

Karolinska Development AB, Extraordinary General Meeting, 28 November 2017

Item 8 Complete proposal: “LEO approval”

The Board of Directors’ of Karolinska Development AB’s (publ) proposal for approval of issue of shares to a closely related party to a member of the board of directors in a subsidiary.

“LEO-approval”

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

The board of directors proposes that the General Meeting approves an issue of shares in the subsidiary Umecrine Cognition AB as follows.

Issue of shares to a closely related party to a member of the board of directors of Umecrine Cognition AB

Umecrine Cognition AB, which is a subsidiary of Karolinska Development, resolves on a general meeting to issue a maximum of 60,241 shares in accordance with **Appendix 1**. The right to subscription shall, with deviation from the shareholders’ pre-emption right, belong to The Bruce Frederick Scharschmidt and Peggy Sue Crawford Family Trust dated October 9, 2001, a closely related party to the member of the board of directors Bruce Scharschmidt. The subscription price for the new shares is SEK 16.60 per share, which equals the market price as estimated by the board of directors adjusted with a market rate discount. Subscription for the shares shall take place within two weeks from the date of the general meeting. The board of directors has the right to extend the subscription period. Payment for subscribed shares shall be made within two weeks from the date of the general meeting. The board of directors has the right to extend the period for payment. The subscribed shares entitles for a right to dividends as of the current financial year. The share capital increase by subscription in Umecrine Cognition AB is amounted to a maximum of SEK 6,024.12.

The purpose of the issue of shares and the reason for deviation from the shareholders pre-emption rights is that the selected investor is deemed a strategically important investor for the company.

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

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

Appendix 1

The board of directors of Umecrine Cognition AB, reg. no. 556698-3655, proposes that the extraordinary general meeting of the shareholders resolves to issue a maximum of 60,241 shares in the company in accordance with the following:

1. The total increase of the company's share capital can amount to a maximum of SEK 6,024.12.
2. The total number of new shares shall not exceed 60,241.
3. The subscription price for the new shares is SEK 16.60 per share, in total SEK 1,000,000.6 if all shares are subscribed for.
4. The right to subscribe for the shares shall, with deviation from the shareholders' priority right, belong to The Bruce Frederick Scharschmidt and Peggy Sue Crawford Family Trust dated October 9, 2001.
5. Subscription for the shares shall take place within two weeks from the date of the general meeting. The board of directors has the right to extend the subscription period.
6. Payment for subscribed shares shall be made within two weeks from the date of the general meeting. The board of directors has the right to extend the period for payment.
7. The new shares entitles for a right to dividends as of the current financial year.
8. The reason for deviation from the shareholders pre-emption rights is that the selected investor is deemed a strategically important investor for the company. The subscription price equals the market price as estimated by the board of directors adjusted with a market rate discount.
9. The new shares will be subject to post-transfer purchase rights.
10. The decision is conditional upon approval by the general meeting of Karolinska Development AB in accordance with Ch. 16 of the Swedish Companies Act.
11. The board of directors or anyone appointed by the board of directors is given the right to make the adjustments necessary in connection with the registration of the resolution at the Companies Registration Office.