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For Immediate Release

AVON RUBBER P.L.C.

PROPOSED ACQUISITION OF TEAM WENDY, LLC

9 September 2020

Avon Rubber p.l.c. (“**Avon Rubber**” or the “**Company**”) is pleased to announce the signing of an agreement to acquire Team Wendy, LLC (“**Team Wendy**” or the “**Business**”), a leading supplier of helmets and helmet liner and retention systems for military and first responder markets, for US\$130 million (approximately £100 million¹) on a cash-free and debt-free basis, subject to a normalised level of working capital (the “**Acquisition**”).

Strategic Highlights

- The Board believes that the Acquisition will be an important step in the strategic development of Avon Rubber as a leading provider of life critical personal protection systems to military and first responder markets.
 - Combining Team Wendy with Avon Protection’s existing Helmets & Armor business will create a global leader in Military and First Responder helmets with a broader product portfolio and stronger capabilities and routes to market.
 - Team Wendy adds leading helmet liner and retention systems used by the U.S. Department of Defense (the “**DoD**”) and established positions in Rest of World Military and First Responder helmet markets to Helmets & Armor which is focussed on next generation ballistic helmets and body armor for the DoD.
 - The enlarged helmet business will be better positioned for investment in next generation products.
 - Establishes a broader platform into which other technologies can be incorporated.
 - The Enlarged Group will have better scale and an enhanced route to market, with Team Wendy’s complementary customer base and well-established global footprint expected to provide significant business development opportunities over the medium-term.
- The Directors believe that the Acquisition will enhance shareholder value, meeting all of the Group’s strategic and financial criteria, and represents an immediate and compelling use of proceeds from the sale of milkrite | InterPuls (the “**Dairy Disposal**”) through the redeployment of capital into a highly complementary business with higher growth and margins and at a lower EBITDA multiple than obtained for milkrite | InterPuls.
- The acquisition price represents a multiple of 9.7x Team Wendy’s 2019 EBITDA. The Directors believe that the Acquisition is financially attractive and is in line with Avon Rubber’s stated financial performance criteria for value-enhancing acquisitions, as set out below.

¹ The exchange rate of US dollars to pounds sterling is US\$1.3025 = £1 (as at 8 September 2020).

- The Acquisition will be earnings accretive in the first full financial year after Completion, both on a standalone basis and after completion of the Dairy Disposal, before the delivery of revenue or cost synergies.
- Team Wendy has a track record of strong organic revenue and profit growth, high-recurring EBITDA margins and strong cash conversion.
- Avon Rubber will retain a strong balance sheet, with an anticipated net cash position following completion of the Acquisition and the Dairy Disposal.
- Team Wendy’s key strengths are closely aligned to those of Avon Protection – the Directors believe that Team Wendy is well positioned in its core markets; it has a track record of profitable revenue growth and an attractive product portfolio supported by proprietary technology.
 - Diversified customer base of Military and First Responder users, both in the U.S. and internationally, with customers in over 50 countries ensuring it is not reliant on any single customer or contract.
 - Strong R&D capabilities with leading helmet liner and retention system technologies and a focus on impact protection capabilities. Team Wendy has developed advanced proprietary technology relating to helmet liner and retention systems.
 - The Team Wendy brand name is well respected and widely recognised internationally for its high-quality products, commitment to safety and advanced technological capabilities.
 - Revenue in the year ended 31 December 2019 of US\$44.2 million and EBITDA of US\$13.4 million resulting in an EBITDA margin of 30.3%.
 - Strong and longstanding management team who will transfer with Team Wendy following completion.
 - The Business currently operates from a single facility in Cleveland, Ohio, employing approximately 130 people. Team Wendy will continue to operate from its Cleveland base, benefiting from the wider Avon Rubber infrastructure and management support.

Transaction Overview

- The cash consideration of US\$130 million on a cash-free and debt-free basis, which is subject to closing and customary adjustments, is payable on Completion.
- The Acquisition constitutes a Class 1 transaction under the FCA Listing Rules and accordingly is conditional upon, inter alia, the approval of Shareholders at a General Meeting.
- The Acquisition is expected to close in the first quarter of the Group’s 2021 financial year, subject to U.S. regulatory approvals and customary closing conditions.
- Financing and Structure
 - The consideration will be fully satisfied in cash. In the event that Completion occurs prior to completion of the Dairy Disposal, the consideration will be financed by drawing on a new US\$200 million RCF facility with an initial term of three years, with two options to extend by an additional 365 days (“**New RCF**”), which will be repaid following completion of the Dairy Disposal. Following completion of the Acquisition and the Dairy Disposal it is intended that the New RCF will be used to support Avon Rubber’s medium-term growth objectives, including financing potential future acquisitions in line with Avon Rubber’s growth strategy.

- The facility made available under the New RCF is a US\$200 million multicurrency revolving credit facility, subject to the satisfaction of certain conditions precedent. The New RCF is available for drawing in U.S. dollars, sterling, euro and other currencies (subject to certain conditions).
- The milkrite | InterPuls divestment, as announced on 2 July 2020, is subject to customary closing conditions and regulatory approvals, with completion expected to take place in the first quarter of the Group's financial year. Avon Rubber expects to receive net proceeds before customary adjustments of circa £160 million post the completion of the Dairy Disposal. Avon Rubber has agreed with the trustees of its U.K. pension scheme to make a one-time contribution of £20 million to strengthen the scheme's funding position following completion of the divestment. In the event that completion of the divestment occurs prior to the completion of the Acquisition, Avon Rubber will use the net remaining proceeds to finance the Acquisition.

