

27 October 2022

## Q1 FY2023 Trading Update

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) is pleased to provide the following update on its Q1 FY2023 trading performance:

- Record sales order intake during Q1 of \$7.8 million, including a two month contribution from GJD. This represents growth of 55% on the prior year, and growth of 28% excluding GJD orders.
- Acquisition of GJD Manufacturing, a leading UK based security technology supplier, on 1 August 2022. GJD provides Ava with a complementary product and technology portfolio with access to an established go-to-market capability in the U.K. and Western Europe.
- Receipt of the first commercial order for the Company’s conveyor monitoring solution during Q1.
- Continued strengthening of Ava’s senior management team with Mal Maginnis appointed to the role of Group CEO and Pietro Corsaro as head of Global Condition Monitoring Solutions.
- Management provides first half revenue guidance of **\$13.0 million to \$15.0 million**. Second half year revenue is expected to be stronger than the first half.

Ava Group CEO Rob Broomfield commented: “Ava Group has entered the new financial year with great momentum. It is pleasing to note record sales order intake in Q1 for the combined FFT and BQT segments. It is also pleasing to see the immediate impact that the addition of GJD has created, both in terms of sales order intake as well as complementing our product and technology offering. Our first commercial order for our conveyor monitoring solution from a leading conveyor manufacturer was a significant milestone for the Company and I am confident of additional conveyor monitoring orders during the first half of the financial year.

“The appointments of Mal and Pietro are a show of confidence in the strategic direction of the Group and will help accelerate the growth of the business. This will be driven by the strength of our OEM and distribution channels, our condition monitoring solutions, the continued integration of GJD and growing our recurring revenue base. Our first quarter performance demonstrates that we are positively progressing against these drivers. Notwithstanding some potential lumpiness in product orders, I am confident that the business is well placed to continue its growth trajectory over the remainder of FY2023.”

### Q1 FY2023 confirmed sales orders

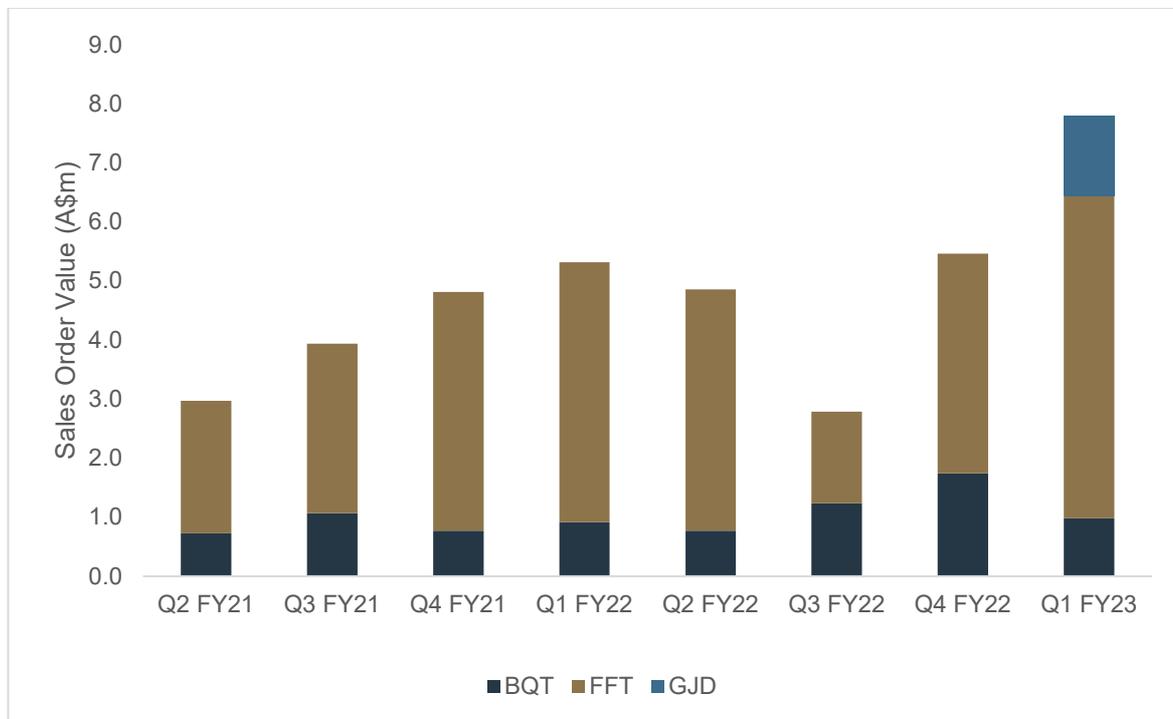
The Company continued its strong upward sales trajectory during Q1 resulting in total orders received of \$7.8 million. Order intake during the quarter included \$1.4 million relating to GJD for the two-month period since 1 August 2022. The Group received orders of \$6.4 million relating to the FFT and BQT divisions which is the highest quarterly order intake since the onset of the COVID-19 disruption.

