



PRESS RELEASE

CIRCLE expands in the Iberian Peninsula through joint venture agreement with Magellan, Portuguese entity delivering advocacy services towards the European Institutions

The operation will be illustrated to investors together with the presentation of potential targets and “Strategic Road Map 2024” tomorrow December 1st, 2020 at 14:30 P.M. during Circle Virtual Investor Day.

Genoa, November 30th, 2020

Circle S.p.A., (“**Circle**” or the “**Company**”), company heading the homonymous Group specialized in the analysis and development of automation and digitalization solutions for port and intermodal logistics sectors, listed on the AIM Italia market organized and managed by Borsa Italiana, expands in the Iberian Peninsula through joint venture agreement with Magellan, Portuguese entity delivering advocacy services towards the European Institutions with offices in Porto and Brussels (“**Magellan**”), Ana Paula Mesquita and Tiago Gali Macedo, both essential presences at Magellan (“**Partners**”).

The joint venture agreement aims to integrate activities, competences and people of, from a side, the newCo “Circle Connecting EU” (“**Circle Connecting EU NewCo**”), incorporated today by Circle as a spin-off of the homonymous Business Unit offering *Project Anticipation* and *EU Branding* services that will be completed by December 2020 and effective as from December 31th 2020; from the other side, the NewCo “Magellan” (“**Magellan NewCo**”), in turn incorporated on November 27th 2020 for the specific purpose to purchase the business initiatives of Magellan from the Partners .

In particular, the agreement provides for the investment by Circle in Magellan NewCo through two different steps, as it follows.

According to Luca Abatello, President and CEO at Circle “Thanks to the joint venture agreement with Magellan, Circle will expand its international geography, with particular reference to the Iberian Peninsula, increase the number and type of EU funded projects covered, and strengthen its presence in Brussels. During the last decade we managed successfully more than Euro 10 million of EU funding; we are convinced that strengthening these competences and getting even closer to European Institutions will make us further appealing for companies and organizations that need a qualified and



reliable partner in order to manage the Green New Deal transition and take maximum advantages from opportunities related to Next Generation EU Recovery Fund”.

Alexio Picco, Managing Director at Circle been heading since its establishment Connecting EU Business Unit to be shortly contributed to the NewCo added: “Today helping our customers to innovate and be more competitive means combining efficiency and sustainability. Thanks to this transaction we can now manage with more skills and experiences thematic and sectors like sustainability, circular economy and the strict connections between energy, transport and environment, thus significantly increasing our capability to intercept and make best use of the relevant European funding”.

1. Description of Circle Connecting EU business subject to spin-off to Circle Connecting EU NewCo

Circle operates since its establishment in 2012 in the field of European funded projects. More specifically, through Connecting EU Business Unit, to be shortly contributed to Circle Connecting EU NewCo, the Company supports public authorities and private companies by achieving their strategic objectives through European funding (*Project Anticipation*) (“***Circle EU Going Concern***”).

In 2020 Circle has added to these activities the new business unit *EU Branding*, which is offering to its customers services including digital and social multichannel promotion, organization of physical and virtual events and business to business matching, aimed at strengthening relations with stakeholders and improve positioning at a European level of companies and public organizations (such as associations) specialized in port, transport and logistics.

Distinctive mixed skills and interdisciplinary work of its professionals, has allowed Circle to acquire with Connecting EU a great track record in cross-functional processes, by creating and managing effectively large-scale international consortia and by contributing in significant way to the business development of its both public and private clients.

Among various success cases that Circle numbers in its portfolio, it is worth mentioning DocksTheFuture (selected within the framework of Horizon 2020 Programme to define the Port of the Future), FENIX - A European Federated Network of Information eXchange in LogistiXStudy, which intervenes on nine TEN-T logistic corridors and four maritime Motorways of the Sea connections, and E-BRIDGE, which is part of the wider programme of measures of national



relevance after the emergency derived from Morandi bridge collapse to support the technological development of Port of Genoa, and I RAIL, CEF project setting TAF TSI and rail last mile interoperability standards at national and European level.

2. Description of Magellan NewCo business and profits attributable to these activities

Incorporated in Porto last November 27th, 2020, Magellan NewCo has purchased the activities of Magellan related to the delivery of advocacy services towards the European Institutions (“*Magellan EU Business*”).

