

Notice of Extraordinary General Meeting in Karolinska Development AB (publ)

The shareholders of Karolinska Development AB (publ), reg. no. 556707-5048 (“**Karolinska Development**” or the “**Company**”) are invited to the Extraordinary General Meeting on Tuesday November 28, 2017 at 16:00 (CET), at Tomtebodavägen 23 A in Solna, Sweden.

Participation and notification of attendance

A shareholder, who wishes to participate in the meeting, must:

(i) be recorded as shareholder (not nominee registered) in the share register held by Euroclear Sweden AB on Wednesday November 22, 2017, and

(ii) notify Karolinska Development of his/her intention to attend the meeting, no later than on Wednesday November 22, 2017, by telephone (+46 8 524 860 70), email (eva.montgomerie@karolinskadevelopment.com) or regular mail (Karolinska Development, “EGM”, Tomtebodavägen 23 A, SE-17165 Solna, Sweden). The notification should include name, identification/registration number, address, telephone number, number of shares and, if applicable, details on proxies and number of assistants.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee shareholder must temporarily re-register their shares in their own name in the share register kept by Euroclear Sweden AB to be allowed to participate in the meeting. The re-registration must be completed on Wednesday November 22, 2017 at the latest. Therefore, request for such registration must be made well in advance of such date.

Proxy

A shareholder attending the meeting by proxy, must issue a written proxy. The proxy is valid during the period set forth in the proxy, however, at most five years from the issuance. If a proxy is issued by a legal entity, a copy of the legal entity's registration certificate or similar document evidencing signatory powers must be enclosed. The original power of attorney and certificate of registration should be submitted to the Company by post at the address mentioned above in due time prior to the meeting. Proxy forms in Swedish and English are available for download on the Company's website, www.karolinskadevelopment.com.

Proposal for 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 election of new member of the board of directors
8. Resolution on approval of share issue in the subsidiary Umecrine Cognition AB
9. Closing of the meeting

Proposals to resolutions

Item 2. Election of chairman of the meeting

The Nomination Committee has been consisting of Niclas Adler (chairman), appointed by Sino Biopharmaceutical; Torgny Wännström, appointed by Insamlingsstiftelsen för främjande och utveckling av medicinsk forskning vid Karolinska Institutet; Magnus Persson, appointed by Karolinska Institutet Holding AB; Peter Lundkvist, appointed by Tredje AP-fonden (Third Swedish National Pension Fund) and Todd Plutsky, appointed by Coastal Investment Management.

The Nomination Committee proposes that the lawyer Johan Hessius is appointed to chair the Extraordinary General Meeting.

Item 7. Resolution on election of new member of the board of directors

The Nomination Committee proposes that the General Meeting resolves to elect Ewa Björling as ordinary member of the board of directors until the end of the next Annual General Meeting. Ewa Björling is replacing Hans-Olov Olsson whom has chosen to resign from the board of directors at his own request.

It is noted that the Annual General Meeting 2017 resolved that the number of members of the board of directors will be seven and no deputies will be appointed.

Dr Ewa Björling is a qualified dentist as well as a Medical Doctor and lecturer in virology. She is a former member of the Swedish parliament and served as Sweden's Minister for Trade between 2007–2014 and for a period also as Minister for Nordic Cooperation. Moreover, she has been employed at the Department of Microbiology, Tumor and Cell Biology (MTC) at Karolinska Institutet in Solna. Ewa Björling has previous engagements as a Board member of Essity AB, BioGaia AB and Mobilaris AB among others. Ewa Björling is independent in relation to the company, its management and Karolinska Developments major shareholders.

Item 8. Resolution on approval of issue of shares in the subsidiary Umecrine Cognition AB

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 on an issue of shares in the subsidiary Umecrine Cognition AB as follows.

Umecrine Cognition AB resolves on a general meeting to issue a maximum of 60,241 shares. 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.

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

The proposal in full will be available at the Company’s website.

Information at the General Meeting

A shareholder is entitled to require that the Board of Directors and the CEO (when possible without causing material damage to the Company) provides information regarding circumstances that may have an effect on the assessment of an item on the agenda.

Documentation

The Board of Directors' complete proposal pursuant to item 8 as well as other documents according to the Swedish Companies Act will be held available at the Company's office with address Tomtebodavägen 23 A in Solna and on the Company's website, www.karolinskadevelopment.com, no later than three weeks before the meeting, i.e. no later than on Tuesday November 7, 2017. The documents will also be sent, without charge, to shareholders who so request and inform the Company of their postal address. The documents will also be held available at the General Meeting.

Miscellaneous

As per the date of this notice, there are 64,361,206 shares, representing a total of 77,889,088 votes in the Company, distributed among 1,503,098 shares of series A (with 15,030,980 votes) and 62,858,108 shares of series B (with 62,858,108 votes). As per the date of this notice, the Company holds 244,285 treasury shares of series B.

Solna in November 2017
Karolinska Development AB (publ)
The Board of Directors