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Press release

17 May 2016

The Board of Directors of Recipharm resolves on a rights issue of approximately SEK 805 million and announces terms

The Board of Directors of Recipharm AB (publ) ("Recipharm" or the "Company") has resolved to, based on the authorization from the Extraordinary General Meeting on 10 May 2016, launch a new share issue with preferential rights for existing shareholders (the "rights issue") and has determined the terms of the rights issue.

Recipharm announced on 18 April 2016, that the Company had signed two separate agreements to acquire Kemwell's pharmaceutical CDMO businesses. The first acquisition comprises Cirrus Pharmaceuticals Inc. with operations in the US, which 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, and Kemwell AB in Sweden, which services primarily includes manufacturing of APIs, solids and semi-solid formulations. The second acquisition refers to Kemwell Biopharma Private Ltd's pharmaceutical operations in India¹. The operations comprise both development services as well as commercial manufacturing of solid, semi-solid, liquid and topical dose products.

In connection with the announcement of the acquisitions, the Company announced that the Board of Directors intended to submit a proposal for authorisation from an Extraordinary General Meeting, to carry out first, a rights issue of approximately SEK 850 million for the purpose of financing the acquisition of Kemwell Biopharma Private Ltd's pharmaceutical operations in India, as described above, and an issue in kind of Class B shares to the sellers of shares in Kemwell AB², that is, the operations in Sweden. The Extraordinary General Meeting on 10 May 2016 authorized the Board of Directors to carry out the rights issue and the issue in kind. In conjunction with the Extraordinary General Meeting, the Board of Directors was also authorized, in such case that the shares in the issue in kind will not be registered before the record date of the rights issue, to carry out a directed share issue (the "directed share issue") to the sellers of Kemwell AB². Closing of the acquisition of Kemwell AB is expected to take place during the second quarter 2016 and in connection therewith, the Board will decide on an issue in kind of Class B shares in Recipharm, corresponding to a value of USD 55 million (SEK 453 million³), to the sellers of shares in Kemwell AB^{2,4}. Given that closing of the acquisition will not be finalised in such time that the shares from the issue in kind can be registered before the record date of the rights issue, the Board of Directors has decided to reduce the proceeds from the rights issue, from approximately SEK 850 million to approximately SEK 805

¹ Kemwell Biopharma Private Ltd's India Pharma Division, which prior to completion of the transaction will be transferred to Dagny Pharma Private Ltd.

² Kemfin Holdings Private Ltd and a minority seller.

³ Exchange rate of USD/SEK of 8.2325.

⁴ The number of shares in the issue in kind is expected to amount to approximately 3.1 million based on an exchange rate of USD/SEK of 8.2325 as of 16 May 2016 and an agreed subscription price of SEK 145.06, 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 Extra General Meeting, adjusted for non-occurring dividend for the financial year 2015. Specified numbers are based on an exchange rate of USD/SEK of 8.2325 as of 16 May 2016 and will be subject to adjustment in connection to the closing of the acquisition.

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million, if fully subscribed and before transaction costs, and to instead carry out a directed share issue of approximately SEK 51 million against cash payment to the sellers of Kemwell AB⁵.

The entire issue proceeds from the rights issue will be used to partly finance the purchase price for the above described acquisition of Kemwell Biopharma Private Ltd's pharmaceutical operations in India, as announced on 18 April 2016.

The rights issue in brief

- The rights issue comprises no more than 2,537,143 Class A shares and no more than 7,273,924 Class B shares, in total no more than 9,811,067 shares.
- The subscription price is SEK 82 per share. No commission will be charged.
- The rights issue proceeds will amount to approximately SEK 805 million before transaction costs, if the rights issue is fully subscribed.
- Those who on the record date, 23 May 2016, are registered as shareholders of Recipharm will receive one (1) Class A subscription right for each Class A Recipharm share held and one (1) Class B subscription right for each Class B Recipharm share held. The subscription rights entitle the holder to subscribe for new shares with first priority preferential right, in which case five (5) subscription rights of Class A and Class B, respectively, entitle the holders to subscribe for one (1) new Recipharm Class A and Class B share, respectively. Shares that are not subscribed for by shareholders entitled to subscribe pursuant to first priority preferential right shall, regardless of share class, be offered to all shareholders for subscription (second priority preferential right). In addition, investors will be invited to submit their interest in subscribing for new shares without first or second priority preferential right.
- The record date is 23 May 2016. The last day of trading in Recipharm's Class B shares including the right to receive subscription rights is 19 May 2016, and the first day of trading in Recipharm's Class B shares excluding the right to receive subscription rights is 20 May 2016.
- The subscription period will run from and including 25 May 2016 up to and including 7 June 2016.
- Existing shareholders in Recipharm, controlling 58.7 per cent of the share capital and 87.5 per cent of the votes, have committed or indicated their intentions to subscribe for their respective pro rata shares in the rights issue.

⁵ The sellers of Kemwell AB, Kemfin Holdings Private Ltd and a minority seller, have committed to subscribe for Class B shares in Recipharm within the framework of the directed share issue of Class B shares of approximately SEK 51 million, with the same subscription price per share as in the rights issue and as if they had subscribed for their pro rata shares in a rights issue of approximately SEK 856 million.

