

NOTICE OF EXTRAORDINARY GENERAL MEETING IN KARO BIO AB (PUBL)

Shareholders in **Karo Bio AB (publ)** are hereby called to an extraordinary general meeting on March 17, 2014 at 4:00 p.m. at Restaurant Tango, Novum Science Park (5th floor), Hälsovägen 7 in Huddinge, Sweden.

Right to attend

Entitled to attend the extraordinary general meeting are those who are both registered shareholders in the share register held by Euroclear Sweden AB at the record date March 11, 2014 and have given notification to the company of their intention to attend the general meeting at 4:00 p.m. on March 11, 2014 at 4.00 p.m. at the latest.

Shareholders with nominee-registered shares must temporarily register their shares in their own name with Euroclear Sweden to attend the meeting. Such registration must be completed by March 11, 2014 and should be requested well in advance to this date to the nominee of the shares.

Notification to attend

Notification to attend the meeting shall be submitted in writing to the address Karo Bio AB, att: Henrik Palm, Novum, SE-141 57 Huddinge, Sweden, by fax to +46 8 774 82 61, via e-mail to stamma@karobio.se or via Karo Bio's website www.karobio.se/stamma. Name, personal identification number or corporate identity number, phone number and number of shares held shall be included in the notification to attend. Where applicable, the number of advisors (maximum two) shall be stated. If a shareholder intends to be represented by proxy, power of attorney and other authorization documents should be included in the notification. The original authorization documents must be able to be presented at the meeting. Proxy forms are available from the company, at the company's website and will be sent to shareholders who provide their postal address.

Proposal of Agenda

1. Opening of the meeting
2. Election of chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of persons to confirm the minutes
6. Determination as to whether the meeting has been duly convened
7. Proposal by the Board on a resolution to amend the Articles of Association
8. Approval of the Board's resolution on a new share issue with preferential rights for the shareholders
9. Approval of the Board's resolution on a directed new share issue
10. Closing of the meeting

Proposals by the Board of Directors

Item 7 – Proposal by the Board on a resolution to amend the Articles of Association

By reason of the Board's new share issue resolutions, subject to the approval by the general meeting, the Board proposes that the meeting resolves to amend the wording of the provisions of the Articles of Association regarding the limits of the company's share capital and the number of shares (§ 4) in accordance with the following:

Current wording

§ 4 Share capital and number of shares

The share capital shall be not less than SEK 7,000,000 and no more than SEK 28,000,000. The number of shares shall be no less than 150,000,000 and no more than 600,000,000.

Proposed wording

§ 4 Share capital and number of shares

The share capital shall be no less than SEK 5,000,000 and no more than SEK 20,000,000. The number of shares shall be no less than 250,000,000 and no more than 1,000,000,000.

A valid resolution on amendments to the Articles of Association requires the support of shareholders with at least two-thirds of the votes cast and the number of shares represented at the meeting.

Item 8 – Approval of the Board's resolution on a new share issue with preferential rights for the shareholders

The Board proposes that the meeting approves the resolution by the Board on a new share issue with preferential rights for the shareholders in order to provide the company with rights issue proceeds amounting to MSEK 77.7 on the following terms.

The share capital shall be increased by a maximum of SEK 3,306,279.358868 by the issuance of a maximum of 165,315,790 new shares, each with a quota value of approximately SEK 0.02. The new shares shall be subscribed for with preferential rights for the company's shareholders in proportion to the number of shares previously held, whereby three (3) existing shares entitle to subscription for one (1) new share. The subscription price for each new share shall be SEK 0.47. The record date for the determination of which shareholders are entitled to subscribe for new shares with preferential rights shall be March 20, 2014. Subscription for new shares shall take place during the period from March 24, 2014 up to and including April 7, 2014, or such later date to be decided by the Board. Subscription for shares by the exercise of subscription rights shall be made by simultaneous cash payment. Subscription for shares without exercising subscription rights shall be made on a separate subscription list and be paid in cash within three (3) business days from the date when notice of allotment by the Board has been sent to the subscriber, or such later date as the Board may decide. In the event that not all shares are subscribed for by the exercise of subscription rights, the Board shall decide on allotment of shares without the exercise of subscription rights up to the maximum amount of the rights issue. Such allotment shall be made, firstly, to those who have subscribed for shares by exercising subscription rights and who wish to subscribe for additional shares, *pro rata* in proportion to their subscription by exercising subscription rights, secondly, to others who have notified their interest to subscribe for shares without exercising subscription rights, *pro rata* in proportion to their subscription and, thirdly, to those who have guaranteed subscription for shares *pro rata* in proportion to provided guarantees. For practical reasons, when resolving on allotment, the Board may resolve that the above-mentioned allotment will be made of a certain minimum number of shares only.

A resolution in accordance with the above is subject to an amendment of the Articles of Association pursuant to item 7 of the agenda.

A valid resolution requires the support of shareholders with more than half of the votes cast in order.

Item 9 – Approval of the Board’s resolution on a directed new share issue

The Board proposes that the meeting approves the Board’s resolution on a directed new share issue on the following terms.

The company’s share capital shall be increased by a maximum of SEK 299,996.693498 by the issuance of not more than 15,000,000 new shares, each with a quota value of approximately SEK 0.02. The subscription price for each new share shall be SEK 0.47. The new shares shall, with deviation from the shareholders’ preferential rights, be subscribed for by Anders Lönner (or by a company owned by Anders Lönner). No over subscription is permitted. Subscription for shares shall be made on a separate subscription list on March 16, 2014, at the latest. Payment for new shares shall be made in cash from and including March 24 to and including April 7, 2014. The Board may extend the period for subscription and payment.

The reason for deviating from the shareholders’ preferential rights is to provide the company with a new long-term owner of strategic importance to the company, which in the opinion of the Board advances the possibilities of the company to create additional value for all shareholders.

A valid resolution requires the support of shareholders with at least two-thirds of the votes cast and the number of shares represented at the meeting.

Available documents and information

The Board’s complete proposal and resolutions, respectively, together with other documents in accordance with the Swedish Companies Act will be available at the company and on the company’s website www.karobio.se as from February 24, 2014 at the latest. Copies of the documents will be sent free of charge to shareholders who so request and state their address.

Shareholders at the meeting are entitled to ask questions concerning the matters to be dealt with at the meeting.

Number of shares and votes in the company

At the time of issue of this notice, the total number of shares and votes in the company was 495,947,369. The company holds no treasury shares.

Huddinge in February, 2014
Karo Bio AB (publ)
The Board of Directors