

**AVA RISK GROUP LIMITED
AND ITS CONTROLLED ENTITIES**

Appendix 4D AND
CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023
Lodged with the ASX under Listing Rule 4.2.A.3

ABN: 67 064 089 318
ASX CODE: AVA

Registered Office:
10, Hartnett Close, Mulgrave VIC 3170 Australia
www.theavagroup.com

AVA RISK GROUP LIMITED

ABN: 67 064 089 318

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Details of the reporting period and the previous corresponding period

Reporting period	Half Year Ended	31 December 2023
Previous Corresponding Periods	Half Year Ended	31 December 2022
	Year Ended	30 June 2023

Results for announcement to the market

	Change	% movement	Amount of change \$000	2023 31 December \$000	2022 31 December \$000
Consolidated revenue from operations	up	4%	552	14,159	13,607
(Loss) after tax attributable to shareholders	up	946%	(2,109)	(2,332)	(223)
EBITDA*	down	185%	(2,226)	(1,021)	1,205

* Earnings from continuing operations before interest, tax, depreciation and amortisation (unaudited).

Dividends and Distributions

Current reporting period

	Amount per share \$
Special dividend	0.0017
Record date	6 November 2023

Previous corresponding period

	Amount per share \$
No dividends proposed	Nil.

Details of dividends/distribution reinvestment plan

The Company does not have a dividend reinvestment plan.

Net tangible assets per security

	2023 31 December cents	2023 30 June cents
<u>Net tangible asset backing per ordinary security</u>	<u>4.52c</u>	<u>6.03c</u>

Details of associates and joint venture entities

The Company did not have any associated entities or joint ventures during the period.

Other significant information

Refer to the Directors' Report for details on other significant matters and information regarding the Consolidated Entity.

Commentary on significant features of operating performance

Commentary on Results is included in the attached Directors' Report and the accompanying Group Financial Statements.

Directors' Report

The directors present their report together with the interim financial report of the consolidated entity consisting of AVA Risk Group Limited and its controlled entities (the "Company", "Ava Risk Group" or "Ava") for the half-year ended 31 December 2023 and independent review report thereon.

Directors' Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of Directorship
D Cronin (Chairman)	Appointed 10 April 2018
M Stevens (Non-Executive Director)	Appointed 11 March 2015
M McGeever (Non-Executive Director)	Appointed 8 August 2018
Mal Maginnis (Executive Director)	Appointed 9 January 2023

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of operations

Under the leadership of Mal Maginnis, Ava has continued to pursue its strategy to grow revenue from its market leading technologies by increasing market share and developing new and adjacent applications. During the first half of FY2024 the Company achieved a number of significant milestones on the implementation of its strategy.

- Record sales order intake during the first half of the financial year of \$19.7 million, growth of 37% on the previous year, underpinned by the investment Ava has made in its technology and commercial capability.
- As announced on 9 February 2024, the Company signed a supply agreement with Telstra Group ("Telstra"), Australia's largest telecommunication provider and owner of Australia's largest fibre optic network. The agreement was the culmination of extensive collaboration with Telstra during the first half of FY2024, including successful product trials which deployed the Company's fibre sensing technology to Telstra's infrastructure. The agreement is a clear demonstration of the adaptability of the Company's technology to adjacent applications such as telecommunications, which opens significant new markets to Ava.
- Growth in sales order intake in the Access segment of 80% on the prior year driven by the completion of product certifications for the Cobalt series locks which has resulted in stocking orders from dormakaba under its global framework agreement. Initial orders from dormakaba North America and Europe were received during the first half and fulfilled by January 2024.

Ongoing development and investment in technology remains at the centre of the success of Ava. In the Detect segment, Aura Ai-X, the Company's latest generation fibre sensing technology, continues to be developed to improve system performance and meet market needs. Since its launch in March 2023, Aura Ai-X has been critical to Ava's success in key large scale contract awards such as a transport infrastructure project in Australia and a mine site application in Chile which were both won during the first half. Large scale contracts such as these demand a more sophisticated commercial approach and technical support.

Directors' Report

Review of operations (continued)

Finalisation of the Cobalt series of locks has been the driver of growth in the Access segment. Certifications were received for these locks during the first half and provided immediate access to dormakaba's global distribution network. In the Illuminate segment, a new "LoRa" product has been developed which will enable the seamless integration of a number of the Company's devices in a common solution. It is expected that "LoRa" will be launched in the second half of the year.

