

Cortendo Announces HealthCap Leads \$11M (NOK 73.4M) Private Placement

Company to Evaluate U.S. Financing and Listing Strategy

October 30, 2014 -- Radnor, Penn., U.S. and Göteborg, Sweden -- [Cortendo AB](#) [ticker: CORT on NOTC-A], a global biopharmaceutical company focused on orphan endocrine disorders, today announced that it has entered into an agreement ("Agreement") with HealthCap, the Third Swedish National Pension Fund ("AP3"), Storebrand and Arctic Fund Management for a private placement of 19,315,000 million shares of Cortendo at SEK 4.22 (equivalent to NOK 3.8) per share, resulting in gross proceeds of approximately SEK 81.5 million, equivalent to \$11 million or NOK 73.4 million ("Transaction").

"The investments from HealthCap, AP3, Storebrand and Arctic Fund Management show confidence in our ability to deliver on our vision of building a global biopharmaceutical company to bring innovative therapies to patients who suffer from rare, endocrine diseases," said Matthew Pauls, President and CEO of Cortendo.

HealthCap, one of the largest specialized providers of venture capital in the European life sciences industry, AP3, Storebrand and Arctic Fund Management will make the investment, subject to, among other things, approval by the shareholders of Cortendo at an Extraordinary General Meeting to be held on or about 1 December 2014.

"We welcome this opportunity to invest in Cortendo's development and commercialization plans for COR-003," said Dr. Mårten Steen of HealthCap. "Cortendo has made important recent progress, and we believe in the company's ability to bring a new treatment for patients with Cushing's syndrome to the market."

"Our investment in Cortendo is a good example of AP3's health care strategy to provide promising companies with the financial capabilities to reach the market with new innovative medicines, and the potential to provide AP3 with a good return on our investments," said Ulrica Slåne of AP3.

This investment in Cortendo provides the company with financing and a widened access to resources, which will be important for the advancement of corporate goals and the development of its lead candidate, COR-003 (levoketoconazole), which is being studied in the global Phase 3 SONICS study.

Cortendo now will evaluate alternative options, including a U.S. financing and listing strategy, and, pursuant to the Agreement, Cortendo will, subject to completion of the Transaction, not move forward with the current Oslo Axess listing process.

"The U.S. represents the largest potential market for our product candidate, COR-003, and a potential future listing on the U.S. capital markets would provide an improved opportunity for growth and brand recognition," said Pauls. "We continue to view the Oslo Stock Exchange as a dynamic and attractive marketplace for companies seeking international sources of capital, and our experience has been positive."

After the completion of the transaction, HealthCap will hold 12,500,000 shares and votes, AP3 10,005,400 shares and votes (including the 5,405,400 shares currently held by AP3), Storebrand 10,404,257 shares and votes (including the 8,604,257 shares currently held by Storebrand), and Arctic Fund Management 2,296,000 shares and votes (including the 1,881,000 shares currently held by Arctic Fund Management) in Cortendo. This represents approximately 11.7, 9.4, 9.8 and 2.2 percent of the issued share capital of the company for HealthCap, AP3, Storebrand and Arctic Fund Management, respectively.

Finalization of the Transaction is subject to approval by the Extraordinary General Meeting of Shareholders in Cortendo scheduled to be held on or about 1 December 2014 and to the non-occurrence of any material adverse effects (as defined in the Agreement) prior thereto.

Shareholders representing approximately 54.6 percent of the total number of shares and votes in the company have undertaken to vote in favor of the share issues to HealthCap, AP3, Storebrand and Arctic Fund Management as well as the election of an additional board member to be nominated by HealthCap and a mandate for the Board to issue up to 25,500,000 additional shares primarily to external investors (out of which HealthCap under certain circumstances will have the right, but not the obligation, to subscribe for up to 5,000,000 additional shares).

The same shareholders, representing approximately 54.6 percent of the total number of shares and votes in the company, also have undertaken, within six months following the closing of this transaction, to vote in favor of a delisting of the company's shares from the NOTC A-list of the Norwegian Dealer's Association, to support a public listing on a regulated market as soon as possible within 12 months, and of the appointment of an additional board member representing a potential new external investor(s), provided certain criteria are met. The notice for the Extraordinary General Meeting will be announced on or about 3 November 2014.

