



WELCOME

KAROLINSKA
DEVELOPMENT

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Förslag till dagordning

- 1. Stämmans öppnande*
- 2. Val av ordförande vid stämman*
- 3. Upprättande och godkännande av röstlängd*
- 4. Godkännande av dagordning*
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- 7. Beslut om*
 - a) ändring av bolagsordningen (gränserna för aktiekapitalet och antalet aktier); och*
 - b) godkännande av styrelsens beslut om en riktad nyemission till konvertibelinnehavare (kvittningsemission)*
- 8. Stämmans avslutande*

Proposed agenda

- 1. Opening of the meeting*
- 2. Election of chairman of the meeting*
- 3. Preparation and approval of the voting list*
- 4. Approval of the agenda*
- 5. Election of one or two persons to verify the minutes*
- 6. Determination of whether the meeting has been duly convened*
- 7. Resolution on a) amendments of the Articles of Association (share capital limits and number of shares) and b) approval of the Board of Directors' resolution on a directed new issue of shares to the convertible holders, with payment by set-off*
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*Building a leading Nordic life science
investment company*

Our ambition



***Building a leading
Nordic life science investment company
delivering value to all stakeholders***



Achievements to-date

An experienced management team with proven track record



Jim Van heusden, PhD

Chief Executive Officer

since March 2015



Viktor Drvota, MD PhD

*Chief Investment Officer
and Deputy CEO*

since February 2016



Christian Tange

Chief Financial Officer

since February 2014

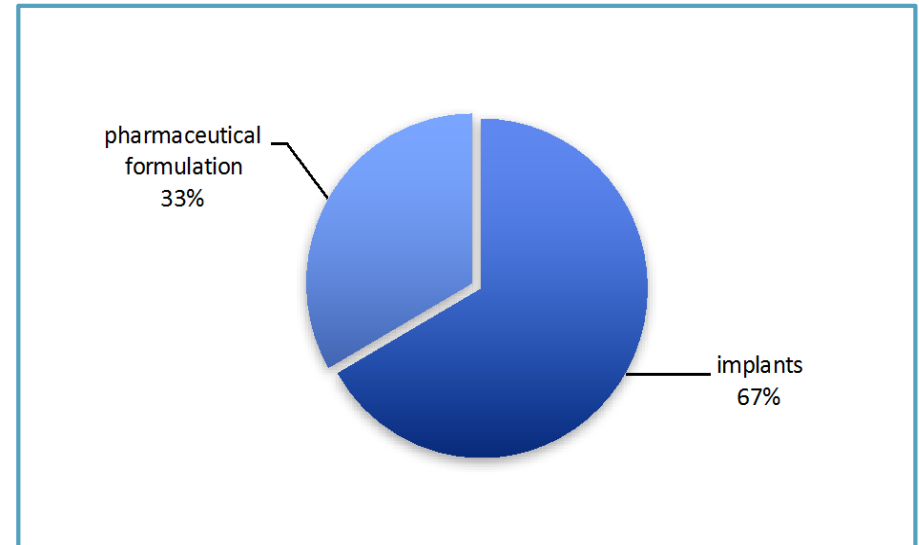
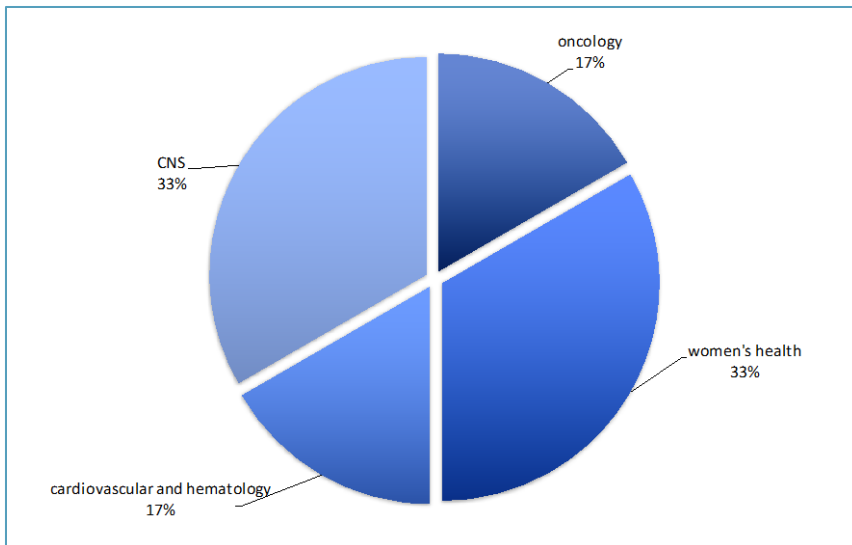


