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Oggetto : Signing of the Sangalli Servomotori
investment agreement

Testo del comunicato

Vedi allegato.



AGREEMENT SIGNED FOR THE ACQUISITION OF THE *BUSINESS* OF SANGALLI SERVOMOTORI S.R.L., A COMPANY ACTIVE IN THE ELECTRIC MOTORS MARKET

Carpì, April 22nd 2023

Esautomation S.p.A. ("Esautomation" or the "Company"), the operating holding company of the Esautomation group (the "Group"), active in the field of high-precision mechatronic components for industrial machines, announces that on April 21st 2023 at 18.30 it has signed an investment agreement and shareholders' agreement (the "Investment Agreement") with Sangalli Servomotori S.r.l (" Sangalli"), Elettromeccanica Vittorio Sangalli S.r.l. and Mr. Massimo Sangalli which govern the terms and conditions of (i) the acquisition by the Company of Sangalli's business through the purchase of the entire share capital of a newly established company ("NewCo") in which all the activities involved on the business of production and development of Sangalli electric motors will be transferred and (ii) certain aspects relating to NewCo's governance and the NewCo shareholding transfer regime (the "Transaction").

The Investment Agreement involves:

- (i) a total price of Euro 10,000,000, minus any positive net financial position (NFP) of NewCo (the "Preliminary Price") as at 7 July 2023 ("Execution date"), subject to adjustment mechanisms in line with those generally envisaged in the context of similar transactions, for the purchase of the entire share capital of NewCo (the "Price "). The Price will be paid partly in cash and partly in Esautomation shares: # 170,000 shares of Esautomation (the "ESA Shares") (already owned by Esautomation), for a total value of approximately ¹Euro 1,020,000.² The Sangalli family already owns no.433,500 shares of Esautomation, All ESA Shares held by the Sangalli Group will be subject to lock-up commitments for 24 months following the closing date of the Transaction, scheduled for July 2023 (the "Execution Date");
- (ii) on the Execution Date, 65% of the share capital of NewCo will be acquired, against which the Company will pay 65% of the Preliminary Price from which the value of the NFP will be subtracted if it is positive NFP (negative cash);
- (iii) The granting of a call option by Sangalli to Esautomation (the "Call Option") concerning a stake equal to 35% of the share capital of NewCo, exercisable by Esautomation for a price equal to 35% of the Preliminary Price (or a different percentage representing the share capital of NewCo held by Sangalli) starting from the 24th month after the Execution Date and lasting for 24 further months (the "Call Option Exercise Period");
- (iv) The granting of a put option (the "Put Option") by Esautomation to Sangalli for a stake equal to 35% of the share capital of NewCo, exercisable by Sangalli for equal to 35% of the Preliminary Price starting from the day following the expiry of the Exercise Period of the Call Option and lasting for a further 12th months, in the event that Esautomation has not exercised the Call Option;
- (v) certain conditions relating to the obligation of the parties to proceed with the completion of the Transaction, in line with those generally envisaged and in the context of similar transactions, including:
 - a) the successful conclusion of the trade union consultation procedure pursuant to Article 47, Law no. 428 of 29 December 1990, in relation to the NewCo Contribution;

¹ Upon completion of the Transaction, Sangalli's family will own no. 603,500 shares of Esautomation equal to 4.99% of the share EGM capital of Esautomation and 4.05% of the voting rights.

² The value of ESA shares was determined independently by Esautomation and Sangalli for the purpose of determining the component in kind of the Consideration.

- b) the completion of the NewCo Contribution;
 - c) the delivery by Sangalli to Esautomotion of the certificate provided for in Article 14, paragraph 3, of Legislative Decree no. 472 of 18 December 1997; and
 - d) that the value of the Business Branch resulting from the sworn valuation report of the Business Unit is not less than 10% of the Preliminary Price;
- (vi) a set of commitments and guarantees issued by Sangalli in favour of Esautomotion, in line with those generally provided for in the context of similar transactions;
- (vii) certain shareholders' agreements to govern the relations between Esautomotion and Sangalli as shareholders of NewCo following the completion of the Transaction and, in particular, certain aspects relating to the governance of NewCo (e.g., relating to the role of Mr. Massimo Sangalli within NewCo as a member of the Board of Directors) and the NewCo shareholding transfer regime.

