

Karolinska Development: Interim Report for January-June 2016

STOCKHOLM – August 31, 2016. Karolinska Development AB (Nasdaq Stockholm: KDEV) today publishes its Interim Report for the period January – June 2016. The Company will host a conference call and webcast today at 2 pm CEST – details below. The full report is available on the Company's website.

Jim Van heusden, CEO, comments: “In the first half of 2016 Karolinska Development achieved three key developments within our portfolio companies: we secured additional financing; ensured continued progress of the development pipeline; and strengthened board and management teams.

“A key highlight so far in 2016 has been Aprea’s SEK 437 million financing in March, the largest ever completed by a Karolinska Development portfolio company and more broadly by any private life science company in Sweden in more than a decade. Dilaforette and Promimic also secured non-dilutive financing through new partnerships. As a consequence of these activities, the majority of our portfolio is now funded to deliver key value-generating milestones over the coming years.

“We are also encouraged by the progress made by our portfolio companies in advancing their development pipelines, and presenting and publishing their latest results.

“In addition, we attracted entrepreneurial leaders to the boards and senior management team of our companies: Simon Cartmell joined the board of OssDsign, Christian Schade was appointed CEO of Aprea and Bruce Scharschmidt joined the board of Umecrine Cognition,; their quality and experience is crucial to ensuring the success of our portfolio.

“Karolinska Development’s investment strategy is designed to deliver value from the most promising life science opportunities across the Nordic region. I look forward to providing further updates as we execute on our strategy.”

Significant events during the second quarter 2016

- Karolinska Development saw good progress during the second quarter through its portfolio companies making important announcements in relation to their product pipelines, and the strengthening of their board and management teams. Most of the companies in the portfolio are now funded to deliver key value-generating milestones over the coming years.
- Lipidor AB announced an agreement on a Phase III clinical study and the joint commercialization of a topical psoriasis product with Cadila Pharmaceuticals (June 2016).
- Aprea AB presented promising efficacy and safety data from the Phase Ib part of its PISARRO trial of APR-246 in ovarian cancer patients at the American Society of Clinical Oncology (ASCO) meeting (June 2016).
- Dilaforette AB presented a poster highlighting the mechanism of action of sevuparin in treating sickle-cell disease at the European Hematology Association Congress (June 2016).
- Promimic AB published positive results from an *in vivo* proof-of-concept study, in the International Journal of Nanomedicine (April 2016), demonstrating the improved bone-

healing properties of medical implants coated with HA^{nano} Surface compared with uncoated implants.

- Aprea AB named Christian S. Schade as its President and Chief Executive Officer (June 2016).
- OssDsign AB appointed Simon Cartmell as Chairman of the Board (April 2016).

Significant events after the second quarter

- KDev Investments divested its entire shareholding in ClanoTech AB to Rosetta Capital (July 2016). Karolinska Development retains an economic interest in ClanoTech through an earn-out agreement, the proceeds of which will be retained entirely by Karolinska Development.
- Umeocrine Cognition AB announced the appointment of Dr. Bruce Scharschmidt as a new member of its board of directors and Senior Development Adviser (July 2016).

Financial summary

- Karolinska Development's portfolio Total Fair Value decreased by SEK 75.8 million as it wrote down the entire value of its holding in ClanoTech AB ahead of KDev Investments disposal of all of its shares in the company to Rosetta Capital (July). With this reduction, the Total Fair Value of Karolinska Development's portfolio at the end of June was SEK 401.2 million. Net Fair Value of the portfolio at the end of June 2016 was SEK 143.7 million, a decrease of SEK 49.4 million compared to the end of March 2016.
- Entire shareholding of Akinion Pharmaceuticals AB (via KDev Investments) divested to Accelerated Innovation Europe AB in April. Following this transaction, neither Karolinska Development nor KDev Investments has any economic interest nor exposure in Akinion.
- Net sales amounted to SEK 0.6 million in the second quarter (SEK 1.1 million in the second quarter 2015). Net loss amounted to SEK -75.8 million (SEK -654.6 million). Earnings per share amounted to SEK -1.4 (SEK -12.3).
- Karolinska Development's investments in portfolio companies during the second quarter amounted to SEK 9.5 million. Total investments in portfolio companies by other specialized life science investors during second quarter amounted to SEK 6.8 million.
- Cash, cash equivalents and short term liquidity investments decreased by SEK 19.2 million during the second quarter and amounted to SEK 268.4 million as of June 30, 2016.
- Operational costs in the second quarter amounted to SEK 6.6 million, a reduction of 46% compared to SEK 12.2 million in second quarter 2015 as a consequence of the organizational restructuring undertaken during 2015.

