

31 October 2019

ASX ANNOUNCEMENT – ANNUAL GENERAL MEETING PRESENTATIONS

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

Kim Clark Company
Secretary

About Ava Group

The Ava Group, comprising world leading technology divisions Future Fibre Technologies (FFT) and BQT Solutions (BQT) is a market leader in the provision of risk management services and technologies, trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

The Group features a range of complementary solutions including intrusion detection for perimeters, pipelines and data networks, biometric and card access control as well as the secure international logistics and storage of high value assets. Through decades of innovation, the Ava Group continues to build upon a comprehensive portfolio of premium services and technologies for the most complex and demanding markets.

Our business truly serves a global market, with our knowledgeable team spread across six continents, providing market and industry expertise directly to customers. With thousands of sites protected, the Ava Group is proven to deliver first class services and technologies that surpass the expectations of our partners and end users.

CHAIRMAN'S SPEECH

On behalf of my fellow Directors, I would like to welcome you to the AVA Risk Group Limited (AVA Group) Annual General Meeting and thank you for taking the time to join us here today.

I am pleased to report that our Directors and their related parties hold around 20% of the Company's shares, and that the top 20 shareholders hold more than 70% of the register.

For AVA Group, the 2019 financial year was one of continuous improvement. Our group-wide focus was building stronger revenues, identifying cost savings and expanding the range of risk management solutions that we are able to offer our growing global market.

AVA Group's sales revenue for the financial year increased by 60% to \$31.6 million. While earnings before interest, tax, depreciation and amortisation (EBITDA) improved to a loss of \$2.9 million. As at 30 June 2019, our total cash balance was \$3.1 million with no debt.

Successfully lowering overheads and right-sizing the Company's cost base has achieved ongoing operating savings, which has contributed to a positive Q1 FY2020 result. Efficiency strategies continue in the current financial year as we work to deliver strong and profitable growth.

Our Technology Division further expanded its global reputation for delivering highly trusted intrusion detection and access control solutions, while the Services Division's focus on customer retention and growth has seen its profile raised in the highly competitive International Valuable Logistics (IVL) market.

FFT's Aura Ai-2 platform continued to drive new critical infrastructure opportunities globally - thanks to its unrivalled high sensitivity detection, location accuracy and cut resilience capability. Highlights for the year included selection for an airbase security upgrade in India which will see our latest generation Aura technology deployed across 23 facilities over 18 to 24 months.

Aura Ai-2 was also chosen to protect critical infrastructure in North America, the Middle East and South Pacific, as well as several high security government facilities across the United States.

A growing number of orders were also received from customers looking to upgrade from previous generation FFT intrusion detection solutions and enjoy the benefits of Aura Ai-2's enhanced features and value. With more than 1,900 FFT systems deployed globally leveraging our existing customer base presents a significant revenue opportunity.

I will leave Scott will elaborate on the solution upgrade initiatives and value-added after-market services currently being implemented by the Company.

The commercial launch of the new Aura IQ conveyor health monitoring solution is also attracting significant global interest and opens an addressable market of more than \$300 million to our proven Aura Ai-2 technology. This cloud-based platform also enables an OPEX/SaaS model for future annuity income streams - both for Aura IQ and other FFT solutions.

Interestingly, demand for non-security related applications of FFT's monitoring technology continues to grow, with power cable, railway and mining applications totalling 15% of sales in FY2019. Further Proof of Concept and validation trails are currently underway in a number of adjacent markets.

Our access control and electronic locking products continue to attract interest, including from some of the world's largest industry players, including Dormakaba who has taken on some of our products in a focused GTM roll out in the USA.

Through a combination of new business wins and expansion within existing customer accounts, our Services Division continued to build its presence in the IVL market with revenue growth of 116% in FY2019. With some customers now allocating more than 25% of their annual secure logistics spend to AVA Global Logistics, and with potential competitor consolidation in the market, the division is well positioned for consistent growth and ongoing strong revenues.

Recently, we continued to strengthen the Services Division Board with the appointment of Mike McGeever as a Non-Executive Chairman, and Grant Angwin as a Non-Executive Director and strategic industry advisor. Both Mike and Grant bring decades of relevant industry experience and I welcome both of their contributions.

From a management perspective, Scott Basham was appointed Group CEO - allowing Chis Fergus to focus on leading and expanding the Services Division. In addition to a wealth of knowledge and experience in the security industry, Scott has worked on major security projects and system integrations. Having formed and led international sales teams for global technology organisations worldwide, Scott leads the Company's global technology sales and marketing teams.

As Directors, we are committed to conducting business in accordance with high governance standards and continue to focus on ensuring Ava Group has a contemporary approach to corporate and business ethics. While our policies and practices are consistent with good corporate governance practice in Australia, we remain committed to reviewing and updating those policies as appropriate.

In the past year, we have reviewed and adopted AVA Group's Corporate Governance Charter, Code of Conduct, Audit and Risk Committee Charter and Travel and Expenses Policy and shared the terms, conditions and obligations of these policies with our employees where relevant. As a small company, diversity is sometimes hard to achieve, and to that end I am pleased to report a healthy increase in the number of females selecting Ava as an employer of choice and filling several vacant positions. We will continue to review areas for refinement and improvement in the coming year.

