

Karolinska Development divests its holding in XSpray Microparticles to an investment consortium led by Östersjöstiftelsen and Recipharm Venture Fund

STOCKHOLM – September 29, 2015. Karolinska Development AB (Nasdaq Stockholm: KDEV) today announces that it divests its entire shareholding in the drug delivery company XSpray Microparticles AB to a consortium led by The Foundation for Baltic and East European Studies (Östersjöstiftelsen) and Recipharm Venture Fund.

Jim Van heusden, CEO of Karolinska Development, says: “I am very pleased to announce we have concluded the divestment of XSpray Microparticles to an investor consortium led by Östersjöstiftelsen and Recipharm Venture Fund, that also includes XSpray Microparticles’ Board, management and other investors. An important part of this deal is that the consortium will provide the necessary funding to bring XSpray Microparticles to the next value inflection point. Karolinska Development retains an economic interest in the company through an earn-out agreement with potential significant future value”.

As part of the agreement, Karolinska Development and KCIF Co-Investment Fund KB, a holding company jointly owned by the European Investment Fund and Karolinska Development, will transfer their entire shareholdings in XSpray Microparticles to the consortium led by Östersjöstiftelsen and Recipharm Venture Fund in an earn-out agreement. The divestment has no impact on the latest reported fair value and no further financial details on this transaction will be disclosed.

Concurrently with the agreement, the consortium is investing SEK 18 million into XSpray Microparticles to fund the clinical development of its lead compound, XS004, developed with XSpray’s proprietary HyNap™ drug formulation technology. XS004 is based on a well-known protein kinase inhibitor compound. It is anticipated that these funds will take XS004 through the Phase I clinical trial, results of which are expected in Q2 2016.

For further information, please contact:

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TO THE EDITORS

About Karolinska Development AB

Karolinska Development AB is an investment company focused on identifying medical innovation and investing in the creation and growth of companies developing these assets into differentiated products that will make a difference to patients’ lives and provide an attractive return on investment.

Karolinska Development has access to world-class medical innovations at the Karolinska Institutet and other leading universities and research institutes in the Nordic region. The Company aims to build companies around scientists who are leaders in their fields, supported by experienced management teams and advisers, and co-funded by specialist international investors, to provide the greatest chance of success.

Karolinska Development has established a portfolio of 12 companies targeting opportunities in innovative treatment for life-threatening or serious debilitating diseases.

The Company is led by a team including investment professionals with strong venture capital backgrounds, experienced company builders and entrepreneurs, with access to a strong global network.

For more information, please visit www.karolinskadevelopment.com

Karolinska Development is listed on NASDAQ OMX (KDEV). Karolinska Development may be required to disclose the information provided herein pursuant to the Securities Markets Act.