

Jordbro, 27 November 2014

Recipharm acquires Flamel Technologies facility and extend development services in France

Recipharm AB (Jordbro) and Flamel Technologies SA (Lyon) announce today that they have entered into a long term collaboration and signed an agreement whereby Recipharm will purchase Flamel's development and manufacturing facility located in Pessac, France. Recipharm will significantly expand its pharmaceutical development capacity and technical capabilities to provide easier access for development services to its French and other customers. Recipharm will also provide development and manufacturing support to Flamel under a long term services agreement. This new partnership allows Flamel to retain access to the development and manufacturing capabilities of Pessac and gain the possibility to use any of Recipharm's other facilities for the development or manufacture of their proprietary pipeline. Recipharm will also assume development and manufacturing agreements with other companies and as well as an agreement providing a royalty income.

Highlights

- The purchase price for the assets is €10.6m plus working capital.
- In a separate transaction, Recipharm will also make an investment of €10.5m in newly issued Flamel Shares which corresponds to approximately 2.3% of Flamel shares.
- Recipharm and Flamel have entered into a long term service agreement.
- Recipharm will assume several new development and manufacturing contracts and relationships.
- Recipharm will assume a contract from Flamel which will generate an ongoing royalty income.
- Recipharm and Flamel have agreed to negotiate a contract with the intention of further enhancing the economic benefits to both companies whereby Recipharm will incorporate Flamel's drug delivery technologies into its contract development business.
- Recipharm has an option to negotiate with Flamel for the European rights to any product that Flamel plans to license for sale in the European market.
- Recipharm's European development reach and capabilities will be enhanced by the transaction providing easier access especially for French customers.
- The deal adds new technical capabilities for spray granulation and spray coating.
- Accretive to profit and EPS.
- Closing is expected before the end of 2014.

Speaking about the transaction, Thomas Eldered, CEO of Recipharm said *"I am delighted that we are now entering into a strategic partnership with Flamel and taking over a first class development and manufacturing facility in France. Development services is in many respects a 'local' business so having another centre in addition to Sweden should allow us to increase this aspect of our business. Our investment into Flamel is also particularly exciting given the clear strategy that they are pursuing. The commitment we are both showing towards each other is a clear demonstration of the bright future we see for this relationship. We are looking forward to supporting Flamel to fulfill their ambitions to develop and manufacture new products based on their proprietary technology".*

Mike Anderson, CEO of Flamel added *"Flamel's primary objective is the development of products using the company's proprietary drug delivery platforms. The sale of the Pessac facility frees us from the time-consuming task of running a contract development manufacturing facility,"* He added *"This sale allows us to continue development of our proprietary products using our current drug delivery technologies at the Pessac facility and the option to utilize Recipharm's commercial manufacturing capabilities elsewhere. Given Recipharm's expertise, the investment in Flamel's stock is a welcome endorsement of Flamel's anticipated success moving forward."*

About Pessac

The Pessac facility is located in Bordeaux, France. It is a modern, fully compliant GMP (FDA and ANSM-approved) facility for the development and manufacturing of pharmaceuticals and has around 115 employees.

The facility manufactures Flamel's Medusa and Micropump proprietary drug delivery technologies. The facility is 44.000m² with 9.500m² development and manufacturing space. It is equipped with amongst other things three spray-coating machines, warehousing, analytical and QC laboratories, equipment for polymer synthesis.

Transaction Rationale

- Significantly increased scale and reach in pharmaceutical development.
 - Combined development business will become a major player in the industry.
 - Provide a strong platform for development sales in France/Southern Europe complementing the Sweden based facility.
- Strategic partnership with Flamel
 - Long term service agreement for the development of Flamel products.
- Important new development and manufacturing contracts assumed with other companies including a royalty income stream.
- Improved offering
 - Adds new technologies for spray granulation and spray coating.
 - Increases scale and reach of European development business.

Transaction terms

Consideration and financing.

- The transaction purchase price is €10.6m plus the value of the inventory.
- Concurrent investment in Flamel Technologies SA of €10.5 million, corresponding to approximately 2.3% of Flamel shares.
- Financing already available

Timetable

The closing of the transaction is expected to be before year end 2014. There are no material conditions to closing.

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About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry based in Sweden employing some 2,100 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material including API and pharmaceutical product development. Recipharm manufactures more than 400 different products to customers ranging from Big Pharma through to smaller research- and development companies. Recipharm's turnover is approximately SEK 3.2 billion and the Company operates development and manufacturing facilities in Sweden, France, the UK, Germany, Spain, Italy and Portugal and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on NASDAQ Stockholm.

For more information on Recipharm and our services, please [visit www.recipharm.com](http://www.recipharm.com).

Recipharm has retained Ramboult-Legoater and Obermayer Rebmann Maxwell & Hippel LLP as advisors in this transaction.

About Flamel Technologies

Flamel Technologies SA's (NASDAQ: FLML) business model is to blend high-value internally developed products with its leading drug delivery capabilities. The company markets Bloxiverz™ (neostigmine methylsulfate) in the USA and manufactures Micropump-based microparticles under FDA-audited GMP guidelines for Coreg CR® (carvedilol phosphate), marketed in the USA by GlaxoSmithKline. The Company has a proprietary pipeline of niche specialty pharmaceutical products, while its drug delivery platforms are focused on the goal of developing safer, more efficacious formulations of drugs to address unmet medical needs. Its pipeline includes chemical and biological drugs formulated with its Micropump® (and its applications to the development of liquid formulations LiquiTime® and of abuse-deterrent formulations Trigger Lock™) and Medusa™ proprietary drug delivery platforms. Several Medusa-based products have been successfully tested in clinical trials. The Company is headquartered in Lyon, France and has operations in St. Louis, Missouri, USA, and manufacturing facilities in Pessac, France. Additional information may be found at www.flamel.com.