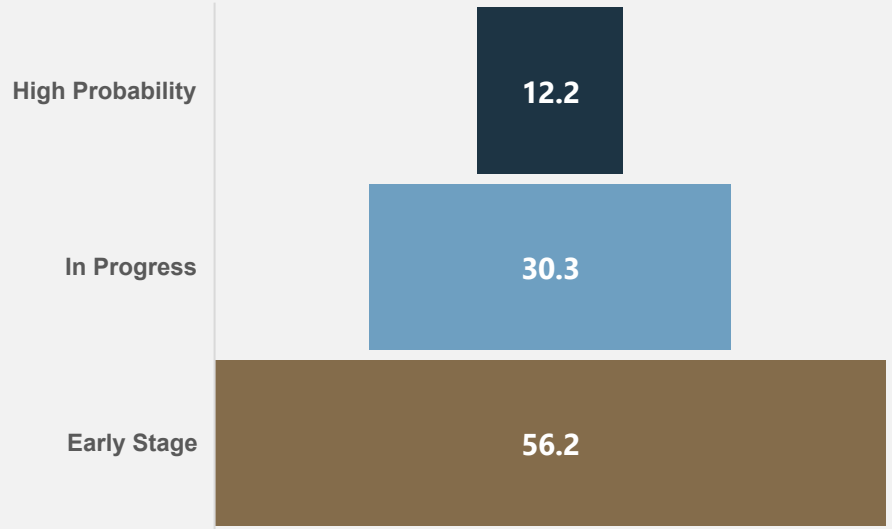
Enhanced commercial capability with high profile, quality partners

- Telstra
- UGL
- Siemens
- dormakaba
- Other key partners

Grow annual recurring revenue:

- Currently $2m ARR under contract
- Sell subscription contract with every sale of Aura Ai-X

Detect Sales Opportunity Pipeline (A$m)



- Total Pipeline with expected close dates in FY25 is currently **$99m** (excludes expected telco sector orders)
- Opportunities across key geographies – APAC, Americas, Europe and Middle East.
- 12 opportunities > $1m ($38m of the pipeline)
- Pipeline excludes **Access / Illuminate,** expected to deliver revenue of $12m - $15m in FY25.

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HIGH QUALITY PARTNER AND END USER BASE

Strong network of OEM and distributor relationships worldwide

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CASE STUDY: TELSTRA OPPORTUNITIES

Securing mobile tower access

Opportunities:

- Protection of data cabling via surface and subsea sensing
- Intrusion events on major communication Towers
- Access to critical assets
- Pit lid intrusion / lifting, cable tampering, digging

- ✓ Technology demonstrated the superior ability of Aura Ai-X DAS technology in detecting events and providing appropriate classification and reporting.
- ✓ Illuminate products demonstrated an excellent capability in point and small site detection and sensing of interference.
- ✓ Protects the assets, the public and the network performance

Protection of communication pits

Monitoring of subsea telco cables

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CASE STUDY: EUROPE BORDER

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Ava Risk Group successfully completed installation and support for a key Border between Poland – Russia and Poland – Belarus.

- **Monitoring of a 200km+ Border perimeter fence, buried with extremely challenging environmental conditions**
  - New Aura AiX reduced alarms substantially, nuisance alarms down to under 2 per day
  - Replaced incumbent due to too many alarms and lacking functionality The fence is currently operating at 96% probability of detection (POD) and 4% nuisance alarm rates (NAR)
  - Customer upgrading other borders now (replacing the failed incumbent competitor) with further orders expected

Outcome: Aura AiX was rigorously tested by the client and their third parties to pass with a tremendous alarm improvements due to the Deep learning AI.

Fence along border

Covert sensing

CASE STUDY: TRANSPORT INFRASTRUCTURE

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- Sydney Metro – western line **fully automated**
- Over 40kms of fencing protected with Ava's Aura Ai-X DAS sensors installed with new deep learning modules activated
- **Growth opportunities** in unprotected sites already contracted
- **Independent third-party trial** for 3 months, completed in 48 hours due to superior performance of Aura Ai-X. Low alarms very high detection was the key
- Infrastructure protection is the second material driver of growth in the Detect segment. We continue to work with multiple system integrators in Australia and globally based on Aura Ai-X results

