



## KARO PHARMA ACQUIRES A MAJOR PRODUCT PORTFOLIO

STOCKHOLM 1 March 2018

- Karo Pharma acquires a product portfolio from the Danish pharmaceutical company LEO Pharma A/S for 260 MEURO, effective from 4th of April 2018.
- The turnover of the acquired product portfolio was ca 700 MSEK in 2017. Half of the turnover comes from the Nordics, ca 266 MSEK from the rest of Europe and ca 84 MSEK from the rest of the world.
- The portfolio includes 10 well established pharmaceuticals primarily within the therapeutic areas of Infection, Cardiovascular and Dermatology. The products are characterized by stable sales and profitability. The gross margin of the acquired product portfolio is 10% higher compared with the current business in Karo Pharma.

The product portfolio includes Conotrane<sup>®</sup>, Fonx<sup>®</sup>, Condylin<sup>®</sup>, Synalar<sup>®</sup>, Mildison<sup>®</sup>, Locobase<sup>®</sup>, Centyl<sup>®</sup>, Kaleorid<sup>®</sup>, Burinex<sup>®</sup> and Selexid<sup>®</sup> of which Selexid<sup>®</sup>, Burinex<sup>®</sup> and Locobase<sup>®</sup> constitute around 60% of the turnover.

- The acquisition is a pure asset deal leading to lower tax payments via utilization of historical R&D loss deductions (2.3 BSEK). Furthermore, no personnel or manufacturing sites are included in the deal. The organizational costs of Karo Pharma are expected to increase with approximately 50 MSEK per year. This is primarily linked to a further buildup and size of the marketing organization.
- The acquisition is not dependent on any approvals from competition authorities.
- From a strategic perspective the company will strengthen its presence in Scandinavia even further. Karo Pharma will have a leading position in Denmark, Sweden and Norway. Furthermore, the combined turnover provides a rationale for establishing an organization in Finland.
- The presence in Europe with well-known products enables a profitable organizational buildup in key selected markets of importance.
- In the rest of the world the sales will be handled via existing distributors.
- The acquisition will be financed by a combination of new loans which Swedbank and SEB have committed to finance and via a rights issue to existing shareholders. The completion of the transaction is not subject to any issue of shares.

The rights issue is fully secured via undertaking to subscribe and guarantees from existing shareholders in the Company and is expected to provide Karo Pharma with ca 1.3 BSEK before the costs for the rights issue.

The Chairman of the Board, Anders Lönner and the Board Members Per-Anders Johansson and Håkan Åström, who together have approximately 11.2% of the capital and votes in the Company have committed themselves to sign up for their respective pro rata shares in the rights issue. The remaining part is guaranteed by Anders Lönner who will be compensated with 2.5% of the guaranteed amount. The company have performed a competitive benchmarking for this compensation.

The rights issue will be made during the second quarter of this year subject to approval by the General Meeting. More details will be announced in connection with the invitation to the General Meeting.

- o ” We follow our aggressive growth plan with this acquisition and will now take a very big and important step for the company” says Anders Lönner, Chairman of the Board in Karo Pharma AB.

FOR FURTHER INFORMATION PLEASE CONTACT:

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#### ABOUT KARO PHARMA

Karo Pharma is a specialty pharma company that develops and markets products to pharmacies and directly to healthcare providers. The share is listed on Nasdaq Stockholm in the Mid Cap segment.

*The information in this report is such that Karo Pharma is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on March 1<sup>st</sup>, 2018 at 08.00 CET. This press release is also available on [www.newsroom.cision.com](http://www.newsroom.cision.com).*

#### FORWARD-LOOKING STATEMENTS

*This news release contains certain forward-looking statements that are based on uncertainty, as they relate to events and depend on circumstances that will occur in the future and which, by their nature, may have an impact on results of operations and the financial condition of Karo Pharma. Such forward-looking statements reflect our current expectations and are based on the information currently available. Karo Pharma cannot give any assurance as to whether such forward-looking statements will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.*