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Background and reasons for the rights issue

On 18 April 2016, Recipharm announced that the Company had signed two separate agreements to acquire Kemwell's pharmaceutical contract development and manufacturing (CDMO) businesses. The first acquisition, which comprises US⁶ and Swedish⁷ operations, is expected to close during the second quarter 2016. The acquisition is subject to review by the Swedish Competition Authority and confirmation from a third party regarding certain commitments. The condition regarding review by the Swedish Competition Authority has been met. The second acquisition, comprising operations in India⁸, is conditional upon governmental approvals and expected to close before year end.

The entire issue proceeds from the rights issue together with available funds, existing credit facilities, and the issue proceeds from the directed share issue, will finance the above described acquisition of Kemwell Biopharma Private Ltd's pharmaceutical operations in India. The acquisition of Cirrus Pharmaceuticals Inc. and Kemwell AB is financed with available funds, existing credit facilities, as well as the issue in kind of Class B shares in Recipharm to the sellers of Kemwell AB, corresponding to a value of approximately USD 55 million. For additional information on the acquisitions, please refer to the press release published on 18 April 2016.

Terms and conditions for the rights issue

Those who on the record date, 23 May 2016, are registered by Euroclear Sweden AB as a shareholder in Recipharm, will receive one (1) Class A subscription right for each Class A Recipharm share held and one (1) Class B subscription right for each Class B Recipharm share held. The subscription rights entitle the holder to subscribe for new shares with first priority preferential right, in which case five (5) subscription rights of Class A and Class B respectively, entitle the holder to subscribe for one (1) new share of Class A and Class B, respectively. Shares that are not subscribed for by shareholders entitled to subscribe pursuant to first priority preferential right shall, regardless of share class, be offered to all shareholders for subscription (second priority preferential right). In connection with transfer of a subscription right (first priority preferential right), the second priority preferential right is also transferred to the new holder of the subscription right. In addition, investors will be invited to submit their interest in subscribing for new shares without first or second priority preferential right (without preferential right).

The Company's share capital will be increased by not more than SEK 4,905,534 through the issuance of no more than 2,537,143 Class A shares and no more than 7,273,924 Class B shares. The subscription price is SEK 82 per share, corresponding to total rights issue proceeds of approximately SEK 805 million before transaction costs, provided that the rights issue is fully subscribed.

The existing Recipharm Class B shares are traded including the right to receive subscription rights up to and including 19 May 2016 and the first day of trading in Recipharm's Class B shares

⁶ Cirrus Pharmaceutical Inc. through the acquisition of all the shares in its parent company Kemwell Biopharma Inc.

⁷ Kemwell AB.

⁸ Kemwell Biopharma Private Ltd's India Pharma Division, which prior to completion of the transaction will be transferred to Dagny Pharma Private Ltd.

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excluding the right to receive subscription rights is 20 May 2016. The subscription period runs from 25 May 2016 up to and including 7 June 2016. Recipharm's Board of Directors has the right to extend the subscription period which, when applicable, will be announced through a press release.

Existing shareholders who choose not to participate in the rights issue will have their ownership diluted by approximately 17 per cent⁹, but are able to financially compensate for this dilution by selling their subscription rights. Unexercised subscription rights must be sold in order not to lapse without value.

Commitments and indications of intent

Recipharm's two main shareholders, Flerie Participation AB, which is controlled by Recipharm's CEO Thomas Elderred, 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, have committed to subscribe for their respective pro rata shares in the rights issue.

In addition, Lannebo Fonder, Första AP-fonden and Fjärde AP-fonden, who together control 25.3 per cent of the share capital and 7.7 per cent of the votes, have indicated their intention to subscribe for their respective pro rata shares in the rights issue.

Thus, existing shareholders in Recipharm, controlling 58.7 per cent of the share capital and 87.5 per cent of the votes, have committed or indicated their intentions to subscribe for their respective pro rata shares in the rights issue.

Indicative timetable for the rights issue

19 May 2016 – Estimated date for publication of the prospectus

19 May 2016 - Last day of trading in Recipharm's Class B shares including the right to receive subscription rights

20 May 2016 - First day of trading in Recipharm's Class B shares excluding the right to receive subscription rights

23 May 2016 – Record date for determining who is entitled to receive subscription rights to subscribe for new shares in the rights issue

25 May – 2 June 2016 – Trading in subscription rights (only Class B subscription rights will be traded on Nasdaq Stockholm)

25 May – 7 June 2016 – Subscription period

⁹ Including the directed share issue.



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13 June 2016 – Announcement of the preliminary outcome of the rights issue

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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 17 May 2016, at 07:15 am CET.

About Recipharm

Recipharm is a leading CDMO (Contract Development and Manufacturing Organisation) in the pharmaceutical industry employing some 3,200 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 4.6 billion and the Company operates development and manufacturing facilities in France, Germany, India, Israel, Italy, 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

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 rights issue.

Important information

The information in this press release does not constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in Recipharm. Any invitation to the persons concerned to subscribe for shares in Recipharm will only be made through the prospectus that Recipharm estimates to publish on or around 19 May 2016.

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