Trading Update

The Board is pleased to report that Avon Protection and milkrite | InterPuls have both continued to operate and trade in line with our expectations, as outlined in the half year results announcement on 19 May 2020. The Board therefore remains confident of achieving its current year expectations.

Demand for the products of both businesses has remained robust. In particular, we have continued to see strong demand from First Responders across the entire respiratory protection product range and global dairy market conditions have remained positive, driving strong order intake.

The COVID-19 pandemic has resulted in only minor disruption across our businesses, with demand remaining strong and operational efficiency enhanced by short term cost savings as a result of our response to lockdown conditions.

Full year cash conversion is expected to return to normalised levels, following receipt of the delayed payment relating to the Rest of World mask contract highlighted in our half year results announcement.

Change of Reporting Currency

Once the acquisition of Team Wendy and divestment of milkrite | InterPuls has been completed the Group's activities will be predominantly conducted in U.S. dollars, with approximately 90% of revenues and 100% of borrowings in U.S. dollars. As such, Avon Rubber intends to change its reporting currency to U.S. dollars for its 2021 financial year.

Following the change in reporting currency, dividends for the 2021 financial year and beyond will be set in U.S. dollars and converted into pounds sterling for payment at the prevailing exchange rate immediately prior to payment.

Paul McDonald, Avon Rubber, Chief Executive Officer, commented:

“The acquisition of Team Wendy is another important strategic step in the transformation of Avon Rubber into a leading provider of life critical personal protection systems.

We are delighted to have identified an opportunity that fits our clear commercial and financial criteria and enables us to immediately reinvest the milkrite | InterPuls proceeds to drive additional shareholder value.

Team Wendy is a high-quality business with complementary liner and retention system technologies and established positions in Rest of World Military and First Responder helmet markets. Bringing Team Wendy into the same family with our existing Helmets & Armor business establishes Avon Protection as a global leader in Military and First Responder helmets, with an enhanced and broader product portfolio with stronger capabilities and routes to market.

We look forward to welcoming Team Wendy into the Avon Rubber family and working together to further develop head protection systems that prevent traumatic brain injury and to improve the performance and capability of our customers.”

Dan T. Moore, Team Wendy, LLC, Chairman, Founder and Principal Owner, added:

“Team Wendy was founded to honour the legacy of my late daughter and improve head protection systems to prevent other families from experiencing a similar loss.

My family has always agreed that we would only ever sell Team Wendy if it was to the right partner.

In meeting with the Avon Rubber leadership team and understanding their vision, it was clear to me that they would honour her legacy and help to drive continued and sustainable growth and innovation.”

Jose Rizo-Patron, Team Wendy, LLC, Chief Executive Officer, added:

“Today’s announcement marks an exciting new chapter for Team Wendy that will usher in new opportunities for our employees, our customers and our business partners.

It was important for us to find the right owner for Team Wendy with a shared vision to save lives by providing the best for anyone wearing a helmet and who would continue to build on Team Wendy’s legacy.

Avon Rubber shares our vision for the growth and expansion of Team Wendy and, as such, we believe they are the right long-term partner for our customers, employees and other stakeholders.”

Overview of Team Wendy

Team Wendy is a leading supplier of helmets and helmet liner and retention systems for military and first responder markets. Team Wendy was founded in 1997 and is a family-owned company based in Cleveland, Ohio. Team Wendy places a strong focus on the prevention of traumatic brain injury in honour of the company’s namesake and daughter of its founder, Wendy Moore.

Team Wendy initially focused on manufacturing and distributing ski helmets before transitioning to designing and developing ballistic and non-ballistic helmets, as well as helmet liner and retention systems for military and first responder markets. In 2019, approximately 61% of Team Wendy’s revenue was derived from U.S. customers, including the U.S. Military, U.S. Department of Homeland Security, U.S. Department of Justice and National Industries for the Blind (NIB)/AbilityOne Program.

Team Wendy has customers in over 50 countries across military, law enforcement, and search and rescue segments. In Australia, Team Wendy ballistic helmets are the current program of record helmets for the Australia Defence Force (ADF). Team Wendy has sold over 40,000 ballistic helmets to ADF to date. Team Wendy also supplies products to elite military, law enforcement, and search and rescue agencies in Europe, Asia, Latin America and the Middle East.

Team Wendy products are manufactured in an approximately 137,000 square foot facility in Cleveland, Ohio. Team Wendy had approximately 130 employees as of 31 March 2020.

Team Wendy is dedicated to the pursuit of improving head protection research, design and development of advanced head-borne systems, bringing more choice, better technology and reliable customer service to the industry.

Timetable to Completion

The size of the Acquisition means that it constitutes a Class 1 transaction for the purposes of the Listing Rules and accordingly is conditional on the approval of Shareholders at a General Meeting.

A circular containing further details of the Acquisition, the Directors’ recommendation, the notice of the General Meeting and the Resolutions (the “**Circular**”), is expected to be published by 11 September 2020.