Conference Call and Webcast

Please dial in at one of the following numbers a few minutes before the start of the conference call:

KAROLINSKA DEVELOPMENT

- From Sweden: +46 (0) 8 505 564 74
- From the US: +1 855 753 22 30
- From the UK: +44 (0) 20 336 453 74

The presentation will also be webcast and can be accessed from the following web address:

<http://edge.media-server.com/m/p/84ypx7fr>

Host: Jim Van heusden, CEO.

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TO THE EDITORS

About Bruce F. Scharschmidt

Dr. Bruce Frederick Scharschmidt, MD has been the Senior Development Adviser and Director of Umeocrine Cognition AB since July 6, 2016. Dr. Scharschmidt served as the Chief Medical Officer of Hyperion Therapeutics. Dr. Scharschmidt was the Inventor/Co-Inventor on all Hyperion IP, a member of Hyperion's roadshow team leading to its 2012 IPO, 2013 secondary offering and May 2015 sale to Horizon Pharma, to which he remains a Consultant. He is the author of more than 200 research and review articles. Dr. Scharschmidt served as Chief of Gastroenterology and Professor of Medicine at the University of California San Francisco. Dr. Scharschmidt received his MD at Northwestern University and completed his training in Internal Medicine and Gastroenterology at the University of California San Francisco.

About Simon C. Cartmell

Mr. Simon C. Cartmell, OBE, B.Sc., M.Sc, serves as an Operating Partner at Imperial Innovations Group plc. Mr. Cartmell is a serial entrepreneur in early stage healthcare businesses. Mr. Cartmell served as the Chief Executive Officer at ApaTech Limited, where he led it through its series B, its growth equity raise, and its sale to Baxter Healthcare. He has pharmaceutical, biotech and med-tech experience gained in commercial, product development, supply chain, strategic leadership and corporate executive roles. He is a Sloan Fellow from London Business School. Mr. Cartmell holds an M.Sc. and B.Sc. degrees. He holds a graduate degree in Medical Microbiology from University of Manchester.

About Christian Shade

Mr. Schade has more than 30 years of private and public pharmaceutical and biotechnology industry experience, as well as broad corporate finance expertise from his tenure in the investment banking industry. Prior to joining Aprea, he was Chief Executive Officer of Novira Therapeutics, which was acquired in December 2015 by Johnson & Johnson in an all-cash transaction. Mr. Schade received an MBA from the Wharton School at the University of Pennsylvania and a bachelor of arts in history from Princeton University. Mr. Schade currently serves on the Board of Directors of Integra Life Sciences and the Board of Directors of Indivior Plc.

KAROLINSKA DEVELOPMENT

About Karolinska Development AB

Karolinska Development AB (Nasdaq Stockholm: KDEV) is a Nordic life sciences investment company. The company focuses 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 to its shareholders.

Karolinska Development has access to world-class medical innovations at leading universities and research institutes in the Nordic region, including the Karolinska Institutet. The Company aims to build companies around innovative products and technologies, supported by experienced management teams and advisers, and co-funded by specialist international life science investors, to provide the greatest chance of success.

Karolinska Development's portfolio comprises 11 companies focusing on the development of innovative treatment for life-threatening or serious debilitating diseases.

The Company is led by a team of investment professionals with strong investment backgrounds, experienced company builders and entrepreneurs, with access to a strong global network. For more information, please visit www.karolinskadevelopment.com

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