AVA Group's commitment to customer satisfaction and the delivery of high quality products means that we enjoy a reputation which is second to none amongst the most security conscious organisations in the world. This is due in no small part to an incredibly experienced team which works tirelessly across six continents to deliver our security and risk management solutions.

I would like to thank our employees for their continued contribution to the Company. I would also like to thank you, our shareholders, for your support and ongoing confidence in the AVA Group.

We operate across global, fast growing market segments, and with that comes huge opportunities. With increasing revenues, improving margins and an expanding portfolio of risk management solutions, I am confident that progress during the past year positions AVA Group to deliver long term, sustainable growth and importantly, value for shareholders.

I will now hand over to our Group CEO, Scott Basham, who will provide you with a deeper insight into the performance of the business during the 2019 year, as well as the Company's outlook.

GROUP CEO'S ADDRESS

It's my pleasure this morning to be able to update you on our FY2019 results, and talk about the key activities that the business is working on currently. I will also take the opportunity to update you on our areas of Strategic Focus for this year, before finishing up with an update on our recent Q1 FY2020 results, and of the outlook we have for the rest of FY2020.

FY2019 HIGHLIGHTS

So, let's take a moment now to talk about the highlights from FY2019.

For Ava Group (Technology Division + Services Division):

- FY2019 revenues increased 60% on the previous year up to \$31.6m
- EBITDA* improved by 3% to a loss of \$2.9m

Looking at the Technology Division (FFT + BQT):

- Revenues increased by 3% to \$15.7m
- Gross margin improved for FFT from 65% in FY2018 to 67% in FY2019
- FFT's Aura Ai-2 sales increased by 272% from \$2.9m in FY2018 to \$8.0m in FY2019
- In March I was appointed as Group CEO, with the mandate to drive the Technology Division sales strategy, and operational improvement programs, to increase sales revenue and right sizing the expense base.
- We received the initial POs for the large, \$17+m Indian MoD network project, a major financial and product milestone for FFT's SecureLink product.
- \$2.3m spent on R&D in FY2019 (included \$1.1m of capitalised spending), achieving industry leading performance with the Aura Ai platform, yielding the new Aura IQ Conveyor Belt Monitoring Solution.
- Record backlog of Customer Purchase Orders at year end of circa A\$6.0m, the bulk of which was for delivery in Q1 FY2020.

Services Division (Ava Global):

- Revenues increased by 116% to \$16.1m
- Gross margin was 20% in FY2018 versus 21% in FY2019, reflective of changing product mix
- EBITDA improved by \$1.6m on a full year comparison basis
- Addressable client spend increased to \$90m, with some clients at the end of FY2019 transacting in excess of 25% of their annual logistics spend with Ava Global.
- Mike McGeever appointed Non-Executive Chair of Services Division on 30 July 2019. This appointment has brought great experience, and an extended contact base, to the Services Division whilst allowing Chris Fergus, CEO Services Division, to continue to grow the business to achieve its aggressive growth targets for FY2020.

FY2019 FINANCIAL SUMMARY – P&L

As you can see from the slide, while total revenues increased significantly during the period, from \$19.8m to \$31.6m, the business's operating cost base was still too high at that time, which resulted in a \$4.7m loss after tax.

That said, some key points of note from the P&L, were:

- 116% increase in YoY revenues for the Services division (like for like full 12 months comparison).
- Overall group gross margin declined to 43%, due to the expected dilution impact from a larger contribution from the lower margin Services Division.

- Technology Division gross margin was 66%
- Services Division gross margin was 21%
- FFT's gross margin showed a YoY improvement from 65% to 67%, driven by higher margin contribution from the new Aura Ai platform.
- Operating expenses includes a full year of MaxSec business in FY2019 (compared to 7 months in FY2018).

FY2019 FININCIAL SUMMARY – BALANCE SHEET

The Balance Sheet at the end of 30 June showed that:

- the company had no external debt or borrowings,
- that we had a Cash balance of \$3.1 million, and
- that we also had a strong backlog of Sales order of around \$6.0m at that time as well.

COMPANY OVERVIEW

I just want to take a few moments now to refresh everyone on what an amazing company we are.

As this chart simply shows, from a revenue perspective, our Services and Technology divisions contribute equally to the company's performance.

And the map clearly outlines where are operations are conducted right around the world.

MAJOR ORGANISATIONS AROUND THE WORLD DEPEND ON AVA

I think it is also important to take note of the various logos on this slide, to also understand that we make a material difference to the security and protection of people, places and things, for major corporates, and government agencies all around the globe.

SERVICES DIVISION – AVA GLOBAL LOGISTICS

Here is a quick reminder of our Ava Global business.

TECHNOLOGY DIVISION – FUTURE FIBRE TECHNOLOGIES

And our FFT business.

TECHNOLOGY DIVISION – BQT SOLUTIONS

And our BQT Solutions business ...

SERVICES DIVISION – REFINED STRATEGY

I am now going to talk about some current activities that are underway across the divisions, and the first of these relates to our Ava Global business.

- Our focus has been on increasing revenues whilst reducing fixed costs, to better align with a performance based remuneration structure.
- We are now moving from being a supplier of choice, to now being an integral component in a customer's secure supply chain.
- We have strengthened our focus within the precious metals sector, with the recent appointment of Grant Angwin as a director and strategic market advisor to the business.
- And we are well positioned to take a leading market position in the wholesale banknote market – with imminent changes coming from the US Federal Reserve Bank for the supply of USD.
- And, as I mentioned earlier, some of our customers are now allocating more than 25% of their annual spend on Ava valuable logistics services.

