

# Dr. Reddy's to Acquire Nicotinell and Related Portfolio in Significant Step Towards Building Global Consumer Healthcare Business

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- Portfolio to be acquired consists of global NRT brand Nicotinell and its local market-leading brand names Nicabate, Habitrol and Thrive in markets outside of the United States
- Acquisition seen as ideal anchor to continue to build the company's global consumer healthcare OTC business
- In recent years, Dr. Reddy's has increased its presence in consumer healthcare (nutrition and OTC wellness) in markets around the world, including a recent joint venture with Nestlé India

HYDERABAD, India--(BUSINESS WIRE)-- Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY, NSEIFSC: DRREDDY; along with its subsidiaries together referred to as "Dr. Reddy's"), a global pharmaceutical company, today announced that its subsidiary Dr. Reddy's Laboratories SA has signed a definitive agreement with Hialeon plc (LSE/NYSE: HLN; "Hialeon"), a leading consumer healthcare company, for purchase of shares of Northstar Switzerland SARL, a Hialeon group company, to acquire Hialeon's global portfolio of consumer healthcare brands in the Nicotine Replacement Therapy ("NRT") category outside of the United States. The portfolio to be acquired consists of Nicotinell, a global leader in the NRT category with an extensive footprint in over 30 countries spanning Europe, Asia including Japan, and Latin America, and local market-leading brand names of the product – Nicabate in Australia, Thrive in Canada, and Habitrol in New Zealand and Canada. The proposed acquisition will be inclusive of all formats such as lozenge, patch, gum as well as pipeline products, in all applicable global markets outside of the United States.

Dr. Reddy's to acquire Nicotinell and related portfolio in significant step towards building global consumer healthcare business (Graphic: Business Wire)

Nicotinell is the second biggest brand globally (excluding the United States) in the NRT

category. It holds the first or second position in 14 of the top 17 global markets, with the lozenge/mini lozenge format holding top position globally<sup>1</sup>. Nicotinell ranks among the top 15 biggest brands among all OTC brands in Europe (excluding Russia, Italy), and ranks 32 among all OTC global brands (excluding the U.S.)<sup>2</sup>. In CY'23, the portfolio generated approximately GBP 217 million in revenue.

Dr. Reddy's will acquire the share capital of Northstar Switzerland SARL for a total consideration of GBP 500 million with an upfront cash payment of GBP 458 million and performance-based contingent payments of up to GBP 42 million, payable in 2025 and 2026. The closing of the transaction is subject to satisfactory completion of customary conditions to closing, including regulatory approvals. The transaction is expected to close in early Q4 of calendar year 2024.

Upon closing of the transaction, Dr. Reddy's will acquire the NRT business in all countries outside of the United States. However, operations will transition to Dr. Reddy's in a phased approach to ensure successful integration of the business .

Tobacco use causes eight million deaths every year from health consequences such as cardiovascular diseases, lung disorders, cancers, diabetes, and many other debilitating diseases. According to the World Health Organization ("WHO"), of the 1.3 billion tobacco users globally, as many as 60% have expressed the desire to quit; however only 30% have access to the tools to help them to do so successfully. Safe and effective medical treatments to help individuals quit tobacco are available, but not always sufficiently available or accessible<sup>3</sup>.

NRT is recommended by the 'World Health Organization Model List of Essential Medicines' for nicotine use disorders<sup>4</sup>. NRT also played a key role in the WHO's 'Access Initiative for Quitting Tobacco' launched in 2020 to help tobacco users quit to reduce the risk of severe outcomes from COVID-19 infection<sup>5</sup>.

In line with its stated strategic intention, Dr. Reddy's continues to focus on its core business of generics, branded generics, Active Pharmaceutical Ingredients (API), over-the-counter (OTC) products, and biosimilars. Alongside this, the company has been investing in growth drivers of the future in three areas – access to novel molecules (NCEs, NBEs, CAR-T); digital therapeutics (wearables, apps); and consumer healthcare (including nutrition and OTC wellness products). As part of its consumer healthcare OTC business in the United States, Dr. Reddy's has in recent years acquired several well-known brands such as the NRT brand Habitrol®, pain-relief brand Doan's®, women's health products such as Premama® for fertility and parenthood, and the MenoLabs® portfolio for menopause. In India, Dr. Reddy's has a portfolio of OTC products in the hydration, cough-cold-allergy, and skin care categories. The recent announcement of a joint venture with Nestlé India to bring the well-known global range of nutritional health solutions as well as vitamin, minerals, herbals and supplements of Nestlé Health Science (NHSc) to India, is another significant move to strengthen its nutrition and OTC business in India. In Emerging Markets, Dr. Reddy's has a long-established and sizeable OTC business with market-leading products in the allergy, pain relief, gastro-intestinal and

women's health categories in Russia & CIS, South Africa, Asia, Latin America & the Caribbean. Earlier this year, Dr. Reddy's entered the UK consumer health market with the launch of the allergy medication Histallay. With increasing presence in consumer health and OTC in global markets, the company has been strengthening its capabilities in brand-building, marketing, digital and analytics, including exploring e-commerce partnerships. The latest proposed acquisition of Nicotinell and related portfolio gives Dr. Reddy's a strong footprint in Europe as well as other global markets, complementing and building on its existing global presence and capabilities.

