

13 February 2024

Mr Dean Litis
ASX Listings Advisor
ASX Listing Compliance
Melbourne VIC 3000

Dear Mr Litis

AVA Risk Group Limited (“Company” or “AVA”) – ASX Query – Ramping – Response

I refer to your letter dated 12 February 2024 and provide the Company’s responses as follows:

- 1. Does AVA consider the information provided in its Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes

- 2. If the answer to question 1 is “yes”:**

2.1 Please explain the basis for that view.

The Company is of the view that the signing of the agreement with Telstra Group is material the Company believes a reasonable person would expect it to have a material effect on the price or value of its securities because:

- it is an important supply agreement that the Company has signed with a telecommunications provider which potentially opens significant new markets to the Company;
- the Announcement provides information on the Company reaching a key milestone in its previously stated strategy of deploying its technology to adjacent applications; and
- the Announcement provides information on the successful completion of trials (demonstrating the success that the Company has had in deploying its technology to adjacent applications, which potentially opens significant new markets to the Company).

- 2.2 Does AVA consider the information provided in its Announcement was ‘complete’ (as defined in footnote 117 of CN8 – see paragraph G above) and sufficient to comply with Listing Rule 3.1? If so, please advise the basis for that view, commenting specifically on the fact that the Supplementary Announcement was required to comply with section 4.15 of GN8, including the following:**

“The agreement does not have a contract value nor does it commit Telstra Group to purchase minimum quantities of goods or services from Ava Risk Group.”

The Company considers the information provided in its Announcement was complete and sufficient to comply with Listing Rule 3.1. Importantly, the Announcement did not make any claims regarding Telstra purchasing a minimum quantity of goods or services. On reflection, having received feedback from ASX, the Company acknowledges the guidance in section 4.15 of GN8 and that further disclosure, as was provided in the Supplementary Announcement, may have avoided confusion as to why the Company believed the Announcement was material.

For completeness the Company advises that the agreement may be terminated by Telstra without cause on 20 days notice.

2.3 Why didn't AVA provide the additional information contained in the Supplementary Announcement in the Announcement?

As detailed above, whilst the Company believes that the information contained in the Announcement was and is consistent with its disclosure obligations, on reflection, having received feedback from ASX, the Company acknowledges that the clarifying statements made in the Supplementary Announcement, including linking back to previously released information (namely the comments made at the AGM) may have avoided confusion as to why the Company believed the Announcement was material.

3. If the answer to question 1 is "no", please explain why the Announcement and the Supplementary Announcement were marked as 'market sensitive'?

Not applicable

4. If AVA disagrees with ASX and is of the view that making the Announcement did not constitute "ramping" of its share price, please explain the basis for that view with reference to the guidance provided in sections 4.15 and 7.10 of GN 8.

The Company does not believe that the Announcement contravenes the ASX's guidance on "ramping announcements". The Company believed, at the time of announcement, that the Announcement disclosed the key information that investors and their professional advisers would reasonably need to understand the materiality of the contract and to assess its impact on the price or value of the Company's securities.

The Company named the customer, identified the use of its sensing technology, and commented on the significance of the contract to the organisation. Given the nature of the contract, the Company determined that the term of the contract was not material information in the context of the overall information provided. The Company also notes that there were no material conditions that needed to be satisfied before the customer becomes legally bound to proceed with the contract. The Company provided other information that it felt was material information to be disclosed.

The Company accepts that the clarifying statements in the Supplementary Announcement were useful to provide further context and to minimise the risk of any potential confusion arising from the Announcement.

5. Please provide a copy of the supply agreement with Telstra Group (not for release to the market).

As provided to ASX separately.

6. Please confirm that AVA is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

7. Please confirm that AVA's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AVA with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Your sincerely



Kim Larkin
Company Secretary



12 February 2024

Reference: ODIN88420

Ms Kim Larkin
Company Secretary
Ava Risk Group Limited

By email

Dear Ms Larkin

Ava Risk Group Limited ('AVA'): ASX Query- 'Ramping'

ASX refers to the following:

- A. AVA's announcement entitled "*Ava Risk Group signs major supply agreement with Telstra Group*" released on the ASX Market Announcements Platform ('MAP') prior to market open on 9 February 2024 (the 'Announcement'), disclosing that AVA had entered into a supply agreement with Telstra Group.

ASX notes that the Announcement was indicated by AVA as 'market sensitive' when it was lodged on MAP.

- B. AVA's share price following the Announcement which increased from \$0.16 as at the close of trading 8 February 2024 to a high of \$0.205 (an increase of 28.13%) before trading in AVA securities was paused at 10:40am on 9 February 2024 and later placed in trading halt.