The completion of the Acquisition is subject to a number of customary conditions, including the expiry or termination of the applicable waiting period (and any extension thereof) under the HSR Act and receipt of written notice from CFIUS stating that it has determined there are no unresolved national security concerns with the Acquisition, no review of the Acquisition is applicable under the DPA, or no further review of the Acquisition is requested, or that following a referral to the President of the United States no action will be taken by the President of the United States to suspend or prohibit the Acquisition. The Acquisition is expected to complete in the first quarter of the Group's 2021 financial year. The preceding summary should be read in conjunction with the full text of the following announcement and its appendices. The defined terms set out in Appendix II apply to this Announcement.

Evercore Partners International LLP are acting as lead financial adviser and sponsor to Avon Rubber in connection with the Acquisition. William Blair International, Limited are acting as financial adviser to Avon Rubber in connection with the Acquisition.

Analyst and Investor webcast

Paul McDonald, Chief Executive Officer, and Nick Keveth, Chief Financial Officer will host a webcast for analysts and investors today at 8.00am BST.

The webcast will be broadcast live at

Link: <https://webcasting.brrmedia.co.uk/broadcast/5f50fae3b14d87262643e955>

Dial in: +44 (0)330 336 9411

PIN: 5100177

The presentation and a recording of the webcast will be made available later today on the Avon Rubber website at <http://www.avon-rubber.com/>

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About Avon Rubber

Avon Rubber is listed on the London Stock Exchange (LSE: AVON) and is a constituent of the FTSE 250 Index.

Avon Rubber is an innovative technology group, which designs and produces specialist products and services to maximise the performance and capabilities of its customers. Avon Protection is a leading

provider of life-critical personal protection systems with leading positions within the global respiratory and next generation ballistic protection markets for the world's militaries and first responders.

milkrite | InterPuls is a global leader providing complete milking point solutions to dairy farmers across the world with the aim of improving every farm it touches.

On 2 July 2020, Avon Rubber announced that it had signed an agreement to sell milkrite | InterPuls to DeLaval Holding BV for a cash consideration of £180 million on a cash and debt free basis. The transaction is subject to customary closing conditions and regulatory approvals, with completion expected to take place in the first quarter of our 2021 financial year.

For further information, please visit our website: www.avon-rubber.com

About Team Wendy

Team Wendy is dedicated to providing exceptional head protection systems designed from the inside out for those who risk their lives every day. Founded in 1997, the Cleveland, Ohio-based company places a strong focus on the prevention of traumatic brain injury (“**TBI**”) in honour of the company's namesake Wendy Moore, who died tragically from a TBI following a ski accident.

As a leading supplier of helmet systems for military, law enforcement and search and rescue, and adventure sports, Team Wendy is steadfast in its dedication to the pursuit of improving head protection research, design and development, bringing more choice, better technology and reliable customer service to the industry.

Learn more at www.TeamWendy.com.

Important notices

This Announcement contains inside information and is issued on behalf of the Group by Miles Ingrey-Counter, Company Secretary and General Counsel.

This Announcement is issued at 7.00am BST on 9 September 2020. This Announcement is not intended to, and does not constitute, or form part of, any offer to sell or issue or any solicitation of an offer to purchase, subscribe for, or otherwise acquire, any securities or a solicitation of any vote or approval in any jurisdiction. Avon Rubber shareholders are advised to read carefully the Circular once it has been published. Any response to the Acquisition should be made only on the basis of the information in the Circular to follow.

Evercore Partners International LLP (“**Evercore**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Avon Rubber and for no one else in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Announcement) as a client in relation to the Acquisition and, subject to its responsibilities and liabilities which may arise under FSMA or the regulatory regime established thereunder, will not be responsible to anyone other than Avon Rubber for providing the protections afforded to its clients nor for giving advice in relation to the arrangements described in this Announcement or any other transaction or arrangement referred to in this Announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Evercore under FSMA or the regulatory regime established thereunder, Evercore accept no responsibility whatsoever for the contents of this Announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Acquisition, or any other matter referred to herein. Subject to applicable law, Evercore accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Announcement or any such statement.

William Blair International, Limited (“**William Blair**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Avon Rubber and for no one else in connection with the Acquisition and will not regard any other person (whether or not a recipient of this Announcement) as

a client in relation to the Acquisition and, subject to its responsibilities and liabilities which may arise under FSMA or the regulatory regime established thereunder, will not be responsible to anyone other than Avon Rubber for providing the protections afforded to its clients nor for giving advice in relation to the arrangements described in this Announcement or any other transaction or arrangement referred to in this Announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on William Blair under FSMA or the regulatory regime established thereunder, William Blair accept no responsibility whatsoever for the contents of this Announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Acquisition, or any other matter referred to herein. Subject to applicable law, William Blair accordingly disclaims, to the fullest extent permitted by law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Announcement or any such statement.

The securities of the Group have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or transferred, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any relevant state or other jurisdiction of the United States. There has been and will be no public offering of the securities of the Group in the United States.

