

ASX RELEASE

14 September 2021

ASX Small and Mid-Cap Conference Presentation

Ava Risk Group Limited (ASX: AVA) announces that CEO Rob Broomfield is presenting in the on-demand segment of the ASX Small and Mid-Cap conference which starts today.

A copy of the presentation can be found on the next page and the recording is available through registration via the following link: <https://www2.asx.com.au/investors/investment-tools-and-resources/events/smid>

ENDS

Approved for release by the Board of Directors.

Investor Enquiries:

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About Ava Risk Group

Ava Risk Group is a global leader in providing technologies and services to protect critical assets and infrastructure. Its Technology Division manufactures and markets 'smart' fibre optic sensing systems (Future Fibre Technologies) and high security access control and electronic locking products (BQT Solutions). Its Services Division provides secure logistics for high-risk valuables such as banknotes and precious metals (Ava Global Logistics). Its products and services are trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

Forward Looking Statements

Information in this release is for general information purposes only. Certain statements in this document regarding the Company's financial position, business strategy and objectives, contain forward-looking statements (rather than being based on historical or current facts) and as such, are not able to be verified.

All forward-looking statements are based on the current views of the Company's management as well as reasonable 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 some or all of the underlying assumptions will prove to be valid. If assumptions are invalid this is likely to have an impact on the accuracy of the statement itself.

All data presented in this document reflects the current views of the Company with respect to future events. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. Forward looking statements are also subject to external matters outside the control of the Company.

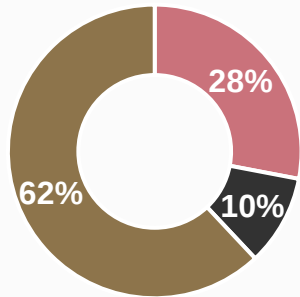
To the maximum extent permitted by law, the Company, its officers, employees and agents do not assume any obligation to release any updates or revisions to the information (including any forward-looking statements) in this presentation to reflect any change to expectations or assumptions; and disclaim all responsibility and liability for any loss arising from reliance on this presentation or its content.

Ava Risk Group (ASX: AVA)

