

ASX Release

22 December 2020

ASALEO CARE TO ACQUIRE TOM ORGANIC

Highlights

- Asaleo Care to acquire TOM Organic for \$12.75m cash
- The acquisition further extends Asaleo Care's product and service portfolio into higher growth, higher margin categories
- The transaction is expected to be immediately accretive, with anticipated first year net revenue to exceed \$11m and underlying EBIT expected to be \$1.7m, increasing to \$3.5m-\$4.0m in the second year, after scale and supply chain benefits have been realised
- The TOM Organic brand has significant growth opportunities in both existing and new markets

Asaleo Care (ASX: AHY) today announced it has entered into an agreement to acquire the TOM Organic business, a leading Australian organic feminine hygiene business, subject to conditions precedent including ACCC clearance.

The acquisition is an important strategic step for Asaleo Care as it enters the fast growing 'better-for-you' personal care sub-category. Growth in this category is being driven by increasing demand from consumers who prefer natural and sustainable products as part of their personal care repertoire.

Established in 2009, TOM Organic has emerged as a leader in Australia's high growth organic feminine hygiene category with its TOM Organic brand portfolio, which includes tampons, pads, liners, period briefs and menstrual cups. Asaleo Care has long been a leader in feminine care with its Libra brand, and is well placed to accelerate the growth of the TOM Organic brand in markets where Asaleo Care has an established presence, as well as in new markets and other personal care categories.

Asaleo Care's Chief Executive Officer and Managing Director, Sid Takla, said, "TOM's much-loved brand, sustainable product range, innovation pipeline, and digital and e-commerce capabilities align strongly with the Company's strategy to operate in higher growth, higher margin personal care categories. TOM Organic delivers profitable product diversification and significant additional financial benefits by leveraging our existing scale and supply capabilities."

TOM Organics Founder and CEO, Aimee Marks, said, "I am pleased that TOM's brands will enter their next phase of growth under Asaleo Care's stewardship. As a leader in personal care with brands such as Libra, Asaleo Care, like TOM Organic, has a deep understanding of women. After 10 years working passionately to build an exceptional brand, we are delighted that TOM's future will be in the hands of the only Australian manufacturer of feminine care products. I'm excited that this next chapter enables TOMs to reach more women."



Update on Unsolicited Non-binding Essity Proposal

On 10 December 2020, Asaleo Care advised the market that it had received an unsolicited, indicative, conditional and non-binding proposal from the ultimate parent of its major shareholder, Essity, to acquire all of the ordinary shares in the Company. A Board Committee of independent Directors excluding Essity nominated Directors is considering the proposal.

Asaleo Care Chairman Harry Boon said, "Our Board Committee is carefully reviewing the Essity proposal and expects to be in a position to comment further early in the new year. Prior to then, shareholders are advised to take no action. Meanwhile, today's announcement of the acquisition of TOM Organic reflects our commitment to creating long-term value for our shareholders through our strategic growth plans, including sensible acquisitions that take advantage of our scale and core capabilities."

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About Asaleo Care (ASX:AHY)

Asaleo Care is a leading personal care and hygiene company that manufactures, markets, distributes and sells personal care and hygiene products throughout Australia, New Zealand and the Pacific Island. Its portfolio of market-leading brands includes Libra, TENA, Tork, Viti and Orchid. The Sorbent, Purex, Deeko and Handee brands are owned in New Zealand and the Pacific Islands only. The Company has 14 manufacturing and distribution facilities and employs about 650 people who work together to offer products and services which provide care, comfort and confidence every day. For more information visit www.asaleocare.com

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This ASX announcement was approved and authorised for release by James Orr, Company Secretary.