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PRESS RELEASE

Esautomotion approves the consolidated half-yearly financial report at 30th June 2021, appoints an Independent Director by co-optation, integrates the committee for transactions with related parties, appoints the new “Organismo di Vigilanza”

- **REVENUES:** Euro 13.941 thousand vs. Euro 8.191 thousand (+70,2%)
- **EBITDA:** Euro 4.064 thousand vs. Euro 1.367 thousand (+197,3%)
- **EBITDA margin:** 29,2% vs.16,7%
- **EBIT:** Euro 3.371 thousand vs. Euro 675 thousand (+399,6%)
- **NET PROFIT:** Euro 2.509 thousand vs. Euro 329 thousand (+662,6%) equal to 18% of Revenues
- **OPERATING CASH FLOW:** Euro 2.142 thousand with a *cash conversion ratio* of 53%
- **NET FINANCIAL POSITION** of Euro -8.967 thousand (POSITIVE CASH) vs. Euro -8.340 as of 31/12/2020, after dividends distribution for 2020 of Euro 636 thousand.
- **SHAREHOLDERS EQUITY:** Euro 19.341 thousand, including Euro 2.509 thousand net profit for the period.
- **TREASURY SHARES:** Euro 1.010 thousand.

Carpi, 28th september 2021

The Esautomotion's Board of Directors (" **Esautomotion** " or the " **Company** "), *holding company* of Esautomotion Group (the "**Group**") operating in the production of mechatronics precision components for industrial machinery, today it (i) approved the consolidated half-yearly financial report as at 30 June 2021 (the "**Report**"); (ii) appointed by co-option an independent Director (the "**Independent Director**"); (iii) integrated the Committee for transactions with related parties (the "**RPT Committee**"); (iv) appointed the new Supervisory Body. the half-year consolidated Financial Report at 30th June 2021.

MAIN CONSOLIDATED RESULTS AT 30 JUNE 2021

The Group's revenues, equal to Euro 13.941 thousand, recorded a significant growth compared to the first half of 2020, equal to approximately + **70%**. This growth, which began in the fourth quarter of 2020 and continued in the first 6 months of 2021, is mainly due to the following factors:

- Since the years 2019 and 2020, the Group has launched a strategy aimed at having a lower correlation to the economic cycle. Therefore, in the first half of 2021 are found positive results arising to the above strategy initiated in the previous years, in which the markets were in a phase of decline (between -20-25 % per annum with reference to the main competitors, and further accentuated at the beginning of 2020 because of the Covid 19 pandemic). In the past two years the Group has succeeded to keep stable the revenues thanks **to the acquisition of new clients in strategic areas** and to **cross-selling action** to existing customers.
- In 2021:
 - recovery and development of sales both to existing and new customers thanks to business development deployed in the previous years,
 - finally positive economic cycle,
 - product innovation,
 - strong growth in market share in strategic world markets.

The increase of revenues in the 1H2021 by 70% compared to 1H 2020 (and by 59% compared to 1H2019), testifies the solid and continued growth of the Company, and shows its resilience even in a macroeconomic scenario marked by the persistence of the Covid-19 pandemic.

The EBITDA amounted to € 4.064 million is **tripled** compared to 1H2020 (+ 99% compared to 1H2019) due **to the sales growth** and the **improvement of sales margin** (+ 2,2 points) even in presence of increases in purchase costs of the components. The **EBITDA** margin has returned to exceed 29%, (17% in 1H2019), a value that represents the long-term goal of the company.

The Net Profit equal to € 2.509 thousand is increased by more than 6 times compared to 1H2020 (+144% compared to 1H2019). The **18%** incidence **with respect to revenues** represents the long-term goal of the company.

The **net financial position of -8.967 thousand (POSITIVE CASH)** is a good result taking into account the profits distributed to € 636 thousand and the **treasury shares of € 1.009 thousand**.

The market continues to be marked by the partial shortage of raw materials/components and by the increase in the prices of some strategic components. Currently Esautomotion was able to deliver 70% more than last year, limiting the delivery delays within a month. A limited increase in delivery delays is expected in the forthcoming months with the return to normality towards the end of 2021.

Despite the increase in component prices, Esautomotion managed to **improve the contribution margin by 2.2%**, thanks to both the adjustment of prices to customers and the ability to migrate the demand of acquired customers towards more performing and profitable products.

Geographically, sales growth stands out in **China (+110%)** and **Turkey (+127%)**, geographic areas in which turnover has more than doubled, Italy has also shown an excellent trend with a growth of 55%, as Spain. and Portugal with +92% and Brazil +88%.

The share of and direct export has grown to 55% (vs. 51% 1H2020), to which must be added the part of products sold in Italy and then esported that bring the esteem **of total exports** to 75%.

