

Karolinska Development AB (publ) – Year-End Report 2012

STOCKHOLM - February 20, 2013. Karolinska Development AB (publ) announces publication of its Year-End Report 2012. A conference call and webcast will be held today at 14.00 CET. Participant access numbers: SE: +46 (0)8 506 307 79, US: +1 8 666 828 490, UK and other countries: +44 (0) 1452 555 131. The full report and a link to the webcast are available on the company's website.

Torbjörn Bjerke, CEO, comments: “In December, we announced a strategic deal worth SEK 220m. A syndicate of well-respected investors will acquire a minority share in Karolinska Development’s holdings in 13 of its 25 portfolio companies. The deal demonstrates the value that Karolinska Development has created in recent years. The consideration gives the companies comprised by the transaction a total implied value of approximately SEK 1,500m, about twice Karolinska Development’s investment in the same portfolio and a premium of 23 percent on the reported fair value on the transaction date. Our financial position has strengthened significantly.

In 2012, Karolinska Development’s portfolio companies took several important steps forward. In total, eleven projects in our active portfolio are now in clinical development for disorders where current treatments fall short or are lacking. Pharmanest finalized a Phase I trial with SHACT for pain relief in connection with IUD insertion and launched a clinical Phase II trial during the year. Pergamum passed clinical milestones in all three clinical projects in 2012 and Aprea announced positive Phase I/II data with APR-246 against cancer. After the end of the year, Pergamum also entered into a strategic collaboration with Cadila Pharmaceuticals on an early-stage project where Cadila is financing the entire development through clinical Phase II and where the companies share the global marketing rights.

Our deal flow agreement with Karolinska Institutet Innovations AB, as well as agreements with other leading universities in the Nordic region, gives us the opportunity to evaluate a significant number of medical innovations in this region. In February, we announced that Karolinska Development has started a collaboration with Mayo Clinic in the US. This is the first step in expanding our inflow of new life science innovations from the best research institutions outside the Nordic region as well.

During the year, Karolinska Development worked intensely to push the portfolio companies’ projects forward, identify attractive new investments and entered into an important commercial collaboration. As a whole, this improves our ability to build further value by taking development projects forward to the point where we can line up collaborations with pharmaceutical companies or exit portfolio companies.”

Summary of significant events during and after the fourth quarter

- Pergamum entered into strategic collaboration with Cadila Pharmaceuticals
- Karolinska Development started collaboration with Mayo Clinic
- Dilaforette launched Phase II trial with sevuparin for treatment of severe malaria
- Karolinska Development announced strategic deal worth SEK 220m
- Pergamum reported positive Phase II data from clinical study on outer ear infections

<i>Group</i>	2012	2011	2012	2011
<i>Amounts in SEKm</i>	<i>Oct-Dec</i>	<i>Oct-Dec</i>	<i>Full-year</i>	<i>Full-year</i>
<i>Income statement</i>				
Revenue	2.6	3.4	9.9	10.5
Profit/loss after tax	85.8	-114.4	-230.2	-385.7
Earnings per share before and after dilution (SEK)	1.60	-2.16	-4.39	-8.07
<i>Balance sheet</i>				
Cash and cash equivalents			117.0	163.3
Short-term investments			174.2	457.2
Total cash, cash equivalents and short-term investments, Group			291.2	620.6
Cash and cash equivalents to be transferred to KDev Investments Group			59,6	-
Total cash, cash equivalents and short-term investments			350.8	525.6
<i>Share information</i>				
Net asset value per share (SEK) (Note 5)			43.9	44.7
Share price, last trading day in the reporting period (SEK)			15.3	25.8
<i>Portfolio information</i>				
Investments in portfolio companies (Note 7)	24.6	59.7	231.6	297.6
Of which investments not affecting cash flow (Note 7)	4.5	8.4	77.8	94.9
Valuation of total portfolio holdings (Note 2)			1,827.2	1,546.9

KAROLINSKA DEVELOPMENT

Profit from Innovation

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TO THE EDITORS

About Karolinska Development AB

Karolinska Development aims to create value for patients, researchers, and investors by developing innovations from world class science into products that can be sold or out-licensed with high returns. The business model is to: **SELECT** the most commercially attractive medical innovations; **DEVELOP** innovations to the stage where the greatest return on investment can be achieved; and **COMMERCIALIZE** the innovations through the sale of companies or out-licensing of products. An exclusive deal flow agreement with Karolinska Institutet Innovations AB, along with other cooperation agreements with leading universities, delivers a continuous flow of innovations. Today, the portfolio consists of 34 projects, of which 15 are in clinical development. For more information, please visit www.karolinskadevelopment.com.

Karolinska Development is listed on NASDAQ OMX. Karolinska Development may be required to disclose the information provided herein pursuant to the Securities Markets Act.