

Karo Pharma acquires Pevaryl[®] brand portfolio from Cilag GmbH International, an affiliate of Johnson & Johnson

Karo Pharma Aktiebolag (“Karo Pharma”) today announces the signing and closing of the acquisition of the remaining European rights to the Pevaryl[®] brand portfolio from Cilag GmbH International, one of the Janssen Pharmaceutical Companies of Johnson & Johnson, for 58 MEUR.

The transaction consolidates the ownership of the Pevaryl[®] brand portfolio, comprised of Pevaryl[®], Epi-Pevaryl[®], Gyno-Pevaryl[®] and Pevisone[®] in Europe with Karo Pharma. The acquired portfolio generated net sales of around 20 MEUR in 2019.

Karo Pharma already owns and commercializes Pevaryl[®], Gyno-Pevaryl[®] and Epi-Pevaryl[®] in certain European markets, as a result of a transaction between Karo Pharma’s subsidiary, Trimb Healthcare AB, and Johnson & Johnson’s consumer business in June 2017. This business generated net sales of approximately 10 MEUR in 2019 and the combined Pevaryl[®] brand portfolio will thereby reach net sales of around 30 MEUR.

Consolidating Pevaryl[®] provides benefits in terms of maintaining and developing a focused and clear brand offering across the European markets and provides economies of scale that can be leveraged across manufacturing, regulatory and commercial areas. The acquisition expands Karo Pharma’s European reach outside of the Nordic region. In particular, the acquisition provides added scale in Italy, a market which accounted for approximately half of the added 20 MEUR sales in 2019. Additionally, the acquisition adds scale and scope to two of Karo Pharma’s existing focus categories, intimate care and foot care.

“The transaction gives us full control of the Pevaryl[®] brand portfolio in Europe and adds critical mass in some key European countries like Italy. The brand is available in more than 20 markets across Europe and with 30 MEUR in net sales it will be one of the largest brands in our portfolio going forward”, says Christoffer Lorenzen, CEO of Karo Pharma.

The acquisition is a pure asset deal. No personnel or manufacturing sites are included in the agreement and the technology transfer risks are limited. Johnson & Johnson and Karo Pharma will collaborate to secure a seamless transfer of the portfolio, including relevant approvals. Karo Pharma expects that the products are fully transferred and operated by Karo Pharma by the end of Q1, 2021. Karo Pharma expects to add running costs over time by approx. 2-3 MEUR per year as a direct consequence of the transaction. This is primarily linked to further build-up of the organizational capabilities within sales, marketing, operations and regulatory.

The transaction is financed by a new loan facility from SEB, Swedbank and DNB NOR. Sawaya Partners, LLC acted as financial advisor to Karo Pharma.

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About Karo Pharma

Karo Pharma delivers smart choices for everyday healthcare. We own and commercialize branded, original over-the-counter products and prescription medicines. Our products are available in more than 60 countries, with Europe and the Nordic region as our core markets. Karo Pharma is headquartered in Stockholm, Sweden and 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 13.00 CEST on 8th of May 2020.

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.