Financial performance for the first half was subdued, driven by lower than expected revenue, particularly in Q1. Total revenue of \$14.2m grew by 4% on the previous year (\$13.6 million for HY2023). The subdued revenue performance was driven primarily by lower revenue in Detect (-\$0.8 million compared to the prior year) which was offset by improved performance in Access. This has reduced consolidated gross margin as lower margin Access revenue has offset higher margin Detect revenue. Gross margins within each operating segment remain in line with expectations and are expected to improve at a consolidated level as Detect revenue grows.

Over the past twelve months the Company has invested significantly in both its technology and commercial capability. The benefit of these investments is reflected in the record sales order intake during the first half year, completion of significant product certifications in Access, and strengthened relationships with key partners such as Telstra and dormakaba. The upfront impact of these investments have adversely impacted EBITDA in the half which recorded a loss of \$0.9 million (+\$1.3 million for HY2023), including non-recurring costs of \$0.3 million.

Net loss for the period was \$2.3 million (HY2022 was a net loss of \$0.2 million) reflecting lower EBITDA. The Company had a cash balance at 31 December 2023 of \$1.8 million.

Ava is well placed to pursue revenue and earnings growth in the second half of FY2024. There are strong catalysts for growth in each operating segment and the Company has strengthened its relationships with key partners during the first half.

Events after the Balance date

There has been no matter or circumstance which has arisen since 31 December 2023 that has significantly affected or may significantly affect:

- a) the operations subsequent to 31 December 2023, of AVA Risk Group Limited, or
- b) the results of those operations, or
- c) the state of affairs, subsequent to 31 December 2023, of AVA Risk Group Limited.

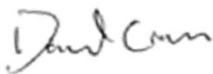
Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year is provided with this report.

This report is made in accordance with a resolution of directors.



David Cronin
Chairman

26 February 2024

DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF AVA RISK GROUP LIMITED

As lead auditor for the review of AVA Risk Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AVA Risk Group Limited and the entities it controlled during the period.

BDO Audit Pty Ltd



Wai Aw
Director

Melbourne, 26 February 2024

AVA Risk Group Limited

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	6 months ended	
		31 December	31 December
		2023	2022
		\$'000	\$'000
Revenue from contracts with customers	5	14,159	13,607
Other income		67	35
Total Revenue and other income		14,226	13,642
Cost of raw materials and consumables used		(5,534)	(4,591)
Employee benefit expenses		(6,156)	(4,765)
Research and development		(1,046)	(866)
Advertising and marketing		(189)	(327)
Travel and entertainment		(619)	(416)
Facilities and office		(357)	(299)
Compliance, legal, and administration		(690)	(575)
(Impairment) Reversal of receivables		(12)	70
Depreciation and amortisation expenses		(1,098)	(1,093)
Finance expense		(111)	(89)
Foreign exchange losses		(98)	(49)
Other expenses		(546)	(619)
Total Expenses		(16,456)	(13,619)
(Loss) Profit before income tax		(2,230)	23
Income tax expense		(102)	(246)
Loss for the period		(2,332)	(223)
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations, net of tax		(105)	573
Total other comprehensive (loss) income for the period		(105)	573
Loss for the period attributable to Equity holders of the parent company			
		(2,332)	(223)
Total comprehensive loss income for the period attributable to Equity holders of the parent company:			
		(2,437)	350
Earnings per share attributable to ordinary shareholders of AVA Risk Group Limited			
		Cents	
Basic loss per share	8	(0.91)	(0.09)
Diluted loss per share	8	(0.91)	(0.09)

The above Interim Consolidated Statement Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

AVA Risk Group Limited
Interim Consolidated Statement of Financial Position

	Note	As at 31 December 2023	As at 30 June 2023
		\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,778	5,517
Trade and other receivables		8,091	8,388
Inventories		7,954	7,464
Prepayments		1,219	670
Total Current Assets		19,042	22,039
Non-Current Assets			
Plant and equipment		935	1,114
Intangible assets		14,093	13,584
Right of use assets		931	263
Deferred tax asset		15	75
Total Non-Current Assets		15,974	15,036
TOTAL ASSETS		35,016	37,075
LIABILITIES			
Current Liabilities			
Trade and other payables		3,234	2,671
Contract liabilities		333	278
Borrowings		1,849	1,999
Lease Liability		405	171
Provisions		1,172	1,408
Total Current Liabilities		6,993	6,527
Non-Current Liabilities			
Provisions		91	59
Borrowings		341	542
Lease liabilities		547	118
Contract liabilities		346	429
Deferred tax Liabilities		109	146
Total Non-Current Liabilities		1,434	1,294
TOTAL LIABILITIES		8,427	7,821
NET ASSETS		26,589	29,254
EQUITY			
Contributed Equity	7	53,830	53,831
Accumulated losses		(26,385)	(23,618)
Reserves		(856)	(959)
TOTAL EQUITY		26,589	29,254