Generated a diversified portfolio with blockbuster potential











Therapeutics



Medtech












Majority of portfolio financed to next value inflection point

 Modus KDev Investments  Praktikerinvest  SEK 32m February 2017	 Umeocrine cognition Series B Fort Knox Partnerinvest Norrlandsfonden SEK 60m Mar & Nov 2016	 DILAFOR Series C Lee's Healthcare Fund Rosetta Capital Pila AB SEK 51m September 2016	 Promimic MAKING IMPLANTS INTEGRATE Series B Chalmers Ventures ALMI SEK 23.8m September 2016	 aprea therapeutics Series B   VERSANT ventures  SECTORAL ASSET MANAGEMENT HealthCap SEK 437m March 2016
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SEK 610 million raised in 2016 – 91% from new investors

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SEK 610 million raised in 2016 – 91% from new investors

New collaboration agreements signed – *non-dilutive funding*

 OSS DESIGN® Partnership Matador Medical, Inc January 2017	 BIOARCTIC Partnership abbvie September 2016	 Promimic <small>MAKING IMPLANTS INTEGRATE</small> Partnership  DANCO March 2016	 Modus Clinical collaboration  Qatar University SEK 10m February 2016
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Divested portfolio with retained economic interest

Inhalation Sciences 

divested to

Råsunda Förvaltning AB

earn-out agreement

February 2017

 Clanotech

divested to

rosettacapital

earn-out agreement

July 2016

 athera
biotechnologies


divested to

  Industrifonden
ÖSTERSJÖ-STIFTELSEN

SEK 24m

earn-out agreement

December 2015

xspray 

divested to

 Recipharm
ÖSTERSJÖ-STIFTELSEN

SEK 18m

earn-out agreement

September 2015

 PHARMANEST

divested to

 Recipharm
 Praktikerinvest
ÖSTERSJÖ-STIFTELSEN

SEK 28m

earn-out agreement

July 2015

Axelar

divested to

 ÖSTERSJÖ-STIFTELSEN

earn-out agreement

March 2015

onco  peptides

share swap

 aprea
therapeutics
with
 Industrifonden

June 2012

- IPO listing Feb 22nd
- 5% of any revenue Industrifonden receives from its holdings up to max of SEK 80m
- 5% share represents a market value of SEK 26.7m at IPO

