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Oggetto : Closing Sangalli acquisition

Testo del comunicato

Vedi allegato.



COMPLETED THE ACQUISITION OF THE SANGALLI S.R.L., FORMERLY SANGALLI SERVOMOTORI S.R.L. BUSINESS. SANGALLI IS A COMPANY ACTIVE IN THE ELECTRIC MOTOR MARKET

Carpi, 10th July 2023

Esautomotion S.p.A. ("Esautomotion" or the "**Company**"), the operating holding company of the Esautomotion group (the "Group"), active in the field of high-precision mechatronic components for industrial machines, following the communication of the 22nd April 2023 in the context of the signing of the investment agreement and shareholders' agreement (the "**Investment Agreement**") between the Company and Sangalli S.r.l. (formerly Sangalli Servomotori S.r.l., the "**Seller**"), Elettromeccanica Vittorio Sangalli S.r.l. and Mr. Massimo Sangalli, announces that today it has completed the acquisition by the Company of the Seller's *business* through the purchase of 65% of the share capital of a newly established company (the "**Initial Shareholding**"), Sangalli Servomotori S.r.l. (formerly Sangalli Motori S.r.l., "**NewCo**") in which the business unit consisting of all the activities organized for the exercise of the Seller's electric motor production and development activity (the "Transaction") was transferred.

As established by the agreement signed on April 21, 2023, it provided for a total purchase value of a total of Euro 10,000,000 from which any positive net financial position (net financial debt) of NewCo as at 7 July 2023 (the "**Preliminary Price**"), subject to adjustment mechanisms similar to those usual for similar transactions, must be subtracted for the purchase of the entire share capital of NewCo (the "**Price**").

The price for the sale of the Initial Participation, subject to adjustment mechanisms similar to those customary for similar transactions, amounting to Euro 6,448,803.82 (the "**Initial Participation Price**") was paid by the Buyer to the Seller as follows:

1. partly in kind, i.e. in 170,000 shares of **Esautomotion (the "ESA Shares")**, already in the Company's **portfolio, for a total value of approximately Euro 1,020,000**, by transfer of the same, ¹free from any constraint and with regular dividends, to the securities account in the name of the Seller. All ESA Shares held by the Seller's group, including the 433,500 shares of Esautomotion already held by the same, ²are subject to *lock-up* commitments for the next 24 months as of today;
2. partly in cash, by bank transfer (A) to an escrow account to guarantee the correct fulfilment of the adjustment procedure for the Consideration, for a total value of Euro 500,000; and (B) to a current account in the name of the Seller in immediately available funds, for a total equivalent amount of Euro 4,928,803.82.

It should also be noted that the Investment Agreement provides:

- (i) The granting of a call option by Sangalli to Esautomotion (the "Call Option") concerning a stake equal to 35% of the share capital of NewCo, exercisable by Esautomotion 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"); and
- (ii) The granting of a put option (the "Put Option") by Esautomotion to Sangalli for a stake equal to 35% of the share capital of NewCo, exercisable by Sangalli for equal to 35% of the Price, and,

¹ The value of the ESA Shares has been determined independently by Esautomotion and the Seller for the purpose of determining the in-kind component of the Consideration.

² Following payment of the Consideration, the Seller's group holds 603,500 shares of Esautomotion, equal to 4.99% of the Euronext Growth Milan share capital of Esautomotion and 4.05% of the voting rights.

- (iii) certain shareholders' agreements to govern the relationship between Esautomotion and the Seller as shareholders of NewCo and, in particular, certain aspects relating to the governance of NewCo and the regime for the transfer of NewCo's shareholdings.

For further information on the Transaction, please refer to what has already been disclosed to the market through the press release published on 22nd April 2023 available on the Esautomotion website in the section <https://www.esautomotion.com/it/investors-relations/comunicati-stampa/>.

Esautomotion was assisted by Studio Legale BonelliErede, as legal advisor, by Deloitte, as financial advisor, Studio Rinaldi Modena as accountancy and company advisor, BDO regarding the fairness opinion.

Sangalli is a historic company of the Monza industrial area founded in 1957 and mainly active 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, and an NFP of approximately Euro 1,300 thousand. The Sangalli product 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 deal are to:

- (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, Esautomotion 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 Esautomotion 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 Esautomotion) 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 Esautomotion, 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 Esautomotion 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 Esautomotion Group.*".

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