Cautionary statement regarding forward-looking statements

This Announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Avon Rubber's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth, strategies, integration of the business organisations and achievement of anticipated combination benefits in a timely manner. Forward-looking statements speak only as of the date they are made. Such forward-looking statements are based on beliefs, expectations and assumptions of the Board and other members of senior management regarding the Avon Rubber's present and future business strategies, the benefits to be derived from the Acquisition and the environment in which Avon Rubber, Team Wendy and/or, following completion, the Enlarged Group will operate in the future. Although the Board and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Avon Rubber, Team Wendy and/or, following completion, the Enlarged Group's actual operating results, financial condition, dividend policy and the development of the industry in which they operate, as well as the benefits and combination benefits actually received, may differ materially from the impression created by the forward-looking statements contained in this Announcement. In addition, even if the operating results, financial condition and dividend policy of Avon Rubber, Team Wendy and/or, following completion, the Enlarged Group, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this Announcement, those results or developments may not be indicative of results or developments in subsequent periods. You are advised to read this Announcement and any Circular (if and when published) in their entirety for a further discussion of the factors that could affect Avon Rubber and/or the Enlarged Group's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Announcement may not occur.

Save as required by the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the Listing Rules or by law, Avon Rubber undertakes no obligation to update these forward looking

statements and will not publicly release any revisions it may make to these forward-looking statements that may occur due to any change in its expectations or to reflect events or circumstances after the date of this Announcement.

AVON RUBBER P.L.C.

PROPOSED ACQUISITION OF TEAM WENDY, LLC

9 September 2020

1. Introduction

Avon Rubber p.l.c. (“**Avon Rubber**” or the “**Company**”) is pleased to announce the signing of an agreement to acquire Team Wendy, LLC (“**Team Wendy**”), a leading supplier of helmets and helmet liner and retention systems for Military and First Responder markets, for US\$130 million (approximately £100 million²) on a cash-free and debt-free basis, subject to a normalised level of working capital (the “**Acquisition**”).

2. Background to and reasons for the Acquisition

Background and strategy

Avon Rubber has a clear strategy to generate sustainable growth over the medium-term. In line with this strategy, in recent years, Avon Rubber has developed into a leading supplier of life-critical personal protection systems to its military and first responder customer base.

Avon Rubber focuses on three key strategic objectives:

1. grow Avon Rubber’s core business by maximising organic sales growth from within the current product portfolio and improving operational efficiency;
2. maintain Avon Rubber’s position as an innovator by pursuing selective product development; and
3. target value-enhancing acquisitions to complement Avon Rubber’s existing businesses and develop additional growth opportunities for the Group.

In targeting value-enhancing acquisitions, Avon Rubber maintains a clear focus on capital discipline, ensuring opportunities meet its financial and commercial criteria.

Successful execution against Avon Rubber’s strategic objectives over recent years has delivered strong returns for Shareholders.

The last three years have been a transformational period for Avon Rubber with strong progress made against its strategic objectives. Within Avon Protection, the legacy respiratory product portfolio has been significantly enhanced and broadened with a number of multi-year military contracts for next generation products. Avon Protection’s next generation respiratory products are sold under long-term contracts at similar or higher margins than Avon Protection’s legacy products, ensuring that the business is positioned for sustainable growth over the medium-term.

On 7 August 2019, Avon Rubber agreed to acquire 3M’s ballistic protection business (“**Helmets & Armor**”) for an initial cash consideration of US\$91 million and contingent consideration of up to US\$25 million depending on the outcome of pending tenders. By integrating Helmets & Armor with Avon Protection, Avon Protection has become a leading provider of life-critical personal protection systems with leading positions within the global respiratory and next generation ballistic protection markets. The Directors believe that the acquisition of Helmets & Armor has significantly strengthened Avon Protection’s technology proposition, R&D capabilities and product offering by adding leading next generation helmets and body armor capabilities. The acquisition of Helmets & Armor also deepened Avon

² The exchange rate of US dollars to pounds sterling is US\$1.3025 = £1 (as at 8 September 2020).

Protection's already strong relationship with the U.S. DoD as a key supplier of helmets and body armor and has resulted in new opportunities to sell the helmets and body armor to Avon Protection's existing rest of world and first responder customers. Since completion of the acquisition of Helmets & Armor, as previously announced, Avon Protection has secured long-term body armor contracts valued up to US\$600 million with the DoD.

On 2 July 2020, Avon Rubber announced that it had signed an agreement to sell milkrite | InterPuls to DeLaval Holding BV for a cash consideration of £180 million on a cash and debt free basis. Following the Dairy Disposal, Avon Rubber will comprise solely of the Avon Protection business. As announced, Avon Rubber intends to use net proceeds of the Dairy Disposal to strengthen its balance sheet and fund further value-enhancing acquisitions to deliver significant strategic and financial value to Shareholders and enhance capabilities within its target markets.

Rationale for the Acquisition

The Acquisition will be an important step in the strategic development of Avon Rubber as a leading provider of life-critical personal protection systems to the military and first responder markets. The Directors believe that combining Team Wendy with Helmets & Armor will create a global leader in military and first responder helmets with a broader product portfolio and stronger capabilities and routes to market.

The combination of Helmet & Armor's ballistic shell forming capabilities and Team Wendy's liner and retention system technology will result in the Enlarged Group being able to offer a wider range of helmets, with Team Wendy providing an established rest of world military and first responder customer base and portfolio of ballistic and impact protection helmets, which complements Helmets & Armor's next generation ballistic protection offering.

