

26 March 2019

FY2019 Performance Update

Ava Risk Group Limited (ASX:AVA) today announced continued positive progress in its Technology Division and its International Valuables Logistics (IVL) Services Division forecasting revenue growth of as much as 100% over FY2018, with full year revenues estimated at A\$36.0M to A\$40.0M with strong backlog and visibility into a significantly improved and profitable FY2020.

Technology Division:

- Gross Margins increased to 68% in HY2019 from 65% in HY2018 due to growing sales of the FFT Aura AI product line.
- Strong backlog of Purchase Orders received, currently in excess of \$3.8M, with the majority scheduled for delivery in 2HFY2019.
- Launch of Aura IQ product for conveyor belt assurance monitoring on track, with first customer orders received, and installations scheduled in Q4 FY2019. This opens up a new \$300M+ revenue market opportunity for FFT's Aura platform.
- Large Indian MoD contract award (see ASX release 5 September 2018) progressing, with formal purchase orders starting to be released to other sub-contract suppliers from the prime contractor. Total revenue forecast of USD\$10.5M to USD\$11.1M (A\$14.8M - \$15.7M) over 15 months. Expected revenue forecast in FY2019 is A\$500k to A\$1.5M, with the balance due in FY2020.
- Total Technology Division revenue forecast for FY2019 is A\$18.0M to A\$20.0M
- The Technology Division is forecasting that it will be EBITDA positive in 2HFY2019.

IVL Services Division:

- Q3 Revenue forecast to exceed \$4.0M, representing a minimum 150% increase over the prior corresponding period.
- Gross Margin is forecast to increase by 5% in 2HFY2019, relative to 1HFY2019, due to growing economies of scale, price increases and higher margin new business.
- The pipeline of potential new clients has increased, with annual addressable spend now exceeding A\$70.0M.
- Outlook for the remainder of 2HFY2019 is strong, with 3 further large wins in March across the currency and mining sectors in both Africa and South America that will contribute to Q4 performance.
- Total Services Division revenue forecast for FY2019 is A\$18.0M to A\$20.0M.
- The Services Division is forecasting that it will be EBITDA positive in 2HFY2019.

Further to the ASX announcement on 12 March 2019, discussions with respect to corporate investment options within the IVL Services Division continue to progress.

This announcement should be read in conjunction with the further information that is contained in Appendix A.

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About the Ava Group

The Ava Group is a market leader in the provision of risk management services and technologies, trusted by some of the most risk conscious commercial, industrial, military and government clients in the world.

The Group features a range of complementary solutions including Future Fibre Technologies (FFT) for intrusion detection for perimeters, pipelines and data networks, BQT Solutions (BQT) for biometric and card access control as well as AVA Global for secure international logistics 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.

Contact

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Appendix A:

1. 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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