

## Overview of subscription of shares with subscription rights<sup>1</sup>

### 1. You will be allotted subscription rights

For each share in Karo Pharma you hold on 23 March 2022...

... you will receive three (3) subscription rights.



### 2. This is how you exercise your subscription rights (in combination with a cash payment)

Fourteen (14) subscription rights and a payment of SEK 52...

... gives one (1) new share i Karo Pharma.



### 3. Your holding of subscription rights needs to be evenly divisible by fourteen (14)

Surplus subscription rights, i.e. those subscription rights, which are not evenly divisible by fourteen (14), cannot be exercised to obtain a new share and subscription rights not exercised will become null and void.

In order to avoid the subscription rights to lose their value, you must make your holding evenly divisible by fourteen (14)...

... you must no later than 6 April 2022 either:

- a) Acquire more subscription rights to make the number of rights in your holding evenly divisible by fourteen (14), or
- b) Sell the number of subscription rights in your holding not evenly divisible by fourteen (14)

## Frequently asked questions

### What is a rights issue?

A rights issue is an offer to existing shareholders to subscribe for new shares in the company at a predetermined price during a set period of time. Those who are registered as shareholders in Karo Pharma on the record date 23 March 2022 has the right to participate in the rights issue.<sup>2</sup>

*No subscription rights, paid subscribed shares (BTA) or new shares have or will be registered under the United States Securities Act of 1933 (the "Securities Act") or securities legislation in any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, into or within the United States, other than pursuant to an exemption from, or in a transaction that is subject to, the registration requirements of the Securities Act. Furthermore, the securities mentioned in this document have not been registered and will not be registered under any applicable securities law in Australia, Hong Kong, Japan, Canada, New Zealand, South Africa, Switzerland or Singapore and may, with certain exceptions, not be offered or sold within, or on behalf of a person or for the benefit of*

<sup>1</sup> Illustrative only.

<sup>2</sup> Please note that shareholders resident in certain non-EEA jurisdictions and other EEA jurisdictions than Sweden may be prohibited from participating in the rights issue due to restrictions under local securities laws.

*a person who is registered in, these countries. The Company has not made an offer to the public in to subscribe for or acquire the securities mentioned in this document other than in Sweden.*

*In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who (i) have professional experience in matters relating to investments which fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.*

*In the EEA Member States, with the exception of Sweden, (each such EEA Member State, a "Relevant State"), the rights issue, and the information herein, is only intended for and directed to qualified investors as defined in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the "Prospectus Regulation"). The securities mentioned in this document are not intended to be offered to the public in any Relevant State and are only available to qualified investors except in accordance with exceptions in the Prospectus Regulation. Persons in any Relevant State who are not qualified investors should not take any actions based on this document, nor rely on it.*

### **What is a subscription right?**

A subscription right is a security that gives the right, during a set period of time, to subscribe for new shares in a company at a predetermined price. The subscription right could have an economic value if the share price is higher than the subscription price in the rights issue.

### **Will there be any extra costs to participate in the rights issue?**

No commission will be charged. However, shareholders and investors will have to bear any transaction and handling fees that their custodian banks charge them.

### **Do I need to take any actions in relation to the change of listing venue to Nasdaq First North Growth Market?**

As communicated on 9 March 2022 and 10 March 2022, respectively, Karo Pharma has applied for delisting of its shares from Nasdaq Stockholm and Nasdaq Stockholm has approved the application, subject to certain conditions, including that Karo Pharma's shares are admitted to trading on Nasdaq First North Growth Market. Shareholders of Karo Pharma do not need to take any action in connection with the listing on Nasdaq First North Growth Market and the ticker "KARO" and ISIN code SE0007464888 will remain unchanged.

### **How much money does the company receive through the issue and what will the money be used for?**

If the rights issue is fully subscribed for, the issue size will amount to approximately SEK 2,508m before deductions for transaction costs.

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 Sylphar International NV and to strengthen Karo Pharma's financial capacity to carry out future acquisitions of companies and product portfolios. The rights issue also creates room to manoeuvre for Karo Pharma to seize other market opportunities and to continue efforts related to internalisation of its sales organisation.

## **What are the terms and price in the offering?**

Shareholders will have a preferential right to subscribe for three (3) new shares in Karo Pharma for every fourteen (14) existing shares held. It means that each shareholder will receive three (3) subscription rights per share held, and fourteen (14) subscription rights entitle to subscription for one (1) new share. The subscription price has been set to SEK 52 per share.

## **How will the number of shares change?**

The rights issue will, if fully subscribed for, increase the number of shares with no more than 48,221,400 new shares. After the rights issue, the number of shares will amount to no more than 273,254,604 shares.

## **When is the subscription period?**

The subscription period runs from and including 28 March 2022, until and including 11 April 2022. If you have your shares with a bank or nominee, you should contact them for information on how to subscribe for new shares in the rights issue.