In addition to the broader strategic rationale, the Acquisition meets the specific financial and commercial criteria established by Avon Rubber, ensuring a clear focus on capital discipline:

Team Wendy has a leading position with strong brand recognition in an attractive growth market

The Directors believe that Team Wendy is well-positioned in its core markets. It has a strong record of growth and an attractive product portfolio supported by proprietary technology. The Team Wendy brand name is well respected and widely recognised for its high-quality products, commitment to safety and advanced technological capabilities. A combination of Avon Protection and Team Wendy will bring together two leading brands, creating a strong product range of respiratory, ballistic and impact protection products. This portfolio will provide a platform into which other technologies can be incorporated, enhancing product effectiveness and better protecting the user.

Team Wendy has a strong, longstanding management team, which will be retained and incentivised as part of the Acquisition

Team Wendy has a strong management team, led by its Chief Executive Officer, Jose Rizo-Patron. Both Mr Rizo-Patron and the management team are expected to continue in their roles following Completion.

The business currently operates from one location in Cleveland, Ohio, employing approximately 130 employees as of 31 March 2020. Given the complementary nature of the Team Wendy business to Avon Protection's existing helmets business, Avon Rubber intends to operate Team Wendy on a stand-alone basis.

Team Wendy has strong differentiated technology, which will broaden Avon Protection's product range

Since being founded in 1997, Team Wendy has invested in R&D relating to impact protection capabilities and helmet shell forming. Over time, the business has developed advanced proprietary technology relating to helmet liner and retention systems. As the business expanded from individual component sales to full helmet systems, the use of this technology has led to multiple product design innovations and the development of a comprehensive and leading range of ballistic and impact protection helmets.

Team Wendy offers good opportunities for expanding Avon Protection's geographic reach and cross-selling to a complementary customer base

Team Wendy's diversified customer base of military and first responder users, both in the U.S. and internationally, represents a core strength of the business, ensuring it is not reliant on any single customer or contract. In the financial year ending 31 December 2019, Team Wendy's helmet systems were sold in over 50 countries, with 39% of its revenue generated outside the U.S.. Team Wendy has a strong track record of delivering international growth with repeat orders secured from the world's leading militaries and security forces. Team Wendy has also delivered strong historical revenue growth rates due to its competitive and high-quality product offering.

The Directors believe that Team Wendy's well-established global footprint will significantly enhance Avon Protection's existing international helmet business, providing a wider product offering and an installed customer base. The Directors also believe that the Enlarged Group will have better scale and an enhanced route to market, with Team Wendy's complementary customer base expected to provide significant business development opportunities over the medium-term.

Compelling financial returns for Shareholders

The Directors believe that the Acquisition represents a compelling opportunity to reinvest the proceeds from the Dairy Disposal, through the redeployment of capital into a higher growth and margin business at a lower EBITDA multiple than obtained from the Dairy Disposal.

The Directors believe that the Acquisition will enhance Shareholder value, representing an immediate and value-enhancing use of proceeds from the Dairy Disposal.

The Directors believe that Team Wendy's organic revenue growth, margins and cash conversion potential are in line with Avon Rubber's strategic growth objectives and Team Wendy will contribute positively to the Enlarged Group from Completion.

The Purchase Price (as defined below) at an enterprise value of £100 million³ (US\$130 million) represents a valuation multiple representing 9.7x FY19 reported EBITDA of US\$13.4 million. The Directors believe that the Acquisition is financially attractive and is in line with Avon Rubber's stated financial performance criteria for value-enhancing acquisitions, as set out below.

1. The Directors believe that the Acquisition will be earnings accretive in the first full financial year after Completion, both on a standalone basis and after the Dairy Disposal, before the delivery of revenue or cost synergies.

³ The exchange rate of US dollars to pounds sterling is US\$1.3025 = £1 (as at 8 September 2020).

2. Team Wendy has delivered strong organic revenue and profit growth, high-recurring EBITDA margins and a track record of strong cash conversion.
3. The Directors believe that Team Wendy will be able to generate a return on invested capital in excess of Avon Rubber's current WACC within the first two years of ownership.
4. Following completion of the Acquisition and the Dairy Disposal, the Directors believe Avon Rubber will be able to deliver a higher return on capital employed than prior to both transactions.
5. Avon Rubber will retain a strong balance sheet and the Directors anticipate Avon Rubber will have a net cash position following completion of the Acquisition and the Dairy Disposal.

3. Information on Team Wendy, LLC

Team Wendy is a leading supplier of helmets and helmet liner and retention systems for military and first responder markets. Team Wendy was founded in 1997 and is a family-owned company based in Cleveland, Ohio. Team Wendy places a strong focus on the prevention of traumatic brain injury in honour of the company's namesake and daughter of its founder, Wendy Moore.

Team Wendy initially focused on manufacturing and distributing ski helmets before transitioning to designing and developing ballistic and non-ballistic helmets, as well as helmet liner and retention systems for military and first responder markets. In 2019, approximately 61% of Team Wendy's revenue was derived from U.S. customers, including the U.S. Military, U.S. Department of Homeland Security, U.S. Department of Justice and National Industries for the Blind (NIB)/AbilityOne Program.

Team Wendy has customers in over 50 countries across military, law enforcement, and search and rescue segments. In Australia, Team Wendy ballistic helmets are the current program of record helmets for the Australia Defence Force (ADF). Team Wendy has sold over 40,000 ballistic helmets to ADF to date. Team Wendy also supplies products to elite military, law enforcement, and search and rescue agencies in Europe, Asia, Latin America and the Middle East.

