

10 June 2020

Indian MOD Data Network Protection Project Update – Tranche 1 Production now 100% Complete as Last Batch Passes FAT.

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):

- Last 200 units from the first tranche of 600 (25% of total order) now completed
- FAT successfully completed
- Now awaiting shipment to end user

Ava is pleased to advise, that it has received notification that the remaining units from the last batch of 200 units have now been completed, and that the entirety of this batch has passed Factory Acceptance Testing ("FAT").

This means that all units of tranche 1 (~25% of the IMOD project) have been manufactured, and that all of these have successfully passed FAT.

Ava now looks forward to receiving notification of the shipment of these 200 units from it's in-country partner's warehouse, which will be the trigger to start the 120 days payment terms for the ~\$1.5m value of this batch.

Ava Group CEO Scott Basham said:

"Confirmation that all 200 units from the last batch of Tranche 1 have successfully passed FAT is great news, and further builds upon the earlier news we have received about the momentum really picking up again on this IMOD project. With all COVID-19 related manufacturing backlog now cleared, we're looking forward to receiving confirmation of the balance of Tranche 1 leaving the warehouse so that we can start the timer on receiving our next ~\$1.5m payment."

For further information, please contact:

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Please refer to Note 1 below.

Approved for release for and on behalf of the Board of Directors by:



Leigh Davis

Company Secretary

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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.

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Note 1

IMOD Contract Background:

The total contract value to Ava for this project is estimated at **US\$11.9m (A\$17.1m)**.

All 600 units (~25% of project) have now been built by Ava's in-country partner SFO:

- The first 200 units passed FAT and shipped in late Dec 2019.
- The second 200 units passed FAT in late Jan 2020 and shipped in May 2020.
- The last 200 units of this batch are now been completed, have passed FAT, and await onward shipping.

In H1 FY2020, Ava recognised **~US\$1.0m (~A\$1.5m)** of the order, being **~US\$0.9m (~A\$1.3m)** as top line sales revenue, and **~US\$0.1m (~A\$0.2m)** as an income tax credit. In Q3 FY2020 Ava recognised a further **~US\$1.4m (~A\$2.3m)** as top line sales revenue and **~US\$0.14m (~A\$0.23m)** as an income tax credit. Whilst Ava will generate at least ~A\$0.6m in additional revenues from the finalisation of this remaining batch of Tranche 1 in Q4 FY2020, given the COVID-19 disruptions and delays, Ava expects that the balance of this project will be recognised as revenue in FY2021.

SFO's Bank Guarantee to Ava for **~US\$2.1m (~A\$3.0m)**, to cover the 120 days payment terms remains in place.

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

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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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