The strategy of:

- growth of investment in *R&D* , with preparation for the launch or new products
- reduction in the cost of products;
- reduction in the use of working capital;
- development of product *performance*, with focus to strategic market applications (sheet metal, marble, wood processing);
- penetration of strategic customers in terms of *Computer Numerical Control* 's share compared to competitors;
- extension of the offer to various complementary applications and to motors and drives;
- internationalization worldwide, in particular in China, Turkey, Germany and North America;
- search for growth opportunities by external lines.

The *R&D* remains the area of greatest investment of the Group.

Research and development activities continued, also in 2021, mainly aimed at integrating:

- different mechatronic technologies;
- development of communication logic 4.0 and *networking*;
- performance increase;
- development and integration of new devices, sensors, components;
- development of new kinematics;
- improvement of energy efficiency;
- materials engineering;
- hybrid technologies;
- multifunction machines to increase productivity;
- integrations with CAD/CAM softwares.

These activities have allowed Esautomation to continue the development of *software* and new devices integrated in accordance with the principles of *Industry 4.0*, and to consolidate the performance of the products existing in new application areas.

Outlook: The portfolio and incoming orders remain large and it is expected a positive growth trend for the next 12/18 months. We believe to be able to neutralize the impact of any component price increases while preserving margins. The delays in the delivery of components have so far caused delays in deliveries to customers and related delays in invoices with some inconvenience to customers and to the company itself. We believe that there will be a gradual return to normality during 2022 with a reabsorption of the delivery backlog.

Gianni Senzolo, CEO of Esautomation commented on the results as follows: " *We are particularly satisfied with the results of the first half, the favorable recovery of all markets was joined by the benefits of Esautomation's exceptional effort over the past 2 years during which we have managed the recessive trend of the market with the intense activity of increasing the market shares. We see growth for the full year 2021 and 2022 as solid and lasting. The analysis of growth opportunities by external lines continues*".

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The consolidated financial interim report, within the Auditors Opinion, will be made available to the public, in accordance with the terms provided by law, on the *website* <http://www.esautomotion.it> .

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With reference to the accounting data shown in this press release, it should be noted that these are data for which the statutory audit activity by the Independent Auditors has not been completed. This press release uses some " *alternative performance indicators* " not envisaged by accounting standard IAS/IFRS adopted by the European Union (*Adjusted EBITDA, adjusted net profit, Return on Investments Return on Equity*) for the meaning please refer to the directors report at 30 June 2021. It should be noted that the criteria for determining these indicators applied by may not be homogeneous with those adopted by other companies or groups and, therefore, the above non-GAAP measures may not be comparable with those determined by the latter. It should be noted that the *Adjusted Net Profit* is calculated as a consequence of the *Adjusted EBITDA* .

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Esautomotion Group Results at 30th June 2021 – Consolidated Income Statement IAS/IFRS

PROFIT & LOSS	30-jun-21		30-jun-20		Changes	
	Thousands Euro					
Net Sales Revenues	13.899	99,7%	8.121	99,1%	5.778	71,1%
Other Revenues	42	0,3%	70	0,9%	(28)	(38,7%)
TURNOVER	13.941	100,0%	8.191	100,0%	5.750	70,2%
Cost of Goods Sold	(7.174)	(51,5%)	(4.430)	(54,1%)	(2.744)	61,9%
Personnel Costs	(1.037)	(7,4%)	(922)	(11,3%)	(115)	12,5%
Services	(1.618)	(11,6%)	(1.398)	(17,1%)	(220)	15,7%
Other Costs	(48)	(0,3%)	(74)	(0,9%)	26	(35,0%)
OPERATIVE COSTS	(9.877)	(70,8%)	(6.824)	(83,3%)	(3.053)	44,7%
Non recurring Costs	-		-			
EBITDA Adjusted	4.064	29,2%	1.367	16,7%	2.697	> 100%
EBITDA	4.064	29,2%	1.367	16,7%	2.697	> 100%
Depreciation and Amortization	(693)	(5,0%)	(692)	(8,4%)	(1)	0,1%
EBIT	3.371	24,2%	675	8,2%	2.696	> 100%
Financial Incomes (Costs)	38	0,3%	(160)	(2,0%)	198	(123,3%)
EBT	3.409	24,5%	515	6,3%	2.894	> 100%
Tax	(900)	(6,5%)	(186)	(2,3%)	(714)	> 100%
NET PROFIT (LOSS) Adjusted	2.509	18,0%	329	4,0%	2.180	> 100%
NET PROFIT (LOSS)	2.509	18,0%	329	4,0%	2.180	> 100%

Esautomotion Group Results at 30th June 2021 – Consolidated Balance Sheet IAS/IFRS

