

Jan 5 2021



## **Acquisition of Majority Stake in new Medtech Joint Venture**

Avingtrans are pleased to announce that its two medical equipment businesses, Scientific Magnetics and Tecmag will merge with Magnetica.

Magnetica Limited, an Australian medtech and engineering company, specialising in next-generation MRI technologies, plans to merge with Scientific Magnetics – a UK-based business that designs, manufactures, tests and installs bespoke superconducting magnet systems – and its US subsidiary Tecmag, which manufactures instrumentation for NMR, NQR and MRI markets (the “Combination” or “Combined Business”). Completion of the merger is conditional upon Magnetica’s shareholder approval, at an upcoming General Meeting on 29<sup>th</sup> January 2021.

Subject to completion, Avingtrans, which currently holds a majority interest in Scientific Magnetics (82.0%), will become the majority shareholder in the Combined Business (with an initial interest of 58.4%, rising to 59.0% after a further cash contribution of AUD\$0.6m). The Combined Business will continue to be known as Magnetica and will form a key part of Avingtrans’ Medical and Industrial Imaging division moving forward. Scientific Magnetics and Tecmag will become wholly owned subsidiaries of Magnetica Limited.

As at 30 June 2020, Magnetica had net assets of AUD\$ 1.8m (£1.0m) and made a loss before tax of AUD\$ 714.1k (£396.7k) in the financial year to 30 June 2020. At 31 May 2020<sup>1</sup> Scientific Magnetics had net liabilities of £2.1m and made a loss before tax for the financial year of £657.4k. Following completion, on a pro-forma basis, the total net assets of the Combined Business are expected to be approximately £5.3 million.

As part of the Combination, existing minority shareholders in Scientific Magnetics will exchange part of their holding for shares in Avingtrans, amounting to approximately 40,260 new ordinary shares of 5 pence each.

Subject to completion, nil consideration will initially be payable by Magnetica or Avingtrans. Following completion, Avingtrans will invest up to £3.2m for new shares in Magnetica, at 15 cents per share, to fund new MRI product development and commercialisation activities. This could increase Avingtrans' interest to 61.2% in Magnetica.

A further announcement will be made upon completion of the Magnetica general meeting.

**Steve McQuillan, CEO of Avingtrans, said:** “We believe this merger offers real potential to accelerate the planned move up the value chain in what is a highly specialised and integrated, international medical-imaging market.

“By combining the expertise of Magnetica, Scientific Magnetics and Tecmag in a single entity, there is an exciting opportunity to become a leading MRI systems integrator for a variety of niche markets, as well as the prospect of increasing accessibility to high quality medical imaging around the world.

“We are looking forward to working closely with our management teams, to map out the road ahead over the next few months and bringing together expertise from all areas of the combined business, to realise its full potential.”

**Duncan Stovell, CEO of Magnetica, added:** “The proposed merger with Scientific Magnetics and Tecmag will not only expand our product portfolio, but also provide access to core intellectual property, design specifications and key OEM in-house manufacturing capability to allow us to move up the value chain.

“Avingtrans has developed a strong reputation for successfully investing in and growing engineering businesses in highly-engineered, niche markets. When they outlined their vision for the newly merged company to our Board, we were unanimous in our agreement that they are the right partner to take the business to the next level and become a disruptive new force as an OEM MRI system provider.”