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PRESS RELEASE

29 OCTOBER 2018

EQT VIII, through Karo Intressenter AB, announces a public cash offer to the shareholders in Karo Pharma Aktiebolag

EQT VIII¹ (“**EQT VIII**”), through Karo Intressenter AB² (“**Karo Intressenter**” or the “**Offeror**”), hereby announces a public cash offer to the shareholders in Karo Pharma Aktiebolag (“**Karo Pharma**” or the “**Company**”) to acquire the shares in Karo Pharma at a price of SEK 36.90 per share (the “**Offer**”). The shares in Karo Pharma are listed on Nasdaq Stockholm under the ticker “KARO”.

The Offer in brief

- The shareholders in Karo Pharma are offered SEK 36.90 in cash per share in the Company. The total Offer value based on all outstanding shares³ in Karo Pharma amounts to SEK 5,973 million.⁴
- The Offer is fully financed through equity from EQT VIII.
- The price per share in the Offer represents a premium of:
 - 25.3 per cent for the shares in relation to the closing price for the shares on Nasdaq Stockholm on 26 October 2018, which is the last day of trading prior to the announcement of the Offer;
 - 17.2 per cent for the shares in relation to the volume weighted average price for the shares on Nasdaq Stockholm during a period of 30 trading days prior to the announcement of the Offer; and
 - 17.3 per cent for the shares in relation to the volume weighted average price for the shares on Nasdaq Stockholm during a period of 180 trading days prior to the announcement of the Offer.

¹ The fund known as EQT VIII, comprising of EQT VIII SCSp acting by its alternative investment fund manager (gestionnaire), EQT Fund Management S.à r.l. EQT Fund Management S.à r.l. is a private limited liability company (*société à responsabilité limitée*), incorporated and existing under Luxembourg law, having its registered office at 26A, Boulevard Royal, L-2449 Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 167.972, acting as manager (*gérant*) of EQT VIII SCSp, a Luxembourg special limited partnership (*société en commandite spéciale*) with its registered office at 26A, Boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 217.293.

² A newly formed company wholly owned by EQT VIII, under name change from Fund VIII Swe Bidco AB.

³ The number of outstanding shares in Karo Pharma amount to 161,867,792 shares. Outstanding shares are calculated as the total number of shares in Karo Pharma amounting to 164,332,782 shares, less shares held by the Company, amounting to 2,464,990 shares.

⁴ If, prior to settlement of the Offer, Karo Pharma pays dividend or makes any other value transfer to shareholders, the Offer as set out above will be reduced accordingly.

- Neither Karo Intressenter nor EQT VIII owns or controls any shares, or any other financial instruments carrying a financial exposure equivalent to a shareholding, in Karo Pharma, nor have they acquired any shares or any other financial instruments in the Company during the last six months prior to the announcement of the Offer.
- The Board of Directors of Karo Pharma has unanimously recommended that the Company's shareholders accept the Offer based on, inter alia, an opinion from Deloitte according to which the Offer is fair to Karo Pharma's shareholders from a financial point of view.
- Anders Lönner, Chairman of the Company's Board of Directors, and Per-Anders Johansson, member of the Company's Board of Directors, together representing in total approximately 13.6⁵ per cent of the outstanding shares and votes in the Company, have expressed their support for the Offer and declared that they intend to accept the Offer.
- The acceptance period of the Offer is expected to commence on 13 November 2018 and end on 10 December 2018.
- Completion of the Offer is conditional upon, inter alia, the Offer being accepted to such extent that Karo Intressenter becomes the owner of more than 90 per cent of the total number of outstanding shares in Karo Pharma and that no other party announces an offer to acquire shares in Karo Pharma on terms that are more favourable than the Offer to the shareholders in Karo Pharma.

