

18 December 2019

## Indian MOD Data Network Project Update: Production Progress and FAT Successfully Completed

Ava Risk Group Limited (ASX: AVA) (Ava Group or Company) today provides the following market update with respect to the large scale supply of FFT's SecureLink technology to protect data communications cables for the Indian Ministry of Defence (IMOD):

- Ava has received and accepted a Purchase Order for US\$11.9m (A\$17.5m) of licencing income from its in-country manufacturing partner, SFO Technologies Private Limited (SFO).
- Ava has received a US\$2.1m (A\$3.1m) Bank Guarantee from SFO as security for SFO payment obligations to Ava under the contract.
- Manufacturing of the first batch of 600 systems, representing circa 25% of total contract volume, has commenced.
- To date, SFO has assembled more than 200 systems over the last month and similar volumes are expected to be built and shipped in both January and February 2020.
- The FAT for the first 200 systems has been successfully completed this week with shipment of the systems to the end user expected to commence in December.
- Ava expects to recognise revenue (licencing income) for this project of circa A\$1.5m in the current quarter Q2 FY2020.
- Ava expects the remaining A\$16m in IMOD revenues to be recognised in CY2020.
- Ava anticipates additional revenues will follow from a subsequent 7-year spares and maintenance contract for this project, which has an estimated value of a further US\$3.4m (A\$5.0m).

Ava Group Chief Executive, Scott Basham said, "We are tremendously pleased at the speed at which our in-country manufacturing partner, SFO, has scaled up a high quality assembly and testing facility to commence delivery for this important, large scale project. We were delighted to hear today that SFO has successfully completed the Factory Acceptance Testing of the first 200 systems built and will commence deliveries of these systems shortly. This is a major milestone for all parties concerned, and it confirms that this project is now well and truly underway".

Ava remains on track to achieve our guidance of A\$9m or more for Q2 FY2020, and A\$19m or better for H1 FY2020 for the underlying business – and as detailed above, Ava expects to achieve an additional A\$1.5m in licencing income from the IMOD project in H1 FY2020.

Please refer to Note 1 below.

Approved for release by:



**Leigh Davis**  
**Company Secretary**

### **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**

Further information on the IMOD project is available via previous market announcements (see [www.asx.com.au](http://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.

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.