



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

Appendix 4D AND  
CONSOLIDATED FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025  
Lodged with the ASX under Listing Rule 4.2.A.3

ABN: 67 064 089 318  
ASX CODE: AVA

Registered Office:  
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[www.theavagroup.com](http://www.theavagroup.com)



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### **CONSOLIDATED FINANCIAL REPORT**

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## AVA Risk Group Limited

ABN: 67 064 089 318

### Details of the reporting period and the previous corresponding period

|                               |                 |                  |
|-------------------------------|-----------------|------------------|
| Reporting period              | Half Year Ended | 31 December 2025 |
| Previous Corresponding Period | Half Year Ended | 31 December 2024 |
|                               | Year Ended      | 30 June 2025     |

### Results for announcement to the market

|                                             | Change | %<br>movement | Amount of<br>change<br>\$000 | 2025<br>31 December<br>\$000 | 2024<br>31 December<br>\$000 |
|---------------------------------------------|--------|---------------|------------------------------|------------------------------|------------------------------|
| Consolidated revenue from operations        | down   | 17%           | (2,986)                      | 14,045                       | 17,031                       |
| Loss after tax attributable to shareholders | down   | 5,026%        | (1,156)                      | (1,179)                      | (23)                         |
| EBITDA*                                     | down   | 67%           | (1,053)                      | 523                          | 1,576                        |

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

### Reconciliation of EBITDA

|                                | H1<br>FY25 | H1<br>FY26 | Change  |
|--------------------------------|------------|------------|---------|
| Underlying EBITDA              | 1,653      | (196)      | (1,849) |
| Foreign Exchange gain / (loss) | (77)       | 719        | 796     |
| Reported EBITDA                | 1,576      | 523        | (1,053) |
| Depreciation & Amortisation    | (1,708)    | (1,893)    | (185)   |
| Finance Expense                | (139)      | (116)      | 23      |
| Tax (Expense) / Benefit        | 248        | 307        | 59      |
| Loss After Tax                 | (23)       | (1,179)    | (1,156) |

### Dividends and Distributions

#### Current reporting period

Amount per share  
\$  
nil

#### Previous corresponding period

Amount per share  
\$  
nil

### Details of dividends/distribution reinvestment plan

The Company does not have a dividend reinvestment plan.

Net tangible assets per security

|                                                  | 2025<br>31 December<br>cents | 2025<br>30 June<br>cents |
|--------------------------------------------------|------------------------------|--------------------------|
| Net tangible asset backing per ordinary security | 4.06c                        | 4.75c                    |

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.

The directors present their report together with the financial report of the consolidated entity consisting of Ava Risk Group Limited and its controlled entities (the “Company”, “Ava” or “Ava Risk Group”) for the half-year ended 31 December 2025 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 (Non-Executive 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)   | Resigned 20 November 2025 (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

Trading conditions in the first half of FY2026 remained challenging, characterized by delays to key projects which has impacted revenue and earnings. During H1 FY2026 the Company has continued to make strong progress in key industry segments and is confident of improved performance in H2 FY2026 as key projects are delivered. Results for H1 FY2026 include:

- Decline in revenue and other income to \$14.1 million, down from \$17.1 million in the previous year. The decline is driven by lower revenue in the Detect segment, reflecting delays to a number of orders now expected to be received in H2 FY2026.
- Sales order intake during H1 FY2026 of \$15.6 million including continued expansion in strategically important industry verticals – sovereign border protection, airport perimeter detection, transportation.
- Confirmed sales order backlog of \$7.8 million, including \$2.6 million in contracted annual recurring revenue. The order backlog consists of equipment orders and multi-year service contracts.
- Execution of binding agreements with Hale Capital to secure a strategic investment in the Company of up to \$7.0 million via a Convertible Loan Note and up to \$5.6 million via associated Warrants. The investment provides the Company growth capital with a highly aligned strategic partner to supporting U.S. expansion and is an affirmation of Ava’s growth plan.

The Company remains focused on developing its sales opportunity pipeline in key industry verticals and growing its recurring revenue base. Aura Ai-X, the Company’s market leading, latest generation fibre sensing technology, remains at the forefront of supporting the sales opportunity pipeline. During H1FY2026 the Company continued to progress key segments:

## Review of operations (continued)

- **Transport (Rail infrastructure)** – The Company was awarded a contract for \$1.2 million for the supply of Aura Ai-X detection systems to identify and monitor risks critical to the safe and efficient operation of new rail infrastructure. The contract built on the previous success in delivering fibre sensing technology to the Sydney Metro project.
- **Transport (Aviation)** – Aviation is a key focus in the transportation sector as the Company pursues perimeter protection opportunities at airports internationally as well as in the Australian domestic sector. During H1 the Company won orders for the provision of its technology to airports in Morocco and Athens. The Company has also successfully trialed its technology for perimeter protection at a number of airports in Australia during H1 FY2026 and expects to see these trials progress to confirmed orders during H2 FY2026 and beyond.
- **Sovereign Border Protection** – This segment continues to emerge as an area of focus with increasing government demand due to geopolitical instability in some regions. During H1 FY2026, a contract for \$0.5 million was received for the supply of Aura Ai-X detection systems for border protection in Latvia. This contract follows the successful deployment of the Company's detection technology to another Eastern European border and the sales opportunity pipeline contains further significant opportunities in this segment which are expected to close in H2 FY2026.
- **Telecommunications** – While progress in the telecommunications sector has been slower than anticipated, this sector remains a significant growth opportunity and we continue to mature our relationship with Telstra. Ava Risk Group has been invited to participate in the Telstra Together 26 roadshow across March and April 2026, one of eight experience “hubs” which will demonstrate the capacity of Aura Ai-X to protect critical telecommunications infrastructure, including subsea cables. Our collaboration with Telstra remains ongoing and has also created a number of opportunities from international telecommunication operators.

## Financial Review

| A\$m                      | H1<br>FY25 | H1<br>FY26 | Change |
|---------------------------|------------|------------|--------|
| Revenue & Other Income    | 17.1       | 14.1       | (3.0)  |
| Underlying EBITDA*        | 1.7        | (0.2)      | (1.9)  |
| Profit / (Loss) After Tax | (0.0)      | (1.2)      | (1.6)  |

| Reconciliation of<br>Underlying EBITDA |       |       |       |
|----------------------------------------|-------|-------|-------|
| Underlying EBITDA                      | 1.7   | (0.2) | (1.9) |
| Foreign Exchange gain / (loss)         | (0.1) | 0.7   | 0.8   |
| Reported EBITDA                        | 1.6   | 0.5   | (1.1) |
| Depreciation & Amortisation            | (1.7) | (1.9) | (0.2) |
| Finance Expense                        | (0.1) | (0.1) | 0.0   |
| Tax (Expense) / Benefit                | 0.2   | 0.3   | 0.1   |
| Loss After Tax                         | (0.0) | (1.2) | (1.2) |

## Financial Review (continued)

Financial performance in H1 FY2026 was lower than the previous year attributable to lower revenue in Detect. The shortfall in Detect is driven by delays in a number of key projects which are now expected to close in H2 FY2026. The previous year included the delivery of key projects relating to an Eastern European border (\$2.1 million) and a pipeline in Chile (\$2.7 million), compared to current year which had one major project on Rail infrastructure (\$0.8 million). Major programs enable the Company to better leverage its stable cost base and technology footprint to grow earnings. Revenue in both Access and Illuminate is consistent with the previous year.

Consolidated gross margin remains at 64% and operating costs are also stable. The resulting decline in EBITDA is driven entirely by the shortfall in revenue and is expected to improve significantly in H2 FY2026.

Net loss for the period was \$1.2 million (H1 FY2025 was a net loss of \$0.02 million). The Company had a cash balance at 31 December 2025 of \$2.7 million (30 June 2025 \$5.6 million).

## Outlook

The Company expects performance in H2 FY2026 to be significantly improved on its first half performance. A number of key orders which were delayed in the first half are expected to close in H2 FY2026. Specifically these include:

- Program for deployment of Aura Ai-X to corrections facilities in the U.S. - \$1.0 million in revenue.
- Two orders for deployment of detection systems to U.S. government sites, delayed in part due to U.S. government shutdown earlier in H1 which has impacted the timing of procurement decisions - \$0.7 million.
- Additional systems expected to be deployed to a major Australian transport infrastructure project - \$0.6 million.
- Two programs for the deployment of detection systems to energy infrastructure in the U.S. and Asia now expected in H2 - \$0.7 million
- Initial order (\$0.4 million) for some equipment as part of a broader border protection project in the Middle East. Both the initial order and the larger program order are now expected in H2 FY2026.

Additionally, the Company has progressed a number of large program tenders which are expected to be finalised during H2 FY2026 and drive revenue growth.

- Sovereign border protection program in the Middle East - \$2.5 million.
- Oil and Gas infrastructure protection in the Middle East, building on the Company's previous successful deployment of systems to this customer - \$2.2 million.
- Oil and Gas infrastructure protection to a new customer in the Middle East - \$1.0 million
- Australian transport infrastructure program, building on the Company's success on the Sydney Metro project - \$0.8 million.
- Solar farm perimeter protection in Latin America - \$0.4 million.