Driverless train

Security fence for rail corridor

CLEAR PATH TO DELIVER ON GROWTH PLANS IN THE MID-TERM

$m	FY24 Actual H1	FY24 Actual H2	FY24 Actual Total	FY25 Low	FY25 High	FY26 Low	FY26 High
Core Revenue				37.7	45.2	47.1	56.5
Adjacencies				5.0	10.0	10.0	15.0
Total Revenue	**14.2**	**16.0**	**30.2**	**42.7**	**55.2**	**57.1**	**71.5**
Gross Profit	8.7	9.4	18.1	27.3	35.3	36.5	45.8
GM%	*61%*	*59%*	*60%*	*64%*	*64%*	*64%*	*64%*
Opex	9.6	9.4	19.0	19.7	22.0	22.0	24.0
EBITDA	**(0.9)**	**0.1**	**(0.9)**	**7.6**	**13.3**	**14.5**	**21.8**
			-3%	*18%*	*24%*	*25%*	*30%*
FX Movement	(0.1)	(0.0)	(0.1)				
Impairment of Goodwill		(1.5)	(1.5)				
D&A	1.1	1.4	2.5	2.6	2.6	2.9	2.9
EBIT	(2.1)	(2.8)	(5.0)	5.0	10.7	11.6	18.9

- **Revenue growth** driven by pipeline conversion in Detect and expansion in adjacent markets**.**
- **Leverage the existing drivers of growth** across all business segments:
  - Adjacencies such as telecommunications in Detect
  - Grow recurring revenue via annual upgrade path in the Detect segment to improve system performance
  - OEM / Distribution channels to support the Access and Illuminate segments
  - Improved gross margin due to growth in higher margin Detect segment.
- Operating cost base stabilised in H2 FY24 and demonstrates leverage of revenue growth in H2 to improve EBITDA performance.

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FY24 PERFORMANCE SUMMARY

Mal Maginnis / Neville Joyce

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FY24 PERFORMANCE HIGHLIGHTS

- Continued investment in our core technologies and commercial capability to drive growth:
  - **Aura Ai-X** – market leading fibre optic sensing technology demonstrating enormous versatility in its application.
  - Certification of **Cobalt series** locks which has accelerated growth in the Access segment via key distribution channels.
  - Development of **LoRa** wireless solution to integrate up to 500 devices forming a unified control and security network.
- **Group revenue / Other Income of $30.2m**, up 6% on previous year. As expected, H2 revenue grew by 16% on H1.
- **Positive EBITDA in H2** demonstrating the scalable cost base. Full year EBITDA loss of $0.9m reflecting investment in commercial capability and technology during FY2024.
- The Group successfully **raised $4.3m via institutional placement and share purchase plan** to support delivery of projects and provide working capital
- **Cash balance of $5.1m on** 30 June 2024, leaving the Group well funded for growth.

$35.3m — **Sales order intake** up 14%

$30.2m — **Total revenue / income** up 6%

$8.5m — **Sales order backlog** deliver revenue in FY25

$5.1m — **Cash balance** well-funded to deliver on projects

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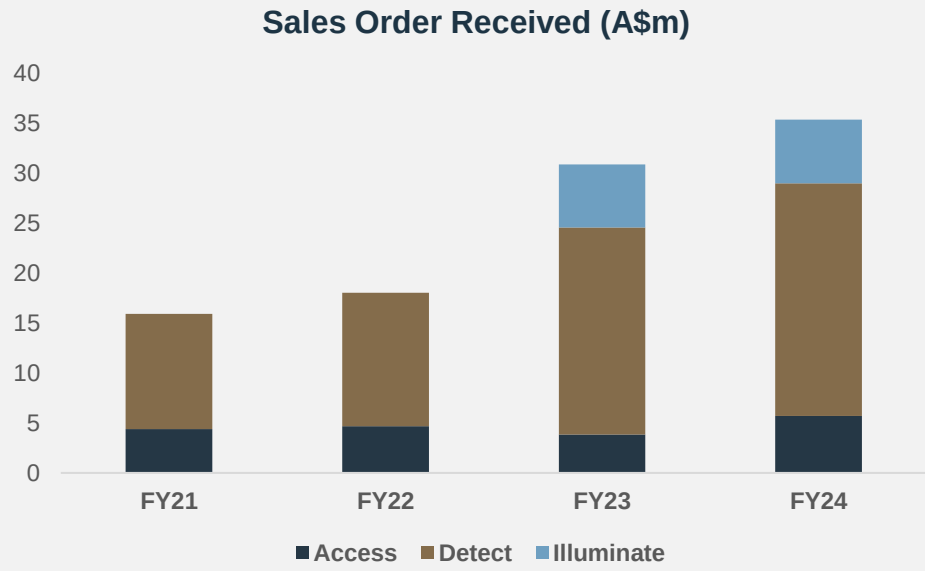
FY24 PERFORMANCE HIGHLIGHTS

FY24 sales order intake up 14%, sales order backlog of $8.5m to support FY25 revenue

- **Growth in sales order intake to $35.3m,** up 14% on the prior year.
  - **Detect** up 12% driven by strong demand for Aura Ai-X, the Company's latest generation data-driven detection system.
  - **Access** up 48% primarily driven by orders from dormakaba for the Cobalt series locks.
  - **Illuminate** flat order intake as focus on refreshing LoRa technology. First orders from US correctional facilities highlighting the opportunity for Illuminate to complement the Detect segment's fibre optic sensing solutions.
- Progress building sophisticated partner relationships globally with key customers and distributors including Telstra, UGL, Siemens, dormakaba



