

10 July 2020

FY2020 Guidance & Senior Management Update

Ava Risk Group Limited (ASX: AVA) (Ava Group or Company) today provides the following market update with respect to its previously announced guidance for its expectations for Q4 and FY2020:

- Q4 revenue now forecast at \$12.3m, exceeding previous guidance by +\$1.8m
- H2 revenue forecast of approximately \$24.6m, more than \$2m higher than previous guidance
- FY2020 revenue now forecast to be approximately \$45m
- FY2020 EBITDA now forecast be circa \$6.8m, and \$1.8m higher than previously expected
- Q4 IMOD revenue now forecast at \$1.3m, exceeding previous guidance by \$0.8m

Services Division

The Services Division has continued to perform strongly during Q4 and has increased its revenue, margin and customer diversification during the quarter. Despite Covid-19 related global challenges within the air freight sector, the Services Division has successfully managed to maintain and increase its full suite of services to its customer base.

Technology Division

During Q4 the Technology Division has been impacted by approximately \$2.5m of order delays associated with the global Covid-19 situation. Supply chains have experienced some delays, a majority of employees have been working from home on reduced hours and pay whilst international travel for commissioning systems and attending to maintenance services remains challenging. Some of our major systems integrator customers have been delayed in their own programs to deploy our systems at end user sites. Whilst we have seen some improvement to these challenges in June, we will continue to monitor the situation and adapt our operating strategy appropriately.

As previously announced, manufacturing for our large-scale supply of FFT's SecureLink technology to protect data communications cables for the Indian Ministry of Defence (IMOD) recommenced during Q4.

Ava Group has recognised revenue for additional licences during Q4 of circa \$1.3m, an increase of approximately \$0.8m on previously announced guidance.

Senior Management Update

After joining Ava Group in March 2019 Mr. Scott Basham will retire from his position as Group CEO and Executive Director. Mr. Basham joined Ava Group to lead a transformation strategy to right size the cost base, optimise the operating structure of BQT Solutions, and drive top line sales growth and implement process changes within the sales and business development teams across the Group's Technology Division. Scott also established a new division focussing on recurring service revenues. With the business returning to profits in FY20 and having largely completed its transformation exercise Scott leaves the Company in very good shape and well positioned for further success in FY21 and beyond.

David Cronin, Chairman of Ava Group said "Scott brought the drive and energy that we needed during the execution of our transformation strategy. Under Scott's leadership, our revenues have grown, and we have returned the business to profits. A lot has been achieved during the past 16 months and we thank Scott for his valuable and important contributions and service to the Company, and wish him well in his future endeavours".

Mr. Basham said "It has been a pleasure working with the Ava team, driving change and executing strategies to leverage their world class product portfolio. We have had a lot of wins in the past 16 months and I am pleased to move on to other challenges knowing that the Company is now in great shape to leverage off the strategy that has been implemented "

As we strive to improve and optimise our business units the Board has worked closely with its senior management team to agree a change of management within its Technology Division. The position of CEO of Ava Group will be filled by experienced executive Rob Broomfield (current Technology Division COO), who will also continue to lead the Technology Division. Mr. Broomfield's terms of employment are attached in Appendix A.

The Company's realignment of having its Services Division report directly to the main board has worked well. The division is led by three of the most experienced people in the industry, with Mike McGeever as Chairman, Chris Fergus as CEO and Grant Angwin, Director and Senior Precious Metals Advisor.

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

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

All figures for the financial year ended 30 June 2020 (FY2020) are unaudited and are management estimates only.

IMOD Contract Background:

Ava has received and accepted a Purchase Order for US\$11.9m (A\$17.0m) of licencing income from its in-country manufacturing partner, SFO Technologies Private Limited (SFO).

Financial Year ended 30 June 2020, Ava has recognised \$5.0m in revenue against the IMOD contract.

Ava has received a US\$2.1m (A\$3.0m) Bank Guarantee from SFO as security for SFO payment obligations to Ava under the contract.

Post completion of the deployment of equipment into service with IMOD, 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\$4.9m).

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.

APPENDIX A

Key Terms Group Chief Executive Officer Employment Contract

Mr. Robert Broomfield is employed via an Employment Agreement with Ava Risk Group Limited on a permanent, full-time basis. Rob commences his position as Group Chief Executive Officer on 10 July 2020. His fixed remuneration is A\$282,735 p.a. (inclusive of superannuation). He has a notice period of 4 months.

In addition to his fixed remuneration, Rob is eligible to participate in a performance-based incentive scheme and the Company's performance share rights plan (PSR). For the 12 month period ending 30 June 2021, Rob will be entitled to a maximum bonus of up to 40% of his fixed remuneration being A\$113,094 based on successful achievement of pre-defined KPI's. The bonus (if any) will be paid 50% in cash (or shares at Rob's election) and 50% as PSRs vesting equally at 12 and 24 months periods after the end of the FY2021 year.