

Karo Bio Enters Collaboration With Pfizer To Discover And Develop Innovative Drugs For Autoimmune Diseases

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Karo Bio AB (publ) has entered into a research collaboration agreement with Pfizer Inc., to discover and develop novel small molecule RORgamma modulators for the treatment of autoimmune diseases.

Under the agreement, Pfizer will provide full funding for the research costs and have the exclusive right to market any products that may be developed as a result of the collaboration. Karo Bio may receive up to USD \$217 million in upfront and milestone payments and added to that, royalty fees.

The nuclear hormone receptor RORgamma is a novel attractive target for the treatment of autoimmune diseases like rheumatoid arthritis, multiple sclerosis and psoriasis. RORgamma directly controls the production and secretion of the cytokine IL-17, a major contributor to inflammation. The receptor's key role in driving disease pathology has been implicated in clinical trials using monoclonal antibodies that neutralize IL-17 activity.

Karo Bio has developed a proprietary RORgamma drug discovery program and has discovered novel, potent, and specific RORgamma modulators.

“We are delighted to collaborate on RORgamma with Pfizer and with the agreement in total. This partnership secures a pole position within this new and rapidly evolving area of autoimmune diseases. It also confirms the commercial value of Karo Bio’s leading position in the nuclear receptor drug development field”, says Per Bengtsson, CEO of Karo Bio.

“The central role of RORgt in Th17 cell differentiation coupled with the increasing clinical validation for the importance of IL-17 and other Th17 derived cytokines in autoimmune diseases, makes RORgt a compelling target,” says Jose-Carlos GutierrezRamos, senior vice president, Biotherapeutics, Worldwide Research and Development, Pfizer. “Combining KaroBio’s deep expertise in nuclear hormone receptors with the world-class Chemistry and Cytokine Immunology expertise of Pfizer has the potential to accelerate our drug discovery effort in this competitive area.”

For further information, please contact: CEO Per Bengtsson: phone: +46 8 608 6027, +46 734 474 128 or by e-mail: per.bengtsson@karobio.se

About Karo Bio

Karo Bio is a pharmaceutical company focused on the research and development of innovative drugs for large medical needs. The company runs a number of drug development projects within the indication areas cardiovascular and metabolic diseases, neuropsychiatry, inflammation, autoimmune diseases, cancer and women’s health. An important foundation for the company’s activities is its unique knowledge of nuclear receptors as target proteins for the development of novel pharmaceuticals, as well as related mechanisms of

action. Karo Bio is based in Huddinge, Sweden, has around 70 employees and is listed on NASDAQ OMX Stockholm.

Karo Bio publishes this information in accordance with the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was published on xx xxxxx, 2011, at 08:30 am CET.

This press release is also available online at www.karobio.com and www.newsroom.cision.com