



IDENTIFY • ALERT • PROTECT

**Global leader in smart security  
and sensing technologies**

# **FY22 RESULTS**

## **29 AUGUST 2022**

### **PRESENTERS**

**David Cronin, Chair**  
**Rob Broomfield, CEO**  
**Neville Joyce, CFO**

# AGENDA

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**Strategy & Outlook**



# GLOBAL LEADER IN RISK MANAGEMENT TECHNOLOGY

Protecting high value assets and critical infrastructure in 70 countries



Future Fibre  
TECHNOLOGIES

## Fibre optic intrusion detection systems

- Perimeter intrusions
- Pipeline intrusion
- Condition monitoring
- Data network protection
  
- 2,500+ systems deployed
  
- Products & services model



## High security access control technology

- Access control readers
- High security locking
- Custom encryption
- Biometric solutions
  
- 3,500+ sites
  
- Off-the-shelf & custom products



## Security and intruder detection equipment

- Outdoor security sensors
- Surveillance solutions
- Video illuminators
- Camera analytics
  
- 60+ countries
  
- Off-the-shelf & custom products

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# HIGH-QUALITY CUSTOMER BASE

## SYSTEM INTEGRATORS / DISTRIBUTORS



## END USERS



## DISTRIBUTORS

## END USERS



| OEM | INTEGRATION PARTNERS | DISTRIBUTION NETWORK |
|-----|----------------------|----------------------|
|     |                      |                      |
|     |                      |                      |
|     |                      |                      |
|     |                      |                      |
|     |                      |                      |
|     |                      |                      |



# FY22 PERFORMANCE SUMMARY

# FY22 OPERATIONAL HIGHLIGHTS

Streamlined business focusing on our core technologies to fuel growth

- Successful **divestment of the Services Division** in October 2021, delivering cash proceeds of \$41.9m and circa 587% net cash investment return
- **Cash distribution of \$38.8m to shareholders** highlighting the value creation within the Group
- **Growth of 13% in sales order intake** for market leading fibre sensing and access control technologies compared to the prior year
- **First commercial Aura IQ order** following the successful completion of proof of value trials on operating mine sites
- **dormakaba global framework agreement** signed in December 2021 providing access for BQT products to the U.S. and European markets
- **Expanded our licensing strategy** with new agreement with a partner in Latin America. First revenue under the agreement expected in FY23.
- **Support agreements signed** for 52 systems. This is an increase of 48 on the prior year. Development of machine learning capability will provide a compelling feature for customers on long-term support contracts
- **Global supply chain constraints** associated with Covid-19 effectively managed to ensure timely sales order fulfilment
- **Acquisition of UK-based GJD Manufacturing post year-end**, increasing Ava's global reach and access to new customers, and complementary to existing growth initiatives



# FY22 FINANCIAL HIGHLIGHTS

## Strong cash position with no debt

- **Profit after tax of \$33.1m** (+\$17.4m compared to previous year) underpinned by the gain on the divestment of the Services Division
- Group revenue and other income from continuing operations of \$19.0m and EBITDA<sup>1</sup> of \$0.8m
- **Revenue growth of 12%** on the prior year<sup>2</sup> reflecting increased order intake for FFT
- **Investment** in senior management and business development capability, particularly in the North America security market
- **Backlog** of \$3.2m of which \$1.2m is expected to be fulfilled in Q1 FY23
- **Well placed to pursue growth** with cash of \$15.2m and no debt