Operating margins and the cost base are expected to remain stable, resulting in the expected revenue growth driving improved earnings.

## Events after the Balance date

On 31 December 2025, Ava Risk Group entered into a binding agreement with Hale Capital to secure a strategic investment of up to \$7.0 million via a Convertible Loan Note and up to \$5.6 million via associated Warrants. The funding will be used to provide growth capital including support for the Company's expansion in the U.S., AVA's largest and most attractive addressable market.

Funding attributable to the Convertible Loan Note is split between two tranches. Tranche 1 funding for \$2.98 million is related to the satisfaction of the conditions precedent set out in the agreements. This occurred during January 2026 and Tranche 1 funding was received by Ava Risk Group on 30 January 2026.

Subject to shareholder approval, the Company will have access to a further \$4.02 million of funding via the issue to Hale Capital of convertible notes, referenced as Tranche 2 Commitment. The Company will convene a special meeting of shareholders on 30 March 2026 seeking shareholder approval for the Tranche 2 Commitment.

No other significant events have occurred subsequent to 31 December 2025, other than described above.

## 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  
25 February 2026  
Melbourne,  
Australia



## 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 2025, 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.



**Wai Aw**  
**Director**

**BDO Audit Pty Ltd**

Melbourne, 25 February 2026

# AVA Risk Group Limited

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

|                                                                                                               | Note | 6 months ended             |                            |
|---------------------------------------------------------------------------------------------------------------|------|----------------------------|----------------------------|
|                                                                                                               |      | 31 December 2025<br>\$'000 | 31 December 2024<br>\$'000 |
| Revenue from contracts with customers                                                                         | 5    | 14,045                     | 17,031                     |
| Other income                                                                                                  |      | 33                         | 39                         |
| <b>Total Revenue and other income</b>                                                                         |      | <b>14,078</b>              | <b>17,070</b>              |
| Cost of raw materials and consumables used                                                                    |      | (5,098)                    | (6,065)                    |
| Employee benefit expenses                                                                                     |      | (5,348)                    | (5,333)                    |
| Research and development                                                                                      |      | (811)                      | (965)                      |
| Advertising and marketing                                                                                     |      | (242)                      | (149)                      |
| Travel and entertainment                                                                                      |      | (786)                      | (646)                      |
| Facilities and office                                                                                         |      | (527)                      | (495)                      |
| Compliance, legal, and administration                                                                         |      | (840)                      | (951)                      |
| Reversal (impairment) of receivables                                                                          |      | 14                         | (235)                      |
| Depreciation and amortisation expenses                                                                        |      | (1,893)                    | (1,708)                    |
| Finance expense                                                                                               |      | (116)                      | (139)                      |
| Foreign exchange gains / (losses)                                                                             |      | 371                        | (77)                       |
| Other expenses                                                                                                |      | (288)                      | (578)                      |
| <b>Total Expenses</b>                                                                                         |      | <b>(15,564)</b>            | <b>(17,341)</b>            |
| <b>Loss before income tax</b>                                                                                 |      | <b>(1,486)</b>             | <b>(271)</b>               |
| <b>Income tax benefit</b>                                                                                     |      | <b>307</b>                 | <b>248</b>                 |
| <b>Loss after income tax for the period</b>                                                                   |      | <b>(1,179)</b>             | <b>(23)</b>                |
| <b>Other comprehensive income for the period, net of tax</b>                                                  |      |                            |                            |
| <i>Items that may be reclassified subsequently to profit and loss</i>                                         |      |                            |                            |
| Exchange differences on translation of foreign operations, net of tax                                         |      | (978)                      | 731                        |
| <b>Total other comprehensive (loss) income for the period</b>                                                 |      | <b>(978)</b>               | <b>731</b>                 |
| <b>Loss for the period attributable to Equity holders of the parent company</b>                               |      |                            |                            |
|                                                                                                               |      | <b>(1,179)</b>             | <b>(23)</b>                |
| <b>Total comprehensive (loss) income for the period attributable to Equity holders of the parent company:</b> |      |                            |                            |
|                                                                                                               |      | <b>(2,157)</b>             | <b>708</b>                 |
| <b>Earnings per share attributable to ordinary shareholders of AVA Risk Group</b>                             |      |                            |                            |
|                                                                                                               |      | <b>Cents</b>               | <b>Cents</b>               |
| Basic loss per share                                                                                          | 8    | (0.4)                      | (0.01)                     |
| Diluted loss per share                                                                                        | 8    | (0.4)                      | (0.01)                     |

