

AUSTRALIAN BUSINESS GROWTH FUND (ABGF)

AUSTRALIAN MANUFACTURING: CAPITAL INJECTION IN REGIONAL VICTORIAN COMPANY TRANSFORMING CARPET MANUFACTURING AROUND THE GLOBE

Top lines:

- The Australian Business Growth Fund (ABGF) has today announced its **latest investment into an Australian manufacturing success story - Modra Technology (Modra)** - helping the business **expand operations to meet market demand, boost jobs and spend in research and development**. This investment brings ABGF's total investments to over \$180 million, representing the deployment of a third of ABGF's \$540 million capital in less than three years since ABGF's first investment.
- **For 32 years, Modra has developed the very latest in carpet manufacturing technology**, selling world-leading solutions to over **200 carpet manufacturing clients across 35 countries**
- With a **strong and sustained revenue growth averaging over 50% per annum over the last three years**, Modra is in the perfect position to make the important step change and expand to become a big player in Australia's advanced manufacturing industry.
- Modra's innovative technology is **helping global carpet manufacturers achieve increases in production efficiencies of up to 83%** when compared to traditional methods.
- This investment is yet another example of **ABGF's commitment to supporting Australia's national priorities**, with the capital injection **boosting Australia's advanced manufacturing industry and supporting technological innovation**.

ABGF, Australia's only purpose-built growth capital fund for the SME sector, today announced its 12th investment into an Australian-grown business - Modra - a family-run advanced manufacturer, producing globally recognised carpet solutions in regional Victoria.

For over 32 years, Modra has developed the very latest technology for carpet manufacturers, and now with ABGF's investment, Modra will be able to continue investing in new and innovative solutions, expand output and almost double its workforce.

The secret to Modra's global success has been the company's pioneering spirit, which has seen the development of several cutting-edge technological solutions, including CreelMT - **an all-in-one automated machine increasing carpet production efficiencies by up to 83%**.

Founder and CEO Tim Modra has taken Modra from a small, local operation to selling the business' products to over 200 clients across 35 countries.

"Our success to date has been driven by our relentless focus on innovation and solving the real challenges our customers face, and now with ABGF's support, we are well-positioned to take that innovation to the next level and unlock even greater potential in the years ahead," said Mr Modra.

When it comes to business potential, Modra has seen sustained revenue growth, averaging over 50% per annum over the last three years. And there's no sign of slowing down with global demand for Modra's products outstripping its ability to supply the market.

It was this, as well as Modra's commitment to Australian jobs that secured ABGF's significant investment, which positions Modra for the next phase of the business' growth story.

"ABGF stood out as the ideal partner for us, not just because of their investment, but because of the strategic expertise and networks they bring. Their support will empower us to build on our leadership in the soft flooring industry and drive sustainable growth for the future", said Mr Modra.

Modra's innovative products are also driving efficiencies and improving environmental standards in the carpet manufacturing industry.

CreelMT alone is helping global carpet manufacturers dramatically cut down on waste, with up to 80% of yarn wastage being saved when compared to traditional methods.

And for businesses purchasing CreelMT, they recoup the upfront cost in less than two years.

But it's not the only cutting-edge product Modra produces, with 'Kibby' and 'Mtuff' revolutionising carpet sampling.

In a market defined by rapidly changing consumer tastes, 'Kibby' and 'Mtuft' mean carpet manufacturers can easily and efficiently produce small quantities of sample carpet to test new designs.

Collectively, Modra's offerings are one of a kind, which is why almost all of the business' sales are to international customers who benefit from the efficiencies and improved environmental standards that comes from these products.

ABGF Investment Manager Alexandros Collivas said the decision to back Modra was obvious.

"Modra represents an ideal investment for ABGF. The company has solidified its position as the global leader in carpet manufacturing technology, backed by strong intellectual property and a loyal customer base. We see tremendous growth potential as Modra continues to enable manufacturers worldwide to embrace automation and drive sustainability," Mr Collivas said.

Modra is a business customer of NAB, an ABGF founding shareholder. NAB Executive for Regional and Agribusiness, Khan Horne, said NAB was proud to be supporting small and medium businesses, particularly within regional Australia, with access to long-term growth capital through ABGF.

"ABGF provides businesses with the funds and expertise to help them grow in an accelerated and sustainable way," Mr Horne said.

"We're thrilled to be able to support a family-owned business such as Modra, which has demonstrated impressive and sustained revenue growth and is supporting the local job market in regional Victoria."

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About Modra

- Based in Warragul, Victoria, Modra Technology is a family-owned business providing cutting-edge technology solutions to over 200 loyal clients across 35 countries around the world.
- For over 32 years, Modra has designed, developed and sold innovative carpet manufacturing products, including the brand new CreelMT Mobile, as well as sampling machines 'Kibby' and 'Mtuft'.
- Founder and CEO Tim Modra started Modra after seeing the need to streamline the carpet manufacturing process, using his engineering background to develop new technological solutions now sold globally.
- With the business providing one-of-a-kind solutions, 95% of Modra's products are sold internationally, protected by Modra's patents and patent applications in key markets across the globe.
- Modra's products are overhauling business practices in the carpet industry, with yarn wastage being reduced by 80% when compared to traditional methods, and expanding output significantly.
- Modra has demonstrated impressive and sustained revenue growth, averaging over 50% per annum over the last three years.
- Modra has previously won the award for Leader in Digital and Advanced Technologies from the Victorian Manufacturing Hall of Fame Awards (2024).

ABGF's investment

- In line with their mandate, the Australian Business Growth Fund has taken a minority stake of between \$5 million and \$15 million into Modra.
- Seeking capital was a deliberate choice of Modra to fuel expansion, take on demand in the market, and continue developing efficient and sustainable innovative technological solutions.
- The decision to partner with ABGF originated from wanting to bring in a strategic partner who has the capability and connections to promote further growth in the business
- ABGF's investment will help Modra expand and scale up its operations in regional Victoria, expanding output, doubling its workforce to roughly 50 people, increasing investment into research and development, and taking on clients across the globe.
- ABGF is Australia's only purpose-built growth capital fund dedicated to the SME sector.
- This is ABGF's 12th latest investment bringing the total investment amount to over \$180m.

- ABGF's unique public-private partnership model, facilitated by a powerful alliance between the Federal Government and six leading banks, bridges a critical gap in the market, between venture capital and private equity.

Spokespeople

- Tim Modra, Founder and CEO, Modra Technology.
- Alexandros Collivas, Investment Manager, ABGF