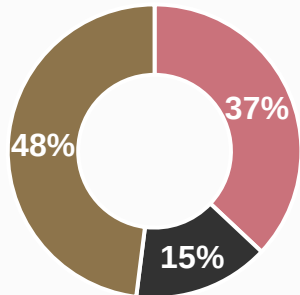
ASX Small & Mid-Cap Conference

14-15 September 2021

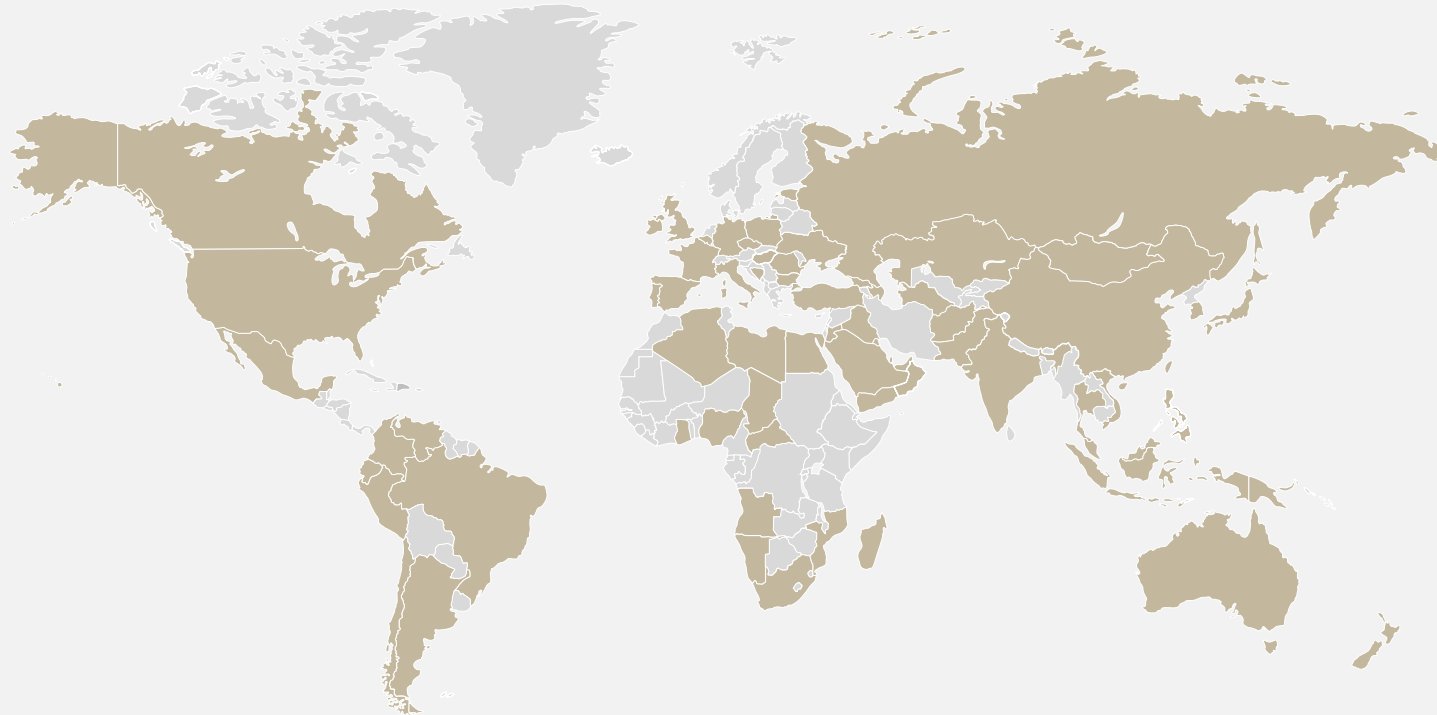
PROTECTING HIGH VALUE ASSETS AND CRITICAL INFRASTRUCTURE AROUND THE WORLD



FY2021 EBITDA



- AVA Global Logistics
- Future Fibre Technologies
- BQT Solutions



**FINANCIAL INSTITUTIONS MILITARY & GOVERNMENT | MINING |
ENERGY | TRANSPORT | INDUSTRIAL & COMMERCIAL**

+100 countries

+2,500
systems deployed

+3,500
sites protected

TWO DIVISIONS, THREE MISSION-CRITICAL BUSINESSES

TECHNOLOGY DIVISION



Global leader in fibre optic intrusion detection systems

- Perimeter Intrusions
- Pipeline Intrusion
- Condition Monitoring
- Data Network Protection

- 2,500+ Systems Deployed

- Products & Services Model



Leader in high security access control technology

- Access Control Readers
- High Security Locking
- Custom Encryption
- Biometric Solutions