Attracting experienced entrepreneurial leaders who deliver value



Magnus Larsson

*Chief Executive Officer of **Promimic***

Former Director Market Development at Dentsply Sirona Implants



Christian Schade

*President & Chief Executive Officer of **Aprea Therapeutics***

Former CEO of Novira Therapeutics, acquired by Johnson & Johnson



Tord Lendau

*Chairman of **Promimic***

Former General Manager at Sandvik MedTech



Simon Cartmell

*Chairman of **OssDsign***

Former CEO of Apatech, sold to Baxter for \$330 million



Bruce Scharschmidt MD

*Independent Director of **Umeocrine Cognition***

Former SVP & Chief Medical Officer of Hyperion Therapeutics, acquired by Horizon



Bernd R. Seizinger MD PhD

*Chairman of **Aprea Therapeutics***

Former CEO of GPC Biotech, VP Oncology Drug Discovery at BMS

Now, we want to invest in new opportunities to build value

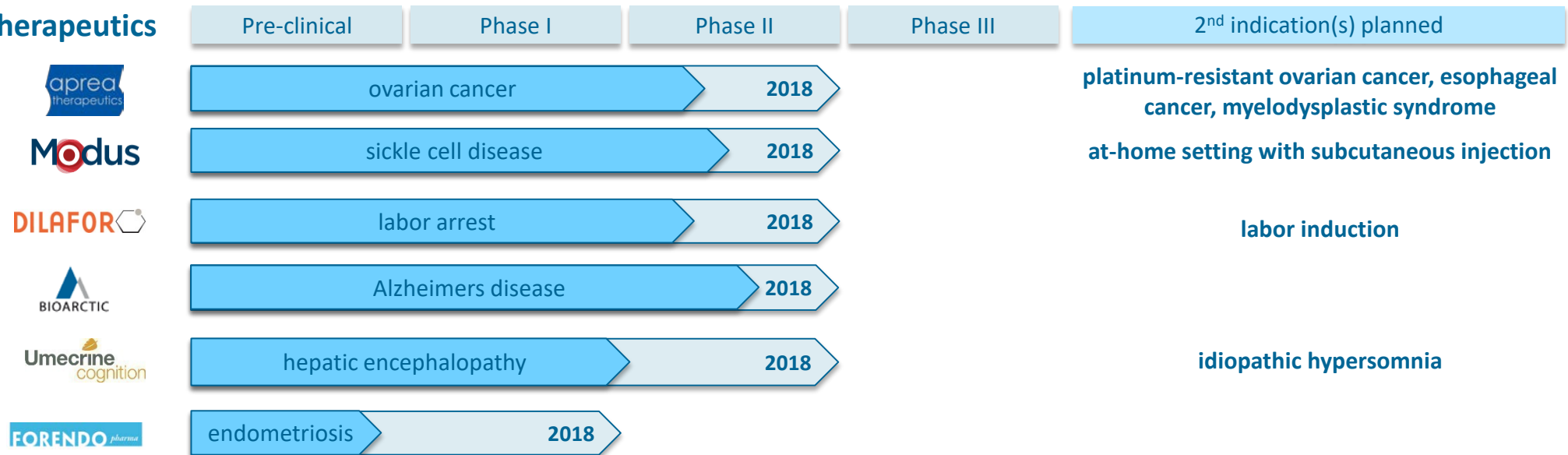
- 
- Expand portfolio in Nordic region
 - Expand portfolio in other areas of life sciences
 - Further build risk diversified portfolio
 - Focus on near-term value inflection points
 - Syndicate deals with experienced life science investors

The Nordic countries ...

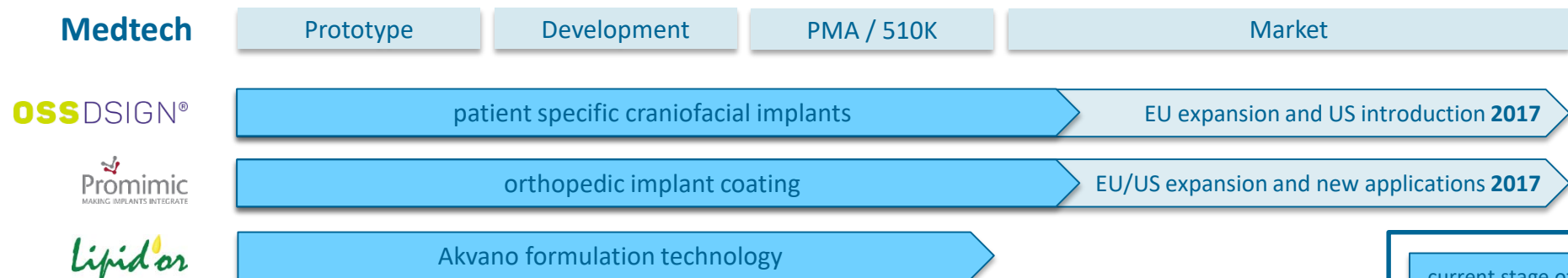
- are clear *innovation leaders* – the most innovative in Europe
- have the potential to become the *next big life science cluster*
- house a lot of *hidden value*
- represent an *under-ventured area* for life science investments

Our current portfolio – significant value inflection in 18 – 24 months

Therapeutics



Medtech



current stage of development

progress and expected results

Significant newsflow anticipated in the next 12–24 months*

DILAFOR	H2 2016	Start Phase II - JAN 2017	✓
OSSDSIGN	H2 2016	Expand commercial infrastructure in EU - JAN 2017	✓
PROMIMIC	H1 2017	Open US operations	✓
OSSDSIGN	H1 2017	FDA 510(k) clearance obtained	✓
OSSDSIGN	H1 2017	US distribution agreement with Matador Medical	✓
UMECRINE COGNITION	H1 2017	Start Phase II	
PROMIMIC	H1 2017	S.I.N. expands sales in other regions	
DILAFOR	2018	Phase II results	
FORENDO	2018	Start Phase I	
MODUS THERAPEUTICS	2018	Phase II results	
APREA THERAPEUTICS	2018	Phase II results	
BIOARCTIC	2018	Phase II results	
UMECRINE COGNITION	2018	Phase II results	
OSSDSIGN	2018	Start Japanese operations	

* current best estimates



Strengthening the Equity Position

Why ?

