

ASX RELEASE

30 August 2021

Capital Management Update

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) announced on 17 August 2021 the divestment of its Services Division, Ava Global. Following completion of the divestment and based on current cash balances, the Company is expected to hold circa \$57.9 million in cash with no material debt.

As advised to the market, management and the Board of Ava Risk Group (“the Board”) have undertaken a review of the Company’s capital structure and capital management strategies. This review had a key focus on achieving the best return for Ava Risk Group shareholders, and at the same time, ensuring that the Company has an efficient capital structure and flexibility to pursue growth opportunities whilst maintaining its current credit metrics.

Following the completion of the divestment of the Services Division (refer to ASX announcement 17 August 2021 for further details), Ava Risk Group is expected to hold \$40.2 million in excess capital. The Board’s intention is to use the excess capital to undertake the following capital management strategies:

1. Capital Return to Shareholders: \$39.2 million (circa 16 cents per share); and
2. On-Market Buy Back: \$1.0 million

The proposed capital return is subject to the Company obtaining a favorable Class Ruling from the Australian Taxation Office (“ATO”) in respect of the classification of the proposed capital return and obtaining shareholder approval. Based on feedback from advisors, the Board expects to be in a position whereby the formal proposal could be put before shareholders for approval at the Annual General Meeting (“AGM”), which is scheduled to be held on Thursday, 28 October 2021. Important details, including a timetable, will be provided in the Notice of Meeting in due course.

Depending on the results of the on-market buy back, and the surplus cash available to the Company, the amount allocated to the buy back may increase over time.

Reasons for the Proposed Return of Capital

The proposed Capital Return is being undertaken to return a portion of the Company's excess capital equitably and efficiently to shareholders.

The Board has considered various options for returning excess capital to shareholders and determined that a Capital Return, is the optimal method.

In summary, the Board is satisfied and considers that implementing the proposed Capital Return:

- will leave the Company well-funded to pursue its strategic goals;
- demonstrates the Board's commitment to maintaining a strong and efficient balance sheet; and
- will not materially prejudice the Company's ability to pay its creditors, and therefore, is in the best interests of the Company and its shareholders.

ENDS

Approved for release by the Board of Directors.

For further information, please contact:

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About Ava Risk Group

Ava Risk Group is a global leader in providing technologies and services to protect critical assets and infrastructure. Its Technology Division manufactures and markets 'smart' fibre optic sensing systems (Future Fibre Technologies) and high security access control and electronic locking products (BQT Solutions). Its Services Division provides secure logistics for high-risk valuables such as banknotes and precious metals (Ava Global Logistics). Its products and services are trusted by some of the most security conscious commercial, industrial, military and government clients in the world.

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.