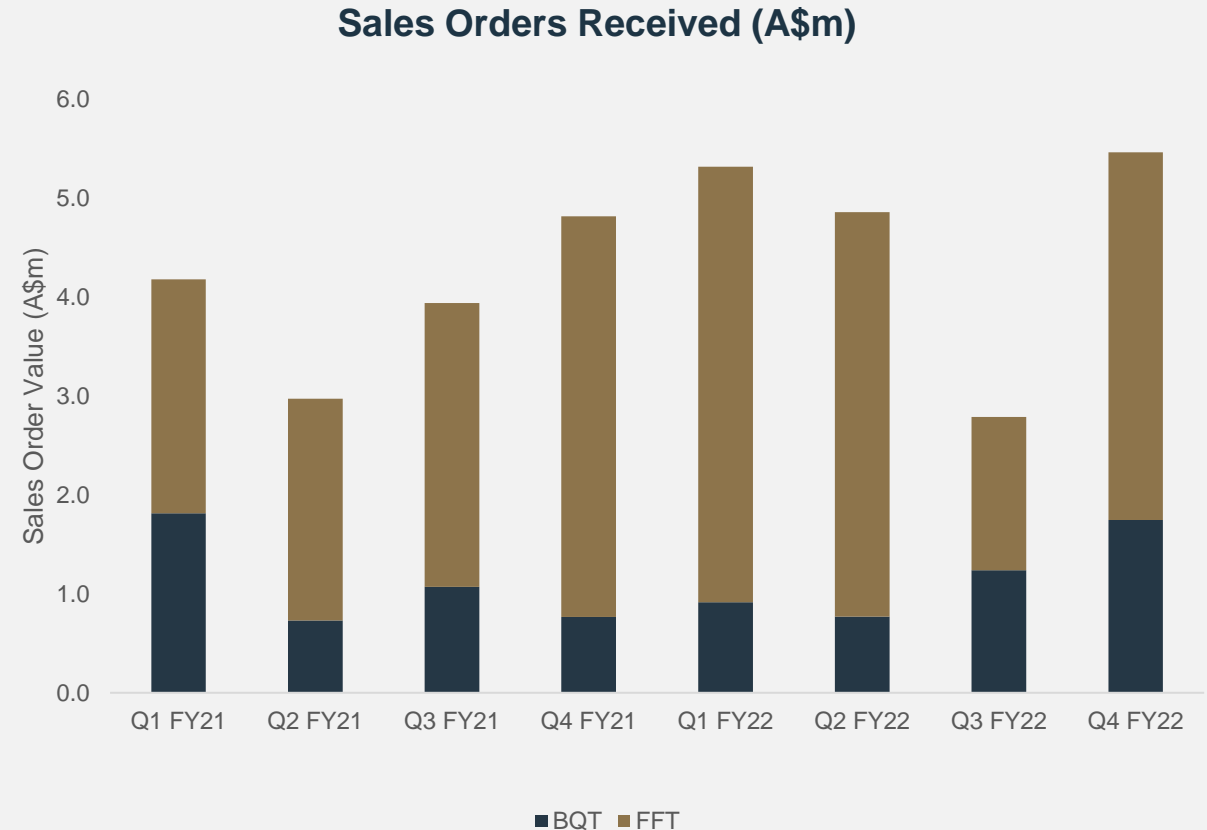


1. EBITDA excludes unrealised foreign exchange variances  
2. Excludes contribution from IMoD licensing (FY21: \$7.8m) and government COVID-19 grants (FY21: \$0.6m)

# TECHNOLOGY DIVISION SALES ORDERS

Sales orders showing strong momentum for FFT. Uplift in BQT post lockdowns

- Total sales order intake of **\$18.0m** during FY22, **13% growth pcp** (excluding IMod).
- **Strong momentum in FFT** with a significant uplift in the U.S. reflecting investment in business development.
- **Growth in energy sector** with receipt of our largest order in the sector during Q4 FY22 and additional orders in early FY23.
- **BQT strong H2 performance** following impact of Covid-19 lockdowns in ANZ in H1. Expect continued uplift in sales following easing of lockdowns and dormakaba global agreement.

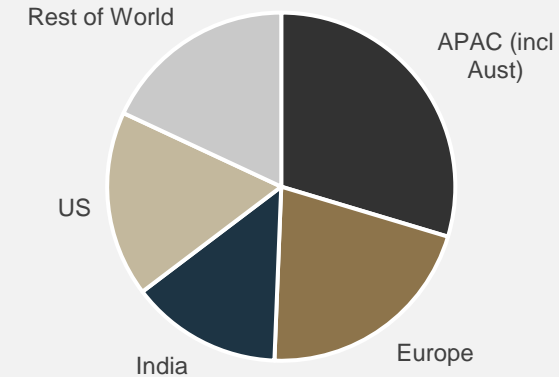


# REVENUE SPLIT BY GEOGRAPHY

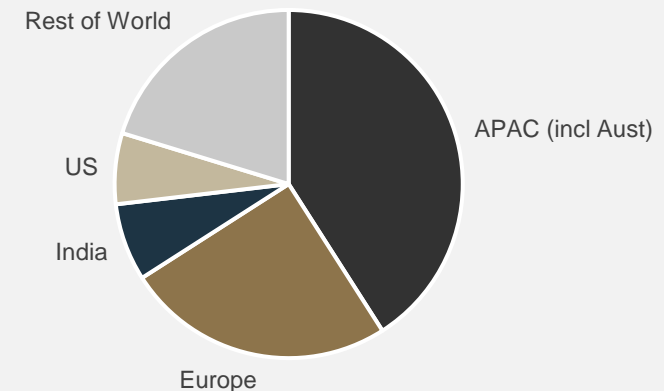
Growth in the U.S. supported by increased capability