The above Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

AVA Risk Group Limited
Interim Consolidated Statement of Changes in Equity

	Contributed equity	Share-based payment Reserve	Foreign Exchange Translation Reserve	Other Equity Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2023	53,831	2,050	38	(3,047)	(23,618)	29,254
Losses for the period	-	-	-	-	(2,332)	(2,332)
Other comprehensive loss	-	-	(105)	-	-	(105)
Total comprehensive loss for the period	-	-	(105)	-	(2,332)	(2,437)
Transactions with owners in their capacity as owners						
Dividends/distributions	-	-	-	-	(435)	(435)
Share issue costs	(1)	-	-	-	-	(1)
Share based payments	-	208	-	-	-	208
Total transactions with owners in their capacity as owners	(1)	208	-	-	(435)	(228)
Balance at 31 December 2023	53,830	2,258	(67)	(3,047)	(26,385)	26,589
At 1 July 2022	50,793	1,749	(983)	(3,047)	(22,564)	25,948
Losses for the period	-	-	-	-	(223)	(223)
Other comprehensive income	-	-	573	-	-	573
Total comprehensive loss for the period	-	-	573	-	(223)	350
Transactions with owners in their capacity as owners						
Dividends/distributions						
Shares issued as part of the acquisition of GJD	3,041	-	-	-	-	3,041
Share issue costs	(3)	-	-	-	-	(3)
Share based payments	-	218	-	-	-	218
Total transactions with owners in their capacity as owners	3,038	218	-	-	-	3,256
Balance at 31 December 2022	53,831	1,967	(410)	(3,047)	(22,787)	29,554

The above Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AVA Risk Group Limited
Interim Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023	Note	6 months ended	
		31 December 2023	31 December 2022
		\$'000	\$'000
Cash flow from operating activities			
Receipts from customers		14,602	12,332
Payments to suppliers and employees		(15,740)	(14,270)
Interest received		10	10
Tax paid		(136)	(211)
Finance costs		(104)	(78)
Lease interest paid		(6)	(12)
Net cash flows used in operating activities		(1,374)	(2,229)
Cash flow from investing activities			
Payment for intangible assets		(1,266)	(959)
Payment for plant and equipment		(122)	(324)
Purchase of business, net of cash acquired		-	(5,522)
Net cash flows used in investing activities		(1,388)	(6,805)
Cash flow from financing activities			
Share issue expense		(1)	(3)
Repayment of borrowings		(177)	(340)
Dividends paid		(435)	(24)
Payment of lease liabilities		(181)	(152)
Net cash flows used in financing activities		(794)	(519)
Net (decrease) in cash and cash equivalents		(3,556)	(9,553)
Net foreign exchange differences on cash		(35)	265
Cash and cash equivalents at beginning of period		3,887	15,226
Cash and cash equivalents at end of the period	6	296	5,938

The above Interim Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Corporate information

The consolidated financial statements of AVA Risk Group Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 26 February 2024. AVA Risk Group Limited (the parent) is a limited company incorporated and domiciled in Australia and whose shares are publicly traded. The registered office is located at 10 Hartnett Close, Mulgrave, Victoria 3170, Australia.

The Group is principally engaged in sensing and access technology protecting high value assets and critical infrastructure.

2. Basis of preparation and changes to the Group's accounting policies

(a) Basis of preparation

This interim consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for for-profit entities, and the Corporations Act 2001.

This interim consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by AVA Risk Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(b) Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

(c) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

2. Basis of preparation and changes to the Group's accounting policies (continued)

(d) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of tangible and intangibles assets

The Group determines whether tangible and intangible assets are impaired at least on an annual basis by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity.

The Group has three identifiable Cash Generating Units ("CGUs"):

- Detect
- Access
- Illuminate

No impairments were recognised for the period (June 2023: nil).

(ii) Capitalisation of development costs

The capitalisation of development costs required judgement to be applied. Management assesses and exercises judgment on expenditures that meet the definition of development.

(iii) Amortisation of intangible assets

Judgement is required to assess the useful economic life of intangible assets. Intangible assets, including capitalised development costs that have a finite life are amortised on a systematic basis over the expected life of the asset and cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

3. Related party transactions

The Group purchased consulting services from Pierce Group Asia Pte Ltd a related entity through the Chairman and Non-Executive Director, David Cronin, for \$142,500 (HY2023: \$142,800). Accounts payable balance at 31 December 2023 totals \$17,050 (30 June 2023: \$17,270).

