

Q4 FY2024 Trading Update

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) is pleased to provide the following update on its Q4 FY2024 trading performance:

- Continued sales momentum with confirmed Q4 sales order intake of **\$9.0 million**, resulting in full year sales order intake of **\$35.3 million**, up 14% on the prior year.
- Strong sales order backlog of **\$8.5 million** (including \$2.0 million in contracted ARR) to support revenue growth in FY2025 consisting of equipment orders and multi-year service contracts.
- Significant progress on key projects and initiatives with UGL, Telstra, as well as a European border, and the Australian Oil and Gas and U.S. Energy sectors.
- Expected FY2024 revenue of around **\$30.2 million**, within the guidance range.
- Scalable cost base resulting in positive EBITDA in H2 FY2024, a material improvement on H1 FY2024.
- Successful completion of an oversubscribed Share Purchase Plan in May which raised more than \$1.3 million following an institutional placement of \$3.0 million of new fully paid ordinary shares in March 2024.

Ava Group CEO Mal Maginnis commented: “Activity levels across the Company remain very high. Sales order intake in Q4 was solid and delivered full year sales order growth of 14% on the prior year. It is pleasing to see expansion of our solution offering to customers, particularly across the Detect and Illuminate segments. The sale of Illuminate products to support our fibre offering to U.S. based correctional facilities is a great example of how we can leverage our existing customer base to expand our product footprint. Similarly, the deployment of Aura Ai-X to a variety of different applications ranging from energy infrastructure to a sovereign border in Europe highlights the versatility and effectiveness of our technologies.”

“Execution of key contracts and relationships remains critical to our future success. Achievement of SIL2 certification for Aura Ai-X during Q4 to support the UGL contract is a clear demonstration of our growing capacity to manage more sophisticated relationships. We maintain a high-quality sales opportunity pipeline and have established and maintained relationships with premium partners such as UGL, Telstra, Siemens, dormakaba and Bosch. We are well placed to accelerate growth in FY2025.”

For personal use only

Q4 FY2024 confirmed sales orders

Full year sales order intake of \$35.3 million is an increase of 14% on the previous year. All operating segments recorded growth on the previous year.

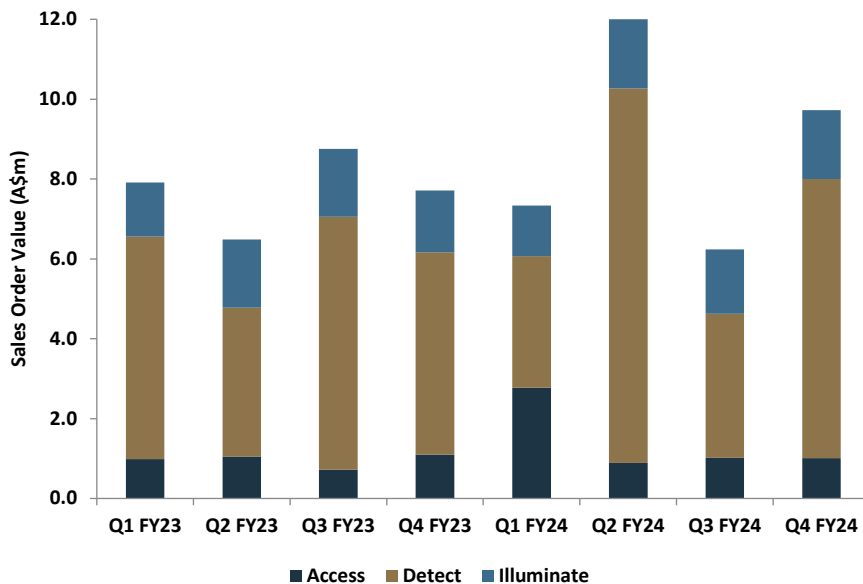
- **Detect:** Total Q4 sales order intake of \$6.5 million resulting in full year order intake of \$23.3 million, an increase of 12% on the previous year. Sales order growth continues to be supported by strong demand for Aura Ai-X, the Company's latest generation data driven intrusion detection system.