- **FY22 revenue evenly dispersed across key geographies.**
- Pleasingly, **revenue in the US market more than doubled** compared to FY21 reflecting the significant investment we have made in that market.
- **North America remains a priority market.** It is the largest security markets in the world and we have demonstrated our ability to win competitive contracts to deploy our fibre-optic perimeter detection technology to critical infrastructure assets.

FY22 Revenue



FY21 Revenue





# ACQUISITION OF GJD MANUFACTURING








- On 1 August 2022, **completed acquisition of GJD Manufacturing**, a UK-based security equipment designer and manufacturer specialising in intruder detection systems.
  - **Purchase price of £4.5m** (circa A\$7.82m):
    - 60% in cash funded out of Ava’s existing cash resources
    - 40% in Ava securities: ~11.8 million consideration shares issued within Ava’s securities issuance capacity.<sup>1</sup>
  - GJD customers include some of the UK and Europe’s **most security conscious organisations.**
  - **Growing OEM sales channel** across multiple sectors.
- **GJD Manufacturing key financial metrics** for year ending 30 September 2021 (most recent balance date)
    - Revenue of £4.6m
    - EBITDA<sup>2</sup> of £0.9m
    - Gross Profit Margin of 46%
  - **GJ Manufacturing sales distribution:**
    - 50% in U.K.
    - 37% in Europe
    - 13% in other jurisdictions

1. Shares issued as consideration subject to a staggered escrow period. One third of the shares will be released after 12 months, one third after 18 months and the remaining third after 24 months.

2. EBITDA is earnings before interest, tax, depreciation and amortization excluding the cost of discontinued activities and non-recurring abnormal costs.

## GJD will accelerate Ava’s growth strategy across multiple dimensions

| Strategic Fit              |  |  |
|----------------------------|--|--|
| <b>Technology</b>          |    | Optical based intrusion detection systems, complimenting FFT’s fibre optic based systems.  |
| <b>Product Portfolio</b>   |    | Detectors, illuminators and automatic number plate recognition cameras using latest LED technology – compliments existing access control and fibre optic based technologies. |
| <b>Channel Management</b>  |    | Very strong OEM channel management across multiple sectors – leverage in our Access Controls business.   |
| <b>Key Geographies</b>     |  | Worldwide with significant presence in U.K. and western Europe – compliments Ava’s existing U.S., APAC and eastern Europe presence.  |
| <b>Operating Synergies</b> |  | Sensible integration with Ava’s existing systems and platforms to maximise value.  |

## Reliable Human Detection and Intelligent Deterrents

### Detection

Passive Infra-Red  
Dual-Tech  
Lasers



### LED Lighting

White-Light  
Infra-Red



### ANPR



Video analytics –  
automated number plate  
recognition



# FY22 FINANCIALS

# GROUP FINANCIAL SUMMARY

Growth in profit driven by the gain on divestment of the Services Division

| \$Am                            | FY22   | FY21  | Var   |
|---------------------------------|--------|-------|-------|
| Revenue / Other Income          | 19.0   | 25.3  | (6.3) |
| COGS                            | (6.7)  | (6.2) | (0.5) |
| Gross Profit                    | 12.3   | 19.1  | (6.8) |
| Operating Expenses <sup>1</sup> | (11.5) | (9.9) | (1.6) |
| EBITDA <sup>2</sup>             | 0.8    | 9.2   | (8.4) |
| Discontinued Operations         | 33.8   | 7.1   | 26.7  |
| Profit/(loss) after tax         | 33.1   | 13.7  | 17.4  |
| Gross Margin                    | 65%    | 76%   | (11%) |
| EBITDA Margin                   | 4%     | 36%   | (32%) |

- Significant increase in profit after tax to \$33.1m driven by the gain on the divestment of the Services Division (\$31.9m).
- The decline in revenue and gross profit from continuing operations is due to non-recurring license revenue of \$7.8m from the Indian Ministry of Defence (IMoD) contract during FY21.
- Increased operating costs due to investment in sales and development capability and the resumption of some marketing and travel activity following COVID-19 disruption in FY21.
- Underlying gross margin excluding IMoD remains in line with the prior year.

