Press release 18th April 2016

Recipharm creates a global CDMO leader through SEK 1.7 billion strategic acquisitions in the US, Sweden and India

Recipharm AB (publ) ("Recipharm" or the "Company") announces today that it has signed two separate agreements to acquire Kemwell's pharmaceutical contract development and manufacturing (CDMO) businesses. The first acquisition, comprising US[1] and Swedish[2] operations, is expected to close during the second quarter 2016, after review by the Swedish Competition Authority, while the second, comprising operations in India[3], is conditional on governmental approvals and expected to close before year end. The transactions will be financed by already available funds, existing credit facilities, a share issue in kind to the sellers and a proposed share issue of approximately SEK 850 million with preferential rights for existing shareholders.

Highlights

- The combined entity will have a significantly enhanced reach and scale. The businesses to be acquired had 2015 preliminary net sales of approximately SEK 745 million, corresponding to 22 per cent of Recipharm's 2015 total net sales.

- The acquisitions are expected to be accretive to EBITDA margin already from 2016 and are well in line with Recipharm's overall financial objectives.

- Adds US operational presence with strong development capabilities, enhanced technology base and broad customer portfolio, providing improved access to the world's largest pharma market.

- Expands position in emerging markets significantly, taking sales in these markets to more than SEK 800 million[4], dominated by sales directly to the fast-growing pharma market in India.

- Major extension of Recipharm's capabilities in India;
    - Provides access to significant cost effective development operation working with customers with strong US ANDA[5] project pipeline;
    - Adds US FDA and EU approved cost effective manufacturing options;
    - Expands manufacturing capabilities, complementary technology to Nitin Lifesciences.

- Further strengthens Recipharm's synergistic business model by aligning US and Indian development and technology operations with the combined company's manufacturing capabilities in India and Europe. In addition, there are potential commercial synergies from enhanced customer offering and cross selling.

[1] Cirrus Pharmaceutical Inc. through the acquisition of all the shares in its parent company Kemwell Biopharma Inc.
[2] Kemwell AB.
[3] Kemwell Biopharma Private Ltd´s India Pharma Division, which prior to completion of the transaction will be transferred to Dagny Pharma Private Ltd.
[4] Preliminary figure including already announced acquisition of majority stake in Indian company Nitin Lifesciences Ltd.
[5] Abbreviated New Drug Application.

- Well established API and dose form manufacturing facilities in Sweden with opportunities for substantial cost savings and operational synergies.

- Strong combined cash flow generation expected to maintain financial profile in-line with financial targets.

- A share issue in kind of class B shares in Recipharm corresponding to a value of USD 55 million (SEK 450 million)[6], subject to approval by the Extra General Meeting, and a proposed share issue of approximately SEK 850 million with preferential rights for existing shareholders.

US and Sweden transaction

- The acquisition price for Kemwell's operations in the US and Sweden amounts to approximately USD 85 million (SEK 693 million) on a cash and debt free basis, and will be paid to the sellers, Kemfin Holdings Private Ltd ("Kemfin") and, as regards the Swedish operations, a minor additional owner ("Minority owner"), with approximately USD 30 million (SEK 243 million) in cash as well as through an issue in kind of class B shares in Recipharm corresponding to a value of USD 55 million (SEK 450 million).[6] All financial debt will be settled at closing of the acquisition. The number of shares in the issue in kind will be based on an agreed subscription price, calculated as the average of the volume weighted average share price for (i) 20 trading days prior to the day for signing of the acquisition agreement and (ii) 20 trading days prior to the date for the EGM, adjusted for non-occurring dividend for the financial year 2015. The share issue in kind requires that the Board of Directors receives the necessary authorization from Recipharm's shareholders at an Extra General Meeting to be held on 10th May 2016.

- Kemfin will become a meaningful shareholder in Recipharm. Kemfin and Minority owner have committed to a 12 month lock up period as well as undertaken to subscribe for their pro rata shares in the proposed rights issue.[7]

- Recipharm will finance the cash portion of the purchase price through available funds and existing credit facilities.

