

KARO PHARMA

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STOCKHOLM, 24 September 2019

Karo Pharma resolves on a fully guaranteed rights issue of approximately SEK 2 billion

Karo Pharma Aktiebolag ("Karo Pharma") has, by virtue of an authorisation from the extraordinary general meeting on 20 September 2019, resolved to carry out a new issue of shares with preferential rights for Karo Pharma's shareholders of approximately MSEK 2,003 (the "Rights Issue").

- Shareholders in Karo Pharma have preferential rights to subscribe for three (3) new shares per eight (8) existing shares.
- The subscription price is SEK 33 per new share, which, provided that the Rights Issue is fully subscribed, amounts to proceeds of approximately MSEK 2,003 prior to issue costs.
- The last day of trading in the Karo Pharma share including the right to obtain subscription rights is 27 September 2019 and the first day of trading in the Karo Pharma share excluding the right to obtain subscription rights is 30 September 2019. The record date for participation in the Rights Issue is 1 October 2019. Subscription rights will be traded on Nasdaq Stockholm from and including 3 October 2019 up to and including 15 October 2019.
- Karo Pharma's two largest shareholders, Karo Intressenter AB (67.0 per cent) and Venture Holding S.À R.L. (4.1 per cent) – together holding 71.1 per cent of the number of outstanding shares in Karo Pharma¹ – have undertaken to subscribe for their respective pro rata share in the Rights Issue and guarantee the remaining portion of the Rights Issue pro rata in relation to their shareholdings. Hence, the Rights Issue is fully guaranteed.

Background and reasons

As communicated on 12 September 2019, Karo Pharma has completed its acquisition of Trimb Holding AB. The acquisition was mainly financed through a new credit facility and a new bridge loan facility provided by SEB and Swedbank. The Rights Issue is carried out with the purpose of repaying the bridge loan facility which was entered into in connection with the acquisition of Trimb, and to strengthen Karo Pharma's financial capacity to carry out acquisitions of companies and product portfolios. The Rights Issue also creates room for manoeuvre for Karo Pharma to seize other market opportunities and continue the efforts related to internalisation of its sales organisation.

Terms for the Rights Issue

Shareholders who are registered shareholders of Karo Pharma on the record date, 1 October 2019, have preferential right to subscribe for new shares in proportion to the number of shares held on the record date. Shareholders will receive three (3) subscription rights for each share held. Eight (8) subscription rights entitle to subscription for one (1) new share. Furthermore, investors are offered the opportunity to subscribe for shares without subscription rights.

¹ Based on the shareholding as of 30 August 2019. The number of outstanding shares in Karo Pharma amounts to 161,867,792 shares. The number of outstanding shares is calculated as the total number of shares in Karo Pharma, amounting to 164,332,782 shares, less shares held by Karo Pharma, amounting to 2,464,990 shares.

In the event that not all new shares are subscribed for by exercise of subscription rights, the Board of Directors shall, within the limits of the maximum amount of the Rights Issue, resolve on allotment of new shares subscribed for without subscription rights. Allotment of shares subscribed for without exercise of subscription rights shall, primarily, be allotted to those who have subscribed for shares by exercise of subscription rights and, in addition, have applied for subscription without subscription rights, irrespective of whether the subscriber was a shareholder on the record date or not and, in the event of oversubscription, pro rata in relation to the number of subscription rights each subscriber has exercised for subscription of shares. Secondarily, shares subscribed for without subscription rights will be allotted to others who have applied for subscription without subscription rights and, in the event of oversubscription, pro rata in relation to the number of shares stated in each subscription application, while allotment of shares subscribed for without the exercise of subscription rights thirdly shall be made to Karo Intressenter AB and Venture Holding S.Å R.L, in proportion to their respective guarantee commitments. To the extent that allotment of shares according to the above cannot be made pro rata, allotment shall be made by drawing of lots.

The share capital may be increased by a maximum of SEK 24,279,901 and the maximum number of new shares that may be issued is 60,700,422. The subscription price is SEK 33 and, provided that the Rights Issue is fully subscribed, the proceeds are expected to amount to approximately MSEK 2,003 prior to issue costs.

The Karo Pharma share is traded including the right to participate in the Rights Issue up to and including 27 September 2019. Subscription will take place during the subscription period from and including 3 October 2019 up to and including 17 October 2019. Trading in subscription rights will take place from and including 3 October 2019 up to and including 15 October 2019 on Nasdaq Stockholm, and trading in paid subscribed shares (BTA) will take place from and including 3 October 2019 up to and including 28 October 2019 on Nasdaq Stockholm.

Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by approximately 27 per cent, but have the opportunity to obtain financial compensation for this dilution by selling their subscription rights.

Subscription undertakings and guarantee commitments

Karo Pharma's two largest shareholders, Karo Intressenter AB (67.0 per cent) and Venture Holding S.Å R.L. (4.1 per cent) – together holding 71.1 per cent of the number of outstanding shares in Karo Pharma – have undertaken to subscribe for their respective pro rata share in the Rights Issue and guarantee the remaining portion of the Rights Issue pro rata to their shareholdings. Hence, the Rights Issue is fully guaranteed.

Preliminary timetable

27 September 2019	Last day of trading in the Karo Pharma share including the right to participate in the Rights Issue
30 September 2019	First day of trading in the Karo Pharma share excluding the right to participate in the Rights Issue
30 September 2019	Estimated date for publication of the prospectus
1 October 2019	Record date, i.e. shareholders registered in the share register on this day will receive subscription rights for participation in the Rights Issue
3–15 October 2019	Trading in subscription rights
3–17 October 2019	Subscription period

3–28 October 2019 Trading in paid subscribed shares (BTA)

21 October 2019 Estimated date of announcement of the outcome of the Rights Issue

Advisors

SEB Corporate Finance and Swedbank Corporate Finance are Joint Global Coordinators and White & Case is legal advisor to Karo Pharma in connection with the Rights Issue.

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About Karo Pharma

Karo Pharma is a pharmaceutical company specialised in sales and marketing of prescription pharmaceuticals and over-the-counter products sold in pharmacies and retail. Karo Pharma is listed on Nasdaq Stockholm Mid Cap.

The information was submitted for publication, through the agency of the contact persons set out above, at 13.00 CEST on 24 September 2019.

IMPORTANT INFORMATION

The information in this press release does not contain or constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in Karo Pharma Aktiebolag. Any invitation to those entitled to subscribe for shares in Karo Pharma Aktiebolag is made solely through the prospectus which Karo Pharma Aktiebolag estimates to publish on or about 30 September 2019.

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