The company brings together a set of skills particularly in the fields of Management, Law, Economics, International Relations, Political Science and Engineering, and a client portfolio including associations and clusters, public entities and bodies and scientific institutions, in a broad range of sectors, namely, transport and logistics, energy, environment, communication and information technologies, forest, textile and clothing, fashion, health, youth entrepreneurship, development, among others.

Preliminary financial results for the year 2020 of Magellan EU Business transferred to Magellan NewCo forecast a **Value of Production** of about Euro 0.6 million and **Net Financial Position** of *cash neutrality*.

Forecast for the year 2021 of two entities Circle Connecting EU NewCo and Magellan NewCo shows about Euro 1.5 million in terms of **Value of Production** and Euro 0.35 million in terms of **EBITDA**.

3. Terms of the transaction

The agreement signed respectively with Magellan, Ana Paula Mesquita and Tiago Gali Macedo, provides that in a first phase, upon completion of the transaction, Circle becomes the holder of a minority participation of about 26% of the share capital of Magellan NewCo, with remaining quotas equally owned by the Partners Ana Paula Mesquita and Tiago Gali Macedo (the “*Master Agreement*”).

The parties expect to complete the transaction – upon the occurrence of the conditions precedent provided for in the Master Agreement and which represent a standard for this kind of agreements – not before January, 15th, 2021.



In accordance with the Master Agreement, Circle will purchase at a later stage and in any case within July, 31st, 2021 a further participation of about 25% of the share capital of Magellan NewCo, pursuant to terms described below, thus holding a majority participation.

3.1 First Closing

The Master Agreement provides that the initial purchase of 26% of the share capital of Magellan NewCo will take place through (i) the full subscription and pay-in of corporate capital increase, in kind, reserved to Circle that will be resolved by the current shareholders of Magellan NewCo at the closing date for a total amount of Euro 240,100 (“*First Corporate Capital Increase*”) and, in the same context, (ii) the direct purchase of a participation equal to 12,10% of the share capital of Magellan NewCo held by the Partner against a consideration of Euro 200,000 (the “*First Closing*”).

As to the First Corporate Capital Increase, it will be subscribed and paid-in by Circle upon First Closing date through a contribution in kind of a participation equal to 49% of the share capital of Circle Connecting EU NewCo. In order to purchase a 12,10% participation of the share capital of Magellan NewCo, Circle will pay to Partner by way of cash the above-mentioned consideration.

3.2 The Second Closing

The Master Agreement also provides that - upon the occurrence of the financial assumptions intended by the parties - Circle will purchase by July, 31st, 2021, a further participation equal to 25% of the share capital of Magellan NewCo through (i) the full subscription and pay-in of a corporate capital increase, in kind, reserved to Circle that will be resolved by the general meeting of Magellan NewCo at the second closing date for a total amount of Euro 249,900 (the “*Second Corporate Capital Increase*”) and, in the same context, (ii) the direct purchase of a participation equal to 15,41% of the share capital of Magellan NewCo held by the Partner for a consideration of further Euro 200,000 (the “*Second Closing*”).

The Second Capital Increase will be subscribed and paid-in by Circle through a contribution in kind of a participation equal to remaining 51% of the share capital held by Circle in Circle Connecting EU NewCo.



The Master Agreement provides that the purchase price of further 15,41% participation of Magellan NewCo will be paid by Circle partly by cash and partly in kind. As to the purchase price portion to be paid by cash, at Second Closing date, Circle will pay to Partner an amount of Euro 165,000. The remaining part of the price, which is equal to Euro 35,000, will be paid indicatively through the transfer in favor to the Partner of Circle's own shares.

As a final result of the above-mentioned transactions, Circle will hold a participation equal to 51% of the share capital of Magellan NewCo, while the Partner Ana Paula Mesquita and Tiago Gali Macedo will equally hold the remaining part. In turn, Magellan NewCo will be owning a participation representing the 100% of the share capital of Circle Connecting EU NewCo.

The Master Agreement provides also for the undertaking of Circle and the Partner at the First Closing date to enter into a shareholders' agreement in order to regulate their mutual future relations as shareholders directly of Magellan NewCo and indirectly of Circle Connecting EU NewCo.

In particular, in order to contribute as much as possible to the international growth of the companies involved in the project, the Master Agreement provides that the Board of Directors of Circle Connecting EU NewCo and Magellan NewCo will be composed, as of the First Closing date, as follows:

- Magellan NewCo: (three) 3 members; for Magellan Ana Paula Mesquita (President) and Tiago Gali Macedo (Vicepresident); for Circle Alexio Picco (Managing Director at Circle).