Background to and reasons for the Offer

Karo Pharma is a specialty pharmaceutical company, which develops and markets products for pharmacies as well as directly to the healthcare sector. The Company was founded in 1987 and has been listed on Nasdaq Stockholm since 1998. In 2014 and 2015, a new management and Board of Directors changed the strategic orientation of Karo Pharma, with the intention of becoming a specialty pharma company marketing pharmaceuticals. The Company has a strong position in the Nordic region and has taken a first step to establish a European presence through the acquisition of a product portfolio from LEO Pharma earlier in 2018. Karo Pharma's product portfolio includes over-the-counter and prescription pharmaceuticals, medical devices, proprietary and under license. The Company is currently in stable growth with good profitability through sales of established brands, which are generating positive cash flows.

EQT⁶ has extensive experience and an excellent track record in the healthcare sector and is one of the largest private equity investors in the healthcare sector in Europe with an unparalleled network of industrial advisors.

"We are delighted that the Board of Directors has decided to recommend EQT VIII's offer. We are impressed by Karo Pharma's development and successful strategic transformation from an early stage research and development company into a leading specialty pharmaceutical company with a strong product portfolio and European reach" says Per Franzén, Partner at EQT Partners, Head of EQT's Nordic Equity business and Investment Advisor to EQT VIII. "We believe that EQT VIII can add significant value to the next stage of Karo Pharma's future expansion and look forward to support management with capital and EQT's vast industry network to realize their growth plans."

"The specialty pharmaceutical market will offer attractive growth opportunities going forward, both organically through introductions of new and innovative compounds to patients and inorganically through acquisitions, as a result of the continued consolidation of the pharmaceutical industry. We believe Karo Pharma is very well positioned to take advantage of this market opportunity and we are

⁵ Based on the number of outstanding shares in Karo Pharma amounting to 161,867,792, which is calculated as the total number of shares in Karo Pharma less treasury shares held by the Company.

⁶ "EQT" refers to EQT AB and its associates and, where the context requires, any one or more EQT branded funds and any successor funds to such funds.

excited about the opportunity to support the company and its employees in this exciting journey”, says Åsa Riisberg, Partner at EQT Partners, Head of EQT’s global Healthcare Sector and Investment Advisor to EQT VIII.

Having a long-term, responsible and sustainable approach to ownership is a key element of EQT’s way of creating value. EQT intends to support Karo Pharma in a private setting, among other things, through:

- continued long term investments in Karo Pharma’s product portfolio and a strengthening of the Company’s go to market capabilities; and
- providing financial and strategic resources to enable the continued development of Karo Pharma’s business organically and through synergetic add on acquisitions in new and existing markets.

EQT is convinced it is very well positioned to support Karo Pharma upon the execution of this strategy thanks to EQT’s vast sector experience combined with financial resources and focus on long term value creation. By leveraging its unique global network, EQT is able to support Karo Pharma on the transformation journey that the management and Board of Karo Pharma have successfully started.

EQT places great value on Karo Pharma’s organization, and expects that the Offer will support growth and create long-term positive effects for employees and other stakeholders. EQT VIII does not expect the Offer to have any negative impact for Karo Pharma’s organisation, employees, including their terms of employment, or on the locations of Karo Pharma’s operations.

The Offer and total Offer value

The Offeror offers the shareholders in Karo Pharma SEK 36.90 in cash per share in the Company. No commission will be charged in connection with the Offer.

The total number of outstanding shares in Karo Pharma is 161,867,792.⁷ The Offer comprises all outstanding shares in Karo Pharma. The total Offer value based on all outstanding shares in Karo Pharma amounts to SEK 5,973 million.⁸

Bid premium

The Offer represents a premium of approximately 25.3 per cent for the shares in Karo Pharma in relation to the latest closing price on Nasdaq Stockholm on 26 October 2018, which is the last day of trading prior to the announcement of the Offer. Further, the Offer represents a premium of approximately 17.2 per cent for the shares in Karo Pharma in relation to the volume weighted average price of the share during a period of 30 trading days prior to the announcement of the Offer, and 17.3 per cent for the shares in relation to the volume weighted average price for the shares on Nasdaq Stockholm during a period of 180 trading days prior to the announcement of the Offer.

