

Quarterly Update

Serendipity

Q1

2016

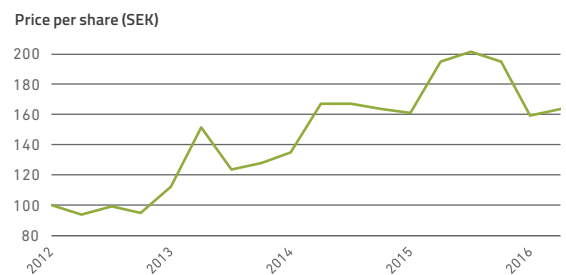
Management Comments

Q1 2016

At the end of the first quarter 2016, Net Asset Value per share was 164 SEK, which corresponds to an increase of 3% since the year end. The primary driver has been the positive development of our holdings in Diamorph and Xbrane.

872 MSEK 164.0 SEK +3%

Net Asset Value Net Asset Value per share Year-to-Date



Diamorph

On February 29th, Diamorph published its year end report. In the full year, the company reported revenues of SEK 432 million (384) and an operating profit of SEK 151 million (128). The increase has primarily been driven by the sales of high temperature materials, in particular the sales of fire protection products, in the UK and US markets.

Premune

Premune and Innovet Italia announced that they have expanded their collaboration by signing an exclusive licensing agreement for six additional products, targeting three key areas in companion animal well-being.

The extended product range now includes Retopix[®] Spray, Retopix[®] Fluid, and Retopix[®] Oto (skin care), Normalia[®] (support of gut function) and Oculvet[®] Wipes and Oculvet[®] Drops (eye care).

The companies initiated a collaboration in August 2015 with the exclusive licensing agreement for Redonyl[®] Ultra, a nutritional supplement for support of normal skin function in cats and dogs based on PEA-um[®] (ultramicrosized palmitoylethanolamide). Palmitoylethanolamide is a naturally occurring compound produced on demand by the body in response to inflammation and pain. Retopix[®], Normalia[®] and Oculvet[®] all contain either PEA-um[®] or Adelmidrol, an analogue of PEA formulated specifically for topical administration.

The expanded collaboration gives Premune exclusive marketing rights for key European countries, with the option to expand to other geographic market including North America. This brings the current Premune portfolio to seven products, all of which will be launched during 2016.

Episurf

In its year end report, Episurf medical announced that the milestone of 100 accounts approved and connected to the company's proprietary μifidelity™ platform has been reached. This was in line with the goal set for 2015.

The company also reached CE-marking of its fifth product, Epioscopy™, which is an advanced clinical assessment tool intended to provide the physician with decision support information in the form of 3D-visualizations of the segmented patient knee, visual marking of chondral and osteochondral lesions in the femoral part of the knee. It will also provide a written assessment of structural deviations on the tibia, patella, meniscus and ACL. In the event that Episurf Medical's implant solutions are considered to be an appropriate treatment option, a visualization of the implant/guide is added to the 3D-image of the knee.

Episurf has increased its sales activities with focus on Germany, UK, and the Benelux. The company plans to continue to enlarge and strengthen its sales presence via an active recruitment process in Germany and the UK during 2016.

OrganoClick

OrganoClick's Annual Report was published on February 24th. The company showed a turnover of SEK 31.4 million, which represents 28% top line growth for the full year. During the quarter, the company signed distribution agreements for OrganoWood for the Israeli, Finnish, British, and Irish markets.

According to Mårten Hellberg, the CEO of Organoclick, the company aims to keep its fixed costs at similar levels for the next two years with the goal to reach positive EBITDA during 2017.

Swecure

Following the negative outcome of the SWE01/PRE01 study in dogs, Swecure has decided to put further development of SWE01 on hold for the time being. This means that SWE01 will undergo further analysis in an academic setting before the project will be re-evaluated for potential commercialization.

The company focuses on the continued development of SWE02, which is aimed at restoring the gut microbial dysbiosis in order to relieve inflammation in patients with Inflammatory Bowel Disease, IBD. The company also has a strong focus on development of SWE06, a treatment to normalize the gut flora in patients with Irritable Bowel Syndrome, IBS. In addition to projects in the current portfolio, Swecure seeks to further expand the pipeline with in-licensed candidates and technologies.

Voff Science

The businesses in Voff Science had a combined turnover of SEK 73 million and an operating profit of SEK 17 million for the full year. Voff Science is currently executing its acquisition strategy with the goal of closing 1-2 new acquisitions in 2016.

Xbrane

Xbrane was successfully listed on Nasdaq OMX First North on February 3rd. After an initial fall the stock recovered and was trading above listing price at the end of the 1st quarter.

During March and April, Xbrane the first and second milestone for its Ranibizumab biosimilar, Xlucane, together with its Iranian partner. The milestones resulted in a total of USD 220 000 in milestone payments to Xbrane.