BQT PRODUCTION & OPERATIONS – NEW GTM CHANGES NOW IMPLEMENTED

During Q1 FY2020, the Technology Division relocated its BQT Solutions (BQT) business unit's production and manufacturing operations of all Access Control Readers and Cards, and Biometric Terminals to its BQT locking production facility in Auckland, New Zealand.

We kept the Sydney based Sales and Software R&D team, who we have relocated to a new more appropriately sized office.

This consolidation brings efficiencies to the business, generated from manufacturing scale and greater optimisation of underutilised production capacity at the Auckland site.

Subsequently to this restructuring, the business has also closed the BQT sales administration office in the UK, and realigned its BQT sales operations both there, and in the Middle East, to take advantage of newly appointed Distribution channel partners.

Cost savings from these changes are expected to positively benefit the underlying business by more than A\$1m per annum going forward.

The new GTM, and other exciting growth opportunities that are anticipated for FY2020, should see significant contributions now being made by this business unit to the company going forward.

BQT LOCKING GTM PARTNERSHIP

In FY2019, we commenced marketing our locking products in the USA with a major industry locking company. Initial market feedback has been very positive resulting in several small, medium and large project opportunities to date.

All internal production planning has now been completed to prepare for the potential manufacturing of over 100,000 units of our award winning YG80 lock, in anticipation of finalizing a supply agreement that is expected to run over 5 years, with quantities delivered in fixed monthly tranches.

This significant deal is being developed by a major international locking company, for a single customer in the USA, and integrates other technologies with our YG80 locking solution.

The finalisation of the contract between the global locking conglomerate and the End User Customer is still ongoing. We continue to await further advice of a new completion date.

Concurrently with this, we are also finalizing the negotiations for an expansion of existing supply arrangements into Europe, for a new Master Distributor Agreement with another – different – global locking conglomerate.

When concluded, this new arrangement is expected to deliver an additional 20% increase on our existing production levels across all locking products.

This new agreement is expected to be completed by the end of Q2 FY2020.

INDIA MOD UPDATE – TRANCHE 1 PRODUCTION NOW UNDERWAY

Follow on purchase orders for the first tranche of 600 systems for the IMOD project have been received by Ava's Technology Division from our in-country partner SFO.

This order equates ~25% of the total project and is valued at circa US\$3.5m (A\$5.1m) in licence fees to Ava.

Once production of this batch is completed by our in-country manufacturer, the end user will then undertake their Factory Acceptance Testing process.

Once this has been successfully completed, Ava expects that material revenues will then commence being booked in late Q2 FY2020 as units are dispatched in bulk lots from SFO to IMOD sites.

Ava anticipates receiving a revised delivery schedule for the next tranche of systems in November 2019, and will provide an update via the ASX as appropriate.

Ava can also advise here today that the Bank Guarantee of circa US\$2m (A\$2.9m), which supports the 120 days payment terms agreement between Ava and SFO, is being finalised.

The total contract value of the license fees to Ava is estimated at US\$11.7m (A\$17.2m) the majority of which is expected to be invoiced over H2 FY2020.

In addition, there is expected to be additional revenue after the initial 3-year warranty period from a subsequent 7-year spares and maintenance contract, which has an estimated value of US\$3.4m (A\$5.0m).

AURA IQ UPDATE

The Technology Division successfully launched its new Aura IQ solution for conveyor belt health and assurance monitoring in Q1 FY2020.

The first customer orders have been received, and installations are underway.

There are currently more than USD\$28m (A\$41m) in live qualified Aura IQ opportunities running across 16 countries, with more than a third of these opportunities lined up for "Proof of Value" Commercial Trials.

Meanwhile, the fully funded collaborative Operational Pilots currently underway in LATAM and Australia at major mining sites are progressing, and these are expected to continue on into CY 2020.

FY2020 STRATEGIC GROWTH FOCUS

I now want to just take a few moments to update you on the strategic areas for growth in FY2020, that I am focussing our team's efforts:

1. New GTM focus on Sales Distributor channel to grow Technology Division &

New GTM focus on Service Distributor channel to support/supplement existing Technology Division operations sales.

The Technology Division has already commenced the rollout of its new Go-To-Market strategy in its Future Fibre Technologies (FFT) business unit, having signed Distribution Agreements with more than a dozen new channel partners in the developing markets of Latin America and Africa, with further new agreements pending completion in Q2 FY2020.

These new channel partners will provide Ava's Technology Division with increased opportunities to win a greater share of local sales, as well as giving it an enhanced level of intimacy via these new partners with local System Integrators and End Users to win larger scale deals.

2. **Focus on After Market Sales of Maintenance Support Contracts and Upgrades/Migrations to new technology like FFT's Aura Ai-2, and BQT's Bio X/XK and YG80.**

This is a key area for growth for the Technology Division, as we have sold more than 1,900 systems across 69 countries since starting FFT, and tens of thousands of BQT readers and locks over the years as well.

3. **Focus on delivering a strong ROI on our new Aura IQ and leveraging our 1st sales into Mining Sector**

I have talked to this point already.