Board recommendation

The Board of Directors of Karo Pharma has unanimously recommended that the Company’s shareholders accept the Offer based on, inter alia, an opinion from Deloitte according to which the Offer is fair to Karo Pharma’s shareholders from a financial point of view. See separate press release from the Company’s Board of Directors today.

⁷ Outstanding shares are calculated as the total number of shares in Karo Pharma amounting to 164,332,782 shares, less shares held by the Company, amounting to 2,464,990 shares.

⁸ If, prior to settlement of the Offer, Karo Pharma pays dividend or makes any other value transfer to shareholders, the Offer as set out above will be reduced accordingly.

Support for the Offer from shareholders in Karo Pharma

Anders Lönner, Chairman of the Company's Board of Directors, and Per-Anders Johansson, member of the Company's Board of Directors, together holding 21,942,140 shares in Karo Pharma representing in total approximately 13.6 per cent of the outstanding shares and votes in the Company, have expressed their support for the Offer and have declared that they intend to accept the Offer.

Anders Lönner comments:

“Karo Pharma has had a strong development in recent years. We see solid opportunities to develop into a pan European specialty pharma company. That requires acquisitions in accordance with our business model. When the Board of Directors recommends the Offer, that is based on a focus on what best enables the Company's continued development. We find it hard to imagine any better owner than EQT when it comes to competence and financial strength. This combination will become very successful and interesting for our co-workers in Karo Pharma.”

The Offeror's shareholding in Karo Pharma

Neither Karo Intressenter nor EQT VIII owns or controls any shares, or any other financial instruments carrying a financial exposure equivalent to a shareholding, in Karo Pharma, nor have they acquired any shares or any other financial instruments in the Company during the last six months prior to the announcement of the Offer.

During the acceptance period of the Offer, the Offeror may acquire, or enter into arrangements to acquire, shares in Karo Pharma. All such purchases or arrangements will be in accordance with Nasdaq Stockholm's takeover rules (the “**Takeover Rules**”) and Swedish law and be disclosed in accordance with applicable rules.

Description of Karo Intressenter and the financing of the Offer

Karo Intressenter AB, under name change from Fund VIII Swe Bidco AB, is a newly formed company wholly owned by EQT VIII. Karo Intressenter, with corporate number 559160-9416, is domiciled in Stockholm with registered address c/o White & Case Advokat AB, Box 5573, 114 85 Stockholm.

Karo Intressenter was founded on 22 May 2018 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 31 May 2018. Karo Intressenter has never conducted and at present does not conduct any business, and its sole business purpose is to make the Offer and take all actions to finance and complete the Offer and operate as the parent company of Karo Pharma.

The Offer is not subject to any financing conditions. The Offer is fully financed through equity from EQT VIII.

Due diligence

In relation to the preparations for the Offer, EQT VIII has conducted a limited due diligence review of confirmatory nature regarding commercial, financial and legal information in relation to Karo Pharma, and in connection therewith met with the Company's management team. Karo Pharma has confirmed that no information that could reasonably be expected to affect the price of the Company's shares, and that has not been published by the date of this announcement, apart from the information disclosed in the Company's interim report for the nine months ended 30 September 2018, which is made public today by Karo Pharma through a separate press release, has been disclosed to EQT VIII in connection with said due diligence review.

Statement from the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*)

The Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) has granted Karo Intressenter a waiver of the obligation to make the Offer to shareholders domiciled in the United States of America (AMN 2018:44). The full statement is available at www.aktiemarknadsnamnden.se.

Preliminary timetable

- Publication of offer document: 12 November 2018.
- Acceptance period: 13 November 2018 – 10 December 2018.
- Settlement date: 18 December 2018.

The Offeror reserves the right to extend the acceptance period as well as the right to defer the date for settlement.