Team Wendy products are manufactured in an approximately 137,000 square foot facility in Cleveland, Ohio. Team Wendy had approximately 130 employees as of 31 March 2020.

Team Wendy is dedicated to the pursuit of improving head protection research, design and development of advanced head-borne systems, bringing more choice, better technology and reliable customer service to the industry.

4. Integration and Management

Team Wendy has a strong management team, led by Chief Executive Officer Jose Rizo-Patron, who is expected to continue to lead the Business following Completion. Mr Rizo-Patron will report to the Avon Rubber Chief Executive Officer and will join Avon Rubber's Group Executive. Team Wendy will continue to operate from its base in Cleveland, Ohio. Avon Rubber has put in place an integration plan to facilitate Team Wendy's transition into the Avon Rubber Group. Team Wendy management will be incentivised to drive the continued growth of the business, aligned with the objectives of the Enlarged Group going forward. Avon Rubber expects to incur one-off integration costs of up to £0.5 million in its financial year ending 30 September 2021.

5. Summary of the principal terms of the Acquisition

Acquisition Agreement

On 8 September 2020, Avon Rubber, Avon Protection, a wholly-owned subsidiary of Avon Rubber, and the equity holders of Team Wendy (the “**Sellers**”), entered into a certain equity purchase agreement (the “**Acquisition Agreement**”), which sets out the terms pursuant to which Avon Protection is expected to purchase all of the membership interests of Team Wendy (“**Team Wendy Equity Interests**”). Upon Completion, Avon Protection will hold all of the Team Wendy Equity Interests.

The total consideration for the Team Wendy Equity Interests is US\$130 million (the “**Purchase Price**”), which is subject to adjustments downwards in relation to indebtedness and the transaction expenses incurred by Team Wendy, upwards for cash, and upwards or downwards, as applicable, for working capital deviations from an agreed target.

Under the Acquisition Agreement, the Sellers have made customary representations and warranties to Avon Protection, and Avon Rubber and Avon Protection have made customary representations and warranties to the Sellers. The representations and warranties of Avon Rubber, Avon Protection and the Sellers involving organisation, good standing, power, authorisation, ownership of the Team Wendy Equity Interests, Team Wendy’s capitalisation and subsidiaries, ownership of intellectual property and broker’s and finder’s fees survive for a period of five years from the date of Completion (the “**Completion Date**”), the representations and warranties relating to tax matters survive for a period of 60 days following the final expiration of the applicable statute of limitations, and all other representations and warranties generally survive for a period of 12 months after the Completion Date.

Avon Protection, with each party paying an equal portion of the total costs and associated fees, has obtained a representation and warranty insurance policy up to a maximum coverage of US\$26 million (the “**RWI Policy**”) in respect of the Sellers’ representations and warranties contained in the Acquisition Agreement, subject to certain specified retention and limitations agreed with the insurer.

As a general matter, Avon Protection’s sole recourse for inaccuracies with respect to the representations and warranties in the Acquisition Agreement is an indemnity escrow amount of US\$650,000 (0.5% of the Purchase Price) and the RWI Policy, except for representations relating to tax matters and fundamental representations such as those relating to organisation, good standing, power, authorisation, ownership of the Team Wendy Equity Interests, Team Wendy’s capitalisation and subsidiaries, ownership of intellectual property and broker’s and finder’s fees.

Completion under the Acquisition Agreement is subject to, and can only occur upon satisfaction or (to the extent permitted by law) waiver of, a number of outstanding conditions (the “**Conditions**”), including, but not limited to:

- (a) the approval of the Acquisition (as a Class 1 transaction under the Listing Rules) by Shareholders passing the Acquisition Resolution at the General Meeting;
- (b) the expiry or termination of the applicable waiting period (and any extension thereof) under the HSR Act;
- (c) the cancellation or termination of Team Wendy’s registration under Part 122 of the International Traffic in Arms Regulations by the DDTC or the expiration of a waiting period of 60 days following Team Wendy’s submission of a notice to the DDTC with respect to the Acquisition;

- (d) receipt of written notice from CFIUS stating that it has determined there are no unresolved national security concerns with the Acquisition, no review of the Acquisition is applicable under the DPA, or no further review of the Acquisition is requested, or that following a referral to the President of the United States no action will be taken by the President of the United States to suspend or prohibit the Acquisition;
- (e) the representations and warranties of Avon Protection and the Sellers being true and correct as of the Completion Date, subject to certain customary materiality qualifiers; and
- (f) no Material Adverse Effect has occurred.

The Acquisition Agreement contains customary termination rights, including termination upon: (i) mutual written consent of the parties; (ii) by either party if any court or governmental entity restrains, enjoins or otherwise prohibits the Acquisition; (iii) by either party if Avon Rubber fails to obtain Avon Rubber Shareholder Approval; (iv) by either party if the Acquisition has not closed by the Long Stop Date; (v) by either party if the representations and warranties of the other party fail to be true and correct subject to certain customary materiality qualifiers and opportunities to cure; (vi) if there is a material breach by the respective other party of any covenant or agreement in the Acquisition Agreement; (vii) by either party in the event the Board changes its recommendation that Shareholders vote in favour of the Acquisition Resolution and the Acquisition Resolution is not submitted to a shareholder vote; or (viii) by either party in the event of a CFIUS Turndown.

