

# Karo Pharma AB divests its Hospital Supply business, Swereco AB, to J2L Holding AB

**As previously announced, Karo Pharma AB (“Karo Pharma”) has carried out a strategic evaluation of the Hospital Supply business unit, Swereco AB (“Swereco”), during the year, where a possible scenario involved a divestment. This process has now been concluded.**

Karo Pharma's commercial focus is on consumer healthcare and its range of brands within over-the-counter medicines, self-care products and prescription medicines, which are sold in pharmacy and mass-market channels. Consequently, the Hospital Supply business, which provides products for rehabilitation, intensive care, diabetes treatment and surgery under the Swereco<sup>®</sup> brand and several in-licensed brands directly to hospitals and regions, is outside of our core business.

Karo Pharma, therefore, made the decision to divest Swereco and engaged Handelsbanken Capital Markets to run a formal divestment process. The process, which involved multiple potential buyers, has now been concluded. Karo Pharma is pleased to have found a new and very suitable owner in J2L Holding AB (“J2L”), a Swedish private investment company, for Swereco. Karo Pharma is convinced that Swereco has the best conditions for continued development and growth under J2L's ownership and stewardship, and that the divestment optimizes value for Karo Pharma's shareholders.

The Hospital Supply business generated SEK 118 million in revenues in 2019 and J2L will acquire all shares in Swereco for SEK 150 million on a cash and debt free basis (Enterprise Value). This corresponds to an EV/EBITDA multiple of 8.5x based on LTM figures, October 2020. The transaction will be closed on 1<sup>st</sup> of December 2020.

For further information, please contact:

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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 8:00 CET on 16<sup>th</sup> of November 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.