Starting from the Second Closing date, Circle, being the majority shareholder, will have the right to appoint the majority of the members, thus Luca Abatello (President and CEO at Circle) will take over as new member of and Chairman of the Board of Directors, while Partner Tiago Gali Macedo will take part to the relevant meetings as permanent guest;

- Circle Connecting EU NewCo: (three) 3 members; Alexio Picco (Member of board and Managing Director) and Luca Abatello (President & CEO); for Magellan Ana Paula Mesquita (President at Magellan).

For this transaction Circle has been advised by LCA Studio Legale for legal aspects and related capital markets issues, by Studio Palma Dottori Commercialisti Associati for the fiscal aspects and by BDO Italia S.p.A..



The transaction does not configure a substantial transaction according to Article 12 of the Rules Companies provided by Borsa Italiana S.p.A.

4. Impact of the transaction on the company

This agreement will enable Circle to accelerate its path growth and its expansion through acquisitions and joint ventures, as stated during the IPO phase and in line with Strategic Road Map 2024.

This transaction will also give further impulse to the internationalization of Circle Group, increasing the presence of the Group in Europe and in the MED area (especially in the Iberian Peninsula), strengthening the Group's institutional presence in Brussels, and take taking maximum advantages from opportunities related to Green Deal and Next Generation EU Recovery Fund.

5. Circle Virtual Investor Day: tomorrow December 1st, 2020 the presentation of potential targets and “Strategic Road Map 2024”

The above-mentioned transaction together with potential targets and “Strategic Road Map 2024” will be presented to investors tomorrow December 1st, 2020 at 14:30 P.M. via streaming during Circle Virtual Investor Day.

The event will see the participation of the following speakers:

- Luca Abatello, *President and CEO* Circle
- Fabrizio Ferrari, *Vicepresident* Log@Sea
- Alexio Picco, *Managing Director* Circle
- Ana Paula Mesquita, *President* Magellan

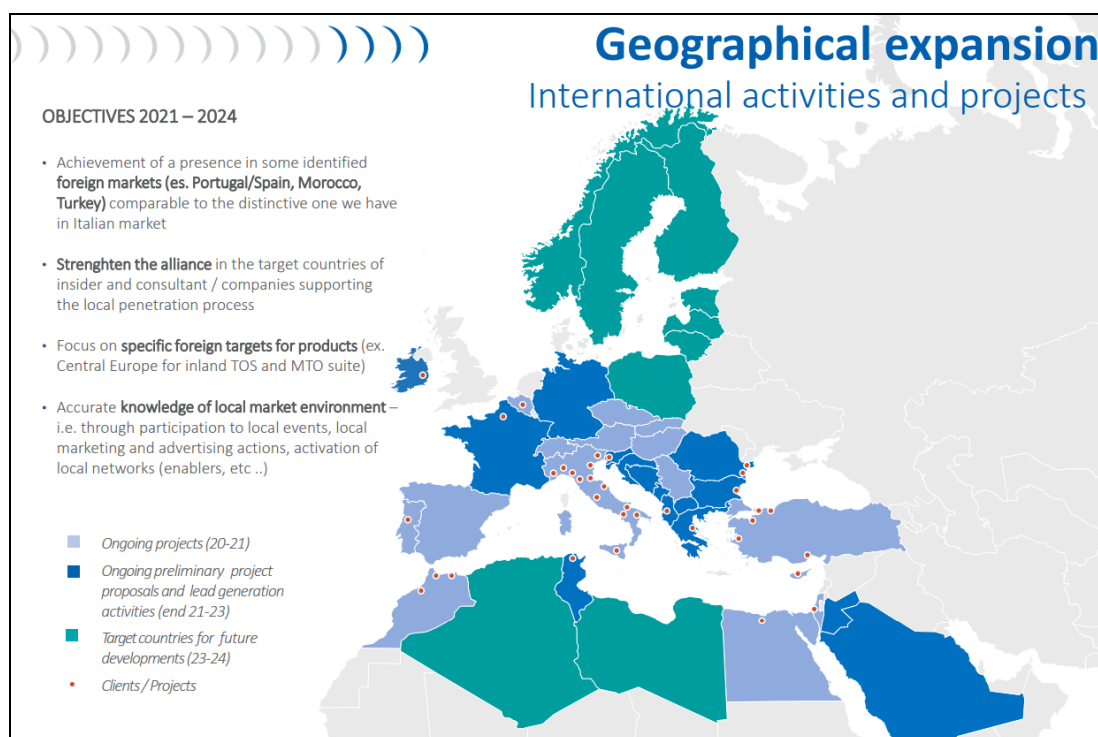
To join the streaming registration is required [here](#)

