

Press release
Lerum, January 4, 2018

Oboya acquires COFA Plastics AB

Oboya Horticulture Industries AB (publ) ("Oboya") has today signed an agreement to acquire COFA Plastics AB ("COFA") in Trångsund including the subsidiary New World Metal Company Ltd ("NWM") in Ho Chi Minh City, Vietnam.

The agreement means that Oboya acquires all shares in the companies and takes over all activities in COFA in Sweden as well as the production facility with building in Vietnam. The acquisition includes a broad product portfolio, a number of well-known brands, a stable and broad customer- and partner base with national and international relations. Access to the companies will take place on January 11, 2018 according to the agreement. The purchase price amounts to SEK 15 million, of which half is paid in cash by Oboya and remaining will be financed through external bank loans.

Through the acquisition, Oboya takes the really big step into the Scandinavian consumer market. Over the years, COFA has built up a wide network of contacts with well-known retail customers. During the fiscal year, Oboya will expand COFA product offering by integrating parts of Oboya's product range into COFA's product offering.

Since September 2017, Oboya has received an exclusive distribution agreement from the German company COMPO. The agreement gives Oboya exclusive rights to distribute, marketing and sells COMPO's product range in Scandinavia, which includes planting soil, mineral fertilizers, blue grains, soil improvers and more. COMPO's product range will also be included in COFA's product offering and will eventually reach a larger customer base in retail market in Scandinavia.

About COFA and NWM

COFA Plastics AB was founded in 1967 and consists of sales, production and trading of customized home and garden products for retailers and distributors. COFA is based in Trångsund, outside of Stockholm, and has warehouse in Motala, Sweden. The number of employees amounts to ten people. In 2016, sales amounted to approximately SEK 51.6 million, with operating profit of approximately SEK 1.2 million. COFA has had a positive development over the years and has a strong balance sheet with an equity ratio of approximately 58%. The manufacture of COFA products takes place in the wholly owned subsidiary New World Metal Company Ltd in Ho Chi Minh City, Vietnam. The production property has a total area of approximately 8,500 m². NWM supplies and secures deliveries to COFA's customers, which have high demands on price and quality. NWN sales for the year 2016 amounted to approximately SEK 10.6 million and operating profit was approximately SEK 0.3 million.

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Background, motives and synergies

The acquisition of COFA is a strategically important step for Oboya, which has as a long-term financial target to achieve strong growth for the coming years and achieve a turnover of SEK 1 billion by year 2020. The economies of scale and efficiency improvements that the merger of the businesses creates conditions for achieving significant growth in the increasingly competitive and globalized cultivation industry. Oboya further strengthens its product offering and opens a new sales channel to the consumer market. Coordinating Oboyas and COFA's operations creates a solid platform for growth in the Scandinavian consumer market. COFA has a consumer offering that complements Oboya's brands. COFA's countrywide distribution and logistics network also creates an opportunity to offer even more products to a broader group of consumers. The acquisition is expected to provide cost synergies estimated at a total of SEK 5.0 million during the fiscal year. Non-recurring costs for implementation measures are estimated at approximately SEK 1.0 million and non-recurring investments are estimated at approximately SEK 2.0 million.

"We welcome Oboya as the new owner of COFA. As part of Oboya, we get an opportunity to put our offer in a broader context, where we reach a larger customer base. I'm glad that Oboya becomes COFA's new owner because we share the same values and we have a well-functioning consensus on the development of our business", says Mats Johansson, MD of COFA Plastics AB.

"The acquisition of COFA is part of Oboya's growth strategy to grow either through acquisitions or organic growth. Through COFA, Oboya takes a major step into the consumer market. We are pleased with the acquisition and there are positive synergies between the companies. We expect significant growth in consumer segment in the next few years", says Mikael Palm Andersson, CEO of Oboya Horticulture Industries AB.

Erik Penser Bank is Oboyas Certified Adviser at Nasdaq First North.

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This information is insider information that Oboya Horticulture Industries AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 18.20 on January 4 th, 2018.

About Oboya Horticulture Industries AB

Oboya Horticulture aims to become a world-leading total supplier of consumables and logistics products for the cultivation industry as well as consumer products for home cultivation and indoor environments. Production takes place in factories in China, Poland, Denmark and Kenya. More information about the company is available at www.oboaya.se.

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