

Ava Risk Group announces 1H FY23 Results

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) announces its half year results for the six months ended 31 December 2022.

Highlights

- Group revenue grew by 50% to \$13.6m (\$9.1m for 1H FY2022)
- Gross margins maintained at ~66%, resulting in increased gross profit
- Group EBITDA of \$1.2m (\$0.2m for 1H FY2022) and margins have expanded to 9% vs 3% in the prior year
- Additional contracts won in the North American energy sector and initial commercial orders for Aura IQ
- Acquired UK-based security technology supplier GJD, providing a complimentary product and technology footprint and go-to-market capability in the UK and western Europe
- Investments made to support growth of market leading position in AI
- Cash balance of \$7.1m as at 31 December 2022

In line with a growth in sales order intake, Ava Group reported strong financial performance for the first half, with Group revenue of \$13.6 million, up 50%. Significant revenue growth was recorded in both the Detect and Access segments, and further accelerated by the addition of the Illumination segment during the period.

The Group has been organised into the following three operating segments:

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	Specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products.
Illumination	Specialist in the development and manufacture of illuminators, ANPR cameras and perimeter detectors.

Ava Risk Group CEO Mal Maginnis said: “These strong results reflect significant momentum during the first half, with an uplift in sales order intake flowing through to over 50% in revenue growth. We also ramped up investment in our market leading AI capability to drive improved system performance and a compelling customer upgrade path, and ensuring we remain well placed to support our major global distribution partners.

“We continue to build our position as a global leader in risk management technology with our strategy focused on increasing market share and developing new and adjacent verticals. We see catalysts for future growth in each operating segment and we are well placed to grow in the remainder of the second half and beyond.”

In August 2022 Ava Group acquired GJD, a leading UK based security technology supplier specialising in illumination and detection applications and creating Ava's Illumination segment. GJD provides Ava with a complimentary product and technology footprint as well as an established go-to-market capability in the UK and western Europe.

The Company maintained its gross margin at around 66%, even with the addition of the lower margin Illumination segment. Revenue and gross profit growth has resulted in improved EBITDA of \$1.2 million (\$0.2 million for 1H FY2022) as the Company has leveraged its cost and technology base. Resultant EBITDA margins have expanded to 9% compared to 3% in the prior year.

During the first half Ava continued investing in its AI technology, building on its Aura IQ and perimeter detection platforms. This investment is critical to growing the Company's market leading position in AI, driving improved system performance and providing a compelling customer upgrade path.

Net loss from continuing operations was \$0.2 million (1H FY2021 was a net loss of \$0.9 million) reflecting improved EBITDA, partly offset by higher depreciation charges. The Company has a cash balance at 31 December 2022 of \$7.1 million.

Outlook

As stated in the Q2 FY2023 announcement, management reaffirms that it expects revenue to exceed the first half during the second half of the financial year. Further revenue guidance for the second half of the year will be provided in the Q3 FY2023 Trading Update based on Q3 sales order intake.

Investor webinar

Chairman David Cronin, CEO Mal Maginnis and CFO Neville Joyce will host a Zoom webinar to present the results at 9am AEDT today. To register for the webinar, please select the following link:

https://us06web.zoom.us/webinar/register/WN_rR_lIc5kRfKKEb1bKfKYLw

ENDS

Approved for release by the Board of Directors.

For further information, please contact:

Investor Enquiries

Alexandra Abeyratne

Citadel-MAGNUS

aabeyratne@citadelmagnus.com

[+61 438 380 057](tel:+61438380057)

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 – Detect, Access and Illumination. The Detect segment 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 is a specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products. Illumination specialises in the development and manufacture of illuminators, ANPR cameras and perimeter detectors. 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