BALANCE SHEET		30-jun-21	31-dec-20	Changes
Thousands Euro				
	Goodwill	98	98	-
	Intangible Assets	1.267	1.069	198
	Tangible Assets	568	652	(84)
	Rights of use	494	551	(57)
	Other non current assets	1	1	-
A	Non Current Assets	2.428	2.371	57
	Inventory	3.602	3.103	499
	Trade Credits	9.452	6.243	3.209
	Accounts payable	(4.478)	(2.780)	(1.698)
	OPERATING WORKING CAPITAL	8.576	6.566	2.010
	Other current assets	549	988	(439)
	Other current debts	(815)	(519)	(296)
B	Net Working Capital	8.310	7.035	1.275
	Severance pay	(218)	(193)	(25)
	Funds for risk and charges	(146)	(146)	-
C	Total Funds	(364)	(339)	(25)
D=A+B+C	Net Invested Capital	10.374	9.067	1.307
E	Assets held for sale	-	-	-
F=D+E	Total Net Invested Capital	10.374	9.067	1.307
	Share Capital	2.000	2.000	-
	Accumulated profit and reserves	17.334	15.404	1.930
	Minority interest	7	3	4
G	Total Equity	19.341	17.407	1.934
	Long term financial Debts	334	398	(64)
	Short term financial Debts	177	274	(97)
	Cash, Bank Deposits and Financial credits	(9.478)	(9.012)	(466)
H	Net Financial Position	(8.967)	(8.340)	(627)
I=G+H	Total Sources	10.374	9.067	1.307

Esautomotion Group Results at 30th June 2021 – Consolidated Cash flows Statement IAS/IFRS

CASH FLOW STATEMENT	30-jun-21	30-jun-20
	Thousands Euro	
Net Profit (Loss)	2.509	329
Corporate Income Taxes	900	186
Financial Costs (Income) & Exchange gains (losses)	(38)	160
Offset in working capital	14	10
Provisions	22	24
Depreciation	650	661
Cash flow from operation before changes in NWC	4.057	1.370
Changes in NWC	(1.915)	(38)
Cash flow after changes in NWC	2.142	1.332
Financial Costs paid	-	(1)
Taxes paid	(233)	(44)
Operating cash flow	1.909	1.287
CAPEX	(707)	(1.613)
Loan disbursement (repayment)	(161)	(105)
Increase in capital	-	-
Share Buyback	-	(292)
Changes in Equity	61	(74)
Dividends paid	(636)	(320)
Financial Changes	(736)	(791)
Changes in Liquidity	466	(1.117)
Cash beginning of the year	7.012	6.925
Cash at the end of the period	7.478	5.808

CO-OPTION OF AN INDEPENDENT DIRECTOR

Following the press release of 6 August 2021 concerning the resignation of Mr. Angelo Gervasi from the role of independent Director and Chairman of the RPT Committee of the Company (the "**Gervasi Resignations**"), the Board of Directors of Esautomotion, during the meeting today, with a resolution approved by the Board of Statutory Auditors, appointed by co-optation pursuant to art. 2386 of the Italian Civil Code Dr. Andrea Becattini, as Independent Director of the Company.

To this end, the Board of Directors has ascertained the existence of all the necessary requirements for the assumption of the office of independent director headed by Dr. Becattini, in particular:

- possession of the independence requirements referred to in art. 148, paragraph 3, of Legislative Decree no. 58/1998 (the "**TUF**", as subsequently amended), as referred to in art. 147-ter, paragraph 4, of the TUF, already assessed in advance, with a positive outcome, by BPER Banca S.p.A., as the Company's Nominated Adviser, pursuant to art. 6-bis of the AIM Issuers' Regulation;
- possession of the integrity requirements, as required by art. 147-quinques of the TUF and by art. 2 of the Ministerial Decree n. 162/2000.

The full text of the Independent Director's curriculum vitae is available at the registered office and on the Company's website.

The Independent Director, pursuant to art. 2386 of the Civil Code and the current Articles of Association, will remain in office until the next Shareholders' Meeting.

On the basis of the communications made to the Company, Mr. Becattini does not hold, at the time of his appointment, directly and/or indirectly, Company shares.

INTEGRATION OF THE OPC COMMITTEE

Following the Gervasi Resignation, the Board of Directors of Esautomotion, during today's meeting, also renewed the composition of the RPT Committee, which, to date, is composed as follows:

- Dr. Giuseppe Zottoli, as President;
- Attorney Matteo Nobili, as independent director;
- Dr. Andrea Becattini, as independent director.

APPOINTMENT OF A NEW "ORGANISMO DI VIGILANZA"

Following the resignation due to personal commitments of Dr. Pierluigi Pipolo from the role of head of the "Organismo di Vigilanza" of Esautomotion, resigned on 22 September 2021 and effective from 28 September 2021, the Board of Directors also proceeded to appointment of Avv. Matteo Alessandro Pagani as head of the Company's "Organismo di Vigilanza".

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For more information

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Fine Comunicato n.20133-13

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