



STOCKHOLM, 23 December 2019

Karo Pharma acquires product portfolio from LEO Pharma

Karo Pharma acquires a focused intimate care and dermatology product portfolio from the Danish pharmaceutical company LEO Pharma for 90 MEUR.

The turnover of the acquired portfolio is estimated to 35 MEUR for the full year of 2019. Approximately 2/3 of the turnover comes from European markets.

The portfolio consists of four anti-haemorrhoid products (Sheriproct[®], Doloproct[®], Neriproct[®] and Ultraproct[®]) and six dermatology products (Ultrabas[®], Ultralip[®], Ultraphil[®], Ultrasicc[®], Neribas[®] and Ultralan[®]). The anti-haemorrhoid product group constitutes the largest part of the portfolio, contributing with ca. 85% of the acquired portfolio's net sales.

All products have well established market positions and are characterized by stable sales and profitability. Further, the portfolio is a good fit with Karo Pharma's existing therapeutic categories of intimate care and dermatology and provides scale benefits when added to Karo Pharma's existing logistics set-up.

"This transaction further strengthens Karo Pharma's European footprint and adds trusted brands to two of our existing categories, intimate care and dermatology. The portfolio supports our strategy of becoming a leader in Northern Europe within everyday medicines and consumer healthcare", says Christoffer Lorenzen, CEO of Karo Pharma.

From a strategic perspective the acquisition will strengthen Karo Pharma's European presence and support the recent direct entry into the DACH region. Furthermore, the acquisition adds additional operational scale in the Nordics, notably in Finland. In the rest of the world sales will be handled via existing and new distributors and logistical partners.

The acquisition is a pure asset deal, no personnel or manufacturing sites are included in the agreement. The organizational running costs of Karo Pharma are expected to increase with approximately 10 MSEK per year. This is primarily linked to a further build-up of the organizational capabilities within regulatory, operations/logistics and commercial/marketing.

The portfolio contains a specific product, Neriproct[®], which is exclusively marketed in the Japanese market and accounts for ~15% of the estimated full year 2019 turnover. Karo Pharma will look into a divestment of Neriproct[®] as Japan falls outside of Karo Pharma's geographical focus area. This follows a general principle of exploring strategic alternatives for assets that are not core to Karo Pharma's strategy.

The transaction is subject to customary competition authority approvals but is expected to be effective by the end of Q1, 2020.

The transaction will be financed by a combination of new loans which SEB and Swedbank have committed to finance as well as from existing cash.

For further information, please contact:

Christoffer Lorenzen, CEO, +4673-501 76 20, christoffer.lorenzen@karopharma.com

Carl Lindgren, VP Business Development, +4676-002 60 22, carl.lindgren@karopharma.com

About Karo Pharma

Karo Pharma is a pharmaceutical company specialised in sales and marketing of prescription pharmaceuticals and over-the-counter products sold in pharmacies and retail. Karo Pharma is listed on Nasdaq Stockholm Mid Cap.

This information is such information that Karo Pharma is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the contact persons set out above, at 12.00 CEST on 23 December 2019.

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.