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GROUP FINANCIAL SUMMARY

$Am	H1 FY24	H2 FY24	FY24	FY23	Var
Revenue	**14.2**	**16.0**	**30.2**	**28.6**	**1.6**
Gross Profit	8.7	9.4	18.1	18.2	(0.1)
Gross Margin	*61%*	*59%*	*60%*	*64%*	*-4%*
Underlying EBITDA[1]	**(0.9)**	**0.1**	**(0.9)**	**1.3**	**(2.1)**
EBITDA Margin	*-6%*	*0%*	*-3%*	*4%*	*-7%*
D&A	(1.1)	(1.4)	(2.5)	(2.1)	(0.4)
Impairment of goodwill		(1.5)	(1.5)	0.0	(1.5)
Finance / FX / Tax	(0.3)	0.0	(0.3)	(0.2)	(0.1)
Profit / (loss) after tax	**(2.3)**	**(2.9)**	**(5.2)**	**(1.1)**	**(4.1)**

- Revenue growth driven by stronger H2 in Detect which has resulted in positive EBITDA in H2.
- Lower gross margin at a consolidated level due to change in revenue mix – growth in lower margin Access revenue in FY24.
- EBITDA loss attributable to upfront impact of technology and commercial capability investments in H1. Cost base has stabilised in H2 highlighted by improved EBITDA as revenue has grown.
- Impairment of Goodwill in the Illuminate segment a result of lower than previously forecast revenue performance in FY24.

1. 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.

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REVENUE PROFILE BY SEGMENT AND TYPE

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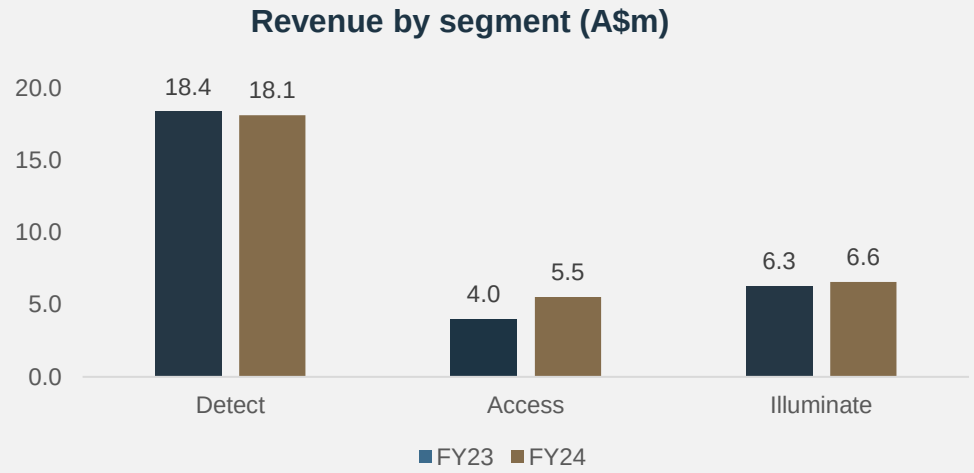


Detect:

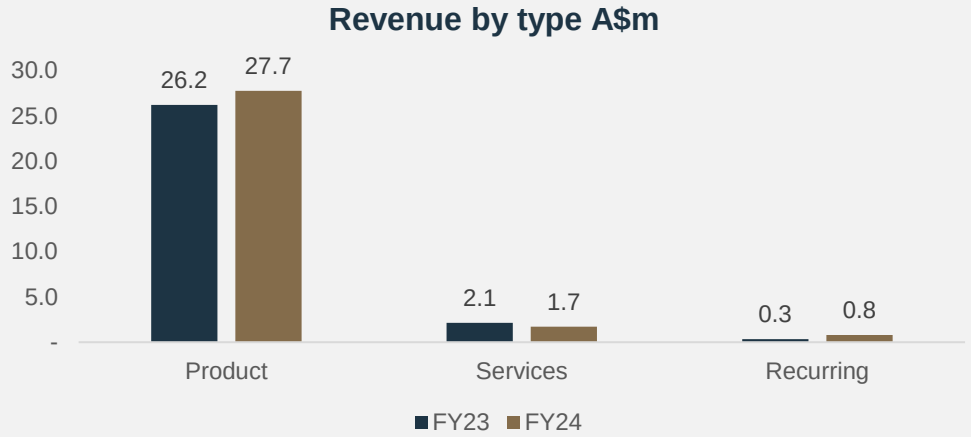
- Slightly lower revenue due to slow Q1. Detect revenue growth of 32% in H2 compared to H1.
- Strong sales order intake resulting in sales order backlog for FY25.
- **Average gross margin stable at 66% - 70%.**

