



## PRESS RELEASE

### **RELATECH: THE GROWTH STRATEGY CONTINUES WITH THE M&A OF 53.50% OF XONNE SRL, LEADING INNOVATIVE SME FOR AUGMENTED AND VIRTUAL REALITY SOLUTIONS.**

#### **READY FOR THE DIGITAL CUSTOMER EXPERIENCE IN THE POST COVID19 AND INDUSTRIAL IOT APPLICATIONS**

- **26.50% payment in Relatech Shares, evaluated at Euro 7.85 each, with a 35% premium on share price on July 17<sup>th</sup> 2020**
- **27% by share capital increase through cash payment from Relatech**

Milan, July 20<sup>th</sup> 2020

**Relatech S.p.A.**, *Digital Enabler Solution Knowledge (D.E.S.K.) Company*, qualified as innovative SME and listed on the AIM Italia market (Ticker: RLT) since June 2019, announces that today it has signed **the closing of the acquisition of 53.50% of the share capital of Xonne S.r.l.**, an innovative SME specialized in virtual, augmented and mixed (or digital) reality solutions. In details, **payment of 26.50% in Relatech Shares, evaluated at Euro 7.85 each, on share price on July 17<sup>th</sup> 2020, and 27% by share capital increase through cash payment from Relatech.**

#### **STRATEGIC RATIONALS**



The aforementioned acquisition takes on a particularly strategic and decisive value for Relatech, which through Xonne frontier technologies, proven *skills* and *know-how*, will further enhance its **business model** by strengthening its *digital* and *cloud based* platform **RePlatform**; will further diversify the offer with a wider set of digital services and solutions and consolidate its competitive position by attacking new market sectors. The Xonne M&A transaction, only one month after the closing of the acquisition of Mediatech (closing completed on 23/06/2020), represents the seventh target integration for Relatech, confirming the solid strategy undertaken by the *top management* of the Company which continues its growth path based on the **3M Strategy, Merge, Management, Margin**.

**In 2019 Xonne, based in Parma, achieved a turnover of approximately Euro 713 thousand.**

Born in 2011, Xonne is an Innovative SMB specialized in *Digital Enabler Technologies*, such as **Augmented & Virtual Reality** (AR and VR), **Mixed Reality** (MR, also called "DR" digital reality) and **Internet of Things** (IoT), develops highly innovative digital solutions and applications dedicated to the world of **mobile**, **computer vision** and **wearable** to make the user experience total and immersive at 360°, also useful to address social distancing needs required by anti **COVID19** regulations. Xonne specializes in the creation of VR/AR solutions, such as wearable devices, which allow the user to interact and manipulate objects with total freedom of movement within specific virtual environments. **Thanks to the use of 3d oculos, for example, the user can test the effectiveness and functionality of the production line of an industrial machinery in a totally simulated mode starting from the design of the machine itself, even if it has not yet been created, enabling Industrial IOT applications.**

The integration of Xonne marks the beginning of a real *industrial partnership* with Relatech and starts a synergistic collaboration that aims to:

- i) Feed and further enhance the *digital cloud-based* platform **RePlatform**, strengthening the Group's business model;
- ii) develop new digital solutions using Mobile and AR/VR technologies on sectors like **Digital Customer Experience** for the creation of new ways of engaging customers ready for the post-COVID9 era, and **Industrial IoT** for the creation of Digital Twins models for the intelligent monitoring of industrial systems and processes;
- iii) Penetrate new market sectors through **cross-selling** and **up-selling** activities aiming to enlarge the Group's **customer base**.



**Pasquale Lambardi, CEO of the Relatech group**, comments on the transaction: *"the integration of Xonne confirms the growth strategy of the Company, which aims to acquire targets capable of integrating with our business model, bringing significant added value and capable of activating strategic **industrial partnerships** for the development of the Group. The operation, in fact, increases our skills in the development of digital solutions in the **IoT** and **Virtual, Augmented and Mixed Reality** world. The virtual reality market, both in the B2C and B2B segment, with high investment values, in fact, according to the forecasts of a recent IDC study, world spending in AR and VR is estimated at about 160 billion dollars by 2023 with an annual growth rate for the next 5 years of 78.3% (CAGR 2018-23). It is now known that **Digital Reality** devices have reached levels of improvement and reliability such that they can be valid work tools within the industry, which can rethink and reshape its corporate assets. In this regard, in fact, the analysts of **Klecha&Co.**, show that an increasing number of companies have already assessed investments in AR and VR and that the industry's expenditure will be approximately 121 billion dollars by 2023, exceeding by three times that of consumers (about \$40 billion). The goal is therefore to actively collaborate in the development of new vertical solutions within this market segment, in which Xonne is highly specialized and in this way enhance the solidity of our business model based on **RePlatform**. This integration, the seventh in the last 5 years, confirms the Group's growth strategy, namely the **3M Strategy, Merge, Management and Margin**, in which Merge does not translate as a mere acquisition of a target but the beginning of a tangible and strategic partnership, and that is why we consider Xonne, its partners and employees as an integral part of the Group and in this regard. Despite being a young and strongly innovative company with important investment made in technology, Xonne has closed 2019 with **an Ebitda of approximately 4% of the revenues and a PFN close to zero**. On behalf of all Relatech, we welcome new colleagues."*

