

Karolinska Development AB AGM 2017

Item 18 Complete proposal: “LEO approval”

Proposal from the Board of Directors’ of Karolinska Development AB (publ) for approval of *new issue of warrants to employees in subsidiaries*.

It is proposed that the annual general meeting approves the proposal for approval of new issue of warrants to employees in subsidiaries.

“LEO-approval”

According to Chapter 16 of the Swedish Companies Act (the “**LEO Law**”) new issues of warrants in subsidiaries directed to directors or employees of the issuer or another group company, must in some cases be approved by the general meeting of the parent company.

In addition to resolution 19 (B) on the Annual General Meeting agenda the below single transaction is subject to approval by the Annual General Meeting 2017.

New issue of warrants to personnel in Umecrine Cognition AB

Umecrine Cognition AB which is a subsidiary of Karolinska Development decided on March 2, 2017, in accordance with **Appendix 1**, to issue 398,228 warrants to personnel as follows. The chairman of the board Kenth Bergström a maximum of 88,495 warrants; CEO Magnus Doverskog a maximum of 176,991 warrants; director Bruce Scharschmidt a maximum of 88,495 warrants; consultant Lars Öhman a maximum of 44,247 warrants. The purpose of the issuance is to implement an incentive program for certain key individuals within Umecrine Cognition AB. The warrants are issued at price of SEK 0.35 per warrant. Each warrant entitles to subscription for one new share in Umecrine Cognition AB at a price of SEK 40. Calculations have been made in accordance with Black & Scholes valuation model.

The number of shares in Umecrine Cognition AB is currently 4 485 979.

The Board of Directors proposes that the Annual General Meeting approves the issue of warrants described above.

A resolution in accordance with the Board of Directors’ proposal requires support from shareholders with not less than 9/10 of votes cast as well as shares represented at the meeting.

Appendix 1

Styrelsens förslag till beslut om emission av högst 398 228 teckningsoptioner

Board of Directors' Proposal regarding Issuance of a Maximum of 398,228 Warrants

Styrelsen för Umecrine Cognition AB, org.nr 556698-3655, ("Bolaget") föreslår att extra bolagsstämma beslutar om emission av högst 398 228 teckningsoptioner, till följd varav Bolagets aktiekapital kan komma att öka med högst 39 822,924280 kronor. Teckningsoptionerna ska medföra rätt till nyteckning av aktier i Bolaget.

The board of directors of Umecrine Cognition AB, reg. no. 556698-3655, (the "Company") proposes that the extra general meeting resolves to issue a maximum of 398,228 warrants, which may result in a maximum total increase of the Company's share capital of SEK 39,822.924280. The warrants shall entitle to subscription for new shares in the Company.

För emissionen ska följande villkor gälla:

The following terms shall apply to the issuance:

1. Rätt att teckna teckningsoptionerna ska, med avvikelse från aktieägarnas företrädesrätt, tillkomma följande personer vilka ska äga rätt att teckna teckningsoptioner enligt följande:

The warrants may, with deviation from the shareholders' priority right, be subscribed for by the persons set out below, who shall each be entitled to subscribe for warrants in accordance with the following:

a) Styrelsens ordförande Kenth Bergström får teckna högst 88 495 teckningsoptioner;

The chairman of the board Kenth Bergström may subscribe for a maximum of 88,495 warrants;

b) VD Magnus Doverskog får teckna högst 176 991 teckningsoptioner;

CEO Magnus Doverskog may subscribe for a maximum of 176,991 warrants;

c) Bruce Scharschmidt, får teckna högst 88 495 teckningsoptioner;

Bruce Scharschmidt may subscribe for a maximum of 88,495 warrants;

d) Lars Öhman får teckna högst 44 247 teckningsoptioner.

Lars Öhman may subscribe for a maximum of 44,247 warrants.

2. Teckningsoptionerna ska tecknas senast den 8 mars 2017 på särskild teckningslista, Bilaga 1A. Betalning för tecknade teckningsoptioner ska erläggas kontant senast den 31 mars. Styrelsen har rätt att förlänga teckningstiden och betalningstiden.

The warrants shall be subscribed for no later than March 8, 2017 on a separate subscription list, Exhibit 1A. Payment for subscribed warrants shall be made in cash no later than March 31, 2017. The board of directors has the right to extend the subscription and payment periods.

3. Teckningsoptionerna emitteras till en premie om 0,35 kronor per teckningsoption.

The warrants are issued at price of SEK 0.35 per warrant.

4. Varje teckningsoption berättigar till teckning av en ny aktie i Bolaget till en teckningskurs om 40 kronor. Teckning av ny aktie genom utnyttjande av teckningsoption ska ske under perioden från och med den 8 mars 2022 till och med den 8 april 2022 eller den tidigare dag som följer av villkoren för teckningsoptionerna.

Each warrant entitles to subscription for one new share in the Company at a price of SEK 40. Subscription for new shares by exercise of warrants shall be made during the period as from March 8, 2022 up to and including April 8, 2022 or the earlier date set forth in the terms of the warrants.

5. Ny aktie som tecknats genom utnyttjande av teckningsoption medför rätt till vinstutdelning beslutad efter det att tilldelning skett och den nya aktien införts i aktieboken.

A new share subscribed for by exercise of a warrant has a right to dividends resolved after allotment has been made and the share has been recorded in the share register.

6. Villkoren för teckningsoptionerna framgår av Bilaga 1B.

The terms for the warrants are contained in Exhibit 1B.

7. Aktie som tecknas med utnyttjande av teckningsoption kommer att omfattas av hembud.

Shares subscribed for by exercise of warrant will be subject to post-transfer purchase rights.

8. Syftet med emissionen och avvikelsen från aktieägarnas företrädesrätt är att implementera ett incitamentsprogram för vissa nyckelpersoner inom Bolaget. Syftet är att skapa ett gemensamt intresse för Bolagets aktieägare och dess nyckelpersoner att arbeta och verka för att Bolaget når bästa möjliga affärs- och värdemässiga utveckling. Teckningspremien ska baseras på optionens marknadsvärde enligt Black & Scholes värderingsmodell, se Bilaga 1C.

The purpose of the issuance and the deviation from the shareholders priority right is to implement an incentive program for certain key individuals within the Company. The purpose is to create a common interest for the Company's shareholders and key individuals to work for and aim at the Company achieving the best development possible with respect to its business and value. The subscription price shall be based on the market value of the warrants according to the Black & Scholes valuation model, see Exhibit 1C.

9. Det föreslås att styrelsen eller den styrelsen utser bemyndigas att vidta de mindre justeringar i detta beslut som kan komma att vara nödvändiga i samband med registrering hos Bolagsverket.

It is further proposed that the board of directors or a person appointed by the board of directors be authorised to make such minor adjustments in the above resolutions as may be required in connection with registration with the Swedish Companies Registration Office.