There have been no other related party transactions other than those between the Company and its subsidiaries during the half-year ended 31 December 2023.

AVA Risk Group Limited

Notes to the Interim Consolidated Financial Statements

31 December 2023

4. Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of Ava Risk Group Limited. The Group's segments were based on three separately identifiable products.

The Group operates in Detect, Access, and Illuminate, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies. The Illuminate Segment was acquired on 2 August 2022, refer to Note 6 Business Combination. The following summary describes the operations of each reportable segment:

Product type	Reportable segment	Operations
Technology	Detect	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.
	Access	Specialises in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products.
	Illuminate	Specialises in the development and manufacture of illuminators, ANPR cameras and perimeter detectors.

(b) Reportable segments

31 December 2023	Detect	Access	Illuminate	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and other income					
External customers	7,798	3,186	3,175	-	14,159
Intersegment revenue	-	-	-	-	-
Other income	52	3	2	-	57
Interest Income	6	4	-	-	10
Segment revenue and other income	7,856	3,193	3,177	-	14,226
EBITDA	(686)	(71)	(320)	56	(1,021)
Depreciation and amortisation	(612)	(303)	(183)	-	(1,098)
Finance costs	(3)	-	(108)	-	(111)
Income tax	(20)	(117)	35	-	(102)
Segment operating loss	(1,321)	(491)	(576)	56	(2,332)

AVA Risk Group Limited

Notes to the Interim Consolidated Financial Statements

31 December 2023

(b) Reportable segments (continued)

31 December 2022	Detect	Access	Illuminate	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and other income					
External customers	8,618	1,933	3,056	-	13,607
Intersegment revenue	52	55	-	(107)	-
Other income	-	2	23	-	25
Interest Income	4	6	-	-	10
Segment revenue and other income	8,674	1,996	3,079	(107)	13,642
EBITDA	876	131	198	-	1,205
Depreciation and amortisation	(539)	(393)	(161)	-	(1,093)
Finance costs	(7)	(2)	(80)	-	(89)
Income tax	(28)	(218)	-	-	(246)
Segment operating profit (loss)	302	(482)	(43)	-	(223)

(c) Geographic information

	Consolidated	
	31 December 2023	31 December 2022
	\$'000	\$'000
Australia	1,290	1,266
APAC (excl Australia)	1,947	1,815
Europe	4,452	4,780
India	296	329
MENA	439	245
United States of America	4,647	3,520
Rest of world	1,088	1,652
Total external revenue by region	14,159	13,607

(d) Non-current operating assets

	31 December 2023	30 June 2023
	\$'000	\$'000
Australia	6,862	6,590
United Kingdom	8,152	7,698
Rest of world	945	673
Total non-current assets by region	15,959	14,961

Non-current assets for this purpose consist of plant and equipment, right-of-use assets, and intangible assets.

(e) Reconciliation of non-current assets

	31 December 2023	30 June 2023
	\$'000	\$'000
Non-current operating assets by region	15,959	14,961
Deferred tax assets	15	75
Total non-current assets	15,974	15,036

AVA Risk Group Limited

Notes to the Interim Consolidated Financial Statements

31 December 2023

5. Revenue and other income

	Consolidated	
	31 December	31 December
	2023	2022
	\$'000	\$'000

(a) Revenue from contracts with customers

Revenue from sales of goods	12,937	11,895
Revenue from provision of services	1,222	1,712
Total revenue from contracts with customers	14,159	13,607

(b) Other income

Interest received	10	10
Other income	57	25
Total other income - continuing operations	67	35
Total other income	67	35
Total Revenues and other income	14,226	13,642

(c) Disaggregation of revenue

Timing of revenue recognition

Goods transferred at a point in time	12,937	11,895
Services transferred over time	1,222	1,712
Total revenue from contracts with customers	14,159	13,607

(d) Performance obligations

The Group holds contract liabilities in relation to services including extended warranty, support, commissioning and training which have been invoiced in advance with the services yet to be provided.

