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**PRESS RELEASE**

## **RIGHTS ISSUE IN KARO BIO COMPLETED**

**STOCKHOLM, December 18, 2012 – Karo Bio (publ). The rights issue in Karo Bio, with last day for subscription on December 12, is now completed. In the rights issue, 108 883 397 shares will be issued raising SEK 32.6m before transactions costs.**

In the rights issue, 82 085 759 shares were subscribed for with preferential right, raising SEK 24.6m and 26 797 638 shares were subscribed for without preferential right, raising SEK 8.0m. The shares subscribed for without preferential right include 16 666 667 shares subscribed for by board member Per-Anders Johansson and 3 333 333 shares subscribed for by chairman of the board, Göran Wessman, in accordance with their guarantee undertakings.

”The capital raised in the rights issue gives us the opportunity to continue the development of Karo Bio with the goal of creating a company with significant value” says Göran Wessman, chairman of the board of Karo Bio.

Upon registration by the Swedish Companies Registration Office, the total number of outstanding shares in Karo Bio will amount to 495 947 369 shares and the share capital to 9 884 231 SEK. Trade in paid subscribed shares (BTA) will continue on NASDAQ OMX Stockholm until the rights issue has been registered by the Swedish Companies Registration Office, which is expected in the beginning of January 2013.

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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 December 18, 2012, at 3:30pm 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 has been filed*

*with the Swedish Financial Supervisory Authority. The prospectus is published and available on Karo Bio's website.*

*This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended. Karo Bio does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. The information in this press release may not be announced, published or distributed, directly or indirectly, to the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or Switzerland, or in any other jurisdiction where the announcement, publication or distribution of the information would not comply with applicable laws and regulations.*

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