Xbrane's first product to market, Spherotide, is used in the treatment of hormone-responsive cancers such as prostate cancer or breast cancer and is expected to reach market in 2017.

IRRAS

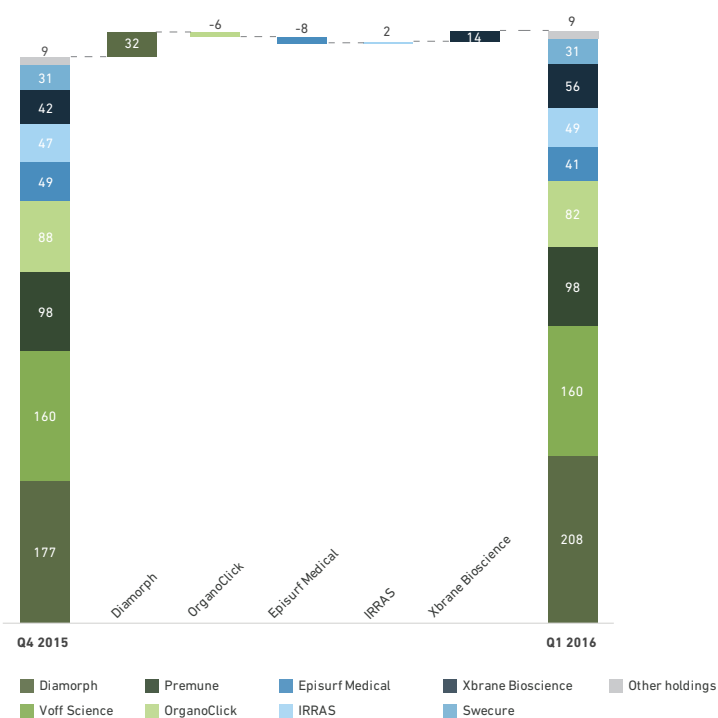
IRRAS got off to a great start on its first target market, Germany. The company has got its product reimbursed and so far signed 9 neurosurgical centers. The company has already secured the budgeted sales for 2016 in received orders. IRRAS has also secured the regulatory pathway in the US for an FDA approval through a 510K process. The company is however yet to apply for FDA approval.

We would like to stress that not too much emphasis should be placed on quarterly results. Changes in NAV over a period of 3-5 years is a much better indicator of the company's performance. As short term results, actual operational development in the portfolio companies is a better indicator than short-term fluctuations in NAV.

Q1 in numbers

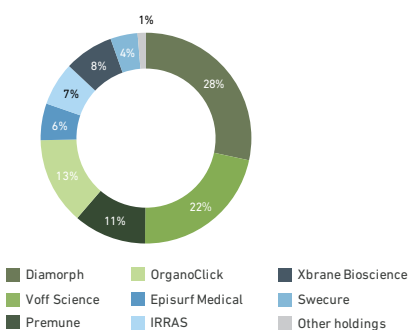
Portfolio Development

Development of the portfolio since previous quarter (MSEK)



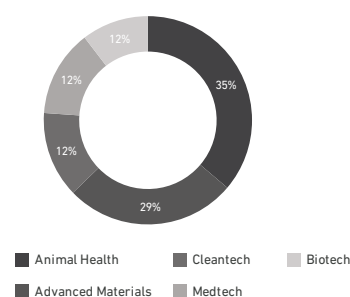
Portfolio Distribution

Holding's percentage of total portfolio



Sector Distribution

Distribution of portfolio by sector



Portfolio companies	Company value (SEK)	Serendipity's holding (SEK)	Serendipity's %	% of portfolio	% of NAV
Diamorph	867 796 892	208 443 510	24.0%	28.4%	23.9%
Voff Science	167 174 000	160 000 000	95.7%	21.8%	18.3%
OrganoClick*	436 331 097	81 921 522	18.8%	11.2%	9.4%
Premune	200 000 002	98 286 528	49.1%	13.4%	11.3%
Episurf Medical*	233 862 418	41 350 548	17.7%	5.6%	4.7%
IRRAS	183 458 000	48 964 500	26.7%	6.7%	5.6%
Xbrane Bioscience*	210 360 787	55 546 855	26.4%	7.6%	6.4%
Swecure	50 735 387	30 730 550	60.6%	4.2%	3.5%
Other holdings	855 339 674	9 372 210	N/A	1.3%	1.1%
Total portfolio	3 205 058 256	734 616 223		100,0%	84,2%

Operations

Serendipity Ventures	114 261 667	114 261 667	100%	13.2%
Cash		94 964 970		10.9%
Financial assets		7 531 330		0.9%
Debt		-79 394 057		-9.1%
Net Asset Value		871 980 133		100.0%
Number of shares		5 316 334		
Price per share (SEK)		164.0		

*Listed companies

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