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

# AVA Risk Group Limited

## Consolidated Statement of Financial Position

|                                      | Note | As at 31<br>December<br>2025<br>\$'000 | As at<br>30 June<br>2025<br>\$'000 |
|--------------------------------------|------|----------------------------------------|------------------------------------|
| <b>ASSETS</b>                        |      |                                        |                                    |
| <b>Current Assets</b>                |      |                                        |                                    |
| Cash and cash equivalents            | 6    | 2,744                                  | 5,591                              |
| Trade and other receivables          |      | 6,895                                  | 6,169                              |
| Contract assets                      |      | 640                                    | 669                                |
| Prepayments                          |      | 898                                    | 798                                |
| Inventories                          |      | 6,616                                  | 6,596                              |
| <b>Total Current Assets</b>          |      | <b>17,793</b>                          | <b>19,823</b>                      |
| <b>Non-Current Assets</b>            |      |                                        |                                    |
| Plant and equipment                  |      | 869                                    | 963                                |
| Intangible assets                    |      | 7,313                                  | 7,313                              |
| Right of use assets                  |      | 944                                    | 1,069                              |
| Deferred tax asset                   |      | 719                                    | 436                                |
| <b>Total Non-Current Assets</b>      |      | <b>9,845</b>                           | <b>9,781</b>                       |
| <b>TOTAL ASSETS</b>                  |      | <b>27,638</b>                          | <b>29,604</b>                      |
| <b>LIABILITIES</b>                   |      |                                        |                                    |
| <b>Current Liabilities</b>           |      |                                        |                                    |
| Trade and other payables             |      | 2,232                                  | 2,490                              |
| Contract liabilities                 |      | 356                                    | 232                                |
| Borrowings                           |      | 2,211                                  | 1,742                              |
| Lease liability                      |      | 409                                    | 447                                |
| Provisions                           |      | 1,437                                  | 1,373                              |
| <b>Total Current Liabilities</b>     |      | <b>6,645</b>                           | <b>6,284</b>                       |
| <b>Non-Current Liabilities</b>       |      |                                        |                                    |
| Provisions                           |      | 120                                    | 119                                |
| Lease liabilities                    |      | 522                                    | 612                                |
| Contract liabilities                 |      | 306                                    | 415                                |
| <b>Total Non-Current Liabilities</b> |      | <b>948</b>                             | <b>1,146</b>                       |
| <b>TOTAL LIABILITIES</b>             |      | <b>7,593</b>                           | <b>7,430</b>                       |
| <b>NET ASSETS</b>                    |      | <b>20,045</b>                          | <b>22,174</b>                      |
| <b>EQUITY</b>                        |      |                                        |                                    |
| Contributed equity                   | 7    | 57,930                                 | 57,931                             |
| Accumulated losses                   |      | (36,858)                               | (35,679)                           |
| Reserves                             |      | (1,027)                                | (78)                               |
| <b>TOTAL EQUITY</b>                  |      | <b>20,045</b>                          | <b>22,174</b>                      |