Esautomotion will meet the economic commitments deriving from the Transaction exclusively through its own funds.

Esautomotion was assisted by Studio Legale BonelliErede, as legal advisor, and by Deloitte, as financial advisor.

Sangalli is a historic company of the Monza industrial area founded in 1957 and active, mainly in the production, purchase, sale, rental, installation, management, import and export of electric motors of all kinds and types as well as spare parts of the engines themselves and complementary products. As of December 31, 2022, Sangalli consists of two production units of approximately 3000 square meters and 49 employees and recorded revenues of approximately Euro 7,300 thousand, an EBITDA of approximately Euro 1,650 thousand, NFP of approximately Euro 1,300 thousand. The Sangalli products portfolio includes: (i) brushless servomotors for applications in industrial automation, robotics and machine tools; (ii) energy-efficient and fuel-efficient components and generators for renewable energy and light traction applications; (iii) direct drive solutions for both torque motor and spindle motor applications; and (iv) a wide range of servo motor accessories suitable for every industry and industrial application.

The Transaction is the Group's first acquisition and represents an important industrial and managerial opportunity within the Group's strategy.

The main objectives of the Operation are:

- (i) integrate a strategic supplier into the Group, with a positive and continuously improving revenue trend (from approximately Euro 4,082 thousand in 2018 to approximately Euro 7,300 thousand in 2022); Sangalli, in 2022, provided 12% of the total purchases of goods of Esautomotion;
- (ii) reinforce the presence of high energy performance and low environmental impact motors in the Company product portfolio, so as to accelerate the growth of Esautomotion through the development of special motors dedicated to the production of green, hybrid or electric automation machines;
- (iii) increase the percentage of Esautomotion 'full package' (CNC + Motors + drives + networking + accessories) sales compared to 'CNC only' products, which, to date, constitute 58% of the Company's 2022 revenues;
- (iv) acquire new national and international customers and develop new highly innovative and fast-growing business areas in the world of automation: short-range mobility with electric traction (scooters, small boats), wind power, automation of moving machines (agriculture). In 2022, 63% of Sangalli revenues were addressed to non-Esautomotion customers.

Gianni Senzolo, CEO of Esautomotion, said: *"The acquisition of Sangalli's business represents a further evolution and acceleration in the growth process of Esautomotion. The CNC (numerical control) product, in its technological evolution requires more sophisticated and performing electric motors, often specifically designed for a specific application. Sangalli's know-how will therefore allow the Group to include in its product range cutting-edge systems in the new and*

constantly evolving markets of automation and High Performance and Green electric motors. Thanks to the acquisition, Esautomation will be able to further strengthen itself by exiting more and more from the arena of mass products with Asian competition, distinguishing itself in the world of national and international automation with greater added value".

Massimo Sangalli, Chairman of the Sangalli Group, said: *"I am very pleased to join the Esautomation Group. We have been working and growing together for the last 15 years. The continuous and pressing demand for higher performing and faster motors, suitable for extreme working conditions coming from our historical customer and friend Gianni Senzolo (CEO of Esautomation) has helped the Sangalli group to evolve in technology, quality standards and production efficiency to compete with the products of market leaders and Asian competitors. The Sangalli group achieves just over a third of its turnover from Esautomation, sells other motors to other CNC manufacturers (numerical control) and will continue to sell them, but has been diversifying for years to exploit the skills acquired in new high-growth sectors. The Sangalli group specialises in the development of difficult and innovative products with great efficiency and, thanks to its entry into the Esautomation Group, will be able to increase its production capacity by moving from prototype batches to industrial batches in the most promising market niches in addition to those already well developed with the Esautomation Group." .*

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