1. Operating expenses excluding depreciation and amortisation  
 2. EBITDA excludes unrealised foreign exchange variances.

# CONTINUING OPERATIONS EX IMoD

Revenue growth against FY21 reflects improved sales performance from FFT

| \$Am                                | FY22   | FY21  | Var   | Var %  |
|-------------------------------------|--------|-------|-------|--------|
| Revenue / Other Income <sup>1</sup> | 19.0   | 17.0  | 2.0   | +11.7% |
| COGS                                | (6.7)  | (6.2) | (0.5) | +7.6%  |
| Gross Profit                        | 12.3   | 10.8  | 1.5   | +14.1% |
| Operating Expenses <sup>2</sup>     | (11.5) | (9.9) | (1.6) | +16.2% |
| EBITDA <sup>3</sup>                 | 0.8    | 0.9   | (0.1) | -10.4% |
|                                     |        |       |       |        |
| Gross Margin                        | 65.0%  | 63.7% | +1.3% |        |
| EBITDA Margin                       | 4%     | 5%    | -1%   |        |

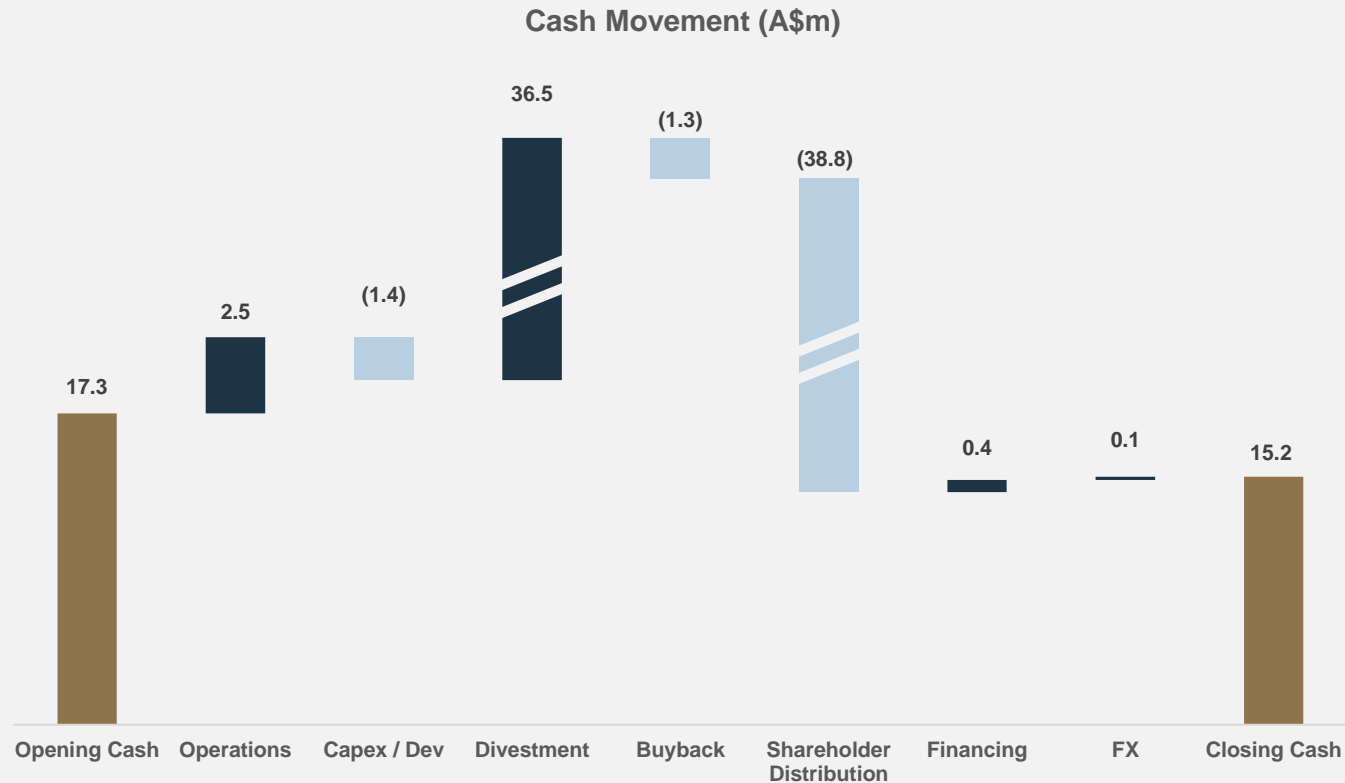
- FY21 comparisons exclude \$7.8m of license revenue / contribution from the IMoD contract and government grants of \$0.6m.
- Revenue growth of 12% in the underlying business is driven by improved order intake in FFT.
- Improvement in gross margin driven by revenue growth in the higher margin FFT business.
- Increased operating costs due to increased investment in sales and development capability and increased marketing / travel activity which was impacted by COVID-19 disruption during FY21.