4. **R&D to focus on refinement of Buried/Pipeline solutions to further increase our market leading capabilities in this application.**

The market for buried and pipeline applications is growing year on year, and we need to ensure that we maintain our technology leadership in this space to keep winning new projects, as and when they come up for tender, all around the world.

We will also be starting the development of some new features and enhancements for the BQT Readers and Locking products over the coming months as well.

5. **Continued focus on right sizing OPEX base for underlying business sustainability.**

We have done much of this already in Q1, as I have outlined earlier, especially with the structural changes to the BQT business.

But, I also want to just make note that we have also made a number of changes and enhancements to the way the Technology Division's Sales Team reports and is managed.

I believe these changes will now bring far greater consistency to our order booking and revenue forecasting for the company going forward.

And, I believe we have seen some of the positive benefit of these changes in our excellent Q1 result that I will talk about now.

Q1 FY2020 FINANCIAL SUMMARY

This chart is a great snapshot of where we stand at the end of Q1 compared to the same time last year. The key takeaways that you can easily see here, are that we are:

- growing revenues
- Increasing Margins
- Reducing Costs
- Producing Profits
- Increasing cashflow

Q1 FY2020 HIGHLIGHTS

If we drill down into this a little more, you can see that: .

For Ava Group:

- Revenue growth during the quarter exceeded guidance, with group revenues of \$9.8m
- This growth, along with operating efficiency strategies, delivered improved returns in Q1 FY2020 with EBITDA of \$1.2m, which was a \$1.8m improvement on the same time last year. Net operating cashflows in the quarter were positive \$0.9m, an improvement of \$1.6m compared to the previous quarter.
- Cash receipts from customers were up \$2.2m on the previous quarter to \$9.4m on higher sales.
- At 30 September 2019, the Company had \$3.6m cash at bank, an increase of \$0.5m since 30 June 2019.
- Excluding cash inflows from customer payments, and other sources, gross operating cash outflows are forecast around \$8.6m for next quarter.

Technology Division (FFT + BQT):

- Revenues of \$5.5m in Q1
- EBITDA was \$1.0m
- Average Gross Margin of more than 70% compared to 66% in FY2019
- Order backlog for technology products and services at 30 September 2019 of circa \$4.3m

Services Division (Ava Global):

- Revenues of \$4.4m in Q1
- EBITDA was \$0.2m
- Average Gross Margin of 25% an improvement of 4% on FY2019
- The Services Division is well positioned for consistent growth in FY2020 after recently securing further new customer contracts.

Importantly, the above results reflect improvements in the core business, and do not include any material revenue from the large-scale Indian MOD (IMOD) contract (circa \$17m) already announced to the ASX.

FY2020 OUTLOOK

I'd now like to finish up by talking about what the rest of FY2020 looks like for us going forward:

Services Division:

- Cost base repositioned, and EBITDA improved by \$1.6m on a full year comparison basis
- Strong growth trajectory continues from 2H FY2019 into Q1 FY 2020 where achieved EBITDA positive result.
- Improving Gross Margins expected for FY2020 – was 20% in FY2018, to 21% in FY2019, and now currently 25% in Q1 FY2020, which is reflective of changing product mix
- Growing customer base and share of customer spend. Potential for existing customer spend to increase significantly with recent developments in USD supply protocols.
- Addressable client spend increased to A\$90m, with some clients now transacting in excess of 25% of their annual logistics spend with Ava Global.
- Significant potential for market consolidation, reducing competitive landscape.
- Mr. Mike McGeever appointed as Non-Executive Chair of Services Division on 30 July 2019, and Mr. Grant Angwin (former Chairman of LBMA) appointed as Non-Executive Director & Senior Precious Metals Advisor, on 01 October 2019. These two appointments enhance Ava Global's growing reputation and bring great experience and an extended contact base to the Services Division to further leverage for success.

- After recently securing further customer contracts, the Services Division is well positioned for consistent growth in FY2020,

Technology Division:

- Strong backlog of A\$4.3m at the end of September to take in to Q2 & H2 FY2020.
- New GTM sales strategy being implemented globally, which expected to begin to deliver first results from Q2.
- New Aura IQ Conveyor Belt Health Monitoring Solution launched, first orders taken from A\$300m addressable market, and more than A\$41m (USD\$28m) in live qualified opportunities being pursued.
- Consolidation of BQT operations and other changes will generate total savings of A\$1m+ p.a.
- New BQT Master Distributor Agreement for BQT Locking products in Europe, to deliver 20% growth on existing levels once finalised.
- Exciting USA BQT Locking opportunity that is expected to run over 5 years is progressing.
- Indian MoD now progressing. SFO (Ava's partner) manufacturing first 600 systems, with first significant revenues expected late in Q2, with bulk of A\$17.2m (USD11.7m) expected to be delivered in H2 FY2020.

Ava Group:

- Total revenue for Q2 FY2020 is forecast to be in excess of A\$9.0m, with total revenue expected for H1 FY2020 to be more than A\$19m (excluding IMOD).
- With Company's growth and operating efficiency strategies now delivering improved returns to the business, the Ava Group remains buoyant about delivering record revenues and profits in FY2020 and beyond.

So, the company is now fundamentally very well positioned for the next exciting stage of growth across all of its businesses, and I am tremendously excited about the very positive future we now all have in front of us.

