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PRESS RELEASE

EXTRAORDINARY GENERAL MEETING RESOLVED ON PREFERENTIAL RIGHTS ISSUE

STOCKHOLM, 19 November 2012 – Karo Bio AB (publ). At the Extraordinary General Meeting in Karo Bio, on Monday, November 19, 2012 the following resolutions were made.

The Extraordinary General Meeting resolved to approve the Board's proposal to implement a rights issue of approximately MSEK 38.7 with preferential right for existing shareholders.

The rights issue will increase Karo Bio's share capital by a maximum of SEK 2,580,426.48 by the issuance of a maximum of 129,021,324 shares. Existing shareholders will have preferential right to subscribe for new shares in proportion to the number of shares already held. Those who on the record date are registered as shareholders in Karo Bio are entitled to subscribe for one (1) new share for every three (3) existing shares in the company. The record date for participation in the rights issue is November 26, 2012. Subscription shall take place during the period from and including November 28, 2012 up to and including December 12, 2012. The subscription price has been set at SEK 0.30 per share, which means that the issue, if fully subscribed, will provide Karo Bio with SEK 38,706,397 before transaction costs.

The Extraordinary General Meeting resolved to approve the Board's proposal to authorize the Board to decide on the issuance of additional shares in the event that the rights issue is over-subscribed.

Further, the Board was authorized to decide, with or without preferential rights for existing shareholders, on the issuance of additional shares up to a maximum total of 33,500,000 shares at an issue price of SEK 0.30 per share in order to enable the company to raise additional proceeds of approximately MSEK 10. Upon full subscription of the rights issue the over-allotment represents 6.5 percent of the share capital. The reason for the deviation from preferential rights for existing shareholders is to take advantage of the company's capability to receive additional proceeds in the event of an over-subscription of the rights issue, if deemed desirable.

The Extraordinary General Meeting resolved to approve the Board's proposal that the company shall not enter into liquidation.

Last, a formal balance sheet for liquidation purposes was presented that showed that the company's shareholders' equity exceeds the registered share capital, whereafter it was resolved that the company shall not enter into liquidation.

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About Karo Bio

Karo Bio is a pharmaceutical company focused on the research and development of innovative drugs for large medical needs. The company runs a number of drug development projects within the indication areas neuropsychiatry, inflammation, autoimmune diseases and cancer. An important foundation for the company's activities is its unique knowledge of nuclear receptors as target proteins for the development of novel pharmaceuticals, as well as related mechanisms of action. Karo Bio is based in Huddinge, Sweden, has around 44 employees and is listed on NASDAQ OMX Stockholm.

Karo Bio publishes this information in accordance with the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was published on November 19, 2012, at 5:20pm CET.

IMPORTANT INFORMATION

This press release is not an offer or solicitation to acquire shares in Karo Bio. A prospectus relating to the rights issue referred to in this press release will be filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on Karo Bio's website.

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