



AQUA BIO TECHNOLOGY ASA

Aqua Bio Technology ASA: Acquisition of Cover Brands Secures Significant Revenue Stream and 150k E-customers in line with ABT's growth strategy

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Aqua Bio Technology ("**ABT**" or the "**Company**" and together with its wholly owned subsidiaries, the "**ABT Group**") has today, on 19 December 2023, entered into a share purchase agreement ("**Share Purchase Agreement**") with Medvind Holding AS ("**Medvind**") for the Company's acquisition of all the outstanding shares in the Norwegian company Cover Brands AS ("**Coverbrands**") for a purchase price of NOK 16.5 million. The purchase price will be settled through the Company issuing 6,000,000 consideration shares at a subscription price of NOK 2.75 per consideration share (the "**Consideration Shares**"). Medvind and its ultimate owners have signed a lock-up undertaking for a period of 36 months with respect to the Consideration Shares.

Concurrently, Jesper Dønnestad Brandt and an associated investor will each subscribe for ABT shares for NOK 2.5 million at the same subscription price (the "**Investment Shares**" and jointly with the Consideration Shares, the "**New Shares**"). The NOK 5 million capital raised will be used to strengthen Coverbrands' equity and access to credit lines.

Consummation of the acquisition of Coverbrands is expected to occur no later than 22 December 2023. The New Shares will be issued pursuant to a board authorization registered in the Norwegian Registry for Business Enterprises on 29 September 2023.

Coverbrands started as an e-commerce business, selling beauty products to customer through the company's web shop and has today an e-commerce platform with over 140,000 customers. Through social media and influencers, Cover Brands has a combined reach of ~2 million users. Coverbrands has today become a well-known brand in the cosmetic market, with a diverse range of product offerings catering to a broad audience. In addition to the e-commerce business, Coverbrands has successfully established B2B distribution channels to several retail channels in Norway and Sweden

Coverbrands has also recently opened a flagship store in central Kristiansand, where they share space with Pusterom Hudpleie AS ("**Pusterom**"), offering a comprehensive beauty experience to consumers with products offerings and treatments, with the daily management overseen by the CEO of Pusterom. The ultimate owners of Coverbrands are major stakeholders in Pusterom through Ovalen AS ("**Ovalen**"), alongside Jesper Dønnestad Brandt who co-founded the store chain Normal Norge AS ("**Normal Norge**").

With this agreement, ABT and Coverbrands will secure the entire value chain from production to the end users. The acquisition of Coverbrands coincides with ABT's adopted strategy of securing larger distributors. Previously, ABT bought Cosmed Beauty AS ("**Cosmed Beauty**"), Ultrabody AB ("**Ultrabody**") and Skinteam Norge AS ("**Skinteam**"). Through the acquisition of Coverbrands, ABT will have one of the largest distributions towards B2B and B2C in the Nordics, where both Cosmed Beauty, Ultrabody and Coverbrands will act as solid supporters of the Skinteam model.

With Coverbrands' large revenue there are good opportunities to improve margins and profitability for the ABT Group's business model. Coverbrands revenue was above NOK 100 million in both 2021 and 2022 and is expected to surpass NOK 80 million in 2023. ABT expects that the acquisition of Coverbrands will provide the ABT Group with significant synergies and benefits, including:

- Coverbrand will, together with Cosmed Beauty and Ultrabody, act as solid supporters of the Skinteam business model, recruiting both new membership stores and customers.
- Cosmed Beauty's demonstrated e-commerce expertise applied on Coverbrands' large customer base is expected to yield significant synergies and further growth.
- Coverbrands' presence in the Swedish market will facilitate market presence and access for Skinteam and Ultrabody.

- Based on the successful model of Normal Norge, the ultimate owners of Coverbrands and Jesper Dønnestad Brandt intend to establish new flagship stores in Oslo, Bergen and Trondheim, where ABT will serve as a product supplier to both Pusterom and such stores. ABT will be given an option to acquire Ovalen.
- 3D Innovation Nordic AS has the same ownership as Pusterom and is a wholesale company that is expected to benefit from having the ABT Group as a products and private label supplier, providing growth and synergies.
- Coverbrands will be the main sponsor of Palmesus (<https://www.palmesus.com/>) which has high visibility and engagement in the relevant market and Coverbrands expects to be able to leverage ABT's and Skinteam's business models during the festival.

ABT sees the acquisition of Coverbrands is a significant step in its communicated consolidation strategy. Based on ABT's research, the Norwegian beauty industry, with a cumulative turnover of close to NOK 22 billion, presents a fragmented landscape where ABT sees potential for further market consolidation and growth.

For any additional information, please visit:

- Cover Brand: <https://www.coverbrands.no/>
- Pusterom Hudpleie: <https://pusteromhudpleie.no/>
- Palmesus: <https://www.palmesus.com/partnere>

The Company has considered the issuance of the New Shares in light of the equal treatment obligations under the Norwegian Securities Trading Act and the Oslo Rule Book II, and notes that the issuance of the New Shares implies a deviation from the pre-emptive rights of the Company's shareholders to subscribe for new shares. The Board is of the view that the issuance of the New Shares complies with the requirements for equal treatment, and that the deviation from the pre-emptive rights is justifiable as the Consideration Shares are issued as settlement for the acquisition of Coverbrands, and the net proceeds from the Investment Shares enables the Company to increase Coverbrands equity and access to credit lines, with the price per New Share set at a premium compared to the latest closing price of the Company's shares, on Monday, 18 December 2023, which was NOK 2,52.

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.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act. This stock exchange notice was published by CEO Håvard Lindstrøm on the date and time provided.

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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About Aqua Bio Technology ASA

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Attachments

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