1. Excludes contribution from IMoD licensing (FY21: \$7.8m) and government COVID-19 grants (FY21: \$0.6m)  
 2. Operating expenses excluding depreciation and amortisation.  
 3. EBITDA excludes unrealised foreign exchange variations.



# CONTINUED STRONG CASH GENERATION

Positive cash flow from operations. Proceeds from the divestment returned to shareholders



- The business continues to generate positive cash flow from operations.
- The decline in cash balance is due to shareholder distributions (dividend and capital return) following the divestment of the Services Division.
- The cash position remains strong and the Company is well placed to support its future growth.

# GROUP BALANCE SHEET

Strong balance sheet underpinned by cash position and no debt, well positioned for growth

| \$Am                      | FY22        | FY21        | Var           |
|---------------------------|-------------|-------------|---------------|
| Cash and cash equivalents | 15.2        | 17.3        | (2.1)         |
| Receivables               | 4.7         | 9.3         | (4.6)         |
| Inventories               | 3.3         | 3.1         | 0.2           |
| Intangibles               | 6.0         | 10.8        | (4.8)         |
| Other assets              | 1.3         | 2.8         | (1.5)         |
| <b>TOTAL ASSETS</b>       | <b>30.4</b> | <b>43.3</b> | <b>(12.9)</b> |
| Payables                  | 2.3         | 8.7         | (6.4)         |
| Provisions                | 1.4         | 1.6         | (0.1)         |
| Borrowings                | -           | -           |               |
| Other liabilities         | 0.8         | 1.0         | (0.3)         |
| <b>TOTAL LIABILITIES</b>  | <b>4.5</b>  | <b>11.3</b> | <b>(6.8)</b>  |
| <b>TOTAL EQUITY</b>       | <b>25.9</b> | <b>32.0</b> | <b>(6.1)</b>  |

- Contraction in the balance sheet reflects the divestment of the Services Division and subsequent cash distribution to shareholders.
- Ongoing working capital requirements continue to be tightly managed.
- Intangibles comprise mostly capitalised product development and intellectual property in FFT and BQT.

A background image of a city skyline at sunset, with a large, semi-transparent 'V' shape overlaid on the right side. The sky is a mix of orange, yellow, and grey, and the buildings are silhouetted against the light. The water in the foreground is dark with some boats.

# STRATEGY & OUTLOOK



# STRONG TRACK RECORD WITH UNIQUE GLOBAL OPPORTUNITY

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



## TRACK RECORD OF GROWTH AND RESULTS

- High margins and ongoing cost discipline
- Strong cash generation and surplus cash for investment and return to investors
- Innovative technology developed over multiple years to support blue chip customer base



## 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
- Expanding applications beyond security into condition monitoring
- Efficient, scalable go-to-market strategies which include key distributor partners



## GLOBAL OPPORTUNITY

- Well-placed to become a global leader in smart digitisation for security and asset protection, thousands of products installed in +70 countries
- Global agreement with dormakaba and strong relationship with ASSA ABLOY
- GJD Manufacturing solutions & geographic reach

# GROWTH INITIATIVES

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

## LEVERAGE PARTNERSHIPS

- Leverage **global partnership with dormakaba** to distribute BQT products
- Extend into new markets, building on early success of **FFT partnerships in the US** to the global power cable sensing market
- Leverage **Aura AI technology** for both security and new applications and verticals, including rail and road and 'smart cities'
- Leverage **technology partnerships, e.g. Mining3**, for innovative, high-performance solutions