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

# AVA Risk Group Limited

## Consolidated Statement of Changes in Equity

|                                                                           | Contributed<br>equity<br>\$'000 | Share-based<br>payment<br>Reserve<br>\$'000 | Foreign<br>Exchange<br>Translation<br>Reserve<br>\$'000 | Other Equity<br>Reserves<br>\$'000 | Accumulated<br>Losses<br>\$'000 | Total Equity<br>\$'000 |
|---------------------------------------------------------------------------|---------------------------------|---------------------------------------------|---------------------------------------------------------|------------------------------------|---------------------------------|------------------------|
| <b>At 1 July 2025</b>                                                     | <b>57,931</b>                   | <b>2,584</b>                                | <b>385</b>                                              | <b>(3,047)</b>                     | <b>(35,679)</b>                 | <b>22,174</b>          |
| Loss for the period                                                       | -                               | -                                           | -                                                       | -                                  | (1,179)                         | (1,179)                |
| Other comprehensive<br>income                                             | -                               | -                                           | (978)                                                   | -                                  | -                               | (978)                  |
| <b>Total comprehensive<br/>income for the period</b>                      | <b>-</b>                        | <b>-</b>                                    | <b>(978)</b>                                            | <b>-</b>                           | <b>(1,179)</b>                  | <b>(2,157)</b>         |
| <b>Transactions with owners in their capacity as owners</b>               |                                 |                                             |                                                         |                                    |                                 |                        |
| Share issue costs                                                         | (1)                             | -                                           | -                                                       | -                                  | -                               | (1)                    |
| Share based payments                                                      | -                               | 29                                          | -                                                       | -                                  | -                               | 29                     |
| <b>Total transactions with<br/>owners in their capacity as<br/>owners</b> | <b>(1)</b>                      | <b>29</b>                                   | <b>-</b>                                                | <b>-</b>                           | <b>-</b>                        | <b>28</b>              |
| <b>Balance at 31 December<br/>2025</b>                                    | <b>57,930</b>                   | <b>2,613</b>                                | <b>(593)</b>                                            | <b>(3,047)</b>                     | <b>(36,858)</b>                 | <b>20,045</b>          |
|                                                                           |                                 |                                             |                                                         |                                    |                                 |                        |
| <b>At 1 July 2024</b>                                                     | <b>57,932</b>                   | <b>2,381</b>                                | <b>(60)</b>                                             | <b>(3,047)</b>                     | <b>(29,257)</b>                 | <b>27,949</b>          |
| Loss for the period                                                       | -                               | -                                           | -                                                       | -                                  | (23)                            | (23)                   |
| Other comprehensive loss                                                  | -                               | -                                           | 731                                                     | -                                  | -                               | 731                    |
| <b>Total comprehensive loss<br/>for the period</b>                        | <b>-</b>                        | <b>-</b>                                    | <b>731</b>                                              | <b>-</b>                           | <b>(23)</b>                     | <b>708</b>             |
| <b>Transactions with owners in their capacity as owners</b>               |                                 |                                             |                                                         |                                    |                                 |                        |
| Share issue costs                                                         | (1)                             | -                                           | -                                                       | -                                  | -                               | (1)                    |
| Share based payments                                                      | -                               | 118                                         | -                                                       | -                                  | -                               | 118                    |
| <b>Total transactions with<br/>owners in their capacity as<br/>owners</b> | <b>(1)</b>                      | <b>118</b>                                  | <b>-</b>                                                | <b>-</b>                           | <b>-</b>                        | <b>117</b>             |
| <b>Balance at 31 December<br/>2024</b>                                    | <b>57,931</b>                   | <b>2,499</b>                                | <b>671</b>                                              | <b>(3,047)</b>                     | <b>(29,280)</b>                 | <b>28,774</b>          |

# AVA Risk Group Limited

## Consolidated Statement of Cash Flows

| For the half-year ended 31 December 2025                                 | Note | 6 months ended |                |
|--------------------------------------------------------------------------|------|----------------|----------------|
|                                                                          |      | 31 December    | 31 December    |
|                                                                          |      | 2025           | 2024           |
|                                                                          |      | \$'000         | \$'000         |
| <b>Cash flow from operating activities</b>                               |      |                |                |
| Receipts from customers (inclusive of GST)                               |      | 13,381         | 15,177         |
| Payments to suppliers and employees (inclusive of GST)                   |      | (14,598)       | (14,387)       |
| Interest received                                                        |      | 8              | 24             |
| Tax refunded (paid)                                                      |      | -              | 394            |
| Finance costs                                                            |      | (87)           | (123)          |
| Lease interest paid                                                      |      | (28)           | (16)           |
| <b>Net cash flows generated from (used in) from operating activities</b> |      | <b>(1,324)</b> | <b>1,069</b>   |
| <b>Cash flow from investing activities</b>                               |      |                |                |
| Payment for intangible assets                                            |      | (1,468)        | (1,142)        |
| Payment for plant and equipment                                          |      | (125)          | (171)          |
| <b>Net cash flows used in investing activities</b>                       |      | <b>(1,593)</b> | <b>(1,313)</b> |
| <b>Cash flow from financing activities</b>                               |      |                |                |
| Share issue expense                                                      |      | (1)            | (1)            |
| Repayment of borrowings                                                  |      | (120)          | (347)          |
| Proceeds from short-term borrowings                                      |      | -              | 368            |
| Payment of lease liabilities                                             |      | (196)          | (223)          |
| <b>Net cash flows used in financing activities</b>                       |      | <b>(318)</b>   | <b>(203)</b>   |
| Net decrease in cash and cash equivalents                                |      | <b>(3,235)</b> | <b>(447)</b>   |
| Net foreign exchange differences on cash                                 |      | <b>(48)</b>    | <b>152</b>     |
| Cash and cash equivalents at beginning of period                         |      | <b>4,081</b>   | <b>3,468</b>   |
| <b>Cash and cash equivalents at end of the period</b>                    |      | <b>798</b>     | <b>3,173</b>   |

## **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 2025 were authorised for issue in accordance with a resolution of the directors on 25 February 2026. 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 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 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 2025 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) 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)****(c) 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 assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If this is the case, recoverable amount is determined for the cash – generating unit to which the asset belongs. An asset's recoverable amount is the higher of an asset's or the cash generating units (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

No impairments were recognised for the period (June 2025: \$5,624,000).