## **Can the subscription be terminated once the subscription has been submitted?**

Subscription for new shares, with or without subscription rights, is irrevocable and the subscriber cannot withdraw or change the subscription for new shares.

## **Have any shareholders undertaken to subscribe for their portion of shares in the rights issue?**

Karo Pharma's largest shareholder, Karo Intressenter AB (holding approximately 81.5 per cent of the shares in Karo Pharma)<sup>3</sup> has undertaken to subscribe for their pro rata share in the Rights Issue and to guarantee the remaining portion of the rights issue. Hence, the rights issue is fully guaranteed.

## **When will the outcome of the rights issue be published?**

The outcome of the rights issue is expected to be published on or about 19 April 2022 by a press release from Karo Pharma.

## **Where can I find more information regarding the rights issue?**

Complete information about the rights issue is included in the prospectus. When published, the prospectus can be accessed at our website, [www.karopharma.com](http://www.karopharma.com), at SEB's website for prospectus, [www.sebgroup.com/prospectuses](http://www.sebgroup.com/prospectuses), DNB's website for prospectus, [www.dnb.se/emission](http://www.dnb.se/emission), and Swedbank's website for prospectus, [www.swedbank.se/prospekt](http://www.swedbank.se/prospekt).

## **Will I as a shareholder receive subscription rights?**

Yes. For each existing share in Karo Pharma that you hold on the record date, 23 March 2022, you receive three (3) subscription rights. Note that the last trading day with the right to receive subscription rights is 21 March 2022.

## **As a shareholder, do I need to do anything to obtain subscription rights in Karo Pharma's rights issue?**

No, the criteria is that everyone who is registered as a shareholder in Karo Pharma on the record date of 23 March 2022 will automatically receive subscription rights. If you have your shares with a bank or nominee, you should contact them for information on how to subscribe for new shares with preferential right.

## **How do I participate in the rights issue?**

As a directly registered shareholder, you subscribe for shares by making a payment in accordance with the bank giro notice sent by Euroclear Sweden. If you want to subscribe for fewer new shares than you are entitled to, use the application form "Application form for subscription of shares with subscription rights". The application form, according to the above, is not available on the websites but should be ordered from SEB emissions during office hours from 08:00 to 16:00 CEST on telephone +46 08-63 92 750. The application form must be received by SEB emissions no later than 17:00 CEST on 11 April 2022.

---

<sup>3</sup> Based on the shareholding as of 22 March 2022. The total number of shares in Karo Pharma amounts to 225,033,204 shares.

If you want to register for subscription of new shares without the support of subscription rights, use the application form "Application form for subscription for shares without subscription rights". The application form for shares without subscription rights is available on our website, [www.karopharma.com](http://www.karopharma.com).

If you have your shares with a bank or nominee, you should contact them for information on how to subscribe for new shares with preferential right.

### **Can I subscribe for more shares than I have a preferential right to?**

Yes, it can be done in the following ways:

- You may buy subscription rights on Nasdaq First North Growth Market and use these to subscribe for new shares. You then take over the preferential right to subscribe for new shares and subscribe in accordance with the instructions in the application form "Application form for subscription of shares with subscription rights".
- You can also apply to subscribe for shares without preferential right. In this case, you must use the application form "Application form for subscription for shares without subscription rights".

The application forms can be downloaded from our website, [www.karopharma.com](http://www.karopharma.com). If you have your shares with a bank or nominee, you should contact them for more information on how to subscribe for shares without preferential rights.

### **Can I trade in subscription rights?**

Yes. You can buy and sell subscription rights on Nasdaq First North Growth Market or by contacting your bank or nominee. Trading in subscription rights will take place on Nasdaq First North Growth Market during the period from and including 28 March 2022, until and including 6 April 2022.

### **What happens if I do not use my subscription rights?**

Subscription rights that have not been exercised by 11 April 2022 at 17:00 CEST will be null and void. Unexercised subscription rights will then be deleted from the holder's account without notice.

In order not to lose the value of the subscription rights, the holder must, no later than 6 April 2022, sell the subscription rights granted that they do not intend to exercise for the subscription for new shares.

Shareholders who choose not to exercise or sell their subscription rights in the rights issue will have their shareholding diluted by approximately 17.6 per cent.

### **What can I, as an existing shareholder, do if I cannot afford to participate in the rights issue?**

If you, who are allocated subscription rights, cannot afford to subscribe for new shares in the rights issue, you have the opportunity to take advantage of the value of the subscription rights that you receive by selling them in the market. In this way, you are financially compensated for the dilution effect of the rights issue.

### **When will I be able to trade my subscribed shares?**

Trading in the newly issued shares is expected to commence on or about 28 April 2022.

### **When will I receive my new shares if I subscribe?**

The delivery of the new shares is expected to take place on or about 2 May 2022.