*"Working on the move is today a mandatory requirement for all companies as the Covid-19 lockdown has shown us", **highlights Alessio Garbi, CEO Xonne**. "The need for companies to identify new collaborative approaches with customers, suppliers and even employees based on Mobile technologies that have been Xonne's core business since its inception has become increasingly clear. Innovative solutions based on Augmented and Virtual Reality will allow companies to increase productivity, quality of services and their competitiveness. Xonne's growth in recent years on these technologies will be consolidated thanks to the important industrial partnership with Relatech and the integration with their existing services and solutions (RePlatform). The*



*investments of companies on the "mixed reality" is an important confirmation of our future technological direction. Starting from the experiences gained so far, Xonne aims to create new solutions on specific market segments such as Healthcare, Logistics and Industry. With the Relatech-Xonne operation we consolidate the experiences gained by the entire team with the aim of further strengthening it with investments, making us ready for the challenges of the coming years. "*

## **TRANSACTIONS STRUCTURE**

The transaction, concluded for a consideration of approximately Euro 317,000 (for 53.50% of the investment), involves the payment at closing of a component in kind through the sale of a total of **n. 20,000 Relatech shares conventionally valued at an amount of Euro 7.85 each (i.e. with a premium of approximately 35% of the last share price recorded at the end of the last trading day before the announcement date)**, and a cash component of € 160,000 by way of increase in the Target's share capital.

Relatech and the Sellers have also signed a five-year shareholders' agreement aimed at regulating the terms and conditions of the relationships between them as Xonne shareholders, as well as the provisions on *corporate governance* and the transfer of investments to the *target* including the concession of reciprocal purchase and sale options (*put & call*) aimed at transferring the residual share capital of Xonne over a medium-term time horizon and respectively from December 31, 2021 and December 31, 2022, all for a consideration to be determined based on a multiple of Xonne's Ebitda net of the related Net Financial Position at the time of exercise of the option.

The sellers (not related parties) will accrue an *earn-out* to be determined on the basis of the achievement of certain Xonne *performance* parameters in the years up to 2022 and undertake a specific *lock-up* commitment in relation to the Relatech shares purchased, for a duration of 36 months from the *closing* of the transaction and therefore, starting today 20 July 2020. Management continuity in Xonne is guaranteed by maintaining the position of a CEO currently in office. In addition, the sellers undertake to respect a non-compete agreement lasting 5 years from the closing date.

Thy mos Business&Consulting S.R.L. assisted Relatech as adviser in the transaction.



This press release is online at [www.relatech.com](http://www.relatech.com) (Investor Relations/Press Release section) [www.emarketstorage.com](http://www.emarketstorage.com).

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*Relatech (ticker RLT ISIN IT0005371874), Digital Enabler Solution Company (D.E.S.C.), listed on AIM Italia since June 2019, is present on the market with innovative solutions dedicated to the digital transformation of companies. Relatech is an innovative SME focused on customers looking for the most innovative solutions, becoming a strategic partner for digitization and ICT services. Relatech constantly invests in Open innovation with an extensive R&D activity carried out internally and numerous partnerships with the main Italian Universities and research centers. Thanks to its digital platform and cloud based RePlatform, it provides services and develops innovative digital solutions in frontier technologies of Digital Enabler, such as Cloud, Cybersecurity, Blockchain, Big Data, Machine Learning, Artificial Intelligence, Internet of Things.*

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*Xonne S.r.l., born in 2011 and based in Parma, deals with the development of solutions and applications dedicated to the mobile, web, virtual & augmented reality world. Thanks to the proven skills, the company creates customized communication plans for each mobile / web project, based on the study and analysis of the functionality, graphic interface creativity, application development (iOS, Android, Windows Phone) and publication on the stores, with the aim to create the optimal mobile promotional solution. Xonne uses augmented and virtual reality technology to create innovative and emotional mobile solutions by creating: interactive AR catalogs; usability of classic 3D modeling functions (allowing App users to interact with displayed objects by "touching them with their hand" by rotating, zooming in, zooming out); live brochure AR; AR 360 ° immersion (integration of the advanced technological function of the AR 360 ° immersions, allowing the person to simulate his visit within this 360 ° environment by navigating the space with the device or with AR glasses).*

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## **Contacts**

### **ISSUER**

**Relatech S.p.A.** | [investor@relatech.com](mailto:investor@relatech.com) | T: +39 02 2404909 | Viale Ercole Marelli, 165 - 20099 Sesto San Giovanni (MI)

### **NOMAD & SPECIALIST**

**BPER Banca S.p.A.** | [relatech@bper.it](mailto:relatech@bper.it) | T: +39 02 7274 9229 | Via Gaetano Negri, 10 - 20123 Milan

### **INVESTOR & MEDIA RELATIONS**

**IR Top Consulting** | [ir@irtop.com](mailto:ir@irtop.com) | T: + 39 02 4547 3883/4 | Via Bigli, 19 - 20121 Milan