**(ii) Capitalisation of development costs**

Development expenditure on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

**(iii) Amortisation of intangible assets**

Trademarks, Licences and Patents are recognized at cost of acquisition. They have a finite life and are amortised on a systematic basis, matched to the future economic benefits over the life of the asset, less any impairment losses.

Capitalised development expenditure is stated at cost less accumulated amortization and accumulated impairment losses. Amortisation is calculated using a straight line method to allocate the cost of the intangible assets over their estimated useful lives.

**3. Related party transactions**

The Group purchased consulting services from Pierce Group Asia Pte Ltd and Pierce Asia Pty Ltd related entities through Chairman and Non-Executive Director, David Cronin, for \$148,011 (HY2025: \$137,800). Accounts payable balance at 31 December 2025 totals \$20,891 (30 June 2025: \$17,251). These arrangements were in the normal course of business and included amounts related to the provision of consultancy and administration services, and general office expenses provided by related entities for the benefit of the Group.

There have been no other related party transactions other than those between the Company and its subsidiaries during the half-year ended 31 December 2025.

**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 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 2025                        | Detect<br>\$'000 | Access<br>\$'000 | Illuminate<br>\$'000 | Eliminations<br>\$'000 | Consolidated<br>\$'000 |
|-----------------------------------------|------------------|------------------|----------------------|------------------------|------------------------|
| <b>Revenue and other income</b>         |                  |                  |                      |                        |                        |
| External customers                      | 8,836            | 1,891            | 3,318                | -                      | 14,045                 |
| Intersegment revenue                    | 899              |                  | 9                    | (908)                  | -                      |
| Other income                            | 25               | -                | -                    | -                      | 25                     |
| Interest Income                         | 2                | 6                | -                    | -                      | 8                      |
| <b>Segment revenue and other income</b> | <b>9,762</b>     | <b>1,897</b>     | <b>3,327</b>         | <b>(908)</b>           | <b>14,078</b>          |
| <b>EBITDA</b>                           | <b>1,183</b>     | <b>(929)</b>     | <b>(312)</b>         | <b>581</b>             | <b>523</b>             |
| Depreciation and amortisation           | (1,469)          | (204)            | (220)                | -                      | (1,893)                |
| Finance costs                           | (24)             | (2)              | (90)                 | -                      | (116)                  |
| Income tax                              | 426              | 45               | (164)                | -                      | 307                    |
| <b>Segment operating profit (loss)</b>  | <b>116</b>       | <b>(1,090)</b>   | <b>(786)</b>         | <b>581</b>             | <b>(1,179)</b>         |
| <b>Total assets</b>                     | <b>21,409</b>    | <b>1,794</b>     | <b>4,435</b>         | <b>-</b>               | <b>27,638</b>          |
| <b>Total liabilities</b>                | <b>3,957</b>     | <b>548</b>       | <b>3,088</b>         | <b>-</b>               | <b>7,593</b>           |



# AVA Risk Group Limited

## Notes to the Consolidated Financial Statements

31 December 2025

### (b) Reportable segments (continued)

| 31 December 2024                        | Detect<br>\$'000 | Access<br>\$'000 | Illuminate<br>\$'000 | Eliminations<br>\$'000 | Consolidated<br>\$'000 |
|-----------------------------------------|------------------|------------------|----------------------|------------------------|------------------------|
| <b>Revenue and other income</b>         |                  |                  |                      |                        |                        |
| External customers                      | 12,066           | 1,986            | 2,979                |                        | 17,031                 |
| Intersegment revenue                    | 358              | 7                | -                    | (365)                  | -                      |
| Other income                            | 11               | 4                | -                    | -                      | 15                     |
| Interest Income                         | 13               | 11               | -                    | -                      | 24                     |
| <b>Segment revenue and other income</b> | <b>12,448</b>    | <b>2,008</b>     | <b>2,979</b>         | <b>(365)</b>           | <b>17,070</b>          |
| <b>EBITDA</b>                           | <b>2,512</b>     | <b>(232)</b>     | <b>(429)</b>         | <b>(275)</b>           | <b>1,576</b>           |
| Depreciation and amortisation           | (1,243)          | (265)            | (200)                |                        | (1,708)                |
| Finance costs                           | (23)             | (5)              | (111)                | -                      | (139)                  |
| Income tax                              | -                | 103              | 145                  |                        | 248                    |
| <b>Segment operating loss</b>           | <b>1,246</b>     | <b>(399)</b>     | <b>(595)</b>         | <b>(275)</b>           | <b>(23)</b>            |
| <b>Total assets</b>                     | <b>36,147</b>    | <b>12,157</b>    | <b>4,700</b>         | <b>(15,040)</b>        | <b>37,964</b>          |
| <b>Total liabilities</b>                | <b>5,206</b>     | <b>615</b>       | <b>3,373</b>         | <b>(4)</b>             | <b>9,190</b>           |