The versatility of the market leading Aura Ai-X solution is highlighted by the range of confirmed orders received during Q4. The Company received a follow-on order (A\$0.5 million) for deployment of its technology to an Eastern European border. The solution uses buried fibre to protect 47km of a remote border and builds on an earlier order received in March 2023 to protect the same border. The Company also received orders in Q4 to provide protection to three electricity substations on the East Coast of the U.S. (A\$0.7 million). The nature of these orders demonstrates the success of Aura Ai-X in providing infrastructure protection to multiple applications in complex environments and across multiple geographies.

- **Access:** Total Q4 order intake of \$1.0 million, resulting in full year order intake of \$5.7 million, growth of 48% on the previous year. The significant growth on the previous year is primarily driven by orders from dormakaba for the Cobalt series locks, particularly in H1 as stocking orders moved through its distribution network. We are confident of further growth in the Access segment in FY2025 as demand grows for the Cobalt locks via dormakaba's distribution network.
- **Illuminate:** Q4 order intake of \$1.5 million resulting in full year order intake of \$6.4 million, slightly higher than the prior year. Pleasingly, Q4 order intake includes the first orders received from U.S. based correctional facilities for Illuminate products to support the fibre sensing solutions provided by the Detect segment. The complementary nature of Illuminate and Detect product offerings remains a key focus in FY2025.

At the end of FY2024, Ava Risk Group carried an order backlog of \$8.5 million which represents sales orders received that are still to be fulfilled. Of the backlog, \$4.9 million relates to equipment for project delivery which is anticipated to be fulfilled primarily in H1 FY2025. The balance of the backlog relates to commissioning services and multi-year support contracts including contracted ARR of \$2.0 million.

Chart 1 – Sales Order Intake



Update on UGL Limited contract for implementation of detection systems of major Sydney transportation project

As announced on 7 December 2023, Ava Risk Group was awarded a contract from UGL Limited to deploy its fibre optic sensing systems on a Sydney transportation project. The contract was estimated to be valued between A\$2 and \$3 million. Working collaboratively with UGL, Ava Risk Group has received a number of contract variations as the project scope has been finalised. The current value of the contract and related variations is A\$3.0 million.

During Q4 the Company accomplished a number of important milestones in fulfilling its obligations under the contract. It successfully completed system trials and has completed the system design in conjunction with UGL. The Company also received Safety Integrity Level 2 (“SIL2”) certification for its Aura Ai-X intrusion detection technology and software. This means that that Aura Ai-X satisfies the requirements of EN50128:2011 – a standard that specifies the process and technical requirements for the development of software for programable electronic systems used in railway control and protection applications. Increasingly valued by customers, SIL2 represents a significant level of safety assurance and ensures that the implemented safety measures and systems meet the required standards. SIL2 certified systems guarantee mitigating risks, potential hazards, and enhancing the overall safety performance in projects.

Ava Risk Group has shipped the contracted systems to UGL during Q4. Installation and commissioning of these systems (approximately 10% of the contract value) is expected to occur during H1 FY2025.

Update on supply agreement with Telstra Group

As announced on 9 February 2024, Ava Risk Group signed a supply agreement with Telstra Group for the provision of goods and services to Telstra from each of its operating segments. Since signing the agreement, the Company has worked collaboratively with Telstra on developing applications for fibre sensing technology and other products. Activity during Q4 was slightly disrupted by some restructuring activity that occurred within Telstra. Nonetheless we

For personal use only

have progressed on several opportunities that we expect to deliver during FY2025. Telstra has initiated a trial of our Illuminate and Detect technologies to provide protection for remote mobile network towers and infrastructure. The trial is expected to complete in H1 FY2025. The Company also continues to develop applications with Telstra which use our fibre sensing technologies to transform Telstra's existing fibre network to sensors.

Strategy & Outlook

We continue to invest in our commercial capability and technology. Whilst this investment did impact EBITDA in FY2024, it has positioned the Company well for future growth. We remain committed and focused on the strategy to grow revenue and profits and have a clear path to continued growth over the next 24 months underpinned by:

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

FY2024 Financial Results

Ava Risk Group will release its financial results for the year ending 30 June 2024 on Tuesday 27 August 2024. Details of an investor webcast will be provided to the market in due course.

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](tel:+61438380057)

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