- Closing of the transaction is expected to take place during the second quarter of 2016, subject to review by the Swedish Competition Authority. The transaction is also subject to confirmation from a third party regarding certain commitments.

India transaction

- The acquisition price for the operations in India amounts to USD 120 million (SEK 982 million) on a cash and debt free basis.[6] The consideration will be paid in cash to the sellers, the founding Bagaria family[8] and parties related to the family, at closing of the acquisition, which is expected to take place before year end. The final price will be subject to

[6] Exchange rate of USD/SEK of 8.18.
[7] Subject to Kemfin and Minority owner receiving the shares from the issue in kind prior to the record date of the proposed rights issue. Should the shares from the issue in kind not be registered prior to the record date of the proposed rights issue, the number of shares in the rights issue will be reduced and a subsequent directed share issue against cash payments to Kemfin and Minority owner will be carried out. Please see the summons to the Extra General Meeting for additional information.
[8] Kemfin Holdings Private Ltd and the Bagaria family are related parties.

adjustments for changes in currency exchange rates. All financial debt will be settled at closing of the acquisition.

- The purchase price will be financed through the proposed share issue of approximately SEK 850 million with preferential rights for existing shareholders expected to be completed by the end of the second quarter (the "proposed rights issue") as well as through available funds and existing credit facilities.
- The agreement also includes a right of first negotiation to acquire Kemwell's Indian biopharma business, which is not included in the transaction and will continue to be retained by the sellers.
- The transaction is subject to governmental approvals, including approval from the Indian Foreign Investment Promotion Board ("FIPB").

Thomas Eldered, CEO of Recipharm AB said "These transactions represent a significant step in both the consolidation of the CDMO industry and the transformation of Recipharm into a global leader. We now have a US footprint which we can use to further penetrate the world's largest pharmaceutical market and the business in Sweden provides us with several opportunities for synergies. When we receive the approval in India, Recipharm's customers will have access to very cost effective development and manufacturing capabilities able to serve international markets including the US. I am extremely excited about these acquisitions and the benefits they will bring. The current Managing Director, Anurag Bagaria, and VP Corporate Development, Karan Bagaria, will continue in their current positions post closing and I am very much looking forward to working with them".

Anurag Bagaria, Managing Director of Kemwell commented "I am delighted about the combination of Kemwell's pharmaceutical business with Recipharm, both of which have many complementary capabilities. I am confident that together we will be even more successful and we look forward to building on our combined strengths".

PerÅke Oldentoft, Chairman of Kemwell AB and Managing Director of Kemfin commented "I am really excited about the combination of the companies and I am sure that under the Recipharm umbrella the business will continue to grow and provide high quality products and services to its customers".

Information on the acquired businesses

The US development business is located in Research Triangle Park, North Carolina and employs around 50 people. There are about 120 customers and services include development of inhalation, liquid, semi-solid, solid and parenteral products with emphasis on early formulation work as well as development of analytical methods and testing. Recently, the business has also commissioned a GMP suite allowing for expansion into manufacturing of clinical trial material. The services are provided either on a stand-alone basis or as a more comprehensive pharmaceutical product development program.

The Swedish business is located in Uppsala and employs around 210 people. It consists of two production units including a fully integrated primary and secondary manufacturing facility dedicated to a limited number of products, based on the same API and supplied essentially to one Big Pharma

customer. There is also a small general pharmaceutical manufacturing unit. Manufacturing services offering include APIs, solids and semi-solid formulations. More than 95 per cent of the Swedish production is exported to over 60 countries including the US and Japan.

For the 12-month period ending on 31 December 2015, the US and Swedish businesses reported revenues of SEK 461 million and adjusted EBITDA of SEK 61 million[9]. Cost savings and synergies are expected to yield more than SEK 25 million per annum when fully realized, expected in Q4 2017. These cost savings and synergies will be driven by asset rationalization and savings in general within administration activities. The non-recurring costs for implementation are expected to amount to approximately SEK 7 million.