AVA Risk Group Limited

Notes to the Interim Consolidated Financial Statements

31 December 2023

6. Cash and short-term deposits

	Consolidated	
	31 December 2023	30 June 2023
	\$'000	\$'000
Cash at banks and on hand	1,723	5,462
Short-term deposits	55	55
Total Cash	1,778	5,517

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31 December 2023	30 June 2023
	\$'000	\$'000
Cash at banks and on hand	1,723	5,462
Short-term deposits	55	55
Bank overdrafts	(1,482)	(1,630)
Cash and cash equivalents	296	3,887

Bank overdrafts

Bank overdrafts relate to existing banking facilities for working capital. At 31 December 2023, the Group had available \$1,097,000 (June 2023 \$1,037,000) of undrawn committed facilities.

Cash balance held in Trust

The cash balance at 31 December 2023 includes an amount of \$280,000 (June 2023 \$264,000) which is restricted by the Share Registry in trust of outstanding dividend payments.

7. Contributed equity

	Consolidated	
	31 December 2023	30 June 2023
	\$'000	\$'000

(a) Ordinary shares

Ordinary share capital, issued and fully paid	53,830	53,831
	53,830	53,831

(b) Movement in ordinary shares on issue

	Number of shares	\$'000
At 1 July 2023	255,414,634	53,831
Share issue:		
On exercise of Performance Share Rights	388,149	-
Share issue costs	-	(1)
At 31 December 2023	255,802,783	53,830

(c) Dividends

During the half- year ended 31 December 2023, the Group declared and paid a special dividend of \$0.0017 per share.

AVA Risk Group Limited

Notes to the Interim Consolidated Financial Statements

31 December 2023

8. Earnings per Share

The following reflects the income used in the basic and diluted loss per share computations:

Loss used in calculating earnings per share for basic and diluted	31 December 2023 \$'000	31 December 2022 \$'000
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Net loss after tax	(2,332)	(223)
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Total	(2,332)	(223)
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(a) Weighted average number of shares	31 December 2023 Number	31 December 2022 Number
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Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	255,674,104	254,508,593
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Adjustments for calculation of loss per share

Dilutive share options / performance rights	4,128,188	2,751,341
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Weighted average number of ordinary shares adjusted for the effect of dilution used as the denominator in calculating diluted loss per share	259,802,292	257,259,934
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(b) Earnings per share	31 December 2023 Cents	31 December 2022 Cents
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Basic loss per share	(0.91)	(0.09)
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Diluted loss per share	(0.91)	(0.09)
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Since reporting date there have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

9. Commitments

At 31 December 2023, the Group had commitments of \$272,000 relating to the purchase of Fibre Optic cable with its main supplier (30 June 2023 \$244,000).

10. Share-based payments

(a) Expense arising from equity-settled share-based payment transactions

	31 December 2023	31 December 2022
	\$'000	\$'000
Performance Shares	208	218

(b) Performance Share Rights (PSRs)

i. Outstanding Performance Share Rights - Half Year ended 31 December 2023

	Number of PSRs	WAEP
Outstanding 1 July 2023	2,812,876	\$nil
Granted during the period	3,304,603	\$nil
Exercised during the period	(388,149)	\$nil
Forfeited and other movement during the period	26,693	\$nil
Outstanding 31 December 2023	5,756,023	\$nil

ii. HY 2023 Grants

During the half year ended 31 December 2023, the Company granted 3,304,603 performance rights as part of remuneration to senior executives. The fair value of the PSRs was based on the Black-Scholes model and Monte Carlo Simulation pricing model.

The PSRs have a nil exercise price. The vesting conditions of the performance rights are based on Share price performance and Service Condition.

11. Fair value of financial instruments

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the interim financial statements and notes to the interim financial report are materially the same.

12. Subsequent events

There has been no matter or circumstance which has arisen since 31 December 2023 that has significantly affected or may significantly affect:

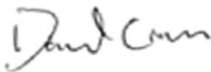
- a) the operations subsequent to 31 December 2023, of AVA Risk Group Limited, or
- b) the results of those operations, or
- c) the state of affairs, subsequent to 31 December 2023, of AVA Risk Group Limited.

Directors' Declaration

In the Directors' opinion:

- (a) The directors declare that the interim financial report and notes set out on pages 3 to 18 are in accordance with the *Corporations Act 2001* including :
 - (i) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* , and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2023 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



David Cronin
Chairman
26 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AVA Risk Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AVA Risk Group Limited (the Company) and its subsidiaries (the Group), which comprises the interim consolidated statement of financial position as at 31 December 2023, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

The image shows a handwritten signature in black ink. Above the signature, the letters 'BDO' are written in a simple, blocky font. The signature itself is a cursive-style name, appearing to be 'Wai Aw', with a long horizontal stroke at the end.

Wai Aw
Director

Melbourne, 26 February 2024