

Press Release**Labomar acquires majority of Welcare Group**

The Treviso-based company now holds 63% of the Umbrian enterprise
An additional 7% shall be acquired in 2021 for a total of 70%

Istrana (TV), July 14, 2021 – Labomar (AIM Ticker: LBM), an Italian nutraceutical company operating globally, announces the closing today of the acquisition of a majority stake in the Welcare Group, comprising Welcare Industries S.p.A. and Welcare Research S.r.l., producers of medical devices for skincare. As indicated in the letter of intent signed between the parties on June 29, 2021, Labomar today concluded the acquisition of 63% of the Welcare Group. The additional 7% shall be acquired by the end of 2021.

Partner's statements

Walter Bertin, founder and CEO of Labomar: *"We are very satisfied with this transaction, which we consider to have very significant strategic and industrial value. We have had the good fortune of meeting an entrepreneur of great energy and ability such as Fulvia Lazzarotto, who has made her dream come true, together with the husband, of building a solid and highly-specialised enterprise. The presence of a Partner and Manager such as Marco Gespigna, in addition, has contributed to the company's vision and the governance of the lines developed over recent times. In view of our history and values, it was easy to find common ground to build a development path which shall lead to very interesting results for both companies.*

Fulvia Lazzarotto, Founder and CEO of the Welcare Group companies: *"This transaction is a major milestone for our company and truly puts us on a new growth plane, benefitting from the extensive expertise and assets available to Labomar. This agreement will enable us to become a leading wound care and skincare player both nationally and internationally. We are very proud of the Welcare team which, over 20 years of dedicated work, has built the value which Labomar has recognised in us. I am sure that the vision and goals which we have discussed over recent months with Walter Bertin can translate into excellent operating results and effective solutions for the needs of our patients".*

Marco Gespigna, Partner and Director of the Welcare Group companies: *"Bringing together Fulvia Lazzarotto and Walter Bertin, whose entrepreneurial and personal qualities I have known for a long time, has been a goal for me since I joined as a partner at Welcare at the beginning of 2020. I was certain that two visionary yet practical entrepreneurs like*



them could lead to something exceptional. Today, I am happy to see how that insight has become a reality. I believe that Labomar and Welcare have significant strategic commonalities and that the synergy between the two companies can fast-track the common goal of becoming leaders on their respective markets.

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 Gespigna 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 global 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 provides 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 today acquired 63% of the share capital of the Welcare Group, while an additional 7% - to complete the 70% under the letter of intent previously signed - will be acquired 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 is financed using funds raised by Labomar through its listing on the AIM market in October 2020. One of the key strategic objectives of that transaction was to support external growth through M&A activity.

The remaining 30% of the Welcare Group's share capital continues 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 continues 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 has been assisted in the transaction by Bmodel as Corporate Advisor, in the persons of the Founder Mr. Claudio De Nadai, the Senior Partner Ms. Martina Torresan and the Associates Ms. Laura Ferraro and Mr. Alberto Morellato, who have coordinated the Internal Managerial team overseeing all of the core aspects of the Business Due Diligence, while for the companies of the Welcare Group, this was also conducted in collaboration with the Board of Directors and Internal Management.

The Due Diligence and the contractual aspects were overseen by the Pavia e Ansaldo legal firm, with the Partner Mia Rinetti and the Senior Associate Guglielmo Ferrari.

Finally, the Accounting and Tax Due Diligence was carried out by Consimp - Business consultancy with the Senior Partner Michele Graziani.

Mr. Marco Pallucchini of iLS (Milan) supervised the contractual issues related to the shareholder Think Forward S.r.l., while Mr. Gianrocco Ferraro and Mr. Carmine Del Prete of the Ferraro, Ginevra Gualtieri - Studio Internazionale law firm assisted the companies of the Welcare Group in the review of Corporate Governance.

Mr. Michele Saracino of the corporate and tax consultancy firm of the same name, together with Ms. Gabriella Gorni, assisted the companies in the construction of the joint perimeter Development Business Plan.

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 SpA'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.

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