



Sona Comstar adds a new pillar of growth “Sensors and Software” with the acquisition of NOVELIC

Gurugram, India, January 9th, 2023: Sona BLW Precision Forgings Ltd. (Sona Comstar), one of the leading global providers of automotive technology solutions, has signed an agreement to acquire a 54% equity stake in NOVELIC, a Serbia-based company founded in 2012, that is a leading provider of mmWave radar sensors, perception solutions and full-stack embedded systems. ADAS sensors are a fast-growing category in the automotive industry, with a **potential market size of c. US\$ 43bn¹ in 2030**. It is **one of the very few profitable, high-tech, and fast-growing companies** in the ADAS Sensor space. The acquisition is expected to be **EPS accretive for Sona Comstar from 1st year** and offers strong growth opportunities over the medium term. NOVELIC's CY22 Revenue and PAT is estimated at Euro 9.3 mn and Euro 2.5 mn respectively, and **it has been profitable every year since its inception**.

In line with our strategic roadmap, Sona Comstar is foraying into the ADAS sensor market. **NOVELIC is vertically integrated across the value chain from machine learning and perception software to hardware and chip design; its partners include global automotive OEMs, autonomous vehicle makers, Tier-1s and chip manufacturers like Infineon and Texas Instruments.** With the acquisition of Novelic, Sona Comstar has started building its third business vertical of ADAS Sensors and Software to address the megatrends of increasing vehicle autonomy and automation.

In-cabin sensing is becoming an essential safety requirement in cars globally. Children and pets left behind in locked vehicles have resulted in thousands of fatalities worldwide due to heatstroke. **Government regulations and car safety assessment guidelines mandate child presence detection (CPD) in new car models.** Euro NCAP 2023 requires child presence detection for a 5-star rating. **NOVELIC's mmWave radar technology is the best solution for in-cabin sensing due to its i) high accuracy, ii) lower cost and iii) privacy protection of occupants' privacy.** Through its sophisticated radar design and signal processing algorithm, NOVELIC's in-cabin monitoring solution detects life presence (LPD), child presence (CPD), and seat occupancy (SOD), amongst others. NOVELIC's in-cabin solution is highly accurate as it works under all light conditions, detects vital signs (heart rate and respiration) and locates objects anywhere in the cabin. NOVELIC's mmWave radar-based solution removes the need for weight sensors and associated wiring harnesses, resulting in significant cost savings for carmakers. **Unlike cameras, mmWave radar-based in-cabin sensing protects the privacy of occupants in the car.**

The current NOVELIC team, led by its founders Mr Darko Tasovac, Mr Veljko Mihaljovic and Dr Veselin Brankovic, will continue to lead the operations, ensuring continuity while leveraging Sona Comstar's scale and customer access for business development. The founders will hold 46% equity in Novelic after the completion of the transaction. NOVELIC has over ten years of market presence and more than 130 engineers in multidisciplinary teams and holds multiple global patents in the area of mmWave radar sensing and systems. It has grown at more than 50% CAGR over the last ten years without raising any external equity capital. **The acquisition of NOVELIC is accretive to Sona Comstar's management bandwidth, given a shared cultural commitment to innovation, technology and profitability.**



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Sona Comstar will acquire this 54% equity stake in NOVELIC for Euro 40.5mn through a combination of primary and secondary purchases with a staggered payment structure in the ratio of 60:20:20 at closing, 12 months and 24 months, respectively. The transaction values NOVELIC at an enterprise value (EV) of Euro 64.5mn on a pre-money basis and Euro 75mn on a post-money basis, with an implied valuation multiple of 26 times CY22 Estimated PAT. The transaction is expected to close by the end of Q4 FY23 and is subject to customary closing conditions.

