



AQUA BIO TECHNOLOGY ASA

Aqua Bio Technology ASA - agrees to acquire Skinteam Norge AS

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Aqua Bio Technology ("ABT or the "Company") has today, on 23 July, entered into a binding agreement in principle (the "Agreement ") with the Norwegian company Skinteam Norge AS ("Skinteam") and its owners regarding the Company's acquisition of all shares in Skinteam. The purchase price will be MNOK 45. The purchase price will be used to subscribe for new shares in ABT at a subscription price of NOK 3.

About Skinteam:

Skinteam is a retail chain that targets independent skin care and hairdressing salons with "one stop shop" solutions. Skinteam offers a fully integrated operating system for independent salons: online store, membership club, sales training, product training, advertising, AI app and high-quality products. The company was built up by the SATS founders Per Egil Borge and Bjørn Sigurd Johansen. Skinteam offers independent salons a range of services, enabling them to improve profitability without Skinteam assuming risk on the salons' operational side.

Skinteam is today the largest player in Western Norway in skincare, with 3 wholly owned salons and close cooperation with 12 independent partner salons. In total Skinteam currently has 15 skin and hairdressing salons.

All affiliated salons undertake to have Skinteam as the main supplier of products, where appr. 80% of sales over the counter and 100% of professional products used in treatment are purchased from Skinteam and where all income is channeled through Skinteam centrally and paid to the partner salons in arrears enabling Skinteam to capitalize on the growth in line with the salons' results while taking limited liquidity risks.

- We are happy to become a central part of an exciting group with financial muscles, wide network and a very interesting product portfolio. We, for our part, together with our partners, will ensure provision for ABT's various product series in a system of paid membership from consumers according to the SATS model, nationally and internationally. We will grow quickly and by 2025 welcome 100 skincare salons and 200 hairdressing salons, all of whom will, like those who are already members, experience positive development and safe operation and future, says Per Egil Borge.

Unique member club:

Skinteam today has more than 1,000 paying members according to the model that was developed in SATS. The memberships are either basic memberships or memberships that include monthly treatments - at a higher price. All memberships have a commitment period of 12 months, and are used across the verticals. Membership gives Skinteam and the partner salons significantly more income while the members' club provides valuable and increasing recurring income for Skinteam.

Technological focus:

In general, in the wellness industry, there has been limited thinking and use of digital innovation. Skinteam is developing a separate app where, among other things, all club members, salons, salon customers, therapists, offers and products will be part of the same ecosystem. This is estimated to be ready for rollout in Q3 2023. This will be filled with content and continuously expanded with new functions. In addition, Skinteam has developed an AI Skincare app. The AI analysis technology, through a scanning, processes a unique and personalized product program. The results are sent directly to the customer digitally. Purchases in this way corresponds to consumption for 3 months, and the additional sales of product kits for the salons increase significantly. The AI-based skin and hair advice combined with product sales is creating a more personalized shopping experience.

- Skinteam believes that our technology, combined with ABT's financial muscles and ranges of product series will be a game changer in the market, says Per Egil Borge.

ABT and Skinteam:

With the acquisition of Skinteam, ABT becomes a main producer and supplier of the entire value chain within all of Skinteam's skincare salons and hair care salons. ABT is confident that it will also be able to source, produce and supply high

quality hair care products to Skinteam's value chain for the hair salons. ABT is thus entering a new market which is both large and lucrative.

ABT's CEO Håvard Lindstrøm says:

- This is a milestone for ABT, Skinteam and their combined shareholders. With this acquisition, ABT establishes itself as a major supplier and distributor in both skincare and hair care in Norway. The acquisition is part of ABT's consolidation strategy and will be strategically correct for both companies as Skinteam has strengths as an innovative distributor while ABT holds and provides valuable IPR and cosmetic ingredients, controls the production of its product series and will over time supply Skinteam with all the products that it needs. The ambition is to establish ourselves as a major and important player in the Nordic region during 2024. Together, we are building a larger distribution network that will be profitable in itself, but also interesting for other players in skin and hair care.

ABT expects that the acquisition will impact the forward-looking statements for 2023 as follows:

- Skinteam's revenues as of 30 June was above 25 MNOK and following the acquisition it is expected that ABT, Cosmed Beauty and Skinteam will have more than 100 MNOK in revenue on 12 months rolling basis from August 2023.
- During the same period it is expected that both ABT, Cosmed Beauty and Skinteam will reach a positive EBITDA.

Strategy going forward:

ABT will continue to establish new agreements with third-party distributors in the Nordics and the global market while continuing to assess the consolidation opportunities as highlighted below.

Consolidation opportunities in the market:

Production and distribution of skincare products is a profitable industry, but there are also low entry barriers for new brands and skincare retailers. The Nordic cosmetic market is fragmented with many skincare retailers and pursuing consolidation opportunities for further growth may therefore be beneficial for ABT and its shareholders.

For further information, please contact CEO Håvard Lindstrøm mobile phone +47 941 32 288.

Aqua Bio Technology (ABT) is developing and commercializing sustainable biotechnology for use in skincare products. ABT's cosmetics ingredients are highly effective and they provide the cosmetics industry with natural alternatives to traditional ingredients. ABT is also marketing and distributing natural skincare products developed by partners towards consumers and professional users. ABT's focus on commercialization and development of natural ingredients and natural skincare products has been, and will continue to be, an important part of the Company's strategy going forward. Aqua Bio Technology is listed on the Euronext Expand market of the Oslo Stock Exchange.

Disclosure regulation

This information is subject of the disclosure requirements pursuant to section of 5-12 of the Norwegian Securities Trading Act.

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Attachments

- [Download announcement as PDF.pdf](#)