- END -



SECURITY RISK MANAGEMENT

Annual General Meeting – 31 October 2019



Forward Looking Statements

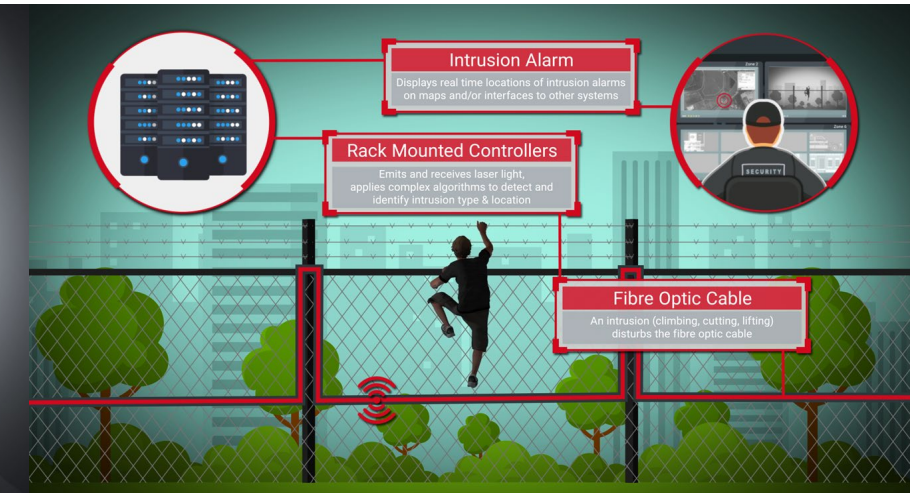
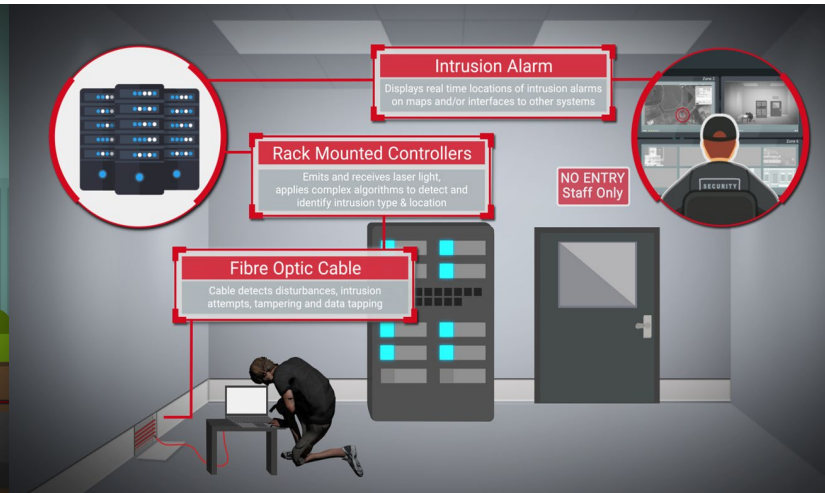
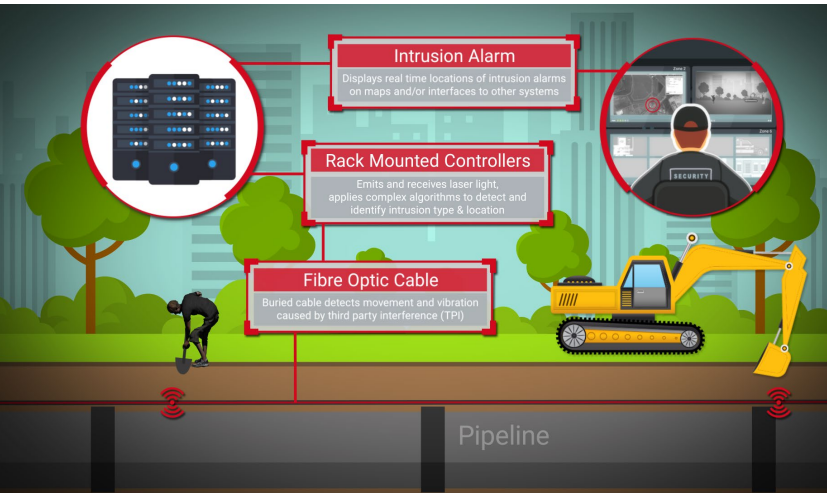
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Any forward-looking statements are based on the current beliefs of the Company's management as well as assumptions made by, and information currently available to, the Company's management. Forward-looking statements are inherently uncertain and must be read accordingly. There can be no assurance that the underlying assumptions will prove to be valid.

All data presented in this document reflects the current views of the Company with respect to future events. Forward-looking statements are subject to risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. To the maximum extent permitted by law, the Company, its officers, employees and agents do not assume any obligation to release any updates or revisions to the information (including any forward looking statements) in this presentation to reflect any change to expectations or assumptions, and disclaim all responsibility and liability for any loss arising from reliance on this presentation or its content

Chairman's Remarks – Mr David Cronin



Group CEO's Address – Mr Scott Basham



FY2019 Financial Summary - P&L

AUD\$M	FY2019	FY2018
Sales Revenue	31.6	19.8
COGS	(17.9)	(8.8)
Gross Profit	13.7	11.0
GP margin (%)	43%	56%
Operating Expenses	(16.6)	(14.5)
EBITDA*	(2.9)	(2.9)
Profit / (Loss) after tax	(4.7)	(3.2)

