

KARO BIO TO BE AWARDED 1 MSEK FROM VINNOVA

STOCKHOLM, March 17, 2014 - Karo Bio AB (publ) will be awarded 1 million SEK from Vinnova for the preclinical development of an ER-beta agonist for the treatment of multiple cancers.

The grant is awarded through the Forska & Våx program to finance toxicity and safety pharmacology studies of an ERbeta agonist. In previous studies, the compound has been shown to significantly reduce tumor size in preclinical models of mesothelioma and other types of cancer with poor prognosis.

Mesothelioma, caused by exposure to asbestos, is a highly malignant form of cancer primarily in the pleura or peritoneum, with very poor prognosis. The preclinical testing that Vinnova will fund is an essential part of Karo Bio's continued development of its cancer program for mesothelioma and other difficult to treat cancers.

"The support from Vinnova is very encouraging and is recognition of the attractiveness of our ERbeta cancer project," says Per Bengtsson, CEO of Karo Bio.

For further information, please contact:

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About Karo Bio

Karo Bio is a research and development company focused on innovative drugs for important medical needs. The world-leading knowledge of nuclear receptors as target proteins for the development of pharmaceuticals and their related mechanisms of action, are utilized for developing novel, more effective and safer pharmaceuticals. Karo Bio is active in preclinical development focused on the areas of neuropsychiatry, inflammation, autoimmune diseases and cancer. Karo Bio is based in Huddinge, Sweden. The company has around 39 employees and is listed on NASDAQ OMX Stockholm.

About Vinnova

Vinnova is the Swedish innovation agency, whose mission is to promote sustainable growth by improving the conditions for innovation and finance needs driven research. Each year, Vinnova invests about 2.5 billion in various initiatives. Programs are offered to bodies in society that are important for Sweden's innovativeness, such as knowledge-intensive companies, universities, research institutes and organizations in the public sector. Vinnova is a government agency under the Ministry of Enterprise, Energy and Communications..

About Forska & Våx

Research & Grow is a program that caters to Swedish companies with the ability to create growth and societal benefit based on innovation.

This press release is also available online at www.karobio.com and www.newsroom.cision.com

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 March 17, 2014 at 10:00 CET.