Kemwell's India business was founded by Subhash Bagaria. The acquired Indian business is expected to employ around 1,400 people at closing of the acquisition, and comprises both development services as well as commercial manufacturing of solid, semi-solid, liquid and topical dose products, with customer relations spanning decades. The solid dosage plant was commissioned in 2008 and has approvals from US FDA and EU amongst many other regulatory bodies. The oral liquids production plant was commissioned in 2011 and is specialized in automated high throughput large volume manufacturing, mainly for the Indian subcontinent. The development business is a rapidly growing business with a comprehensive service offering including formulation development, small scale manufacturing for clinical trials and a large analytical services business.

For the 12-month period ending on 31 December 2015, the Indian business generated revenues of approximately INR 2,160 million (SEK 284 million) and EBITDA of INR 358 million (SEK 47 million)[10,11]. The project pipeline and the development business are expected to generate significant growth and margin expansion in the coming years.

Transaction rationale

Improved market access

- US platform to penetrate the largest and most innovative pharmaceutical market
- Significant potential to capture lucrative development projects in the US and India
- Opportunity to convert development projects into manufacturing opportunities
- In combination with Nitin Lifesciences, an enhanced emerging market offering

Strong customer relationships

- Top tier customer base including Big Pharma and global generics
- Several high potential partnerships, especially in the US and India

High quality technology and capability base

- Competitive solids and oral liquids manufacture in India
- Adds Indian facilities with US FDA and EU approvals
- New inhalation, nasal and transdermal delivery development capability
- US development centre including clinical manufacture

[9] Unaudited number according to local GAAP and adjusted for non-recurring losses of approximately SEK 14m.
[10] Preliminary unaudited number according to Indian GAAP.
[11] Exchange rate of INR/SEK of 0.13.

Attractive financials

- Accretive to growth and EBITDA margin
- Strong combined cash flow generation
- Substantial opportunities for cost savings and synergies

Transaction costs

The total transaction costs affecting operating profit, excluding costs for the rights issue, are estimated to amount to approximately SEK 20 million of which SEK 7 million will be charged to the Q1 2016 result. Additional financial costs amount to SEK 6 million.

Additional information about the proposed rights issue

In light of Recipharm's acquisition of CDMO businesses in the US, Sweden and India, the Board of Directors proposes that the Extra General Meeting on 10th May 2016 authorizes the Board of Directors, during the period until the next Annual General Meeting, to issue new shares with preferential rights for existing shareholders. The proceeds in connection with such share issue shall amount to approximately SEK 850 million before issue costs. The net proceeds from the rights issue will be used to finance the acquisition of the businesses referred to above.

At the Board's exercise of the authorization to carry out the proposed share issue in kind, Kemfin will become a meaningful shareholder in Recipharm. Kemfin and Minority owner have committed to a 12 month lock up period for the shares received through the share issue in kind as well as undertaken to subscribe for their pro rata shares of the proposed rights issue.

Should Kemfin and Minority owner receive shares in the share issue in kind prior to the record date for the proposed rights issue, they have committed themselves to participate in the rights issue by exercising all of their respective subscription rights. However, if the share issue in kind is not registered prior to the record date for the proposed rights issue, the Board of Directors will reduce the number of shares in the rights issue corresponding to Kemfin and Minority owner's prospective share of the rights issue. In such case, a directed share issue against cash payment will be carried out to Kemfin and Minority owner, where the subscription price will be the same as in the proposed rights issue and the number of shares issued will correspond to the number of shares which Kemfin and Minority owner would have subscribed for in the rights issue if they had received the shares issued in connection with the share issue in kind prior to the record date for the rights issue. The directed share issue requires that the Board of Directors receives the necessary authorization at the Extra General Meeting to be held on 10th May 2016. For further information, please refer to the separate press release regarding the summons to the Extra General Meeting.

