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Recro Pharma Secures $100 Million Credit Facility

Proceeds Provide Funding for IV Meloxicam 30mg Approval Milestone

Interest-only Structure Allows for Reinvestment of CDMO Cash Flows in Value Accretive Commercial Activities

Substantial Reduction in the Company's Cost of Capital

MALVERN, Pa., Nov. 20, 2017 (GLOBE NEWSWIRE) -- Recro Pharma, Inc. (Nasdaq:REPH), a revenue generating specialty pharmaceutical company focused on therapeutics for hospital and other acute care settings, today announced that it has secured a $100 million credit facility from funds managed by Athyrium Capital Management, LP ("Athyrium"), a leading healthcare-focused investment firm. Proceeds from the facility will be used to refinance Recro's outstanding debt, pay a $45 million milestone due to intravenous (IV) meloxicam licensor Alkermes plc ("Alkermes") upon the approval of IV meloxicam 30mg by the U.S. Food and Drug Administration (FDA), and help fund working capital. Piper Jaffray acted as exclusive financial advisor and sole placement agent to Recro on this transaction.

This financing is in the form of a five-year, interest only term loan bearing interest at a rate of LIBOR plus 9.75% per annum. This structure allows for more flexibility at a significantly lower cost of capital relative to the Company's prior debt. The funds are structured in three tranches, with $60 million available immediately upon closing of the transaction. An additional $20 million is available upon the FDA's approval of IV meloxicam 30mg subject to certain financial conditions. The final $20 million is available after Recro demonstrates early IV meloxicam 30mg commercial traction.

In connection with the credit facility, Recro issued and granted to Athyrium warrants to purchase 348,664 shares of Recro common stock at an exercise price of $8.60 per share.

"We are delighted to have the support and confidence of Athyrium, a premier partner known for its strategic investments in promising healthcare companies and assets," said Gerri Henwood, President and Chief Executive Officer of Recro Pharma. "This financing demonstrates the continued strong performance of our CDMO business, as well as belief in the future commercial prospects for IV meloxicam 30mg. The refinancing of the debt and the availability of the further credit facility represent a key step in Recro's evolution, allowing us to be well positioned to pay the IV meloxicam 30mg approval milestone and refinance our existing debt with non-dilutive capital. In addition, it provides the financial flexibility to aid in transforming our business into a commercial-stage enterprise. We believe IV meloxicam 30mg's profile may allow it to be an important product for the management of moderate to severe pain, due to its ability to provide an important, long

duration of action alternative to injectable opioids, upon potential approval by the FDA in May 2018."

Richard Pines, Partner at Athyrium, stated: "The combination of Recro's stable, cash flow generating CDMO business and upside potential from its non-opioid, acute care pain franchise creates an attractive investment profile for Athyrium. With a strong safety and efficacy profile, based on our due diligence, we believe IV meloxicam can be a valuable component of multi-modal pain management in the post-surgical setting. We are particularly excited about our exposure to strong tailwinds in the pain management market, as all key stakeholders, including the government, regulatory agencies, payers, providers and patients are actively seeking alternatives to opioids to minimize the negative impact on patients and the healthcare system. We look forward to partnering with Recro during this transformative time in the Company's life."

Further information with respect to the credit facility and the refinancing are set forth in the Form 8K filed by the Company with the Securities and Exchange Commission on November 20, 2017.

Recro's Contribution to Fighting the Opioid Crisis

Opioids are commonly prescribed by physicians due to their efficaciousness in relieving many types of pain.[1] However, current research suggests that long-term opioid use often begins with the treatment of acute pain.[2] In a report published in March 2017, the U.S. Centers for Disease Control and Prevention (CDC) concluded that among the approximately 70% of patients prescribed an initial duration of between 1 and 7 days of opioids, the probability of continued opioid use at 1 year was 6.0%.[3] This probability increased among patients who initiated treatment with Schedule II short-acting opioids (e.g., morphine, codeine, oxymorphone, hydromorphone, etc.) with a rate of 8.9% at 1 year.[3] Among patients who were prescribed an initial duration of between 8 and 30 days of opioids, the probability increased substantially to 13.5%.[3]

IV meloxicam 30mg has met its pain reduction primary endpoints, while also reducing post-surgical opioid use in various surgical models throughout its clinical development program. Over time, its use may contribute to reducing the significant costs and serious side effects associated with long-term opioid use.

About Recro Pharma, Inc.

