

STATEMENT BY THE BOARD OF DIRECTORS OF KARO PHARMA AKTIEBOLAG IN RELATION TO THE INCREASED PUBLIC OFFER FROM EQT VIII, THROUGH KARO INTRESSENTER AB

The Board of Directors of Karo Pharma Aktiebolag has concluded to unanimously recommend that the shareholders of Karo Pharma Aktiebolag accept the increased public offer made by EQT VIII, through Karo Intressenter AB.

Background

This statement is made by the Board of Directors^[1] (the “**Board of Directors**”) of Karo Pharma Aktiebolag (the “**Company**” or “**Karo Pharma**”) pursuant to Rule II.19 of Nasdaq Stockholm’s takeover rules (the “**Takeover Rules**”).

On 29 October 2018, EQT VIII (“**EQT VIII**”)^[2], through the indirectly wholly owned subsidiary Karo Intressenter AB^[3] (“**Karo Intressenter**” or the “**Offeror**”), announced a recommended public cash offer to the shareholders of Karo Pharma to transfer all of their shares in Karo Pharma to Karo Intressenter for a consideration of SEK 36.90 in cash per Karo Pharma share (the “**Offer**”). The acceptance period in the Offer run initially until 10 December 2018 and was on 13 December 2018 extended until 4 January 2019.

Today, on 2 January 2019, Karo Intressenter announced that it increases the consideration in the Offer to SEK 38.00 in cash for each share in Karo Pharma, that it extends the acceptance period up to and including 17:00 (CET) on 17 January 2019 and that the condition regarding receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions has been satisfied (the “**Revised Offer**”). For more information regarding the Offer and the Revised Offer, please refer to Karo Intressenter’s press releases of 2 January 2019, 13 December 2018 and 29 October 2018, respectively, as well as the offer document regarding the Offer, all of which are available at www.eqtpartners.com.

Per-Anders Johansson, member of the Board of Directors, and Anders Lönner, former member of the Board of Directors and Executive Chairman of the Board, who before Anders Lönner passed away together held in aggregate 21,942,140 shares in Karo Pharma, representing in total approximately 13.6^[4] per cent of the outstanding shares and votes in the Company, have irrevocably undertaken to accept the Offer. In light of this, Per-Anders Johansson has not participated in the Board of Directors’ handling of matters relating to the Revised Offer. However, the Board of Directors is quorate also without him (and the late Anders Lönner), as three out of the five Board members elected at the shareholders’ meeting in Karo Pharma have the right to participate in the Board of Directors’ handling and resolutions relating to the Revised Offer. The Board of Directors has appointed Håkan Åström as acting chairman of the Board of Directors in relation to the Board of Directors’ resolution regarding the Revised Offer. Please refer to Karo Intressenter’s press release of 9 November 2018 for more information on the aforementioned undertakings.

Hamilton Advokatbyrå is legal adviser to Karo Pharma in relation to the Offer and the Revised Offer.

The Board of Directors’ recommendation regarding the Revised Offer

The Board of Directors has previously recommended the shareholders of Karo Pharma to accept the Offer from Karo Intressenter of SEK 36.90 for each share. For more information on the Board of Directors’ assessment of Karo Intressenter’s Offer and the reasons for its recommendation please

refer to the Board of Directors' statement of 29 October 2018, which is available at www.karopharma.se.

When evaluating the Revised Offer, the Board of Directors has taken into account that the Revised Offer is more attractive to the shareholders of Karo Pharma compared to the Offer, which the Board of Directors has previously recommended. In connection with this, the Board of Directors has also noted that Deloitte AB, at the request of the Board of Directors, on 29 October 2018 has provided a fairness opinion regarding the consideration in the Offer of 36.90 per share, in which Deloitte AB stated that the consideration under Offer is fair to Karo Pharma's shareholders from a financial point of view.

Further, when evaluating the Revised Offer, the Board of Directors has noted that Per-Anders Johansson, member of the Board of Directors, and Anders Lönner, former member of the Board of Directors and Executive Chairman of the Board, who before Anders Lönner passed away held in aggregate 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 irrevocably undertaken to accept the Offer.

On this basis, the Board of Directors unanimously recommends the shareholders of Karo Pharma to accept the Revised Offer.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts. This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English text, the Swedish text shall prevail.

Stockholm, 2 January 2019

Karo Pharma Aktiebolag

The Board of Directors

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The information in the press release is information that Karo Pharma is obliged to make public pursuant to the EU Market Abuse Regulation and the Takeover Rules. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CET on 2 January 2019.

About Karo Pharma

Karo Pharma is a Specialty Pharma company, which develops and markets products for pharmacies as well as directly to the healthcare sector. Karo Pharma is listed on Nasdaq Stockholm Mid Cap.

[1] Karo Pharma's Board member Per-Anders Johansson has irrevocably undertaken to accept the Offer. In accordance with the rules regarding conflict of interest in Rule II.18 of Nasdaq Stockholm's takeover rules, he is therefore prohibited from participating in the Board of Directors' handling of matters relating to the Revised Offer. However, the Board of Directors is quorate also without Per-Anders Johansson (and Anders Lönner, who recently passed away), as three out of the five Board members elected at the shareholders' meeting in Karo Pharma have the right to participate in the Board of Directors' handling and resolutions relating to the Revised Offer.

[2] 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.

[3] A newly formed company wholly owned by EQT VIII.

[4] 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.