### (c) Geographic information

|                                         | 31 December<br>2025<br>\$'000 | 31 December<br>2024<br>\$'000 |
|-----------------------------------------|-------------------------------|-------------------------------|
| Australia                               | 3,915                         | 2,155                         |
| APAC (excl Australia)                   | 23                            | 504                           |
| Europe                                  | 4,192                         | 6,617                         |
| India                                   | 81                            | 54                            |
| MENA                                    | 2,313                         | 1,559                         |
| United States of America                | 2,716                         | 2,369                         |
| Rest of world                           | 805                           | 3,773                         |
| <b>Total external revenue by region</b> | <b>14,045</b>                 | <b>17,031</b>                 |

### (d) Non-current operating assets

|                                           | 31 December<br>2025<br>\$'000 | 30 June<br>2025<br>\$'000 |
|-------------------------------------------|-------------------------------|---------------------------|
| Australia                                 | 7,211                         | 7,231                     |
| United Kingdom                            | 1,117                         | 1,394                     |
| Rest of world                             | 798                           | 720                       |
| <b>Total non-current assets by region</b> | <b>9,126</b>                  | <b>9,345</b>              |

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

### (e) Reconciliation of non-current assets

|                                        | 31 December<br>2025<br>\$'000 | 30 June<br>2025<br>\$'000 |
|----------------------------------------|-------------------------------|---------------------------|
| Non-current operating assets by region | 9,126                         | 9,345                     |
| Deferred tax assets                    | 719                           | 436                       |
| <b>Total non-current assets</b>        | <b>9,845</b>                  | <b>9,781</b>              |

### 5. Revenue and other income

|  | Consolidated |             |
|--|--------------|-------------|
|  | 31 December  | 31 December |
|  | 2025         | 2024        |
|  | \$'000       | \$'000      |

#### (a) Revenue from contracts with customers

|                                                    |               |               |
|----------------------------------------------------|---------------|---------------|
| Revenue from sales of goods                        | 11,975        | 15,184        |
| Revenue from provision of services                 | 2,070         | 1,847         |
| <b>Total revenue from contracts with customers</b> | <b>14,045</b> | <b>17,031</b> |

#### (b) Other income

|                                        |               |               |
|----------------------------------------|---------------|---------------|
| Interest received                      | 8             | 23            |
| Other income                           | 25            | 16            |
| <b>Total other income</b>              | <b>33</b>     | <b>39</b>     |
| <b>Total revenues and other income</b> | <b>14,078</b> | <b>17,070</b> |

#### (c) Disaggregation of revenue

##### Timing of revenue recognition

|                                                    |               |               |
|----------------------------------------------------|---------------|---------------|
| Goods transferred at a point in time               | 11,975        | 15,184        |
| Services transferred over time                     | 2,070         | 1,847         |
| <b>Total revenue from contracts with customers</b> | <b>14,045</b> | <b>17,031</b> |

#### (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.

**6. Cash and short-term deposits**

|                           | 31 December<br>2025<br>\$'000 | 30 June<br>2025<br>\$'000 |
|---------------------------|-------------------------------|---------------------------|
| Cash at banks and on hand | 2,632                         | 5,480                     |
| Short-term deposits       | 111                           | 111                       |
| <b>Total Cash</b>         | <b>2,744</b>                  | <b>5,591</b>              |

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

|                                  | 31 December<br>2025<br>\$'000 | 30 June<br>2025<br>\$'000 |
|----------------------------------|-------------------------------|---------------------------|
| Cash at banks and on hand        | 2,632                         | 5,480                     |
| Short-term deposits              | 111                           | 111                       |
| Bank overdrafts                  | (1,946)                       | (1,510)                   |
| <b>Cash and cash equivalents</b> | <b>797</b>                    | <b>4,081</b>              |

**Bank overdrafts**

Bank overdrafts relate to existing banking facilities for working capital. At 31 December 2025, the Group had available \$948,570 (30 June 2025 \$1,514,000) of undrawn committed facilities.

