

Press Release

Labomar signs letter of intent to acquire the Welcare Group

The Treviso-based company will acquire a 70% share by the end of 2021

Istrana (TV), June 29, 2021 – Labomar (AIM Ticker: LBM), an Italian nutraceutical company operating globally, has signed a letter of intent to acquire 70% of the Welcare Group. The Group comprises Welcare Industries S.p.A. and Welcare Research S.r.l., producers of medical devices for skincare. The letter of intent provides for an exclusive commitment until July 30. The transaction is currently expected to be concluded by the first half of July, pending satisfaction of the conditions precedent and, above all, the positive outcome of the due diligence process.

Transaction Rationale:

Founded in 2000 by Fulvia Lazzarotto and Franco De Bernardini, the Welcare Group develops, manufactures and markets medical devices to prevent and treat infections and to manage skin injuries of varying causes. With headquarters in Orvieto (Terni), it operates in 22 countries across the world, in Europe, the Middle East, South American and Australia. Since 2020, Marco Grespigna has been shareholder and Director of the Group Companies.

The project responds to a growing prevalence of domestic care for bed-bound patients, as opposed to long hospital stays, and to developments in the international wound care market, which shows significant growth potential. The Welcare Group is a pioneer in providing solutions to these needs, offering extremely high standards of service and a number of patented, proprietary technologies that work in perfect synergy with Labomar's business model. The addition of the Welcare Group to the Labomar Group will provide significant strategic value, thanks to the strong links between their respective products and the lack of overlaps between the products, markets and customer bases of the two Groups.

Consolidated revenues totalled approx. Euro 6.7 million in 2020, of which around 85% were generated on international markets. Reported Consolidated EBITDA was Euro 2.4 million, with a positive NFP (cash) of approx. Euro 3.3. million.

Transaction Overview:

According to the agreement, Labomar will acquire 70% of the share capital of the Welcare Group. Of this, 63% will be acquired on conclusion of the agreement and a further 7% by the end of 2021 through a Call option in favour of Labomar or by Q1 2022, following a Put option in favour of the seller.

The total value of the acquisition of 70% of the Group's share capital (subject to a potential adjustment based on an assessment of the Net Financial Position at June 30, 2021) is Euro 9.5 million. This value is based on an estimated Net Financial Position of between Euro 2 million and 2.4 million.

The acquisition will be financed using funds raised by Labomar through its listing on the AIM market in October 2020. One of the key strategic objectives of that operation was to support external growth through M&A activity.

The remaining 30% of the Welcare Group's share capital will continue to be held by the two current shareholders, Fulvia Lazzarotto, who has gained significant international experience as a manager in the pharmaceutical industry (for Sherwood Medical, BMS, Johnson&Johnson Medical S.p.A.) and Marco Grespigna, who also boasts extensive management experience in the sector (with Sanofi, Teva, Angelini and Zentiva).

Fulvia Lazzarotto will continue to head the Group as CEO, while Walter Bertin, founder and CEO of Labomar, will assume the role of Chairman.

Labomar and the shareholders Fulvia Lazzarotto and Marco Grespigna will have a Call option and a Put option, respectively, for the remaining 30% of Welcare Group's share capital, which may be exercised in 2025 and 2026.

Labomar Profile

Founded by Walter Bertin in Istrana (province of Treviso) in 1998, Labomar is a CDMO (Contract Development and Manufacturing Organization) engaged in the development and production of food supplements, medical devices, foods for special medical purposes and cosmetics for third parties. Its research team creates, develops and manufactures high added-value and innovative content nutraceutical products. Many of the supplements produced by Labomar leverage proprietary technologies which boost the bioavailability of the active ingredients, modulate their gastrointestinal absorption and improve their taste. Over more than 20 years, Labomar has built a business model which sets it apart from its competitors and generates value for all stakeholders, providing a high quality and productivity standard full service. The company boasts a well-structured and cutting-edge research and development department, a commercial team which reacts quickly to market demands and a high level of product differentiation thanks to its proprietary patents and formulas.

Labomar reported in 2020 preliminary consolidated revenues of approx. Euro 61.1 million (at like-for-like exchange rates approx. Euro 61.5 million), up 26.3% (27.2% at like-for-like exchange rates) on 2019. The 2020 figure includes - for the first time - the revenues and margins of the Canadian ImportFab for a full year, acquired in October 2019. Labomar S.p.A.'s revenues in 2020 were approx. Euro 51.8 million (+10.2% vs 2019).

Labomar sincerely believes in operating as a business centred on sustainability and the well-being of the individual, the environment and the community. It has therefore amended its By-Laws to become a Benefit Company. This new legal status, introduced in Italy in 2016, formalises the decision to develop a responsible, sustainable and transparent development model, which marries operating-earnings objectives with social and environmental aspects.

For further information:

Labomar Press Office

Thanai Bernardini - +39.335.7245418 - me@thanai.it

Alessandro Bozzi Valenti - +39.348.0090866 - alessandro.valenti@thanai.it

Investor Relations Labomar

Claudio De Nadai - +39.0422.677203 - claudio.denadai@labomar.com

Mara Di Giorgio - +39 335 7737417 - mara@twin.service

NOMAD

Banca Mediolanum - +39 02 9049 2525 - ecm@mediolanum.it