Commitments and indications of intent

Recipharm's two main shareholders, Flerie Participation AB, which is controlled by Recipharm's CEO Thomas Eldered, and Cajelo Invest AB, which is controlled by Recipharm's chairman Lars Backsell, who control 20.6 and 12.9 per cent of the share capital respectively and 41.1 and 38.7 per cent of the votes respectively[12], have committed to vote for the proposed rights issue at the Extra General

[12] The stated holdings are calculated as of 15th April 2016 before the proposed issue in kind of class B-shares in Recipharm corresponding to a value of USD 55 million as stated above.

Meeting and subscribe for their pro rata shares in the proposed rights issue.

In addition, Lannebo Fonder, Första AP-fonden and Fjärde AP-fonden, who together control 24.8 per cent of the share capital and 7.5 per cent of the votes[13], have indicated their intention to vote for the proposed rights issue at the Extra General Meeting and indicated their intention to subscribe for their respective pro rata shares in the proposed rights issue.

Thus, in aggregate, commitments and indications of intentions to subscribe for pro rata shares in the proposed rights issue has been obtained from current Recipharm shareholders controlling 58.2 per cent of the share capital and 87.3 per cent of the votes.[13]

Furthermore, Kemfin and Minority owner have committed to subscribe for their pro rata shares in the rights issue based on the number of shares received in the share issue in kind, as outlined above.[14]

Conference call and Q&A

A presentation with a Q&A session will be held today, the 18th April 2016, at 10:00 am CET.

To participate in the web conference, please use below link:
http://edge.media-server.com/m/p/j72rtbbm

Pin code for participants:
78503430#

Questions may be submitted by dialing below telephone numbers or by typing them in the Q&A box during the conference. ***If you don't wish to ask questions by telephone you only need to participate through the link above.***

From Sweden: + 46 8 505 963 06
From Denmark: + 45 354 45597
From Finland: + 358 9 8171 0317
From France: + 33 29092 0977
From Germany: + 49 30 211 510 067
From India: + 91 226187 51 03
From Italy: + 39 2 3604 67 98
From Norway: + 47 235 00 559
From Portugal: + 35 210 609104
From Spain: + 34 911 143 608
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From the UK: + 44 203 139 48 30
From the USA: + 1 718 873 90 77

[13] The stated holdings are calculated as of 15th April 2016 before the proposed issue in kind of class B-shares in Recipharm corresponding to a value of USD 55 million as stated above.
[14] Subject to Kemfin and Minority owner receiving the shares from the issue in kind prior to the record date of the proposed rights issue. Should the shares from the issue in kind, not be registered prior to the record date of the proposed rights issue, the number of shares in the rights issue will be reduced and a subsequent directed share issue against cash payments to Kemfin and Minority owner will be carried out. Please see the summons to the Extra General Meeting for additional information.

For further information please visit www.recipharm.com or contact:
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This information is published in accordance with the Swedish Securities Market Act, the Swedish Financial Instruments Trading Act and/or the regulations of NASDAQ Stockholm. This information was submitted for publication on 18th April 2016, at 07:10hrs CET.

About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 2,700 employees. Recipharm offers manufacturing services of pharmaceuticals in various dosage forms, production of clinical trial material and APIs, and pharmaceutical product development. Recipharm manufactures several hundred different products to customers ranging from Big Pharma to smaller research- and development companies. Recipharm's turnover is approximately SEK 3.4 billion and the Company operates development and manufacturing facilities in France, Germany, Italy, Israel, Portugal, Spain, Sweden and the UK and is headquartered in Jordbro, Sweden. The Recipharm B-share (RECI B) is listed on NASDAQ Stockholm.

For more information on Recipharm and our services, please visit www.recipharm.com

Financial and legal advisers

Recipharm has retained Veritas Legal, Calissendorff Swarting, Obermayer Rebmann Maxwell & Hippel LLP as legal advisors, PwC as financial advisor and Sweco and WSP as environmental advisors for this transaction.

DNB Markets, Handelsbanken Capital Markets and Swedbank Corporate Finance are acting as financial advisors and Setterwalls Advokatbyrå AB is acting as legal advisor to Recipharm in relation to the proposed rights issue.