Under the Acquisition Agreement, Avon Rubber and Avon Protection are jointly and severally required to pay a termination fee of US\$5 million to the Sellers if the Acquisition Agreement is terminated (i) as a result of Avon Rubber's failure to obtain the Avon Rubber Shareholder Approval; (ii) due to the Board changing its recommendation that Shareholders vote in favour of the Acquisition Resolution and the Acquisition Resolution is not submitted to a shareholder vote; (iii) as a result of a CFIUS Turndown; or (iv) as a result of (A) any court or other governmental entity has restraining, enjoining or otherwise prohibiting the Acquisition or (B) the Acquisition not having closed by the Long Stop Date, so long as, in each case (A) and (B), Sellers would have been entitled to terminate at such time for the representations and warranties of Avon Protection failing to be true and correct subject to customary materiality qualifiers but for termination due to such court or governmental prohibition or Long Stop Date termination.

6. Financing of the Acquisition

In the event that Completion occurs prior to completion of the Dairy Disposal, Avon Rubber will finance the Acquisition through the New RCF, which will be repaid following completion of the Dairy Disposal.

The Dairy Disposal, as announced on 2 July 2020, is subject to customary closing conditions and regulatory approvals, with completion expected to take place in the first quarter of our 2021 financial year. Avon Rubber expects to receive net proceeds before customary adjustments of approximately £160 million following completion of the Dairy Disposal. Avon Rubber has agreed with the trustees of its U.K. pension scheme to make a one-time contribution of £20 million to strengthen the scheme's funding position following completion of the Dairy Disposal. In the event that completion of the Dairy Disposal occurs prior to Completion, Avon Rubber will use the net remaining proceeds to finance the Acquisition.

Following completion of the Acquisition and the Dairy Disposal it is intended that the New RCF will be used to support Avon Rubber's medium-term growth objectives, including financing potential future acquisitions in line with Avon Rubber's growth strategy.

7. Borrowing powers

Article 101.2 (Borrowing Powers) of the Articles provides that Avon Rubber's borrowings should not exceed two times its capital and consolidated reserves (as defined in the Articles). In connection with Avon Rubber's entry into the New RCF, the Board considers it commercially prudent and timely to increase this permitted borrowing limit to three times its capital and consolidated reserves (as such terms are defined in the Articles). If the Borrowing Limit Resolution is approved, Avon Rubber will also have the option to utilise an additional accordion facility of up to US\$50 million under the New RCF and have greater flexibility to respond to future needs of the Group, including strategic investment and acquisition opportunities.

Accordingly, Avon Rubber is seeking the approval of its Shareholders to sanction an increase in permitted borrowings of up to three times share capital and consolidated reserves (as defined in the Articles). The Directors consider this to be the appropriate borrowing limit for the Group going forward.

Neither the Acquisition, nor the entry into (or draw down under) the New RCF is conditional on the Borrowing Limit Resolution being passed.

8. Publication of the Circular and General Meeting

The size of the Acquisition means that it constitutes a Class 1 transaction for the purposes of the Listing Rules and accordingly is conditional on the approval of the Shareholders at the General Meeting.

The Circular containing further details of the Acquisition, the Directors' recommendation, the notice of the General Meeting and the Resolutions are expected to be sent to Avon Rubber shareholders by 11 September 2020. Subject to satisfaction of the Conditions, Completion is expected to occur in the first quarter of the Group's financial year.

Appendix 1

Definitions

The definitions set out below apply through this Announcement, unless the context requires otherwise.

“£” or “GBP”	means the lawful currency of the U.K.;
“Acquisition”	means the proposed acquisition by Avon Protection of all membership interests of Team Wendy, pursuant to the Acquisition Agreement, and the other transactions contemplated thereby;
“Acquisition Agreement”	means the agreement dated 8 September 2020, among, Avon Rubber, Avon Protection, the Declaration of Trust of Dan T. Moore, III, dated 20 December 1996, as amended, Marjorie L. Moore, The Marjorie L. Moore Irrevocable Trust for the benefit of Grandchildren, dated 21 May 2020, Halley T. Moore, Heather B. Moore, Fidelity Investments Charitable Gift Fund, and Jose Rizo-Patron as Sellers, and Dan T. Moore, III as Sellers’ representative and in his individual capacity, in relation to the Acquisition;
“Acquisition Resolution”	means the ordinary resolution to approve the Acquisition as set out in the notice of General Meeting;
“Announcement”	means this announcement, made by Avon Rubber on 9 September 2020 in relation to the Acquisition;
“Articles”	means the memorandum and articles of association of Avon Rubber;
“Avon Protection”	means Avon Protection Systems Inc., a wholly-owned U.S.-based subsidiary of Avon Rubber;
“Avon Rubber” or “Company”	means Avon Rubber p.l.c., a public limited company incorporated and registered in England and Wales with registered number 00032965;
“Avon Rubber Group” or “Group”	means Avon Rubber and its subsidiaries from time to time;
“Avon Rubber Shareholder Approval”	means the approval of the Acquisition Resolution by Shareholders representing a simple majority of the votes cast (in person or by proxy) at the General Meeting;
“Board”	means the board of directors of Avon Rubber;
“Borrowing Limit Resolution”	means the special resolution to approve the amendment to the Articles as set out in the notice of General Meeting;