Conditions for completion of the Offer

Completion of the Offer is conditional upon:

1. the Offer being accepted to such extent that Karo Intressenter becomes the owner of more than 90 per cent of the total number of outstanding shares in Karo Pharma;
2. that no other party announces an offer to acquire shares in Karo Pharma on terms that are more favourable than the Offer to the shareholders in Karo Pharma;
3. with respect to the Offer and the acquisition of Karo Pharma, receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions, including from competition authorities, in each case on terms which, in Karo Intressenter's opinion, are acceptable;
4. that neither the Offer nor the acquisition of Karo Pharma, is wholly or partly prevented or materially adversely affected by any legislation or other regulation, court decision, public authority decision or similar circumstance, which is actual or could reasonably be anticipated, which is outside the control of Karo Intressenter and which Karo Intressenter could not reasonably have foreseen at the time of the announcement of the Offer;
5. that, save as publicly announced by Karo Pharma prior to the date the Offer was announced or as otherwise disclosed in writing to Karo Intressenter prior to that date, Karo Intressenter does not discover that any information publicly disclosed by Karo Pharma or otherwise made available to Karo Intressenter is materially inaccurate or misleading or that any material information which should have been publicly disclosed by Karo Pharma has not been so disclosed;
6. there being no circumstances, which Karo Intressenter did not have knowledge about at the time of the announcement of the Offer, that have occurred that have a material adverse effect or could reasonably be expected to have an effect upon Karo Pharma's sales, results, liquidity, assets or equity; and
7. that Karo Pharma does not take any measures that typically are intended to impair the prerequisites for the implementation of the Offer.

Karo Intressenter reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not satisfied or cannot be satisfied. However, with regard to conditions 2-7, the Offer may only be withdrawn provided that the non-satisfaction of such condition is of material importance to Karo Intressenter's acquisition of Karo Pharma.

Karo Intressenter reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including, with respect to condition 1, to complete the Offer at a lower level of acceptance.

Compulsory acquisition and delisting

In the event that Karo Intressenter obtains more than 90 per cent of the outstanding shares in Karo Pharma, Karo Intressenter intends to initiate a compulsory acquisition procedure under the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) of Karo Pharma.

In connection therewith, Karo Intressenter intends to promote a delisting of the Karo Pharma shares from Nasdaq Stockholm.

Important information about LEI and NID at acceptance

According to MiFID II and starting from 3 January 2018, all investors must have a global identification code in order to conduct a securities transaction. These regulations require legal entities to apply for registration of a LEI code (Legal Entity Identifier code) and natural persons need to find their National ID or NID number (National Client Identifier number) in order to accept the Offer. Please note that it is the shareholder's legal status that determines whether a LEI code or NID number is required, and that the issuing agent may be prevented from performing the transaction on behalf of the person in question if a LEI code or NID number (as applicable) is not provided.

Legal persons who need to obtain a LEI code may contact one of the suppliers available on the market. Through this link approved institutions for the global LEI system can be found: www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations.

As for natural persons who only have Swedish citizenship, the NID number consists of the designation "SE" followed by the person's social security number. If the person in question has a citizenship other than Swedish, or multiple citizenships, the NID number may be any other type of number.

Apply for registration of a LEI code (legal persons) or find out the NID number (natural persons) in good time since this information is required in the application form upon acceptance of the Offer.

Applicable law and disputes

The Offer, and the agreements entered into between Karo Intressenter and Karo Pharma's shareholders as a result of the Offer, shall be governed by and construed in accordance with the laws of Sweden. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the Stockholm District Court (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

For the Offer, the Takeover Rules and the Swedish Securities Council's rulings regarding the interpretation and application of the Takeover Rules and, where applicable, the Swedish Securities Council's interpretation and application of the formerly applicable Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee (Sw. *Näringslivets Börskommitté*) apply.

In accordance with the Swedish Takeover Act (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), Karo Intressenter has, on 26 October 2018, undertaken towards Nasdaq Stockholm to comply with the Takeover Rules and submit to any sanctions imposed by Nasdaq Stockholm in the event of breach of the Takeover Rules and the Swedish Securities Council's rulings regarding the interpretation and application of the Takeover Rules and, where applicable, the Swedish Securities Council's interpretation and application of the formerly applicable Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee. Karo Intressenter has informed the Swedish Financial Supervisory Authority about the Offer and the undertaking towards Nasdaq Stockholm.