**Erez Israeli, Chief Executive Officer of Dr. Reddy's, said:** "We see the acquisition of this global portfolio of consumer healthcare products led by the global brand Nicotinell as a logical extension of our efforts in consumer healthcare OTC in recent years, and of our purpose of 'Good Health Can't Wait'. We have been steadily building our OTC presence in various markets and investing in our capabilities. As a business, consumer healthcare is a growing and sustainable business with favourable long-term trends. The business to be acquired from Haleon has maintained steady sales and strong profitability over the years. The portfolio is attractive for its customer loyalty, its global nature, and the access it provides to key customers. We believe we can unlock more value, grow the portfolio further, and increase consumer access around the world to these global brands. Given these advantages, it is the ideal anchor around which to build a larger global OTC platform."

**About Dr. Reddy's:** Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY, NSEIFSC: DRREDDY) is a global pharmaceutical company headquartered in Hyderabad, India. Established in 1984, we are committed to providing access to affordable and innovative medicines. Driven by our purpose of 'Good Health Can't Wait', we offer a portfolio of products and services including APIs, generics, branded generics, biosimilars and OTC. Our major therapeutic areas of focus are gastrointestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Our major markets include – USA, India, Russia & CIS countries, China, Brazil and Europe. As a company with a history of deep science that has led to several industry firsts, we continue to plan ahead and invest in businesses of the future. As an early adopter of sustainability and ESG actions, we released our first Sustainability Report in 2004. Our current ESG goals aim to set the bar high in environmental stewardship; access and affordability for patients; diversity; and governance. For more information, log on to: [www.drreddys.com](http://www.drreddys.com).

**About Haleon:** Haleon (LSE /NYSE: HLN) is a global leader in consumer health, with a purpose to deliver better everyday health with humanity. Haleon's product portfolio spans five major categories – Oral Health, Pain Relief, Respiratory Health, Digestive Health and Other, and Vitamins, Minerals and Supplements (VMS). Its long-standing brands – such as Advil, Sensodyne, Panadol, Voltaren, Theraflu, Otrivin, Polident, parodontax and Centrum – are built on trusted science, innovation and deep human understanding. For more information, please visit [www.haleon.com](http://www.haleon.com).

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that are based on the management's current views and assumptions and involve known or unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to without limitation, (i) general economic conditions such as performance of financial markets, credit defaults, currency exchange rates, interest rates, persistency levels and frequency / severity of insured loss events, (ii) mortality and morbidity levels and trends, (iii) changing levels of competition and general competitive factors, (iv) changes in laws and regulations and in the policies of central banks and/or governments, (v) the impact of acquisitions or reorganization, including related integration issues, and (vi) the susceptibility of our industry and the markets addressed by our, and our customers', products and services to economic downturns as a result of natural disasters, epidemics, pandemics or other widespread illness, including coronavirus (or COVID-19), and (vii) other risks and uncertainties identified in our public filings with the Securities and Exchange Commission, including those listed under the "Risk Factors" and "Forward-Looking Statements" sections of our Annual Report on Form 20-F for the year ended March 31, 2024. The company assumes no obligation to update any information contained herein.

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1 Based on 2022 Retail Sales Value

2 Nicholas Hall DB6 database 2023 (definition of global brands – sold in at least 5 countries / 2 regions)

3 <https://www.who.int/news/item/05-11-2021-two-new-tobacco-cessation-medicines-added-to-the-who-essential-medicines-list#:~:text=On%201%20October%202021%2C%20the,wish%20to%20stop%20using%20tobacco.>

4 WHO Model List of Essential Medicines 2023 - <https://www.who.int/publications/i/item/WHO-MHP-HPS-EML-2023.02>

5 <https://www.who.int/news/item/10-07-2020-who-and-partners-to-help-more-than-1-billion-people-quit-tobacco-to-reduce-risk-of-covid-19#:~:text=The%20project%20gives%20people%20free,personalized%20plan%20to%20quit%20tobacco.>

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Source: Dr. Reddy's Laboratories Ltd.