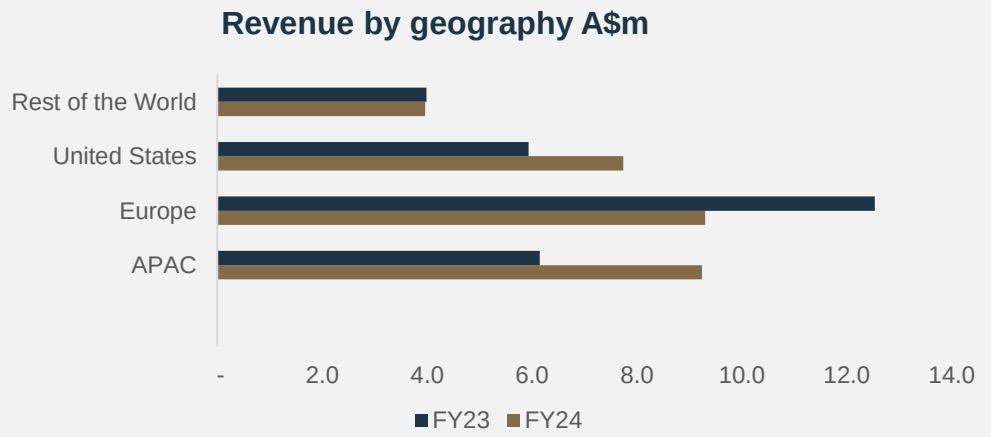
Access:

- Revenue growth of 38% underpinned by dormakaba orders following successful product certifications.
- **Average gross margin 50% - 55%.**

Illuminate:

- Revenue growth of 5%.
- **Average gross margin 45% - 50%.**





GROUP BALANCE SHEET

$A'000	30 Jun 2024	30 Jun 2023	Movement
Cash and cash equivalents	5.1	5.5	(0.4)
Receivables	9.0	8.4	0.6
Inventories	6.6	7.5	(0.9)
Intangibles	12.8	13.6	(0.8)
Other assets	2.6	2.1	0.5
TOTAL ASSETS	**36.1**	**37.1**	**(0.8)**
Payables	2.9	2.6	0.3
Provisions	1.4	1.5	(0.1)
Borrowings	2.2	2.5	(0.3)
Other liabilities	1.7	1.2	0.5
TOTAL LIABILITIES	**8.1**	**7.8**	**0.4**
TOTAL EQUITY	**27.9**	**29.3**	**(1.3)**

- Movement in cash per cash flow statement.
- Increase in receivables driven by timing of Detect shipments in Q4, particularly UGL which will be invoiced in H1 FY25 as implementation milestones are finalised.
- Reduction in Intangibles driven by impairment charge against Goodwill in the Illuminate segment ($1.5m). This is partly offset by continued technology investment during FY24.
- Borrowings relate to working capital facilities and Covid-19 support loans in the Illuminate segment.

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GROUP CASH FLOW

	A$m
Working Capital Movement	(0.2)
Development / Capital Expenditure	(2.7)
Repayment of Borrowings	(0.3)
Dividends paid	(0.6)
Net proceeds from share issue	4.1
Finance, Tax charges	(0.5)
Other (incl FX)	(0.1)
Movement in Cash	**(0.4)**
Opening Cash	**5.5**
Closing Cash	**5.1**

- Net proceeds of $4.1m via an Institutional Placement and Share Purchase Plan conducted during H2.
- Slight increase in working capital driven by timing of Q4 Detect shipments expected to be collected in H1 FY25.
- Development expenditure driven largely by investment in Aura Ai-X platform, Cobalt series locks in Access and LoRa system development in Illuminate.
- Dividends paid is the dividend payment during FY2024 ($0.4m) and reclassification of unclaimed dividends relating to prior declared dividends ($0.2m).

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OUTLOOK

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STRONG GROWTH CATALYSTS IN EACH SEGMENT

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DETECT

- Aura AI-X the solution of choice for the protection of critical infrastructure worldwide, providing Ava with both capital and recurring revenue income streams. Sold 100+ units since release – Australia, US, Poland, Chile.
- Expand solutions to adjacent applications and customers.

ACCESS

- Growing demand for the Cobalt 2 locks via dormakaba's distribution network.
- 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.

COMPELLING CASE FOR INVESTMENT

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

TRACK RECORD OF GROWTH AND RESULTS

- FY24 sales order intake up 14%
- High gross margins – circa 60% - 65%
- 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 range of $57.1m to $71.6m by FY26 with operating leverage

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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CLOSING
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QUESTIONS

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FORWARD LOOKING STATEMENTS

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