- 3,500+ Sites

- COTS¹ & Custom Product

SERVICES DIVISION



Global provider of secure international logistics

- Risk Consulting
- Precious Metals
- High Risk Valuables
- Banknotes

- Partners in 100+ Countries

- Recurring Services Model

FY2021 FINANCIAL HIGHLIGHTS

Group Revenue

\$65.0m

Up 41% on pcp¹

Technology Revenue

\$24.7m

Up 17% on pcp

Services Revenue

\$40.3m

Up 61% on pcp

Group EBITDA

\$16.0m

Up 116% on pcp

Technology EBITDA

\$8.3m

Up 64% on pcp

Services EBITDA

\$7.7m

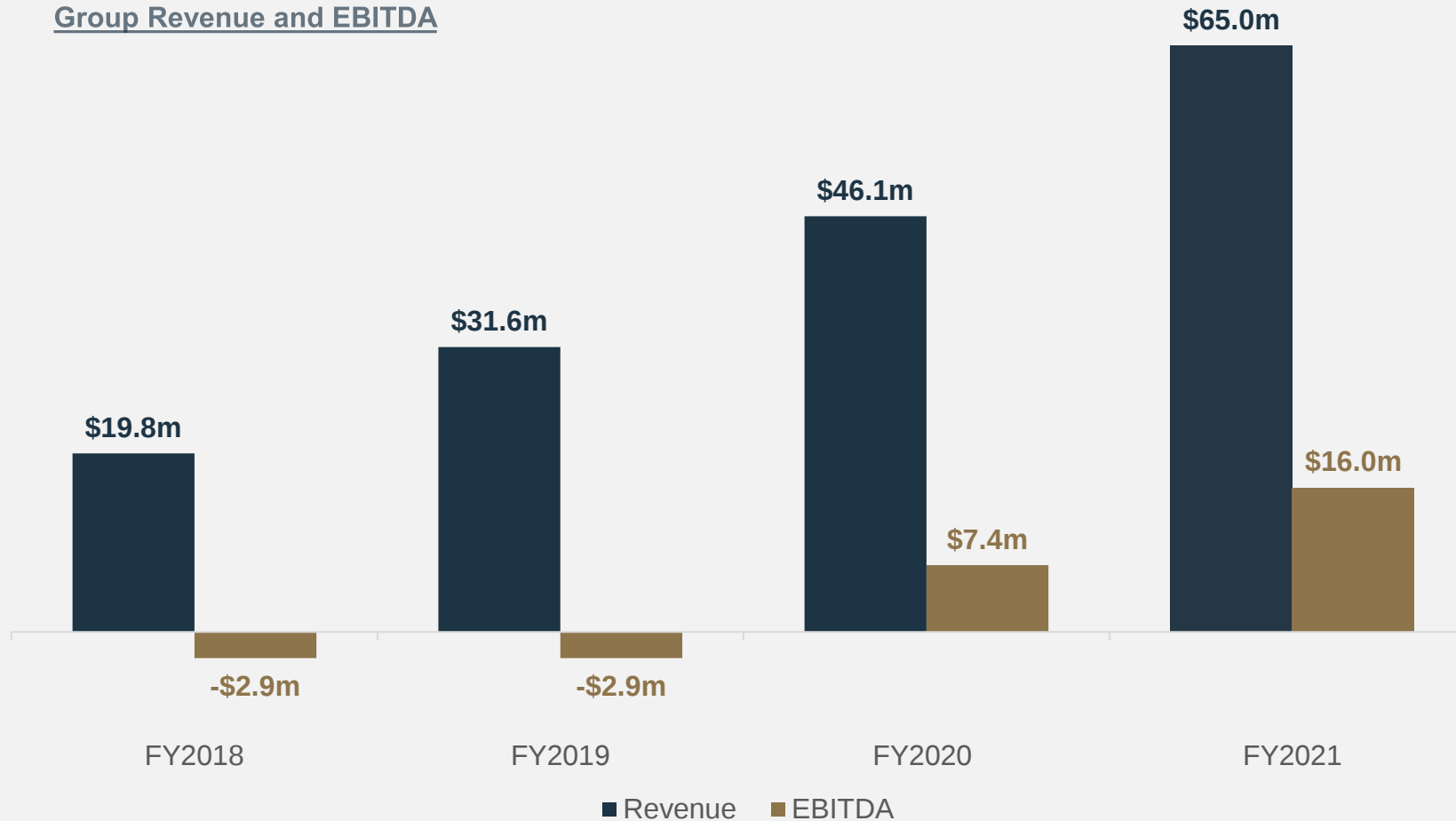
Up 225% in pcp

Strong financial position with cash of \$17.3m and no debt

1. All figures compare 12 months to 30 June 2021 unless otherwise indicated.

DELIVERING SUSTAINABLE PROFIT GROWTH

Group Revenue and EBITDA



- FFT merger with MaxSec (BQT & Ava Global) in December 2017
- Since then, achieved strong revenue growth and positive EBITDA
- Delivered FY2021 results above original guidance (revenue of \$60-64m and EBITDA of \$13-15m)

DIVESTMENT OF SERVICES DIVISION

- FFT merger with MaxSec (BQT & Ava Global) in December 2017
- Entered into Sale and Purchase Agreement on 16th August to divest Ava Global Logistics
- Sale price of US\$46.4m (~A\$63.1m) with anticipated net cash proceeds¹ of US\$31.1m (~A\$42.4m)
- Expected completion by the end of October 2021
- As at 30 June 2021, Ava Risk Group had circa \$21.6m carried forward tax losses. Whilst these losses and their application against profits are subject to relevant tax laws, management believes that the proceeds received on the sale will be not impacted by taxation

