

21 January 2025

Q2 FY2025 Trading Update

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) provides the following update on its Q2 FY2025 trading performance:

- Expected H1 FY2025 revenue of **\$17.0 million**, up 20% on the previous year and within the guidance range. Second half revenue is expected to be stronger than the first half.
- Expected positive EBITDA for H1 FY2025. Stable and scalable cost base to support future earnings growth.
- Continued strong sales order intake during Q2 of **\$7.4 million**, resulting in **H1 sales order intake of \$16.3 million**.
- Further expansion in strategically important industry verticals and projects - sovereign border protection, airport perimeter detection, transportation.
- Confirmed sales order backlog of **\$7.6 million**, including \$2.4 million in contracted annual recurring revenue. The order backlog consists of equipment orders and multi-year service contracts.

Ava Group CEO Mal Maginnis commented: “I am pleased with our strong progress in H1 FY2025. Revenue has grown significantly, up 20% on the previous year, highlighting the improvement in our commercial team and the importance of our sales order backlog. Following completion of the restructure of the commercial team the cost base has stabilised which is expected to drive an improved EBITDA result.”

“We made further progress in our key industry verticals. Additional orders were received for deployment to the Eastern European border, building on the orders received in the previous year. Pleasingly, some of these orders replaced competitor technology based on Detects’ products superior performance. We deployed our market leading fibre sensing technology for airport perimeter protection at major airports in Dubai and North America. We also expanded our contracted position with UGL to support the Sydney Metro project. We have a proven technology platform and strong sales opportunity pipeline which leaves us well positioned to accelerate growth in H2 FY2025.”

Q2 FY2025 confirmed sales orders

Sales performance during Q2 remained strong with confirmed orders of \$7.4 million, resulting in sales order intake for the first half of \$16.3 million.

- **Detect:** Q2 sales order intake of \$4.5 million, with H1 order intake of \$10.9 million, down \$2.0 million on the previous year which included an order of \$2.7 million for pipeline protection at a Chilean copper mine. The current year order intake is supported by a strong sales opportunity pipeline to drive growth during H2. The Company grew its position in key industry verticals. Repeat orders for Aura Ai-X were fulfilled for protection of a critical eastern European border (\$2.0 million). These orders include the replacement of some

competitor technology previously deployed at the border based on the superior performance of Aura Ai-X. Airport perimeter detection is a growing segment with orders received for Dubai International Airport and a North American airport. Our relationship with UGL expanded with additional contract variations received to support the Sydney Metro project, including joint development activities with the Illuminate segment. The value of recurring service contracts grew by 20% to \$2.4 million during H1 FY2025 driven by the continued deployment of Aura Ai-X.

- **Access:** Q2 order intake of \$1.0 million, H1 order intake of \$2.3 million, \$1.4 million lower than the prior year which included an initial stocking order from dormakaba under its global framework agreement. Sales orders in the current year are supported by strong demand in Europe and Asia Pacific. Increased demand in the U.S. will be driven by growing end user demand for the Cobalt series locks to drive re-ordering by dormakaba.
- **Illuminate:** Q2 order intake of \$1.7 million, H1 order intake of \$3.1 million, in line with the prior year. The Illuminate segment continues to complement the Detect product offering and has been pivotal in the expansion of the UGL contract to support the Sydney Metro contract. In addition to its distribution network, growth in the Illuminate segment will be driven by project orders supporting the Detect segment.

At the end of Q2 FY2025, the Company carried an order backlog of \$7.6 million which represents sales orders received that are still to be fulfilled. The backlog includes \$2.4 million of annual recurring revenue associated with multi-year service contracts, up from 20% during H1. The remainder of the backlog relates to hardware and commissioning services which are expected to be fulfilled in H2 FY2025.

Strategy & Outlook

Since January 2023 the Company has invested heavily in its commercial capability and technology. The expected results for H1 FY2025 provide confidence that this strategy is growing revenue and delivering positive EBITDA. The Company remains focussed on improving its financial performance through:

- Growth in sales order intake.
- Growth in sales order backlog.
- Increasing recurring revenue.
- High gross margins of 60% - 65%.
- Scalable cost base generating positive EBITDA.

H1 FY2025 Results

Ava Risk Group will release its financial results for the half year ending 31 December 2024 on Tuesday 25 February 2025. Details of an investor webcast will be provided to the market in due course.

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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 three business segments – Detect, Access and Illuminate. 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