**7. Issued capital and reserves**

|  | 31 December<br>2025<br>\$'000 | 30 June<br>2025<br>\$'000 |
|--|-------------------------------|---------------------------|
|--|-------------------------------|---------------------------|

**(a) Ordinary shares**

|                                               |               |               |
|-----------------------------------------------|---------------|---------------|
| Ordinary share capital, issued and fully paid | 57,930        | 57,931        |
|                                               | <b>57,930</b> | <b>57,931</b> |

**(b) Movement in ordinary shares on issue**

|                                         | Number of<br>shares | \$'000        |
|-----------------------------------------|---------------------|---------------|
| At 1 July 2025                          | 290,472,027         | 57,931        |
| Share issue:                            |                     |               |
| On exercise of Performance Share Rights | 293,721             | (1)           |
| Share issue costs                       | -                   | -             |
| <b>At 31 December 2025</b>              | <b>290,765,748</b>  | <b>57,930</b> |

**8. Earnings per Share**

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

| <b>Loss used in calculating earnings per share for basic and diluted</b> | <b>31 December<br/>2025<br/>\$'000</b> | <b>31 December<br/>2024<br/>\$'000</b> |
|--------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Loss after tax                                                           | (1.179)                                | (23)                                   |
| <b>Total</b>                                                             | <b>(1,179)</b>                         | <b>(23)</b>                            |

| <b>(a) Weighted average number of shares</b>                                                                                                     | <b>31 December<br/>2025<br/>Number</b> | <b>31 December<br/>2024<br/>Number</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                                       | <b>290,607,713</b>                     | 291,598,518                            |
| <i>Adjustments for calculation of diluted earnings per share</i>                                                                                 |                                        |                                        |
| Dilutive share options / performance rights                                                                                                      | -                                      | -                                      |
| Weighted average number of ordinary shares adjusted for the effect of dilution used as the denominator in calculating diluted earnings per share | <b>290,607,713</b>                     | 291,598,518                            |

| <b>(b) Earnings per share</b> | <b>31 December<br/>2025<br/>Cents</b> | <b>31 December<br/>2024<br/>Cents</b> |
|-------------------------------|---------------------------------------|---------------------------------------|
| Basic loss per share          | <b>(0.4)</b>                          | (0.01)                                |
| Diluted loss per share        | <b>(0.4)</b>                          | (0.01)                                |

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 2025, the Group did not have any commitments (30 June 2025 \$nil).

**10. Share-based payments**
**(a) Expense arising from equity-settled share-based payment transactions**

|                    | <b>Consolidated</b>     |                         |
|--------------------|-------------------------|-------------------------|
|                    | <b>31 December 2025</b> | <b>31 December 2024</b> |
|                    | <b>\$'000</b>           | <b>\$'000</b>           |
| Performance Shares | 29                      | 118                     |

**(b) Performance Share Rights (PSRs)**
**i. Outstanding Performance Share Rights - Half Year ended 31 December 2025**

|                                                | <b>Number</b>    | <b>WAEP</b>  |
|------------------------------------------------|------------------|--------------|
| Outstanding 1 July 2025                        | 7,506,770        | \$nil        |
| Granted during the period                      | 942,070          | \$nil        |
| Exercised during the period                    | (293,721)        | \$nil        |
| Forfeited and other movement during the period | (6,379,715)      | \$nil        |
| <b>Outstanding 31 December 2025</b>            | <b>1,775,404</b> | <b>\$nil</b> |

**ii. HY 2026 Grants**

During the half year ended 31 December 2025, the Company granted 942,070 performance rights as part of remuneration to senior executives. The fair value of the PSRs was based on the Monte-Carlo pricing model.

The performance rights issued to senior executives vest 50% on 15 September 2027 and 50% on 15 September 2028, subject to the Company's market traded share price hurdle and continuity of service with the Company.

## **11. Events after the reporting date**

On 31 December 2025, Ava Risk Group entered into a binding agreement with Hale Capital to secure a strategic investment of up to \$7.0 million via a Convertible Loan Note and up to \$5.6 million via associated Warrants. The funding will be used to provide growth capital including support for the Company's expansion in the U.S., AVA's largest and most attractive addressable market.

Funding attributable to the Convertible Loan Note is split between two tranches. Tranche 1 funding for \$2.98 million is related to the satisfaction of the conditions precedent set out in the agreements. This occurred during January 2026 and Tranche 1 funding was received by Ava Risk Group on 30 January 2026.

Subject to shareholder approval, the Company will have access to a further \$4.02 million of funding via the issue to Hale Capital of convertible notes, referenced as Tranche 2 Commitment. The Company expects to convene a special meeting of shareholders in March (date to be confirmed) seeking shareholder approval for the Tranche 2 Commitment.

No other significant events have occurred subsequent to 31 December 2025, other than described above.

# Directors' Declaration

## In the Directors' opinion:

- (a) The directors declare that the consolidated financial report and notes set out on pages 3 to 19 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 2025 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Consolidated Group 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 made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors.



David Cronin  
Chairman  
Melbourne,  
Australia  
25 February 2026

## 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 consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information 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 2025 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 Group 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 2025 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.

Wai Aw  
Director

Melbourne, 25 February 2026