* Earnings before interest, taxes, depreciation and amortisation

- 116% increase in YoY revenues for the Services division (like for like full 12 months comparison).
- Overall group gross margin declined to 43% due to expected dilution impact from a larger contribution from the lower margin Services Division.
- Technology Division gross margin was 66%
- Services Division gross margin was 21%
- FFT gross margin showed a YoY improvement from 65% to 67%, driven by higher margin contribution from the Aura Ai platform.
- Operating Expenses includes a full year of MaxSec business in FY2019 (7 months in FY2018)

FY2019 Financial Summary - Balance Sheet

AUD\$M	30 Jun 2019	30 Jun 2018
Cash and cash equivalents	3.1	5.9
Receivables	5.0	5.3
Inventories	4.5	4.6
Intangibles	12.7	12.7
Other assets	1.2	1.4
Total assets	26.5	29.9
Payables	4.8	4.8
Provisions	1.5	1.6
Borrowings	-	-
Total liabilities	6.3	6.4
Total equity	20.2	23.5

- No external debt or borrowings.
- Cash balance of \$3.1 million at 30 June 2019.
- Sales orders backlog circa \$6.0m at 30 June 2019.

FY2019 Highlights

Ava Group (Technology Division + Services Division):

- FY2019 revenues increased 59% to \$31.6m
- EBITDA* improved by 3% to a loss of \$2.9m

Technology Division (FFT + BQT):

- Gross margin improved for FFT from 65% in FY2018 to 67% in FY2019
- FFT's Aura Ai-2 sales increased by 272% from \$2.9m in FY2018 to \$8.0m in FY2019
- Scott Basham appointed Group CEO, driving Technology Division sales strategy and operational improvement programs yielding increase in sales to revenue cadence and right sizing the expense base.
- PO received for large, \$17+m Indian MoD network project, a major financial and product milestone for FFT's SecureLink product.
- \$2.3m spent on R&D in FY2019 (included \$1.1m of capitalised spending), achieving industry leading performance with the Aura Ai platform yielding the new Aura IQ Conveyor Belt Monitoring Solution launched and first orders from A\$300+m addressable market taken.
- Record backlog of Customer Purchase Orders at year end of circa A\$6.0m, the bulk of which was delivered in Q1 FY2020.

* EBITDA is earnings before interest, tax, depreciation and amortisation.

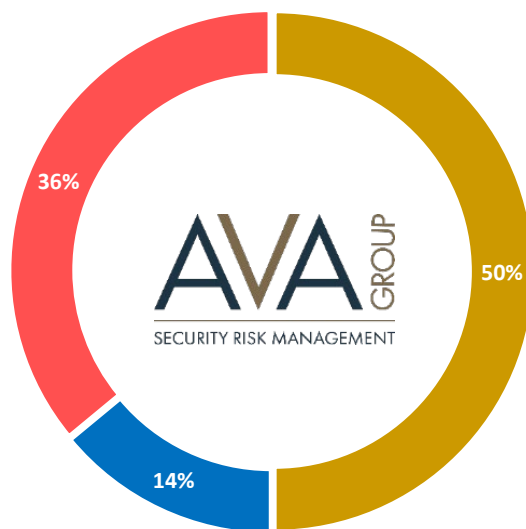
FY2019 Highlights

Services Division (Ava Global):

- Revenues increased by 116% to \$16.1m
- Gross margin was 20% in FY2018 compared to 21% in FY2019, reflective of changing product mix
- EBITDA improved by \$1.6m on a full year comparison basis
- Addressable client spend increased to \$90m, with some clients now transacting in excess of 25% of their annual logistics spend with Ava Global.
- Mike McGeever appointed Non-Executive Chair of Services Division on 30 July 2019. This appointment brings great experience and an extended contact base to the Services Division whilst allowing Chris Fergus, CEO Services Division, to continue to grow the business to achieve its aggressive growth targets for FY2020.

Company Overview

AVA Group is a diversified risk management technology and services company operating around the globe



FY2019 revenue contribution



Services division



AVA Global Logistics

Technology division



Future Fibre Technologies



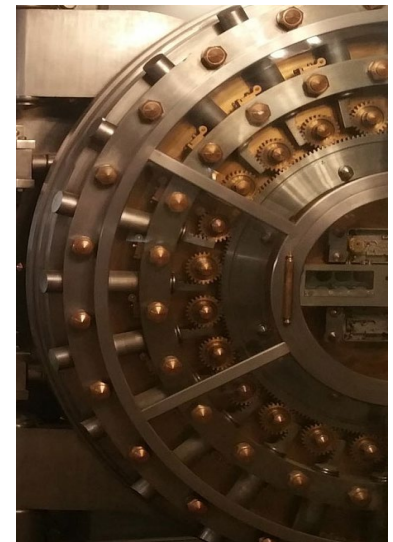
BQT Solutions

Major Organizations All Around the World Depend on AVA



Services Division – Ava Global Logistics

- Ava Global Logistics is a growing global provider of secure international logistics of high-risk valuables, precious metals and currency.
- Provides fully insured, door to door services, utilising a network of highly experienced security companies, freight forwarders, airlines and customs brokers, all operating under Ava's strict risk management guidelines.
- Unique Partner model: ability to provide service in 100+ countries.
- Blue chip client base.
- Global footprint with offices in New York, London, Frankfurt, Dubai & Singapore.