Circle **Strategic Road Map 2024** consists of the following 4 strategic guidelines:

- Product evolution of Milos®, MasterSped® and Sinfomar® consistent with their specific Road Maps, and of new “federative” services – released to the market during 2020 in order to answer to digital transformation needs made even more evident by the pandemic – enabling enable quick and simple interoperability between existing intermodal supply chain platforms, improving decision-making efficiency and operational optimisation;

- EU services evolution, with particular regard to opportunities related to Next Generation EU;
- Geographical expansion in target markets, like the MED area, Central Europe, Middle East and Baltic area;
- The pursuit of projects and strategic operations like “systematic M&As” to acquire complementary services or to penetrate markets on which the Group’s development strategy is focused.

With particular regard to geographical expansion, Circle’s goals are to be present in foreign markets like Iberian Peninsula, Morocco and Turkey (in 2021), to strengthen alliances enabling a more effective market penetration, as well as to focus on specific foreign targets for products (for example, Central Europe for inland TOS and MTO Milos® suite) between 2021 and 2022, with a further expansion to Middle East and Baltic Countries between 2022 and 2024.





In order to carry out the Strategic Road Map 2024, after the three acquisition transactions made (InfoEra, Progetto Adele, Magellan) the strengthening of Log@Sea Network of Enterprises and two Strategic Alliances made (Maps and Expert System), Circle is evaluating complementary target companies enabling to expand and enhance its offer with particular regard to:

- new services for freight forwarders and international shippers (in synergy with Milos® and MasterSped®);
- presence in new areas and the strengthening of the presence in those areas where Circle already operates with new local presences;
- new federative services between shippers, ports, MTOs, rail and freight forwarders (in synergy with Milos®, MasterSped® and services for the port community).

in line with its Systematic M&A strategy, axis of growth complementary to the internal one.

Circle aims at reaching the following Business Goals at 2024:

- become the leader in its target market in Central-Southern Europe and in the MED Area;
- confirm its capability to anticipate evolution trends with particular regard to EU Customs Code and 2025 EU Customs Multi-Annual Strategic Plan;
- maximise the competitive advantage coming from its business in the field of European funded projects and pilot projects with particular regard to the development of evolved International Fast and Secure Trade Lanes.

Moreover, Circle aims at reaching the following Financial Goals at 2024:

- Revenues between* Euro 14 and 16 million;
- EBITDA between* Euro 2.1 and 3 million;
- International activities at 25-30% of total business;
- Increase (in greater proportion than the increase registered by other products) of federative services offered as Software-As-A-Service and Pay-Per-Use.

** The evolutions of the figures above displayed will be obviously also depending on the timing of Systematic M&A transactions outlined in the Strategic Road Map 2024.*



This press release is available at www.circletouch.eu in the Investor Relations section and www.linfo.it.

The documents shared with investors during the Virtual Investor Day will be made publicly available tomorrow starting from 14:30 PM at www.circletouch.eu in the Investor Relations section.

Established in Genoa in June 2012, **Circle S.p.A.** is the company heading the homonymous group, specialized in the **analysis and development of automation and digitalization solutions for the port and intermodal logistics sectors**. The acquisition, at the end of 2017, of 51% of InfoEra guaranteed the strengthening of the related **Milos®** and **Sinfomar®** software products, focused on the intermodal logistics sector, inland terminals and port terminals, ports (Port Community System of the Port of Trieste, in example), as well as to MTOs and maritime agencies. During 2019 Circle is further strengthening the solutions portfolio, in the IOT, Optimization, Digital Twin, Big Data, Process Automation sectors and, in July 2019, Circle has acquired 100% of Progetto Adele, a software house specialized in the development of vertical software systems on the Supply Chain with the two **Master SPED** and **Master TRADE** solutions, respectively dedicated to shipping and logistics, and commerce and industry. Furthermore, through the Connecting EU Business Unit, Circle supports Public Entities and Companies by identifying their positioning at European level (**EU Branding**) and funding opportunities (**Project Anticipation**). From October 26th, 2018 Circle is listed on the AIM Italia market of Borsa Italiana (alphanumeric code: CIRC; ISIN code for ordinary shares: IT. 0005344996). Circle is an Innovative SME.

For further information

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