## GROW RECURRING & OEM REVENUE

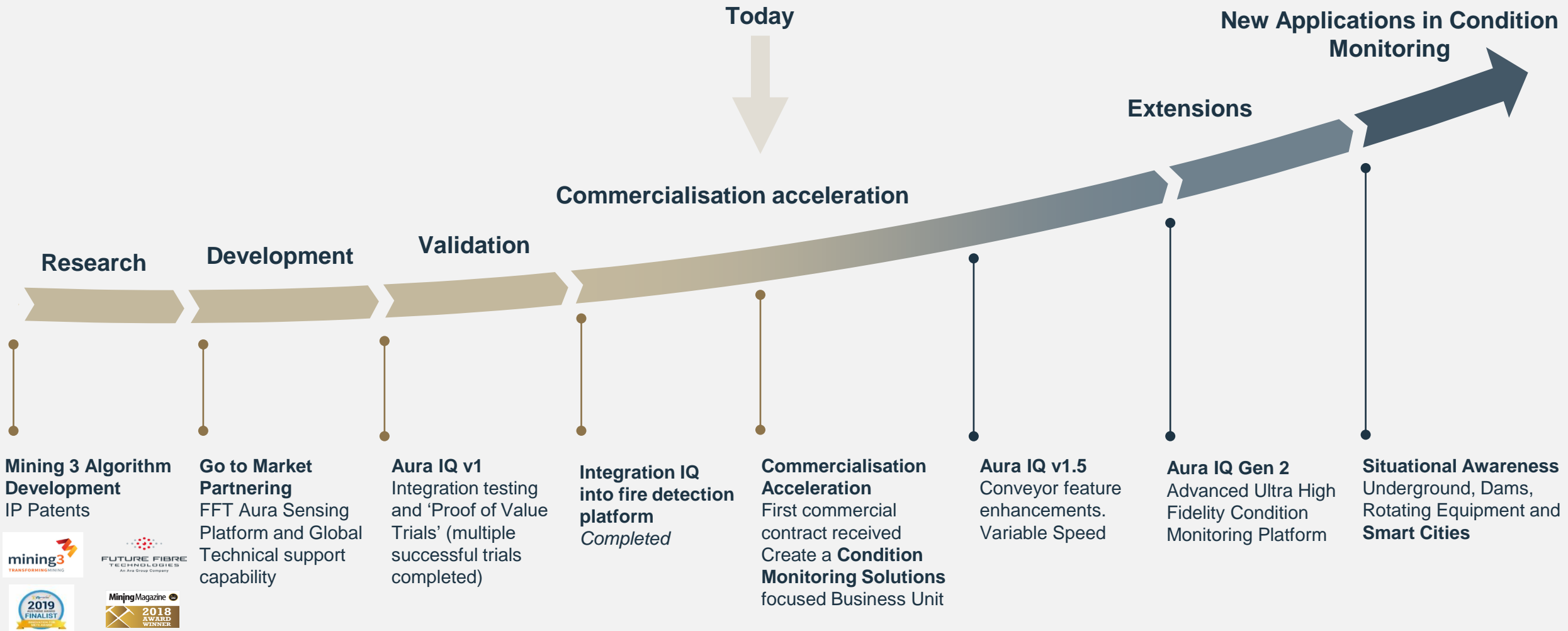
- Grow **GJD and BQT OEM** contracts and sales
- Convert **Aura IQ** conveyor health monitoring POVs into sales, and base for mining condition monitoring expansion
- Expand on FY22 50+ contracts and exploit **existing install base** of 2,500 customers for **support and maintenance contracts**
- Increase value of **support solutions** with remote monitoring, annual AI detection upgrades, and FFT's Cyber Assurance upgrades

## LEVERAGE SCALABLE MODEL

- Leverage **GJD** industry relationships to accelerate UK and EU growth
- Expand **LatAm licence agreement** for low cost and high margin contracts across LatAm and India
- Leverage large existing FFT install base for **upgrades and extensions**
- **Operating leverage** from cost discipline and economy of scale

# AURA IQ & CONDITION MONITORING DEVELOPMENT ROADMAP

Progressing deployment beyond the mining industry, with focused applications for adjacent markets

