

Thursday 30 January 2020

AVA Appendix 4C

- **\$0.2m improvement in operating cash outflows on PCP**
- **Debtors balance increase of approximately \$2.0m primarily due to Indian MoD and shipment timing for FFT orders**
- **Consolidated net cash position of \$3.1m**

Ava Risk Group Limited (ASX: AVA), a market leader of risk management services and technologies, today released its Appendix 4C for the quarter ended 30 December 2019.

Summary of Results

It was another quarter of strong revenue achievement with the group meeting guidance of \$9m or more for Q2 FY2020 and \$19m or more for H1 FY2020 on an unaudited results basis, excluding Indian MoD. Importantly, these results reflect continued revenue forecasting consistency.

This excellent revenue performance, along with operating efficiency strategies delivered a positive EBITDA result for the half year, a turnaround of more than \$3m compared to the same time last year.

Net operating cashflows in the quarter were negative \$0.2m a decline on the previous quarter. This was due to lower cash collections from customers compared the prior quarter, with a number of FFT orders shipped late in Q2 FY2020. The group also increased R&D spending during the quarter, and continued to further develop the Aura Ai and Aura IQ platforms. In addition, payment of annual insurance premiums during the quarter contributed to the higher operating cash outflows compared to the previous quarter.

At 31 December 2019 the Company had \$3.1m cash at bank.

The group expects to achieve sales revenues A\$11m or more for Q3 FY2020, including A\$9m or more from the underlying business, and A\$2m or more in licencing income from the Indian MoD project.

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About Ava Group

The Ava Group, comprising world leading technology divisions Future Fibre Technologies (FFT) and BQT Solutions (BQT), and international secure logistics services division Ava Global, is a market leader in the provision of risk management services and technologies, trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

The Group features a range of complementary solutions including intrusion detection for perimeters, pipelines and data networks, biometric and card access control as well as the secure international logistics and storage of high value assets. Through decades of innovation, the Ava Group continues to build upon a comprehensive portfolio of premium services and technologies for the most complex and demanding markets.

Our business truly serves a global market, with our knowledgeable team spread across six continents, providing market and industry expertise directly to customers. With thousands of sites protected, the Ava Group is proven to deliver first class services and technologies that surpass the expectations of our partners and end users.

For further information contact: Leigh Davis leigh.davis@theavagroup.com

Note 1

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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

AVA Risk Group Limited

ABN

67 064 089 318

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,543	17,904
1.2 Payments for		
(a) research and development	(263)	(439)
(b) product manufacturing and operating costs	(5,485)	(10,655)
(c) advertising and marketing	(41)	(118)
(d) leased assets	-	-
(e) staff costs	(2,314)	(5,023)
(f) administration and corporate costs	(608)	(964)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	6
1.5 Interest and other costs of finance paid	(27)	(27)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(190)	684
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(19)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	(161)	(454)
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) – cash from consolidation of MaxSec Group Limited	-	-
2.6	Net cash from / (used in) investing activities	(173)	(473)
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(142)	(142)
3.10	Net cash from / (used in) financing activities	(142)	(142)
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,660	3,082
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(190)	684
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(173)	(473)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(142)	(142)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(31)	(27)
4.6	Cash and cash equivalents at end of quarter	3,124	3,124

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,035	3,572
5.2	Call deposits	89	88
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,124	3,660

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(320)

-

Includes all Executive Directors and Non-executive fees and salaries, and consultancy and service fees paid to related or associated parties of Directors including in respect of subsidiary operations whereby directors are related parties.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	1,000	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Secured Business overdraft facility with Westpac Banking Corporation. Interest rate is variable with the lender's base business lending rate.

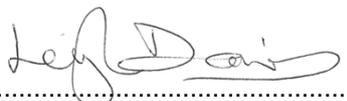
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(250)
9.2 Product manufacturing and operating costs	(5,400)
9.3 Advertising and marketing	(100)
9.4 Leased assets	-
9.5 Staff costs	(2,500)
9.6 Administration and corporate costs	(350)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(8,600)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date:30/01/2020.....
(Director/Company secretary)

Print name: ..Leigh Davis.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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