- *Strategic reorganization* of Karolinska Development over the past 24 months is in essence *now complete*
- *SEK 248.1 million* in cash and cash equivalents end December 2016
- Need to *strengthen* the *equity position* in the near term in order to meet the minimal capital requirement in the *Swedish Companies Act*
- *Improve* the overall *financial risk* profile
- Ensure that current cash resources can be used to *invest in new portfolio companies*
- Current debt *restricts* Karolinska Development's ability to execute its strategy

Background to the Convertible

- Convertible of *SEK 387 million* was issued in 2015 and loan plus interest needs to be *repaid in December 2019* to the extent not converted
- Holders of Convertible currently have the *option to convert* at a conversion price of *SEK 22 per share*
- Outstanding convertible debt is *increasing by 8% compounded per year*
 - *SEK 451 million* at *end 2016*
 - Increasing to *SEK 568 million* by *end 2019*
- *CP Group*, which is a significant shareholder, also holds *approximately 70%* of the Convertibles

Proposal for approval of BoD decision on a set-off share issue directed to Convertible holders

Key points of the proposal to shareholders to be voted on today March 8, 2017

- **Offer** to holders of Convertibles to subscribe for B-shares and pay by means of setting off their claims under the Convertible
- **Subscription Price set to SEK 6.17**
 - the higher of the 90-day VWAP ending
 - i. two trading days prior to announcement to convene the EGM – **SEK 6.17**
 - ii. two trading days before the EGM – **SEK 6.06**
- **Subscription period** is **March 20, 2017** to **March 31, 2017**
- Amendment of Articles of Association [bolagsordningen] to allow for increased number of shares

Indicative Timetable

- | | |
|--|--------------------------|
| ▪ Year-end Report 2016 published | Feb 28, 2017 |
| ▪ Record date for participating in EGM | Mar 2, 2017 |
| ▪ Announcement of complete terms and conditions | Mar 7, 2017 |
| ▪ EGM | Mar 8, 2017 |
| ▪ Record date Convertible holders | Mar 15, 2017 |
| ▪ Preliminary date for publication of prospectus | Mar 17, 2017 |
| ▪ Subscription period | Mar 20 – 31, 2017 |
| ▪ Result of offer published | April 5, 2017 |
| ▪ New shares admitted to trading on Nasdaq Stockholm | April 11, 2017 |

Benefits for shareholders and holders of convertible

Significantly reducing the outstanding debt would put Karolinska Development in a strong position to deliver value to all stakeholders

- *Strengthens* Karolinska Development's *equity position*
- *Greatly improves* Karolinska Development's *overall financial risk* profile
- *Strengthened balance sheet* would ensure a more robust financial structure and company's long-term future and enhance its attraction as an investment
- Ensure the current cash resources can be used to make the new investments needed to *create future shareholder value*
- *Allows Karolinska Development to meet the minimal capital requirement in the Swedish Companies Act*

Strengthened financial structure – post conversion

- Outstanding convertible debt as reported in the Company's balance sheet 31 December 2016 would be reduced by SEK 394 million
- Repayable debt 31 December 2016 would be reduced by SEK 451 million – by 31 December 2019 it will be reduced by SEK 568 million
- Cash position of SEK 248 million 31 December 2016 would not be effected by the set-off issue – provides opportunity to make new investments
- *Strong position to achieve our Corporate Goals and to deliver value for all stakeholders*



Summary

Potential to create a **successful Nordic life science investment company**

- We have made **significant progress** in the last 24 months:
 - Created a **diversified** portfolio with **blockbuster** potential
 - Majority of portfolio **financed** to **next value inflection point**
 - Developed **close links** to the **Nordic and international life science** communities
- However, we now need to strengthen the balance sheet and equity position to **allow investments in new opportunities** and **in order to meet the minimal capital requirement in the Swedish Companies Act**
- Cash balance of **SEK 248.1 million** (end Dec 2016) would position us for future success if all of the debt is reduced via the proposed “set-off” share issue
- We need **the support of both our shareholders and our bondholders** to ensure that the debt is reduced significantly
- A successful “set-off” share issue, resulting in a significant reduction of the debt, would allow us to **create significant value** for **all stakeholders**



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