



Concentric AB acquires EMP Inc for MSEK 1,260 (MUSD 147) in a transformational deal to support the e-pump electrification strategy

Concentric AB ("Concentric") has reached an agreement to acquire Engineered Machined Products, Inc. ("EMP"), a leading US producer of electric and mechanical water and oil pumps, electric fans, thermal management systems and precision machined components for MSEK 1,260 (MUSD 147) on a cash and debt free basis. The entire consideration will be paid in cash and the transaction is expected to close on 29 October 2021. The acquisition is a transformational event as it strengthens Concentric's capabilities in electrical products including electrical fans, e-oil and e-water pumps and will increase the company's revenues by more than 50% on an annual basis.

Technology + Innovation = Sustainability

Concentric's focus is to develop world class technology with innovative solutions that meet the sustainability needs of our customers. As transport systems and support infrastructures move to a CO2 neutral future, there are several competing technologies with fuel cells, battery and hybrid solutions. With EMP's product portfolio Concentric can offer its customers products that are universally applicable regardless of the preferred technology. In addition, EMP's thermal system capabilities gives Concentric the ability to supply entire integrated cooling systems.

Financial implications of the transaction

- EMP will be consolidated into Concentric's accounts, subject to any post-closing conditions, from 29 October 2021.
- For the 12-month period ending December 2021, EMP forecast revenues of about MSEK 1,095 (MUSD 127) and adjusted EBITDA of about MSEK 147 (MUSD 17).
- Concentric will pay MSEK 1,260 (MUSD 147) in cash on a debt and cash free basis, however taking on finance leases of equipment of about MSEK 37 (MUSD 4), valuing EMP at 8.6x FYF 2021 adjusted EBITDA
- Concentric will finance the transaction using MSEK 1,072 (MUSD 125) of debt, with the remainder being funded from existing cash reserves. The debt will be made up of a new MSEK 858 (MUSD 100) term loan facility with the remaining MSEK 214 (MUSD 25) drawn down from an existing revolving credit facility.

David Woolley, CEO of Concentric, comments:

" This is a landmark transaction, and a step change in Concentric's electrification strategy as we dramatically increase our capacity, technological know-how and product portfolio to accelerate our growth in electrical products. We are now on track to beat our ambitious target of having 20% of group sales stemming from electrical products by 2025. EMP is predominantly active in North America enabling significant growth opportunities by expanding their geographical reach through our global presence and sales force. As EMP also has relationships with a number of key customers in Concentric's markets the combination of the two companies increases the combined value proposition to these customers and provides Concentric with access to new customers and platforms in our current markets. EMP has been family owned for 30 years, and it is with great mutual respect that we now embark on this exciting journey together. I'm impressed by the employees and leadership at EMP and I know we have a close cultural fit that will be critical to our future success."

Brandon Larche, President and Chief Operating Officer of EMP comments:

" Concentric is the ideal partner to carry on the EMP legacy. They have an extensive global footprint and strong relationships with major international customers which will help drive EMP's growth in Europe and Asia. EMP has a long history of serving major OEM's, particularly in the North American market and aligning with Concentric will give us additional scale, resources and access to a truly global company that is committed to innovation and growth. We are excited to become part of Concentric AB, and I look forward to continuing to lead the EMP team within the combined organisation."

About EMP

EMP employs over 400 people and has a long track record starting 2006 of developing and commercialising e-pumps and other electrical products and systems. EMP has an extensive in-house electrical engineering team, allowing them to have significant involvement in the design and validation processes. EMP also produces a range of mechanical pumps which will complement Concentric's existing product portfolio and demonstrates an impressive ability to leverage robotics and automation techniques in their manufacturing processes. Further, EMP has long established relationships with major global OEMs and as they are primarily active in North America, Concentric's global footprint will offer an opportunity to grow the EMP business in Europe and Asia.

For further information about EMP, please see the enclosed presentation and the EMP website www.EMP-corp.com

This information is of the type that Concentric AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 07.00 CET on 26 October, 2021.

For additional information please contact Marcus Whitehouse, telephone +44-121-445 6545

Concentric AB is an innovator in flow control and fluid power, supplying proprietary systems and components to the world's truck, agricultural machinery, construction equipment and industrial applications end-markets. The company has a global manufacturing presence including in the UK, USA, Germany, Sweden, India, China and Argentina. Concentric's focus is to develop world class technology with innovative solutions that meet the sustainability needs of our customers. Concentric offers engine products including lubricant, coolant and fuel pumps, hydraulic products encompassing gear pumps and power packs, and finally several key technologies for the fast growing market for electrical and hybrid powertrains. The Group has a turnover of circa MSEK 1,500 and circa 700 employees.