

09 January 2020

Indian MOD Data Network Project Update: First 200 Systems Delivered & Next 200 Systems Production Now Well Underway

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):

As previously advised to the ASX in December, 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) and has received a US\$2.1m (A\$3.1m) Bank Guarantee from SFO as security for SFO payment obligations to Ava under the contract.

- Ava also previously advised that Manufacturing of the first batch of 600 systems, representing circa 25% of total contract volume, had commenced and on 18 December 2019, Ava advised the ASX that SFO had successfully completed the FAT for the first 200 systems.
- Ava can now confirm that the shipment of the first 200 systems from SFO to the end user was successfully achieved prior to end of December 2019.
- As a result Ava confirms that it expects to recognise revenue (licencing income) of circa A\$1.5m in Q2.
- Production of the next 200 systems, expected to be shipped in January 2020, is well underway, with approximately half of these units now built and ready for dispatch by month end.
- The remaining 200 units from this first 25% of the project are expected be built and shipped in February 2020.
- As a result, Ava expects at least A\$3m of the remaining A\$16m in IMOD revenues to be recognised in Q3 FY2020, and the entire project to be delivered before the end of CY2020.
- Ava anticipates additional revenues will follow from a separate 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 will provide an update on our H1 FY2020 results and guidance later this month.

Approved for release for and on behalf of the Board of Directors,



Leigh Davis

Company Secretary

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

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.

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.