

04 July 2019

FY2019 Guidance & FY2020 Outlook

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

- Ava Group FY2019 revenue is expected to increase by approximately 160% year on year to \$31.5m.
- The Technology Division is poised for strong growth in the new financial year, with an order backlog at 30 June 2019 of circa \$6.0m.
- FY2019 revenue is lower than expectations due to the receipt of a number of orders in late June 2019 and the timing of production and dispatch for those orders received to be recognised as revenue in FY2019. To this end, Technology Division FY2019 revenues are expected to be circa \$15.5m, \$2.5m below expectations.
- The \$2.5m bridge of late orders relate primarily to key US Government and Oil & Gas critical infrastructure sites (refer to company announcement dated 25 June 2019) and two major Middle Eastern aviation related critical infrastructure installations (Refer to company announcement dated 28 June 2019).
- The delayed orders received in late June are expected to ship during Q1 FY2020, and the bulk of remainder of the order backlog will be delivered during FY2020.
- The first initial orders have also been received by Ava's Technology Division in relation to the Indian MoD project, to support the preliminary Factory Acceptance Testing requirements of this major project. Some limited delays are being experienced as the prime contractor completes their review of the data network fibre optic system design and finalises the quantity of systems needed for the project. This has delayed the finalisation of Ava Group's in-country partner's production planning as a result. No formal advice has been provided as yet on either the new final production numbers, nor the prime contractor's plans to mitigate this delay to still deliver the project on time through accelerated production and delivery schedules.
- The Services division revenue guidance is circa \$16.0m and the division is expected to be EBITDA positive during Q4 FY2019.
- The Ava Group expects record revenues of \$9.0m-\$12.0m during Q1 FY2019, comprising \$2.5m-\$3.5m from orders on hand, \$3.0m - \$4.0m of new Technology Division orders, and \$3.5m - \$4.5m in Services Division revenues.

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 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

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.