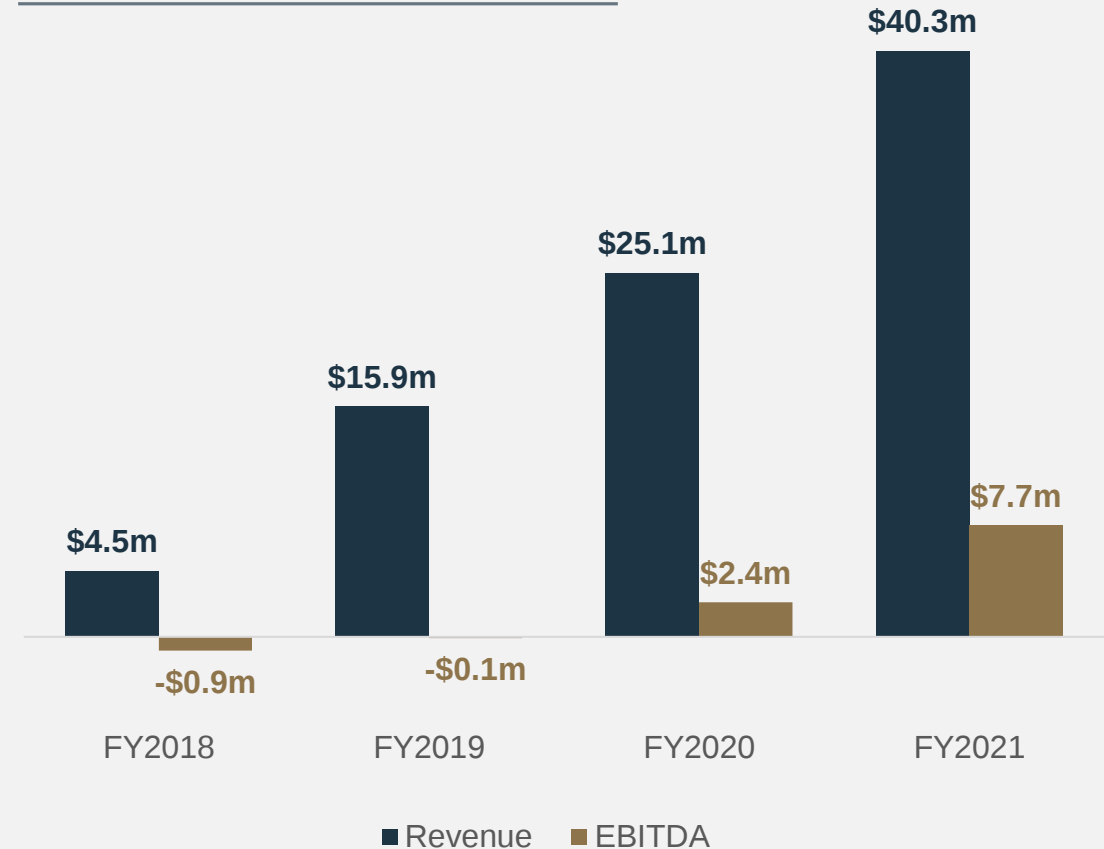
587%

Net cash investment
return over ~5 years

~A\$42.4m

Net cash proceeds¹

Services Division Revenue and EBITDA



CAPITAL MANAGEMENT

Capital Return to Shareholders of \$39.2m (circa 16 cents per share); On-Market Buy Back of \$1.0m

CAPITAL MANAGEMENT FRAMEWORK



- Post divestment of Services Division, \$57.9m of cash available
- Following the completion of the divestment, Ava Risk Group is expected to hold \$40.2m in excess capital
- The Board's intention is to use the excess capital for a capital return to shareholders of \$39.2m (circa 16 cents per share) and an on-market buy back of \$1.0m
- *Subject to the Company obtaining a favorable Class Ruling from the Australian Taxation Office, a formal proposal could be put before shareholders for approval at the AGM scheduled to be held on 28 October 2021. Depending on the results of the on-market buy back, and the surplus cash available to the Company, the amount allocated to the buy back may increase over time.*

