

17 October 2019

Q1 FY2020 Results: Profitability & Record Revenues

Ava Risk Group Limited (ASX: AVA) (Ava Group or Company) today provides the following market update:

- Revenue growth achieved in Q1 FY2020 with group revenue of \$9.9m.
- Growth and operating efficiency strategy delivers improved returns in Q1 FY2020 with EBITDA of \$1.2m, an increase of approximately 335% year on year.
- Cash at Bank as at 30 September 2019 increased to \$3.6m, an increase of \$0.5m since 30 June 2019.
- The Technology Division contributed \$5.5m of revenue in Q1 and \$1.0m in EBITDA with average Gross Margin of 72% and is poised for strong growth in the current financial year, with an order backlog at 30 September 2019 of circa \$4.3m.
- The Services Division contributed \$4.4m of revenue in Q1 and \$0.2m in EBITDA with an average Gross Margin of 25% and is well positioned for consistent growth in FY2020 after recently securing further customer contracts.
- Importantly, the above results reflect improvements in the core business and do not include any material revenue from the large-scale Indian MOD (IMOD) contract (circa \$17m) already announced to the ASX.
- Whilst the first initial purchase orders for the IMOD project have been received by Ava's Technology Division, material revenues from the IMOD contract are expected to commence in late Q2 FY2020 following production by our in-country manufacturer and Factory Acceptance Testing by the end user. We anticipate receiving a revised delivery schedule in November 2019 and will provide an update via the ASX as appropriate.

Ava Group CEO, Scott Basham, said "I am pleased with the progress we have made in streamlining our operations to deliver positive and profitable growth. With increasing revenues, improving and sustainable gross margins, and a cost base that is now well aligned to our growth plans, the Ava Group is well positioned to deliver profitable growth for our shareholders in FY2020 and beyond".

Please refer to Note 1 below.

About the Ava Group

The Ava Group, comprising world leading technology divisions Future Fibre Technologies (FFT) and BQT Solutions (BQT) 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 (Ava Global) 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.

Note 1

Q1 FY2020 financials are unaudited

Further information on the IMOD project is available via previous market announcements (see www.asx.com.au)

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.

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