Technology Division – Future Fibre Technologies

- FFT is a global leader in fibre optic intrusion detection systems, with a track record of delivering highly intelligent, reliable, and award-winning intrusion detection solutions for the protection of critical sites and infrastructures.
- FFT's advanced security systems detect and locate perimeter intrusions, oil and gas pipeline third-party interference and data network tapping and tampering.
- With over 1,900 systems deployed across 69 countries, FFT has established a solid reputation for delivering advanced and cost effective intrusion detection solutions for the Transport, Government, Military, Oil & Gas and Utility sectors.
- FFT's new Aura Ai platform uses the latest advanced optical signal processing algorithms, combined with artificial intelligence, to discriminate between intrusions, nuisance alarms and other causes of fence disturbance.



Technology Division – BQT Solutions

- BQT's secure, reliable smart reader and card systems, biometric solutions, electric locking, and access control products are utilised at over 3,500 sites in more than 50 countries.
- A leader in high security access control technology used in some of the most high security, critical applications in the world.
- Offers custom and “off the shelf” products to deliver market-wide access control security including military, critical infrastructure, commercial, industrial and residential applications.



Services Division – Refined Strategy

- Focus on increasing revenues whilst reducing fixed costs to better align with a performance based remuneration structure.
- Moving from a supplier of choice to integral component in a customer's secure supply chain.
- Strengthened focus within precious metals sector with the recent appointment of Grant Angwin as a director and strategic market advisor.
- Well positioned to take a leading market position in the wholesale banknote market – imminent change is USFRB USD supply.
- Some customers allocating more than 25% of their annual spend on Ava services.



BQT Production & Operations – NEW GTM Changes Now Implemented

- During Q1 FY2020, the Technology Division relocated its BQT Solutions (BQT) business unit's production and manufacturing operations of all Access Control Readers and Cards, and Biometric Terminals to its BQT locking production facility in Auckland, New Zealand.
- Sydney based Sales and Software R&D staff have been relocated to a new appropriately sized office.
- This consolidation brings efficiencies to the business, generated from manufacturing scale and greater optimisation of underutilised production capacity at the Auckland site.
- Subsequent to this restructuring, the business also closed the BQT administration office in the UK, and realigned its BQT sales operations both there, and in the Middle East, to take advantage of newly appointed Distribution partners.
- Cost savings from these changes are expected to positively benefit the underlying business by **more than A\$1m** going forward.
- The new GTM and other exciting growth opportunities that are anticipated for FY2020 should see significant contributions now being made by this business unit going forward.



BQT Locking GTM Partnerships

- In FY2019, we commenced marketing our locking products in the USA with a major industry locking company. Initial market feedback has been very positive resulting in several small, medium and large project opportunities to date.
- All internal production planning has now been completed to prepare for the potential manufacturing of over **100,000 units of our award winning YG80 lock**, in anticipation of finalizing a supply agreement expected to run over 5 years with quantities delivered in fixed monthly tranches.
- This significant deal is being developed by a major international locking company for a single customer in the USA and integrates other technologies with our YG80 locking solution. The finalisation of the contract between the global locking conglomerate and the End User Customer is still ongoing. We continue to await further advice of a new completion date.
- Concurrently with this, we are also finalizing the negotiations for an expansion of existing supply arrangements into Europe, for a new Master Distributor Agreement with another – different – global locking conglomerate. When concluded, this new agreement is expected to deliver an **additional 20% increase** on our existing production levels across all locking products. This is expected to be completed by end of Q2 FY2020.

India MoD Update –Tranche 1 Production Now Underway

- Follow on purchase orders for the first tranche of 600 systems for the IMOD project have been received by Ava's Technology Division from our in-country partner SFO.
- This order equates ~25% of the total project and is valued at circa **US\$3.5m (A\$5.1m)** in licence fees to Ava.
- Once production of this batch is completed by our in-country manufacturer, the end user will then undertake their Factory Acceptance Testing process. Once this has been completed, Ava expects that revenues will then commence during late Q2 FY2020 as units are dispatched in bulk lots from SFO to IMOD sites.
- Ava anticipates receiving a revised delivery schedule for the next tranche of systems in November 2019 and will provide an update via the ASX as appropriate.
- Ava can now also advise that the Bank Guarantee of circa **US\$2m (A\$2.9m)**, which supports the 120 days payment terms agreement between AVA and SFO, is being finalised.
- The total contract value of the licence fees to AVA is estimated at **US\$11.7m (A\$17.2m)** the majority of which is expected to be invoiced over FY2020.
- In addition, there is expected to be additional revenue after the initial 3-year warranty period from a subsequent 7-year spares and maintenance contract, which has an estimated value of **US\$3.4m (A\$5.0m)**.

AURA IQ Update

Aura IQ Conveyor Health Monitoring

The Technology Division successfully launched its new Aura IQ solution for conveyor belt health and assurance monitoring in Q1 FY2020. The first customer orders have been received, and installations are underway.

There are currently more than **USD\$28m (A\$41m)** in live qualified Aura IQ opportunities running across 16 countries, with more than a third of these opportunities lined up for “Proof of Value” Commercial Trials.

Meanwhile, the fully funded collaborative Operational Pilots currently underway in LATAM and Australia at major mining sites are progressing and are expected to continue on into CY 2020.