Management Comment

Commenting on the acquisition, **Mr Vivek Vikram Singh, MD & Group CEO of Sona Comstar**, said: "I am excited to welcome NOVELIC to the Sona Comstar family. With this acquisition, we have added market-leading in-cabin radar-sensing technology to our technology offering. Increasing vehicle autonomy and automation is an emerging technology revolution in our industry. As we had done with EVs in 2016, we are taking a meaningful early step in the direction of the Electrified Autonomous Vehicle or e-AV. NOVELIC adds the hardware and software capabilities to design integrated systems for autonomous driving, including AI and ML as well as ASIC experience, to what we already have in mechanical, electric and electronic abilities. It is the beginning of building our third business vertical of sensors and software. In addition to its technology prowess, Novelic is unique in its approach to profitability and sustainable growth. In many ways, NOVELIC is like Sona in how we value money, technology and growth."

Mr Veljko Mihajlovic, Co-Founder and CTO of NOVELIC, said: "NOVELIC was founded with a clear mission to develop end-to-end capabilities in mmWave radar technology and to commercialize it through various product lines. We started as a team of 5, and today we are over 160 people, among which 130 engineers and 10 PhDs, developing product platforms at various European locations. We have managed to do it organically by providing value to our customers and generating and growing our revenue and profit year after year. For moving to the next phase of our growth, we are delighted to have a strategic partner in Sona Comstar which shares the same commitment to innovation and technology and will support us in scaling up our business. The moment we first interacted with the Sona Comstar team, we knew this was 'the one' because we had a great alignment of core values."

The compelling strategic rationale for the acquisition:

- NOVELIC is one of the very few profitable, high-tech, and fast-growing companies in the \$43bn¹ ADAS Sensors market; NOVELIC has been profitable every year since its inception in 2012
- NOVELIC's unique & patented mmWave radar technology is the best solution for in-cabin sensing due to a) high accuracy, b) lower cost, and c) privacy protection. In-cabin monitoring will see a rapid adoption due to legislation and OEM actions in major automotive markets globally.
- The acquisition is accretive to Sona's management bandwidth, given shared cultural commitments to innovation, technology & profitability. NOVELIC's operations will continue to be led by its founders, ensuring continuity while leveraging Sona Comstar's scale and customer access
- With the capability to do full vertical integration of hardware, software and AI/ML, NOVELIC partners with global automotive OEMs, autonomous vehicle makers, Tier-1s and chip manufacturers like Infineon and Texas Instruments



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- The acquisition is estimated to be EPS accretive for Sona Comstar from the 1st year, and offers strong growth opportunities over the medium-term

1. Source: McKinsey

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About NOVELIC

NOVELIC is the world's leading self-sustaining provider of mmWave radar sensors, perception solutions, and full-stack embedded systems.

During more than ten years of market presence NOVELIC has built an extensive portfolio of mmWave radar solutions and perception platforms that enable off-the-shelf and custom product focused on autonomous driving and automation. The specialty of the company are radars used for short-range application and people detection in various environments, including in-cabin monitoring.

NOVELIC also does full-cycle development of electronics and software services based on its hardware-in-loop (HIL) systems, control system, ECU hardware/software platform, annotation tools and other in-house platforms.

The company has more than 130 engineers covering multidisciplinary fields from software, algorithms, PCB, mechanics, RF and antenna design, to FPGA and ASIC design teams, accompanied by testing, system and project teams - able to deliver pioneering product and services for automotive, robotics, Industry 4.0, and IoT verticals.

For more information about NOVELIC, please visit www.novelic.com

About Sona BLW Precision Forgings Limited

Sona BLW Precision Forgings Limited (**Sona Comstar**) is one of the world's leading automotive technology companies. It was founded in 1995 and has its headquarters in Gurugram, India. Sona Comstar has emerged as a global supplier with nine manufacturing and assembly facilities across India, USA, Mexico and China.

Sona Comstar is primarily engaged in designing, manufacturing and supplying highly engineered, mission-critical automotive systems and components to automotive OEMs. Sona Comstar is a leading supplier to the fast-growing global **Electric Vehicle (EV)** market. The company has strong R&D, engineering and technological capabilities in precision forging, mechanical and electrical systems, and base and application software development. It is diversified across geographies, products, vehicle segments and customers.

Sona Comstar is listed on BSE Ltd (BSE) (Code: SONACOMS/543300) and the National Stock Exchange of India Ltd. (NSE) (Symbol: SONACOMS).

For more information about us, please visit www.sonacomstar.com or contact:



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