STRATEGY & OUTLOOK

AVA RISK GROUP POST DIVESTMENT

- ‘Pure play’ technology company
- Global Sales and Support Operations
- Growth driven by increasing global security concerns and rise in connectivity
- Expanding solutions and new applications



**Leader in fibre optics
for intrusion
detection**



**Leader in high
security access
technology**

Proforma numbers based on FY2021 results	Ava prior to Transaction \$(000)	Ava after Transaction \$(000)
Consolidated total assets	\$43,253	\$72,667
Consolidated total equity interests	\$32,040	\$70,815
Consolidated revenue	\$65,040	\$24,700
Consolidated EBITDA	\$16,037	\$8,284
Consolidated profit before tax	\$13,770	\$6,695

STRONG TRACK RECORD AND GLOBAL OPPORTUNITY



TRACK RECORD OF GROWTH AND RESULTS

- Technology division FY21 revenue of \$24.7m, up 17% vs pcg despite COVID-19 challenges
- High margins and ongoing cost discipline, strong cash generation, and surplus cash for investment and return to investors
- Global footprint with thousands of products installed in more than 70 countries



HIGHLY SCALABLE MODEL

- Blue chip customer base, with significant long term recurring revenue potential
- Expanding application markets beyond security into condition monitoring through low CAPEX partner programs, OEM¹, and technology licencing and extended support services
- Efficient, scalable go-to-market strategies which include key distributor partners in Europe and the US (dormakaba and Assa Abloy)



STRONG COMPETITIVE ADVANTAGES

- Highly defensible competitive position, breadth of product range, TCO and performance advantages, investments in innovation including AI and Machine Learning, Australian made
- Experienced leadership team with broad global industry knowledge and deep market domain expertise
- Customer-centric focus on product and services development provides high performance, customised, flexible, and scalable solutions



