

Hikma strengthens US Injectables business through acquisition of Custopharm

This announcement contains inside information

London, 27 September 2021 – Hikma Pharmaceuticals PLC (Hikma), the multinational pharmaceutical company and one of the largest suppliers of generic injectable medicines in the US, today announces that it has agreed to acquire Custopharm Inc. ('Custopharm') from Water Street Healthcare Partners ('Water Street').

Hikma will pay an initial cash consideration of \$375 million on a debt and cash-free basis, with a further \$50 million in contingent consideration payable upon the achievement of certain commercial milestones.

Custopharm, a US-based generic sterile injectables company with a differentiated product portfolio and R&D pipeline, currently markets its products in the US through its commercial arm Leucadia Pharmaceuticals. Since partnering with Water Street in 2015, Custopharm has received 13 US FDA approvals, with four first-to-market Abbreviated New Drug Application (ANDA) approvals - including one with Competitive Generic Therapy (CGT) designation - and one novel 505(b)(2) NDA approval. Based in Carlsbad, California, Custopharm has 39 employees.

Transaction highlights and strategic rationale:

- **Complements Hikma's injectable product portfolio and pipeline**, adding 13 approved products and additional pipeline products
- **Enhances Hikma's R&D capabilities**, adding an experienced scientific team of dedicated R&D professionals with a proven ability to develop and commercialise complex sterile injectable products and a state-of-the-art R&D laboratory in California
- **Maintains Hikma's strong regulatory track record**. Custopharm has consistently obtained regulatory approval for new products with four first-to-market FDA ANDA approvals, including one CGT exclusivity for Calcitonin Salmon, which was launched in May 2021
- **Strengthens Hikma's platform for future growth**. Custopharm is a growing business and Hikma expects it to generate full year 2021 revenue in excess of \$80 million and for the acquisition to be accretive to Hikma's Injectables operating margin

Siggi Olafsson, Chief Executive Officer of Hikma, commented:

"This acquisition provides Hikma with an attractive opportunity to further strengthen our US injectables business, by adding an attractive and profitable portfolio of marketed products and an exciting pipeline of future opportunities. Custopharm is an accomplished operator in the US injectables market with a first-class scientific team and a strong regulatory track record. This acquisition is highly complementary to our existing business and adds high-quality and differentiated growth potential."



Riad Mishlawi, President of Hikma Injectables, commented:

“With this acquisition, Hikma will have a differentiated US portfolio of close to 130 injectable medicines – a more than fivefold increase over the last decade. Through this broad portfolio and by combining Custopharm’s strong R&D capabilities with our high-quality and extensive manufacturing footprint, we will be in an excellent position to better serve the growing needs of hospitals, doctors and patients. I look forward to welcoming the team at Custopharm and Leucadia to Hikma as we continue to grow and strengthen our Injectables business.”

William C. Larkins, Ph.D., CEO of Custopharm and Leucadia, added:

“We’re excited to become part of Hikma, a global leader that shares our deep commitment to bringing generic products to market and into the hands of patients who need them. Water Street has been an outstanding partner in working with us to build an exemplary portfolio of complex generic products. We’re looking forward to building on this success.”

Terms of the transaction and financial impact

The up-front consideration of \$375 million is on a cash-free, debt-free basis and is being funded from Hikma’s existing cash resources.

The acquisition constitutes a Class 2 transaction pursuant to the UK Listing Rules. The gross assets of Custopharm at 31 December 2020 were \$43 million. Losses before tax in the year to 31 December 2020 were \$7.5 million.

The transaction is subject to US Federal Trade Commission approval.

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The person responsible for the release of this announcement on behalf of Hikma is Peter Speirs (Company Secretary).

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About Hikma

(LSE: HIK) (NASDAQ Dubai: HIK) (OTC: HKMPY) (rated BBB-/stable S&P and BBB-/stable Fitch)

Hikma helps put better health within reach every day for millions of people around the world. For more than 40 years, we've been creating high-quality medicines and making them accessible to the people who need them. Headquartered in the UK, we are a global company with a local presence across the United States (US), the Middle East and North Africa (MENA) and Europe, and we use our unique insight and expertise to transform cutting-edge science into innovative solutions that transform people's lives. We're committed to our customers, and the people they care for, and by thinking creatively and acting practically, we provide them with a broad range of branded and non-branded generic medicines. Together, our 8,600 colleagues are helping to shape a healthier world that enriches all our communities. We are a leading licensing partner, and through our venture capital arm, are helping bring innovative health technologies to people around the world. For more information, please visit: www.hikma.com

About Custopharm

Custopharm is a leader in the generic injectables market. Its goal is to provide important new generic injectable products to the acute and specialty markets and to reach people and communities with underserved conditions. Custopharm invests significantly in developing and acquiring new products, including through strategic partnerships. It also launches newly approved products through its nationally recognized commercial organization, Leucadia Pharmaceuticals. Custopharm features a portfolio of highly differentiated generic products, including four first-to-market products: Calcitonin Salmon Injection, USP, Synthetic, Dihydroergotamine Mesylate Nasal Spray, Sodium Tetradecyl Sulfate (STS) Injection, 3%, and Valrubicin Intravesical Solution, USP. Headquartered in Carlsbad, California, Custopharm is a company of Water Street Healthcare Partners, a strategic investor focused exclusively on the health care industry.

About Water Street

Water Street is a strategic investor focused exclusively on health care. The firm has a strong record of building market-leading companies across key growth sectors in health care. It has worked with some of the world's leading companies on its investments including Humana, Johnson & Johnson, Medtronic and Walgreen Co. Water Street's team is comprised of industry executives and investment professionals with decades of experience investing in and operating global health care businesses. The firm is headquartered in Chicago.