

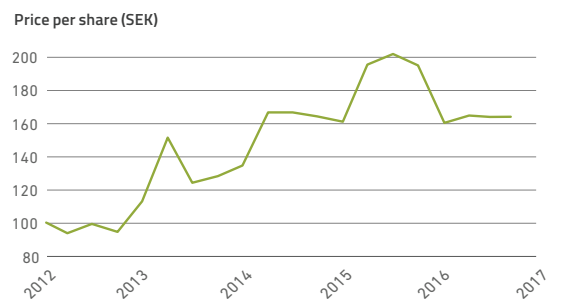
Management Comments

Q3 2016

At the end of the Third quarter 2016, Net Asset Value per share was 163.9 SEK, which corresponds to an increase of 2% since the year end.

872_{MSEK} 163.9_{SEK} +2%

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



Premune

Premune announced its second acquisition, the animal health division of Belgian pharmaceutical company Oyster Shell. The division has an annual sales of 13.5 MSEK in key markets in Europe and the United States, carrying a product portfolio with healthy growth. Premune is in final discussions with two additional companies with the goal to finalise the acquisitions before the years end.

Episurf Medical

Episurf Medical appointed Dennis D. Stripe and Wil Boren as new members of the Board of Directors. Dennis D. Stripe was elected as the new Chairman. The new board-duo represent a combined 50 years of experience from the health care sector, with emphasis towards on medical technology, orthopaedics, and joint reconstruction sectors.

Episurf Medical hosted its first ever educational symposium at the prestigious ICRS congress in Sorrento, Italy. During the same congress, a scientific abstract supporting the place of the Episealer implant as a necessary treatment option for patients with focal cartilage damage of the knee joint was presented. The results from the abstract underline that the implant is proving to be a safe intervention for hard-to-treat middle-aged patients with cartilage damage and that significant improvements in knee function and quality of life can be expected.

Xbrane Biopharma

Xbrane Biopharma reached commercial breakthrough as the company completed the production and performed quality control of the first commercial batches of Spherotide, valued

at 7 MSEK. Another important milestone was reached when Xbrane, according to the time plan, submitted the application to AIFA, the Italian Medicines Agency, for GMP approval of its production facility for Spherotide in Italy. The approval is expected by early 2017.

Xbrane also signed a license agreement with one of the worlds leading companies within DNA sequencing technology, Oxford Nanopore Technology, allowing them to use Xbranes's proprietary protein production technology. The compensation for the agreement is an un-disclosed annual license fee.

OrganoClick

OrganoClick was named a National Champion for Sweden in The European Business Awards, which is Europe's largest business competition, awarding business excellence and best practice in the European business community.

Voff Science

Voff Science reached an important milestone in its Swedish business unit, launching a series of products in one of Sweden's largest grocery retail groups, ICA. The products are white-labelled and sold under ICA's own brand.

Voff Science is also in closing stage in the acquisition of a substantial European E-commerce player within pet food, with planned closing before the month's end.



Serendipity Ventures

NextSeal, a company within Serendipity Ventures, received a grant of 7 MSEK from the US Department of Energy to initiate a two-year project with the aim of reducing leakage from the US infrastructure for natural gas. The funding is part of President Obama's strategy for reducing the climate impact of the energy sector.

NextSeal's patented technology for sealing in compressors differs significantly from existing sealing technologies, as NextSeal translates a gas leakage problem to a liquid problem, which is much easier to solve. Gas leaks up to thousands of times more than liquid under the existing conditions in which the machines operate. Therefore the leakage from the compressors will become minimal using NextSeal's technology. This means big savings for pipeline operators and reduction of greenhouse gas emissions.

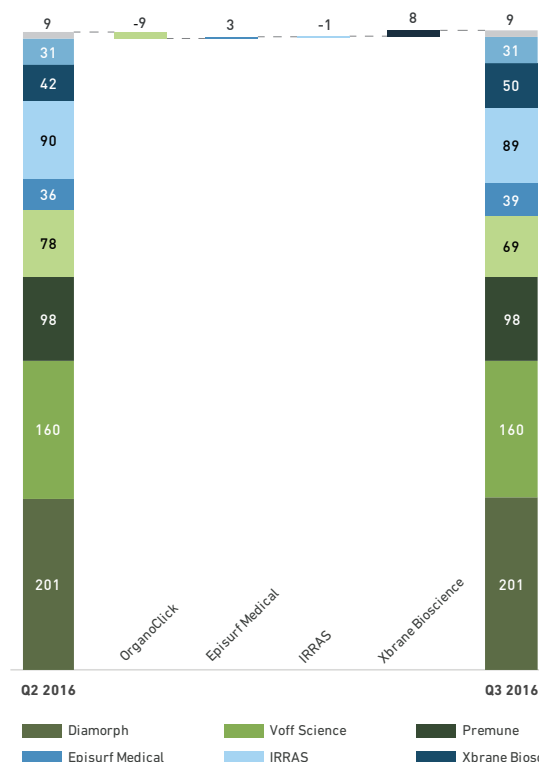
The aim of the project is to fully develop NextSeal's first commercial product so it can be introduced during the last quarter of 2018, at the final stage of the two year project.

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.

Q3 in numbers

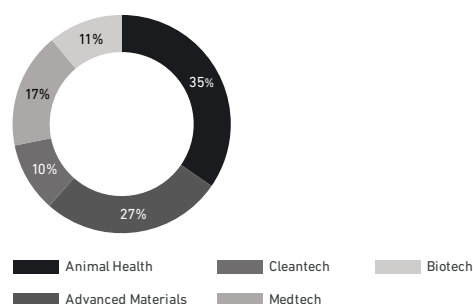
Portfolio Development

Development of the portfolio since previous quarter (MSEK)



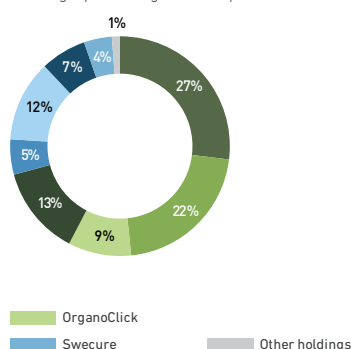
Sector Distribution

Distribution of portfolio by sector



Portfolio Distribution

Holding's percentage of total portfolio



Portfolio companies	Company value (SEK)	Serendipity's holding (SEK)	Serendipity's %	% of portfolio	% of NAV
Diamorph	838 679 367	201 046 334	24.0%	26.9%	23.1%
Voff Science	167 174 000	160 000 000	95.7%	21.4%	18.4%
OrganoClick*	369 203 236	69 318 211	18.8%	9.3%	8.0%
Premune	200 000 002	98 286 528	49.1%	13.2%	11.3%
Episurf Medical*	218 512 315	38 669 113	17.7%	5.2%	4.4%
IRRAS	482 087 732	89 266 996	18.5%	12.0%	10.2%
Xbrane Bioscience*	190 480 537	50 297 372	26.4%	6.7%	5.8%
Swecure	50 735 387	30 730 550	60.6%	4.1%	3.5%
Other holdings	915 127 418	8 852 938	N/A	1.2%	1.0%
Total portfolio	3 431 999 992	746 468 042		100.0%	85.7%

Operations

Serendipity Ventures	114 261 667	114 261 667	100.0%	13.1%
Cash		15 527 245		1.8%
Financial assets		34 788 487		4.0%
Debt		-39 541 743		-4.5%
Net Asset Value		871503698		
Net Asset Value		862 924 855		100.0%

Number of shares 5 316 334

Price per share (SEK) 163.9

*Listed companies

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