Total order intake of \$7.8 million represented 55% growth on the corresponding period in the prior year, and 28% growth when GJD orders are excluded. Pleasingly, sales orders during the quarter included a number of strategically important milestones:

- The first commercial order for Aura-IQ from a leading global conveyor manufacturer;
- The first order for a combined FFT and GJD product solution for a Singapore based customer;
- Continued growth in the North American energy sector for the Group’s Fibre Optic Intrusion Detection Systems, with an additional two sites contracted during the quarter.

As at the end of September 2022, Ava carried an order backlog of \$3.4 million which represents sales orders received that are still to be fulfilled. It is anticipated that \$3.0 million of the backlog will be fulfilled during Q2 FY2023.

**Chart 1 – Sales Order Intake**



**Acquisition of GJD Manufacturing**

As advised on 1 August 2022, Ava acquired a leading UK security technology supplier, GJD Manufacturing. GJD is an award-winning security equipment developer and manufacturer, specialising in optical based intrusion detection systems. It counts some of the UK and Europe’s most security conscious end users as customers and has a growing OEM channel across multiple sectors.

The transaction is an important driver of future growth and unlocks significant strategic value for both FFT and BQT, by providing a complementary product and technology portfolio while also providing access to an established go-to-market capability in the UK and Western Europe. Ava received the first order for a combined FFT and GJD solution during the quarter, highlighting the opportunity for GJD to complement Ava’s existing solutions.

## **Appointment of Group CEO and head of Global Condition Monitoring**

On 4 October 2022, Ava announced the retirement of Rob Broomfield and appointment of Mal Maginnis as its new CEO. Mal will commence in this role in January 2023. Mal brings extensive experience as a leader of global technology businesses with more than 35 years of experience in the defence, security, safety and technology industries. He is exceptionally well regarded within the industry and will be valuable in strengthening the Company's partnerships, developing strategic alliances and expanding Ava's international sales presence.

After developing Aura-IQ over a number of years and successfully completing Proof of Value trials at multiple mine sites, the Company is well placed to accelerate growth in condition monitoring, including conveyor monitoring solutions as well as broader situational awareness applications. To this end, Ava is pleased to announce the appointment of Pietro Corsaro to the newly created position of head of Global Condition Monitoring Solutions. Pietro brings more than 25 years of deep global expertise of the high voltage cable industry and condition monitoring technologies. In addition he has a number of years direct experience of FFT's Aura platform being applied to condition monitoring applications. Pietro will commence with Ava during November 2022.

The appointments of Mal and Pietro further enhances the Group's skills and expertise and will help accelerate its growth ambitions. The ability to attract such high calibre executives provides considerable confidence in the strategic direction of the Group.

## **Outlook**

Based on the existing order intake and expected sales pipeline conversion, management provides revenue guidance for the first half year in the range of \$13.0 million - \$15.0 million.

Revenue guidance has not been provided for the full year at this time due to the uncertainty on the timing of product orders. However, management expects that second half revenue will exceed the first half due to:

- Six-month contribution from GJD compared to five months during the first half
- Growth in OEM / distribution channel revenue
- Growth in condition monitoring orders based on successful proof of value trials and sales pipeline.

**ENDS**

**Approved for release by the Board of Directors.**

**For further information, please contact:**

### **Investor & Media Enquiries**

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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 – Future Fibre Technology (FFT), BQT Solutions (BQT) and GJD Manufacturing (GJD). FFT 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. BQT is a specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products. GJD is a specialist in the development and manufacture of perimeter detectors, illuminators, and ANPR cameras. 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](http://www.avariskgroup.com)

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