Advisors

SEB Corporate Finance is financial advisor and White & Case is legal advisor to EQT VIII and to Karo Intressenter in connection with the Offer.

Stockholm, 29 October 2018

Karo Intressenter AB

The Board of Directors

The information in this press release has been published by Karo Intressenter AB in accordance with the Takeover Rules. The press release was submitted for publication on 29 October 2018 at 07:30 (CET).

For additional information, please contact:

For more information about the Offer, please see: www.eqtpartners.com/EQTVIIIbid

For media enquiries, please contact:

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Email: press@eqtpartners.com

About EQT

EQT was founded in 1994 together with Investor AB, the leading owner of Nordic-based international companies and founded by the Wallenberg family a hundred years ago. Today, EQT is a leading global investment firm with offices in 14 countries across three continents – Europe, North America and Asia. Since inception, EQT has raised some EUR 50 billion from around 600 global institutional investors across 27 funds. The funds are active within four investment strategies and has invested in approximately 210 companies, whereof approximately 105 have been exited.

EQT applies a unique industrial approach to private equity. The core of this approach is a network of around 500 industrial advisors who are actively involved in due diligence and as board members in the portfolio companies. It is EQT's experience that the active involvement of industrial advisors with relevant backgrounds alongside the responsible partners from the investment advisor, EQT Partners, secure that the management teams of the different portfolio companies have the right support in defining and executing their strategies. EQT does not manage the day-to-day operations of the companies it invests in, but is an active owner that continuously monitors performance and strategic direction. This approach has helped EQT to serve as a catalyst for change and growth within the companies it has invested in and to transform these companies into world leaders by making genuine and permanent improvements. As a result of EQT's value creation model, the number of employees within its portfolio companies has increased on average by 10 per cent, sales by 10 per cent and EBITDA by 11 per cent each year during EQT's ownership.

More information: www.eqtpartners.com

About Karo Pharma

Karo Pharma was founded in 1987, and is a specialty pharmaceutical company that develops and markets products for pharmacies as well as directly to the healthcare sector. Its product portfolio includes over-the-counter and prescription pharmaceuticals, medical devices, proprietary and under license. The Company's orientation has been changed to become a leading specialty pharma company in the Nordic region. Through acquisitions and organic growth, the Company has achieved a high profitability. During the fourth quarter of 2017, Weifa was acquired, and during 2018, the Company has acquired a product portfolio from the Danish pharmaceutical company LEO. The ten targets

products are Paracet, Selexid, Kaleorid, Ibux, Burinex, Mollipect; Locobase, Paralgin Forte, Lithionit och Centyl.

Karo Pharma is listed on Nasdaq Stockholm Mid Cap.

More information: www.karopharma.se

Important information

The Offer is not being made to persons whose participation in the Offer requires that any additional offer document is prepared or registration effected or that any other measures are taken in addition to those required under Swedish law. This press release and any documentation relating to the Offer are not being distributed and must not be mailed or otherwise distributed or sent in or into any country in which the distribution or offering would require any such additional measures to be taken or would be in conflict with any law or regulation in such country – any such action will not be permitted or sanctioned by Karo Intressenter. Any purported acceptance of the Offer resulting directly or indirectly from a violation of these restrictions may be disregarded.

The Offer is not being made, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America by use of mail or any other means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the Internet) of interstate or foreign commerce, or of any facility of national security exchange, of Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America, and the Offer cannot be accepted by any such use, means, instrumentality or facility of, or from within, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America. Accordingly, this press release and any documentation relating to the Offer are not being and should not be mailed or otherwise distributed, forwarded or sent into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America. Karo Intressenter will not deliver any consideration from the Offer into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America.

Statements in this press release relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other benefits of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipates”, “intends”, “expects”, “believes”, or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Karo Intressenter and Karo Pharma.