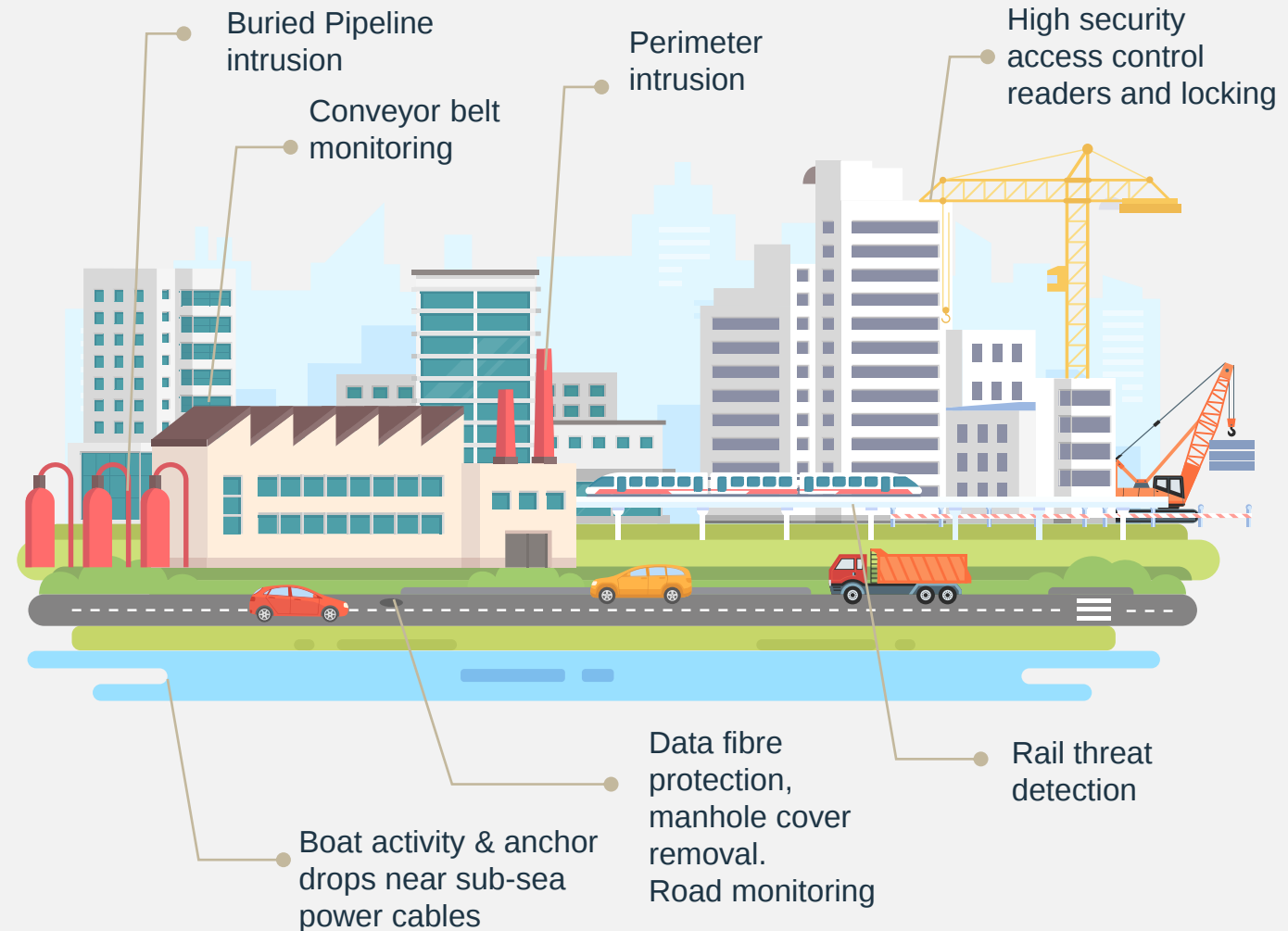
GLOBAL OPPORTUNITY

- Well-placed to become a global leader in smart digitisation for security and asset protection
- Global smart cities market spend on technology expected to reach US\$327bn by 2025, growing at a CAGR of 22.7% from \$96bn in 2019².

1. Original Equipment manufacturer
2. Source: Frost & Sullivan

AURA AI: NEW APPLICATION FOR TECHNOLOGY

- Using real-time data to enhance asset management, improve reliability and introduce new predictive capabilities to an expanding set of large market opportunities, including **Smart Cities of the future**
- Built on FFT's latest advanced optical designs and signal processing algorithms to detect, classify and report 'real' threats
- Extending into adjacent markets including monitoring of conveyor belt, roads, rail lines and sub-sea power cables



GROWTH INITIATIVES

To be a global leader in actionable, intelligent data streams that protect and optimise critical assets

LEVERAGE PARTNERSHIPS

- Leverage **BQT distribution partnerships** with dormakaba and Assa Abloy
- Extend **FFT partnerships** into the global power cable sensing market
- Leverage **Aura AI technology and partnerships** into new applications and verticals

GROW RECURRING REVENUE

- Convert **Aura IQ** conveyor health monitoring POVs into sales (\$50M+ opportunity)
- Leverage **existing install base** of 2,500 customers for **support contracts**.
- Expand comprehensive **maintenance products** with remote monitoring, and AI upgrade solutions

LEVERAGE SCALABLE MODEL

- **Licence technology** for low cost and high margin access into new markets (similar to IMoD)
- Leverage existing install base of 2,500 customers for **upgrades and extensions**
- **Extend solutions capability** and fit to address adjacent market segments
- **Operating leverage** from both cost discipline and economy of scale

OUTLOOK

- ▶ Strong uplift in Q1 FY2022 orders, **continuing the momentum** of Q4 FY2021 and building on the \$4.3m FY2021 backlog
- ▶ **Leverage strong base** to grow and close the existing projects sales opportunity pipeline
- ▶ Drive **BQT sales** through key distributor partners in the US and Europe
- ▶ Convert Aura-IQ POV trials to **generate SaaS revenue**, and expand the solution with additional sensing capabilities

- ▶ **Expansion of sales capacity** and revenues in the US
- ▶ Grow **FFT long term contracts** and **recurring revenue** from technology licencing agreements and multi-year support contracts
- ▶ Expand **solution fit and partner programs** to enter and expand in new and growing markets: power cable, transport & Smart Cities

INVESTOR ENQUIRIES

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FORWARD LOOKING STATEMENTS

This presentation is given on behalf of Ava Risk Group Limited (AVA)

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