“CFIUS”	means the Committee on Foreign Investment in the United States or any member agency thereof acting in such capacity;
“CFIUS Turndown”	means (a) CFIUS has informed Avon Protection and the Sellers in writing of its unresolved national security concerns with respect to the Acquisition and that it intends to refer the matter to the President of the United States unless the Acquisition is abandoned, or (b) CFIUS shall have referred, or shall have informed the parties in writing that it intends to refer, the matter to the President of the United States, in each case without offering the parties the opportunity to abandon the Acquisition in lieu of such referral;
“Circular”	means the circular expected to be sent to Avon Rubber Shareholders by 11 September 2020 containing further details of the Acquisition, the Directors’ recommendation, the notice of the General Meeting and the Resolutions;
“Completion”	means completion of the Acquisition;
“Completion Date”	means the date of completion of the Acquisition;
“Conditions”	means the conditions to the implementation of the Acquisition as set out in the Acquisition Agreement;
“Dairy Disposal”	means the divestment of milkrite InterPuls;
“Directors”	means the directors of Avon Rubber from time to time;
“DDTC”	means the U.S. State Departments’ Directorate of Defense Trade Controls;
“Disclosure Guidance and Transparency Rules”	means the Disclosure Guidance and Transparency Rules made by the FCA pursuant to FSMA;
“DoD”	means the U.S. Department of Defense;
“DPA”	means Section 721 of the Defense Production Act of 1950, as amended;
“EBITDA”	means earnings before charging interest, tax, depreciation and amortisation;
“Enlarged Group”	means the Avon Rubber Group as enlarged by the Acquisition with effect from Completion;
“Evercore”	means Evercore Partners International LLP;
“FCA”	means the Financial Conduct Authority of the United Kingdom;

“FSMA”	means the Financial Services and Markets Act 2000, as amended;
“General Meeting”	means the general meeting of Avon Rubber proposed to be held on at 9:00 a.m. on 28 September 2020 to approve the Resolutions, the notice of which is contained in the Circular;
“Helmets & Armor”	means 3M’s ballistic protection business acquired by Avon Rubber;
“HSR Act”	means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
“Listing Rules”	means the Listing Rules made by the FCA pursuant to FSMA governing, <i>inter alia</i> , admission of securities to the Official List of the FCA;
“London Stock Exchange”	means the London Stock Exchange plc or any recognised investment exchange for the purposes of the FMSA that may take over the functions of the London Stock Exchange plc;
“Long Stop Date”	means 31 December 2020;
“Market Abuse Regulation” or “MAR”	means Regulation (EU) No 596/2014;
“Material Adverse Effect”	means any event, circumstance, development, state of facts, occurrence, change or effect that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the ability of Sellers to perform their obligations under the Acquisition Agreement or to consummate the Acquisition or (ii) the business, assets, liabilities, condition (financial or otherwise) or results of operations of Team Wendy; provided, that, in the case of clause (ii) only, none of the following shall in and of itself constitute, and no event, circumstance, development, state of facts, occurrence, change or effect resulting from any of the following shall constitute, or be deemed to contribute to, a Material Adverse Effect: (a) changes in the United States or world financial markets as a whole, (b) changes in general economic conditions that affect the industry in which Team Wendy operates, (c) armed hostilities or war, whether or not pursuant to a formal declaration of a national emergency or war, (d) any changes in laws or orders after the date hereof, (e) changes in U.S. GAAP after the date hereof, (f) pandemics, (including COVID-19), earthquakes, hurricanes, tornados or other natural disasters or (g) any failure in and of itself (as distinguished from any change or event giving rise or contributing to such failure) by Team Wendy to

	meet any internal projections or forecasts; other than, with respect to clauses (a) through (f), events, circumstances, developments, states of facts, occurrences, changes or effects that disproportionately and adversely impact Team Wendy relative to other companies in the industry in which Team Wendy operates;
“New RCF”	means the revolving credit facility agreement of US\$200 million entered into by, among others Avon Rubber on 8 September 2020;
“Ordinary Shares”	means the ordinary shares with a nominal value of one pound each in the capital of the Company;
“Purchase Price”	means the total consideration for the Team Wendy Equity Interests pursuant to the Acquisition Agreement, being US\$130 million;
“Resolutions”	means the Acquisition Resolution and Borrowing Limit Resolution set out in the notice of General Meeting;
“RWI Policy”	means the representation and warranty insurance policy in respect of the representations and warranties contained in the Acquisition Agreement;
“Securities Act”	means the U.S. Securities Act of 1933, as amended;
“Sellers”	means the equity holders of Team Wendy;
“Shareholder”	means any holder of Ordinary Shares registered on the register of members of the Company;
“TBI”	means traumatic brain injury;
“Team Wendy” or the “Business”	means Team Wendy, LLC, a limited liability company organised under the laws of the U.S.-State of Delaware;
“Team Wendy Equity Interests”	means the membership interests of Team Wendy;
“United Kingdom” or “U.K.”	means the United Kingdom of Great Britain and Northern Ireland;
“United States” or “U.S.”	means the United States of America;
“US\$”	means the lawful currency of the U.S.;
“U.S. GAAP”	means Generally Accepted Accounting Principles of the United States;
“WACC”	means weighted average cost of capital; and
“William Blair”	means William Blair International, Limited.

