

Karo Pharma enters into an agreement for the potential acquisition of the E45[®] brand from Reckitt

Karo Pharma Aktiebolag (“Karo”) has today entered into a put option agreement pursuant to which it may acquire the dermatology brand E45[®] from Reckitt for total consideration of GBP 200m (the “Transaction”).

Subject to the execution of the put option by Reckitt, the acquisition of the E45[®] brand will be effected through the put option agreement. Completion of the Transaction will additionally be subject to customary conditions including the completion by Reckitt of information and consultation processes with its French works councils. The Transaction is expected to close in the second quarter of 2022.

The Transaction would transfer ownership of E45[®], with annual estimated net sales of GBP 43m during 2021, from Reckitt to Karo. The acquisition would scale up Karo’s operations in the UK, consistent with Karo’s strategy of expanding commercial operations in major European markets. Further, the Transaction would strengthen Karo’s position in the dermatology category and would add the market leading dermatology brand in the UK and South Africa to Karo’s portfolio.

“With its proven, dermatological expertise and unrivalled UK leadership position in skin health, E45 is an exciting addition to our Karo brand portfolio. E45 deepens and scales our European presence in dermatology, synergising strongly with our Locobase, Alfason and Decubal brands. We see compelling opportunities to unlock value; enabling E45’s shift from off-line to omnichannel and better serving consumers with a winning pipeline of innovation,” says Anna Hale, CMO of Karo.

“We are pleased to add another synergistic brand acquisition to Karo’s portfolio. E45 is a unique brand, which is trusted by consumers and represents quality and consistency. The brand will strengthen our platform in the UK market, as well as within the dermatology category, fully aligned with our strategy. Further, we will look to fuel the brand's growth via increased A&P and via injecting e-commerce capabilities recently accessed via the Sylphar transaction” says Christoffer Lorenzen, CEO of Karo.

Pursuant to the terms of the Transaction, Reckitt will also provide service and manufacturing support to Karo for a limited period following completion of the Transaction until Karo is fully operational. No manufacturing sites are included in the Transaction perimeter and Karo intends to transfer production to a new third party contract manufacturing organization. The Transaction would be financed 100% with debt from Karo’s existing lending banks.

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This information is such information that Karo 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 08:00 CET on 24 December 2021.

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.

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.