Arctic Securities and DNB Markets have acted as financial advisors to Cortendo.

About Cortendo AB

Cortendo AB is a global biopharmaceutical company incorporated in Sweden and based in the United States. The Company's strategic focus is to be the global leader in commercializing innovative medicines for orphan endocrine disorders. Cortendo is leading the way in the field of cortisol inhibition through the investigational drug, COR-003 (levoketoconazole) currently being studied in the Phase 3 global SONICS trial for the treatment of Cushing's syndrome. The company's intent is to independently commercialize its Orphan/Endocrine assets in key global markets, and partner non-strategic product opportunities, such as diabetes, at relevant development stages.

Cortendo's lead drug candidate, is being evaluated in a global Phase 3 trial for treatment of Cushing's syndrome. COR-003 (levoketoconazole) has received orphan designation from both the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA).

About HealthCap

HealthCap is a European venture capital firm investing solely and globally in life sciences. It is one of the larger VCs within life sciences in Europe, having raised more than EUR 900 million in six funds since 1996, invested in 100 companies and taken 30 companies public. HealthCap has over the years backed and built companies developing new treatments for people with life-altering conditions.

HealthCap's investment strategy focuses on diseases with high unmet medical needs and therapies that have the potential to be transformative and change medical practice and the lives of patients suffering these conditions.

About AP3

AP3 is tasked by the Swedish Parliament with generating maximum possible benefit for the income pension system by managing its fund capital so as to deliver strong investment returns at a low level of risk. AP3 has twin roles in the pension system: serving as a buffer when inflows and outflows cause imbalance in the system, and promoting the overall financial stability of the system. The Fund manages a global portfolio consisting of equities, fixed income securities and alternative investments with assets under management of approximately USD 38 billion as of 30 June 2014.

About Storebrand

Storebrand's ambition is to be the best provider of pension savings. The group offers a broad range of products within life insurance, property and casualty insurance, asset management and banking, to companies, public sector entities and private individuals. The group is divided into the segments Savings, Insurance and Guaranteed pension and other.

About Arctic Fund Management

Arctic Fund Management provides a range of fund management solutions for institutional and private investors. Their portfolio managers have extensive experience, with an average of 18 years in the fund management industry, and strong track record with documented results from the Nordic and international equity and fixed income market.

Risk and Uncertainty

The development of pharmaceuticals carries significant risk. Failure may occur at any stage during development and commercialization due to safety or clinical efficacy issues. Delays may occur due to requirements from regulatory authorities, difficulties in recruiting patients into clinical trials due to physician or patient preferences or competing products, not anticipated by the company. There is no assurance that Cortendo will receive marketing and regulatory approvals necessary to commercialize or produce COR-003 (levoketoconazole) or other products. Regulatory approvals may be denied, delayed, limited or revoked.

The commercial success of COR-003 (levoketoconazole), if approved in a territory, cannot be predicted with certainty. In addition, Cortendo may face the risk of interrupted supply of COR-003 for clinical or commercial use from the subcontractors Cortendo has contracted.

Cortendo Forward-Looking Statements

This press release contains forward-looking statements concerning Cortendo that involve a number of risks and uncertainties. All statements other than statements of historical facts included in this press release, including, without limitation, statements regarding the Company's future financial position, strategy, anticipated investments, costs and results, plans, projects to enhance efficiency, outcomes of products development, future capital expenditures, liquidity requirements and objectives of management for future operations, may be deemed to be forward looking statements. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance

or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward-looking statements as a prediction of actual results. None of these forward-looking statements constitutes a guarantee of the future occurrence of such facts and data or of actual results. These statements are based on data, assumptions and estimates that the Company believes are reasonable. The forward-looking statements contained in this document are made only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates of any forward-looking statements contained in this press release to reflect any change in its actual results, assumptions, expectations or any change in events, factors, conditions or circumstances on which any forward looking statement contained in this press release is based.

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