

1 August 2022

Ava acquires leading UK security business, GJD Manufacturing

Ava Risk Group Limited (ASX: AVA) (“Ava Risk Group” or “the Company”) is pleased to advise it has today entered into a Sale and Purchase Agreement to acquire 100% of the shareholding of MTD Holdings Limited, the parent company of GJD Manufacturing Limited (“GJD”). The Company further advises that completion has subsequently occurred today.

GJD is an award-winning, UK-based security equipment designer and manufacturer, specialising in intruder detection systems. Its products include professional grade external detector equipment as well as infrared and white-light LED illuminators and Automatic Number Plate Recognition cameras. GJD counts some of the UK and Europe’s most security conscious end users as customers and has a growing OEM sales channel across multiple sectors, including well-known multinational engineering and technology companies.

Key transaction terms:

- £5.9 (circa A\$10.25) million headline enterprise value
- £4.5 (circa A\$7.82) million equity value purchase price to be paid 60% in cash and 40% in Ava shares
- Shares issued as consideration will be subject to a staggered escrow period, such that one third of the shares will be released after 12 months, one third after 18 months and the remaining third after 24 months.

The cash consideration will be funded out of Ava’s existing cash resources. Its cash balance at 30 June 2022 was circa A\$15.2 million. Approximately 11.8 million consideration shares will be issued within Ava’s securities issuance capacity pursuant to ASX Listing Rule 7.1.

GJD FY2021 (year-end 30 September) highlights include:

- £4.6 (circa A\$7.95) million revenue
- £0.92 (circa A\$1.6) million EBITDA*
- Gross Profit Margin of 46%
- Domestic UK sales were approximately 50% and mainland Europe sales were approximately 37% (of total revenue). International and other revenue accounting for the balance of 13% of total sales.
- OEM sales, which include Automatic Number Plate Recognition camera technology, grew 50% from FY2020 to £1.9 million (accounting for 41% of total sales).

Commenting on the acquisition, Ava Risk Group Chief Executive Officer, Rob Broomfield, said “We are delighted to welcome the GJD management team, employees and shareholders to the Ava Group. The acquisition is an exciting opportunity to increase our global reach and access to new customers, particularly in the large markets of the UK and Europe. Our combined product portfolio is highly relevant to our respective end customers, and we can turbo

*EBITDA is earnings before interest, tax, depreciation & amortisation excluding the cost of discontinued activities and non-recurring abnormal costs.

charge their distribution by combining GJD's go-to-market access with Ava's current growth strategy. Importantly, this transaction represents significant strategic value for both FFT and BQT and is complementary to their existing growth initiatives."

GJD Chairman, and major shareholder, Mark Tibbenham, said "Our strategic fit with Ava has been obvious for some time and we are very pleased to have found a world class home for GJD's employees and customers. We will continue to capitalise on the growing global demand for our award-winning products. I am very excited to be a shareholder in Ava and about the value we can create as a combined business."

GJD Products

GJD's product offering falls into three categories:

Detectors

Perimeter detectors including passive infrared sensor (PIR), PIR and microwave, lasers and explosion-proof infrared beams

GJD's wireless motion detectors



Illuminators

Professional infrared and white light LED illuminators used for both detection and deterrence

GJD's infrared/white-light LED illuminator



ANPR

Automatic number plate recognition cameras using the latest LED technology

GJD's ANPR Camera



Notice pursuant to Section 708A(5)(e) of the Corporations Act

This notice is provided by AVA Risk Group Limited (**AVA**) for the purposes of Section 708A(5)(e) of the Corporations Act 2001 (**Corporations Act**).

AVA today issued 11,807,894 fully paid ordinary shares (**Shares**) pursuant to the Sale and Purchase Agreement the subject of this announcement. It is noted that the shares are issued in partial consideration (GBP1,802,000) of completion under the Sale and Purchase Agreement.

For the purposes of Section 708A(5)(e) of the Corporations Act, the Company gives notice of the following in respect of Shares:

1. The Shares were issued without disclosure to investors in accordance with Part 6D of the Corporations Act.
2. The Company, as at the date of this notice, has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to it; and
 - (b) Section 674 of the Corporations Act.
3. There is no excluded information, as defined in sections 708A(7) and 708A(8) of the Corporations Act, as at the date of this notice.

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 and high value assets and infrastructure. It operates three business segments – Future Fibre Technology (FFT), BQT Solutions (BQT) and GJD Manufacturing. FFT manufactures and markets ‘smart’ fibre optic sensing systems for security and condition monitoring for a range of applications including perimeters, pipelines, conveyors, power cables and data networks. BQT is a specialist in the development, manufacture and supply of high security biometric readers, security access control and electronic locking products. GJD is a specialist in the development and manufacturer of perimeter detectors, illuminators and ANPR cameras. Ava Risk Group products and services are trusted by some of the most security conscious commercial, industrial, military and government clients in the world. www.avariskgroup.com