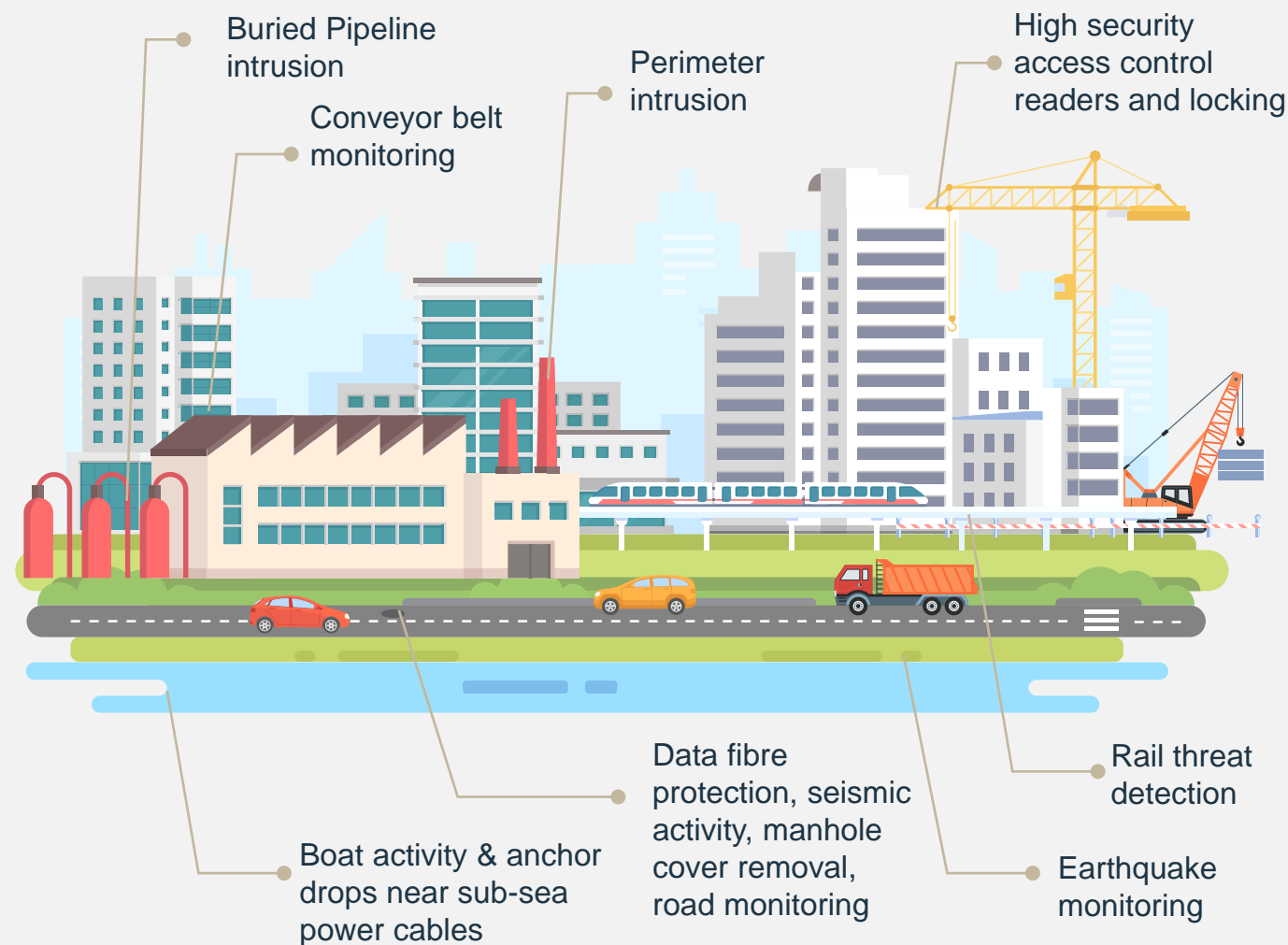




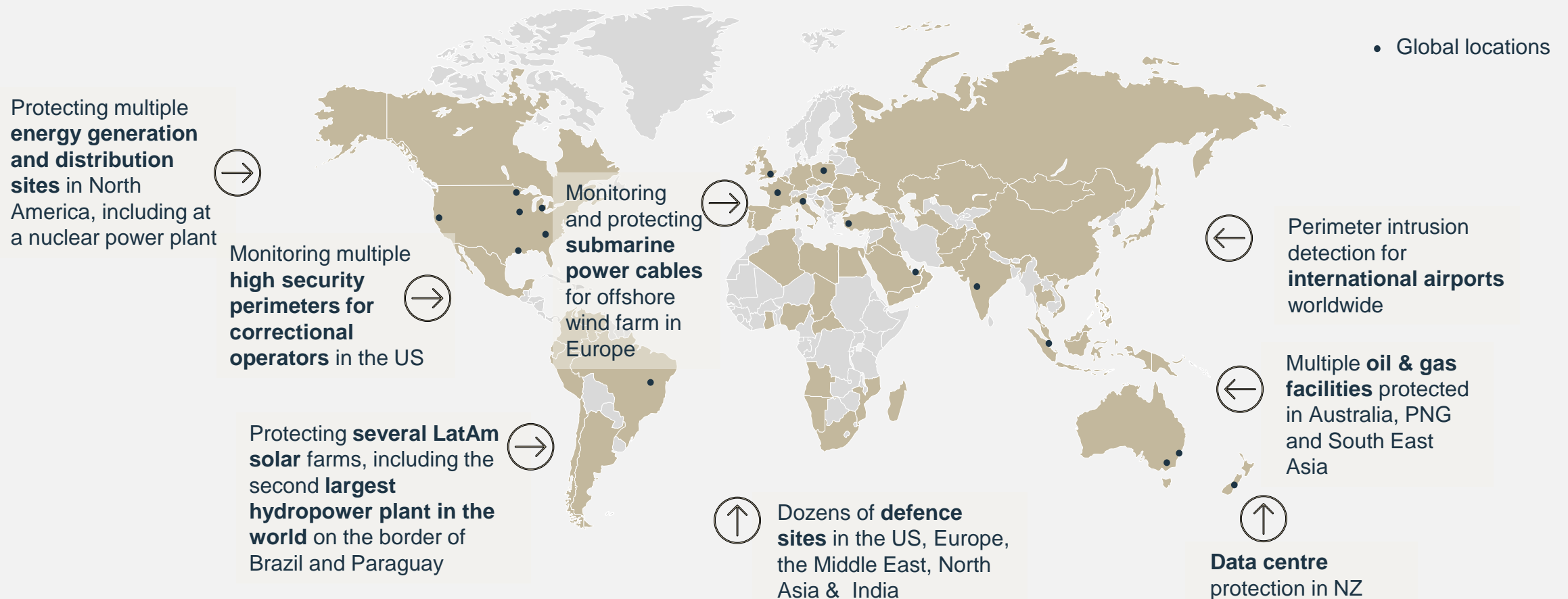
# AURA AI & IQ: SMART CITIES OF THE FUTURE

Building on success in existing deployments in multiple infrastructure types and across global smart cities

- FFT has **existing** commercial deployments monitoring threats to multiple types of infrastructure above and under ground and underwater
- FFT has **unique and deep domain expertise**, and success, from deploying high reliability and cyber assured solutions for critical infrastructure
- Aura's extension into **new applications is underway** with lead customers, who require solutions that detect, classify and accurately provide real-time 'situational awareness' as well as long term predictive capabilities
- Next steps are establishing a **Condition Monitoring Solutions Business Unit** to utilise group technologies, and develop and integrate new sensing technologies



# DELIVERING **PROVEN** SOLUTIONS IN FY22 TO MULTIPLE INDUSTRIES WORLDWIDE



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# KEY FOCUS AREAS FOR FY23

- ▶ Aggressively pursue opportunities in global **critical infrastructure security**, leveraging our enhanced business development capability in North America.
- ▶ Use our advanced **machine learning** capability to provide a compelling product proposition **to grow recurring revenue** via long term support contracts.
- ▶ Progress the deployment of **Condition Monitoring technologies**, including **Aura IQ** to grow “situational awareness” solutions sales in adjacent markets

- ▶ Grow our relationship with **key channel partners** such as dormakaba and Bosch to increase sales volume of BQT and GJD solutions and technology
- ▶ **Leverage GJD Manufacturing’s** complimentary fit with existing Ava businesses to expand our technology and geographic footprint and accelerate growth
- ▶ Continue to **invest in and grow organisational capability** to fulfill our aggressive growth ambition





# QUESTIONS

# FORWARD LOOKING STATEMENTS

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