FY2020 Strategic Growth Focus

No.	Area of Growth
1	Focus on new Go To Market strategy for Technology Division Sales & Service Distribution Channels to grow the sales revenues and supplement existing global support operations.
2	Focus on After Market Sales of Maintenance Support Contracts and Upgrades/Migrations to new technology like FFT's Aura Ai-2, and BQT's Bio X/XK and YG80.
3	Focus on delivering strong ROI on our new Aura IQ and leveraging our 1st sales into the Mining Sector
4	Focus Technology Division's R&D efforts on further refinement of Buried/Pipeline solutions (FFT) and new features and enhancements for Readers and Locking products (BQT).
5	Focus on growing precious metals sector for Services Division, Ava Global, with the appointment of Grant Angwin
6	Focus on developing a leading market position in the wholesale banknote sector for Services Division
7	Focus on Right Sizing and Maintaining our OPEX base for underlying business sustainability.

Q1 FY2020 Financial Summary

AUD\$M#	Q1FY2019	Q1FY2018	% change YoY
Sales Revenue	9.8	8.4	18%
COGS	4.8	4.8	3%
Gross Profit	5.0	3.6	37%
GP margin (%)	51%	43%	
Operating Expenses	3.7	4.2	-12%
EBITDA*	1.2	(0.5)	335%

- **Growing Revenues**
- **Increasing Margins**
- **Reducing Costs**
- **Producing Profits**
- **Increasing cashflow**

* Earnings before interest, taxes, depreciation and amortisation

unaudited management accounts

Q1 FY2020 Highlights

Ava Group (Technology Division + Services Division):

- Q1 FY2020 revenues increased 18% to \$9.8m compared to same time last year.
- EBITDA* of \$1.2m, an increase of approximately 335% year on year.
- Cash at Bank was \$3.6m, an increase of \$0.5m since 30 June 2019.
- Net operating cashflows were positive \$0.9m, an improvement of \$1.6m compared to the previous quarter.
- Cash receipts from customers were up \$2.2m on the previous quarter to \$9.4m on higher sales.
- At 30 September 2019, the Company had \$3.6m cash at bank, an increase of \$0.5m since 30 June 2019.

* EBITDA is earnings before interest, tax, depreciation and amortisation.

Q1 FY2020 Highlights

Technology Division (FFT + BQT):

- Revenues of \$5.5m in Q1
- EBITDA was \$1.0m
- Improving gross margins from 66% in FY2019 to 72% in Q1 FY2020
- Order backlog for technology products and services at 30 September 2019 of circa \$4.3m

Services Division (Ava Global):

- Revenues of \$4.4m in Q1
- EBITDA was \$0.2m
- Improving gross margins from 21% in FY2019 to 25% in Q1 FY2020
- It is well positioned for consistent growth in FY2020 after recently securing further new customer contracts

* EBITDA is earnings before interest, tax, depreciation and amortisation.

FY2020 Outlook

Services Division:

- Strong growth trajectory continues from 2H FY2019 into Q1 FY2020 where achieved EBITDA positive result.
- Improving Gross Margins expected for FY2020 – was 20% in FY2018, to 21% in FY2019, and now currently 25% in Q1 FY2020, which is reflective of changing product mix
- Growing customer base and share of customer spend. Potential for existing customer spend to increase significantly with recent developments in USD supply protocols.
- Addressable client spend increased to A\$90m, with some clients now transacting in excess of 25% of their annual logistics spend with Ava Global.
- Significant potential for market consolidation, reducing competitive landscape.
- Mr. Mike McGeever appointed as Non-Executive Chair of Services Division on 30 July 2019, and Mr. Grant Angwin (former Chairman of LBMA) appointed as Non-Executive Director & Senior Precious Metals Advisor, on 01 October 2019. These two appointments enhance Ava Global's growing reputation and bring great experience and an extended contact base to the Services Division to further leverage for success.
- After securing further new customer contracts, the Services Division is well positioned for consistent growth in FY2020.

FY2020 Outlook Summary

Technology Division:

- Strong backlog of **A\$4.3m** at the end of September to take in to Q2 & H2 FY2020.
- New GTM sales strategy being implemented globally.
- New Aura IQ Conveyor Belt Health Monitoring Solution launched, first orders taken from A\$300m addressable market, and more than **USD\$28m (A\$41m)** in live qualified opportunities being pursued.
- Consolidation of BQT operations and other changes will generate total cost savings of **A\$1m+** p.a.
- New BQT Master Distributor Agreement for BQT Locking products in Europe, expected to deliver **20% growth** on existing levels once finalised.
- Exciting large scale USA BQT Locking opportunity that is expected to run over 5 years is progressing.
- Indian MoD now progressing. SFO (Ava's partner) has commenced manufacturing the first 600 systems, with first significant revenues expected late in Q2, with bulk of **A\$17.2m (USD11.7m)** expected to be delivered in H2 FY2020.

FY2020 Outlook Summary

Ava Group:

- Total revenue for Q2 FY2020 is forecast to be in excess of A\$9.0m, with total revenue expected for H1 FY2020 to be more than A\$19m (excluding contribution from IMOD).
- With the Company's growth and operating efficiency strategies now delivering improved returns to the business, the Ava Group remains buoyant about delivering record revenues and profits in FY2020 and beyond.