Recro Pharma is a specialty pharmaceutical company that operates through two business divisions, an Acute Care, hospital product division and a revenue-generating contract development and manufacturing, or CDMO division, located at the Company's Gainesville facility. The Acute Care division is primarily focused on developing innovative products for hospital and other acute care settings. The Company's lead product candidate is a proprietary injectable form of meloxicam, a long-acting preferential COX-2 inhibitor. IV meloxicam 30mg has successfully completed two pivotal Phase III clinical efficacy trials in patients following bunionectomy and abdominoplasty surgeries, a large double blind Phase III safety trial, four Phase II clinical trials for the management of moderate to severe post-operative pain, as well as other safety studies. As injectable meloxicam is in the non-

opioid class of drugs, the Company believes it will overcome many of the issues associated with commonly prescribed opioid therapeutics, including respiratory depression, constipation, excessive nausea and vomiting, as well as having no addictive potential while maintaining meaningful analgesic effects for relief of pain. The Company's CDMO division leverages its formulation expertise to develop and manufacture pharmaceutical products using its proprietary delivery technologies and other manufacturing services for commercial partners who commercialize or plan to commercialize these products. These collaborations can result in revenue streams including royalties, profit sharing, research and development and manufacturing fees, which support continued operations for its CDMO division and it contributes non-dilutive funding for the development and pre-commercialization activities of its Acute Care division.

About Athyrium Capital Management

Athyrium Capital Management, LP ("Athyrium") is a specialized asset management company formed in 2008 to focus on investment opportunities in the global healthcare sector. As of September 30, 2017, Athyrium had over $3.5 billion of assets under management. The Athyrium team has substantial investment experience in the healthcare sector across a wide range of asset classes including public equity, private equity, fixed income, royalties, and other structured securities. Athyrium invests across all healthcare verticals, including biopharma, medical devices and products, and healthcare focused services. The team partners with management teams to implement creative financing solutions to companies' capital needs. For more information, please visit www.athyrium.com.

Cautionary Statement Regarding Forward Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties. Such forward looking statements reflect Recro's expectations about its future performance and opportunities that involve substantial risks and uncertainties. When used herein, the words "anticipate," "believe," "estimate," "upcoming," "plan," "target", "intend" and "expect" and similar expressions, as they relate to Recro or its management, are intended to identify such forward-looking statements. These forward looking statements are based on information available to Recro as of the date of this press release and are subject to a number of risks, uncertainties, and other factors that could cause Recro's performance to differ materially from those expressed in, or implied by, these forward looking statements. Recro assumes no obligation to update any such forward-looking statements. Factors that could cause Recro's actual performance to materially differ from those expressed in the forward-looking statements set forth in this press release include, without limitation: the ability to obtain and maintain regulatory approval of injectable meloxicam and the labeling under any such approval; regulatory developments in the United States and foreign countries; results and timing of the clinical trials of injectable meloxicam, the Company's ability to achieve its financial goals, including financial guidance; the Company's ability to raise future financing for continued development, product commercialization and the payment of milestones; the Company's ability to pay its debt and satisfy its milestones under its credit agreement; customer product performance and ordering patterns, the performance of third-party suppliers and manufacturers; the Company's ability to obtain, maintain and successfully enforce

adequate patent and other intellectual property protection; and the successful commercialization of injectable meloxicam. The forward looking statements in this press release should be considered together with the risks and uncertainties that may affect Recro's business and future results included in Recro's filings with the Securities and Exchange Commission at www.sec.gov. Recro assumes no obligation to update any such forward looking statements.

References

[1] National Institutes of Health. Opioids and Chronic Pain. NIH Medline Plus. Spring 2011. https://medlineplus.gov/magazine/issues/spring11/articles/spring11pg9.html

[2] Edlund MJ, Martin BC, Russo JE, DeVries A, Braden JB, Sullivan MD. The role of opioid prescription in incident opioid abuse and dependence among individuals with chronic noncancer pain: the role of opioid prescription. Clin J Pain 2014;30:557–64. DOI: https://www.ncbi.nlm.nih.gov/pubmed/24281273

[3] Shah A, Hayes CJ, Martin BC. Characteristics of Initial Prescription Episodes and Likelihood of Long-Term Opioid Use — United States, 2006–2015. MMWR Morb Mortal Wkly Rep 2017;66:265–269. DOI: https://www.cdc.gov/mmwr/volumes/66/wr/mm6610a1.htm

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