

Karo Pharma acquires European OTC brand portfolio from Teva Pharmaceuticals

Karo Pharma Aktiebolag (“Karo”) today announces the acquisition of an OTC brand portfolio containing Flux[®], Decubal[®], Lactocare[®], Apobase[®], Dailycare[®] and Fludent[®] from Teva Pharmaceuticals (Teva) for a total consideration of EUR 84m.

The transaction transfers ownership of the brand portfolio, comprised of Flux[®], Decubal[®], Lactocare[®], Apobase[®], Dailycare[®] and Fludent[®] from Teva to Karo. The brands generated sales just short of EUR 35m in 2020 on a global basis. The majority is generated in the Nordic markets, including Scandinavia, where the brands already are distributed and marketed by Karo under a 7-year license agreement that was signed in the spring of 2019.

The transaction adds around EUR 4m in net sales from new markets outside of Scandinavia of which approx. 80% is in Finland. The transaction simplifies the business set-up and provides Karo with control of the assets, thereby paving the way for long-term optimization of the brands and the value chain.

In terms of financial impact Karo will realize direct savings in year 1 of just under EUR 5m as costs to Teva are eliminated. Karo already commercializes the products in Scandinavia and has active relationships with the contract manufacturers that supply the brands. Hence, limited added costs and personnel are required as a direct result of the transaction.

“The transaction is in full alignment with our strategy of owning and commercializing strong OTC brands within everyday healthcare. It gives us full global control of a very exciting brand portfolio that we will develop and optimize over the next years. It strengthens our position in the Nordic markets and notably it expands our business in Finland where we did not previously control these brands. Over the next years we shall expand life cycle management opportunities, drive activation across more channels and explore geographical market expansion”, says Christoffer Lorenzen, CEO of Karo Pharma.

The acquisition is a pure asset deal. No personnel or manufacturing sites are included, which limits commercial as well as the technology transfer risks. The transaction, which is financed with existing cash and requires no additional credit facilities, is expected to close on April 1.

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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 19.00 CET on 3 February 2021.

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.