

PRESS RELEASE 2015-10-02

KARO BIO ACQUIRES SWERECO GROUP.

Stockholm October 2, 2015 - Karo Bio AB (publ) has acquired the shares in Swereco Group

Swereco markets OTC products mainly to pharmacies or directly to health care providers.

Net sales in 2014 were 150 MSEK. There are several well-established brands in the product portfolio. Mabs medical compression stockings have a leading market position in Sweden and accounts for over 40 % of the net sales. Mabs increase the blood circulation and better transfer of oxygen to the legs for example during pregnancy and flights. A growing segment is also the use of compression stockings in physical rehabilitation.

Through the acquisition of Swereco, Karo Bio acquires an operation that together with the earlier acquisition of Apropharm will have a turnover of approximately 200 MSEK and an operating profit initially of about 30 MSEK.

The development cost for new preclinical projects has significantly been reduced since the project RORgamma now is operated by the international pharma company Pfizer and could bring so called "milestone payments" worth over 200 MUSD, excluding royalties. Furthermore the projects in Multiple Sclerosis and Cancer are in out-licensing process.

The operational cost level has on a yearly basis been reduced with about 70 % from 70 MSEK to 20 MSEK compared with last year. Development work is now focused on more close to market projects which have a lower risk level.

The purchase price for Swereco amounts to 250 MSEK. The sum consists of a cash component of 118 MSEK and the remaining part of new shares.

"The acquisition of Swereco is an important step for us to build a profitable business. There are many small companies in the field of non-prescription medicines and Medical Device field in the Nordic area. There are good opportunities for us to play an active role in the consolidation that will take place. We choose to have low priority for non-patented prescription drugs, as it is now completely generic driven in Sweden. For our development projects, we intend to work primarily through partners outside the Nordic region. The new organization within Karo Bio has a unique competence together with an international network that facilitates both in- and out-licensing. The goal is to make Karo Bio a profitable and interesting company with positive cash flow and an attractive product portfolio already next year," says Anders Lönner, Chairman of Karo Bio.

KARO BIO

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Karo Bio publishes this information in accordance with the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on October 2, 2015 at 8:30 CET.

This press release is also available on www.karobio.se and www.newsroom.cision.com.