ASX also notes an increase in the volume of AVA securities traded on that day.

- C. AVA's announcement entitled "*Additional information on supply agreement with Telstra Group*" released on MAP at 2:54pm AEDT on 9 February 2024 ('Supplementary Announcement') which provided further detail regarding the material terms of AVA's supply agreement, such as the term of the contract; the products that may be supplied to Telstra Group; and included the following statement:

"The agreement does not have a contract value nor does it commit Telstra Group to purchase minimum quantities of goods or services from Ava Risk Group."

- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- E. Section 4.15 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1–3.1B* ('GN8'), which states:

"Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities."

- F. In relation to material contracts, section 4.15 of GN8 states:

ASX would generally expect an announcement about the signing of a market sensitive contract with a customer to include information about:

- *the name of the customer;*
- *the term of the contract;*
- *the nature of the products or services to be supplied to the customer;*
- *the significance of the contract to the entity;*

- any material conditions that need to be satisfied before the customer becomes legally bound to proceed with the contract; and
- any other material information relevant to assessing the impact of the contract on the price or value of the entity's securities."

G. Section 4.15 of GN8 also refers to the fact that a material announcement must be complete in order to comply with Listing Rule 3.1 and section 674 of the Corporations Act.

*"An announcement under Listing Rule 3.1 must be accurate, **complete** and not misleading. A listed entity cannot satisfy its obligation to disclose market sensitive information under Listing Rule 3.1 by disclosing information that is materially inaccurate, **incomplete** or misleading. If it attempts to do so, that will likely trigger a separate obligation under Listing Rule 3.1 to correct the inaccurate, **incomplete** or misleading information, causing the entity to be in breach of that rule and section 674 of the Corporations Act until it does so. It will also likely cause a false market in its securities, empowering ASX to require the entity to give ASX any information ASX asks for to correct the false market."* (emphasis added)

Footnote 117 of GN8 states: *"'Complete' in this context means not omitting material information."*

H. Section 7.10 of Guidance Note 8, which states that:

"ASX is alive to listed entities making market announcements with a view to "ramping up" the price of their securities, including...

- an announcement that an entity has entered into what appears to be a material contract or transaction but without disclosing key information that investors and their professional advisers reasonably need to understand the materiality of the contract or transaction and to assess its impact on the price or value of the entity's securities.

[This] example...occurs not infrequently in the context of announcements about customer contracts.

Some examples that ASX has observed include an entity:

- announcing a contract with a major customer of substantial repute without providing any details of the nature of the contract or its significance to the entity (ie seeking to benefit from the association with the customer without providing proper disclosure);
- announcing what appears to be a material customer contract without disclosing that it is...
 - a "master" or "framework" agreement only that establishes the contractual arrangements that will apply to any order a customer may place in the future for the entity's goods or services but which does not commit the customer to place any orders".

Having regard to the above, it seems to ASX, that AVA may have made the Announcement with a view to "ramping up" the price of its securities by announcing it had entered into a contract with Telstra Group (being a customer of substantial repute) without initially providing any other material details referred to in section 4.15 of GN8 required for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of AVA's securities.

Request for information

Having regard to the above, ASX asks AVA to respond separately to each of the following questions and requests for information:

1. Does AVA consider the information provided in its Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

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2. If the answer to question 1 is “yes”:
 - 2.1 Please explain the basis for that view.
 - 2.2 Does AVA consider the information provided in its Announcement was ‘complete’ (as defined in footnote 117 of GN8- see paragraph G above) and sufficient to comply with Listing Rule 3.1? If so, please advise the basis that view, commenting specifically on the fact that the Supplementary Announcement was required to comply with section 4.15 of GN8, including the following:

“The agreement does not have a contract value nor does it commit Telstra Group to purchase minimum quantities of goods or services from Ava Risk Group.”
 - 2.3 Why didn’t AVA provide the additional information contained in the Supplementary Announcement in the Announcement?
 3. If the answer to question 1 is “no”, please explain why the Announcement and the Supplementary Announcement were marked as ‘market sensitive’?
 4. If AVA disagrees with ASX and is of the view that making the Announcement did not constitute “ramping” of its share price, please explain the basis for that view with reference to the guidance provided in sections 4.15 and 7.10 of GN8.
 5. Please provide a copy of the supply agreement with Telstra Group (not for release to the market).
 6. Please confirm that AVA is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 7. Please confirm that AVA’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AVA with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00pm AEDT Wednesday 14 February 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AVA’s obligation is to disclose the information ‘immediately’.

This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AVA to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au . It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AVA’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AVA’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.



Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours faithfully

ASX Compliance