

Quarterly Update

Serendipity

Q2

2017

Management Comments

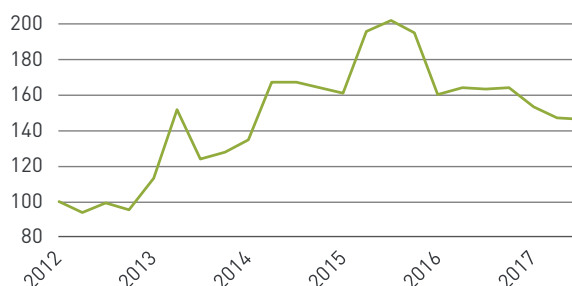
Q2 2017

At the end of the second quarter 2017, Net Asset Value per share was 146.6 SEK, which corresponds to a decrease of 5% since the year end.

779_{MSEK} 146.6_{SEK} -5%

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

Price per share (SEK)



Diamorph

Diamorph reported a decrease in net sales of 1% to 221.5 (223) Mkr and an increase in operating profit of 2% to 79.3 (77.8) Mkr for the first half of 2017. Before tax profits increased by 4% to 61.7 (59.2).

On 10 August 2017 Diamorph gave notice that it is exercising its option for early voluntary redemption in full of the SEK 450 million outstanding bonds. The bonds will be redeemed using a combination of existing surplus cash as well as from proceeds drawn down through a new senior secured bank facility.

As an effect, Diamorph has decreased its interest costs, affecting the company's results positively going forward.

Episurf

In a slight re-organisation, Pål Ryfors, formerly acting CEO of Episurf, was appointed CEO in June. Veronica Wallin, formerly Head of Finance at the company, was appointed CFO.

During the quarter Episurf reached several important milestones. The company received two patents in Australia and the US and reached 200 sold implants in May. Episurf showed a clear acceleration in sales by announcing 250 sold implants in mid-August.

With more than 100 of the patients having had their implants for over one year, 50 that have had their implants for more than two years, 12 patients that have had their implants more than three years, and four patients that have had their implants more than four years, the clinical outcome is still very encouraging.

OrganoClick

OrganoClick reported an increase in net sales of 63.8% compared to the same period last year. This amounted to a net sales of 28 (17.1) Mkr.

OrganoClick also reported several important milestones. BIOkleen, a subsidiary to OrganoClick, signed agreements with Ahlsell and Granggården to distribute its products through their chains of stores, which will add

210 new sales points in Sweden. Also, OrganoWood received its largest order to date, totalling 5% of the total sales in 2016.

Following a global search, OrganoClick has been selected as one of 16 companies to lead global business in achieving the United Nation's Sustainable Development Goal. Unreasonable Goals is a partnership between the U.S. State Department and Unreasonable Group with the singular focus of accelerating achieving the United Nation's Sustainable Development Goals by leveraging market forces.

Xbrane

Xbrane's partner, Pooyesh Darou, has been granted Market Authorization for sales and marketing of Spherotide 1 month formulation in Iran under the local brand name Microrelin®, marking a major milestone in the collaboration.

During the quarter, Xbrane, with authorization granted by the annual general meeting held on 18 May 2017, issued shares of a total of SEK 20 million in a directed issue to Active Invest-Sweden AB, Thomas Eklund, Zirkona AB, and Quantify AB.

Recently, the board of directors at Xbrane announced the company's intention to initiate the process of listing its shares on Nasdaq OMX's Main list.

Premune/Nextmune

Nextmune, Premune's subsidiary, welcomed US based Spectrum to the group. Spectrum (www.vetallergy.com) is based in Phoenix, Arizona and is one of the market leaders on the US market when it comes to treatment of allergies. Besides sales in the US and Canada, Spectrum also has a wide network of export partners worldwide.

Premune announced at its AGM that the company is planning a new share issue with preference for existing shareholders. The company is planning to raise 60-70 MSEK largely to repay bridge loans that were taken to finance the latest acquisitions.

Serendipity Ixora

At the AGM, we informed the shareholders about a substantial transaction in progress in Serendipity Ixora. During the summer the terms of the deal were finalised and the transaction is now completed.

Gathering Serendipity Ixora's holdings in Diamorph, Voff, and Premune under a fully owned subsidiary, Serendipity Growth AB, Serendipity Ixora partnered up with institutional investors, for a 50/50 ownership in Serendipity Growth, to further develop these companies.

The three companies all represent cash-flow positive businesses with high growth potential. Through the partnership, we are able to provide necessary capital to fuel further expansion.

The transaction resulted in a payment of SEK 198.5 million to Serendipity Ixora, of which SEK 50 million was reinvested into Serendipity Growth in accordance with the agreement with our institutional co-investors, who also invested the same amount in Serendipity Growth.

As a result of the transaction, Serendipity Ixora is planning to offer its shareholders redemption of share at Net Asset Value.

A Notice of Extraordinary General Meeting was issued on Monday 4 September to decide on redemption of shares corresponding to approx. 130 Mkr.

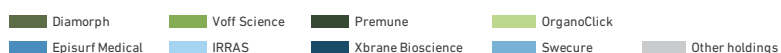
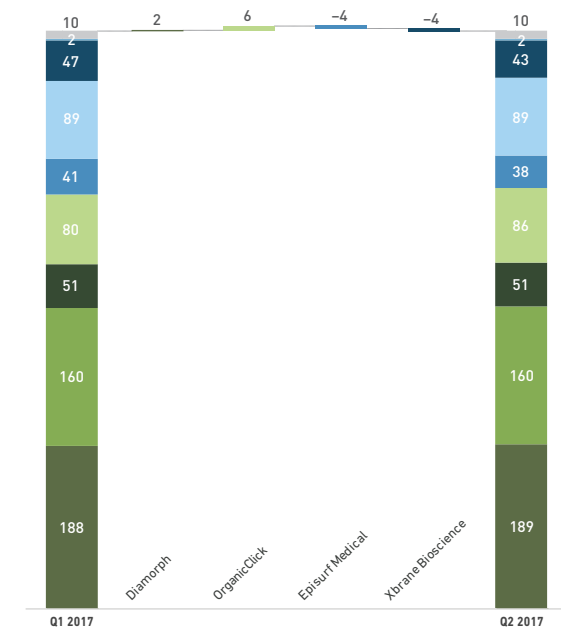
Please visit www.serendipity.se for more information regarding the Extraordinary General Meeting.

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.

Q2 in numbers

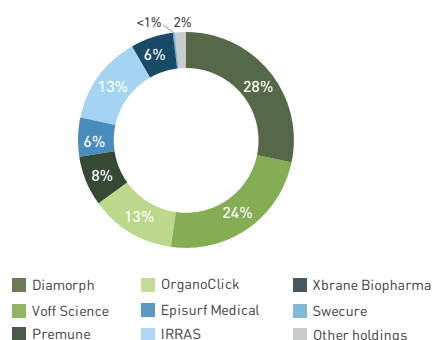
Portfolio Development

Development of the portfolio since previous quarter (Mkr)



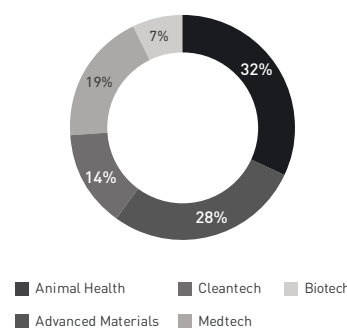
Portfolio Distribution

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	880 428 371	189 396 311	21.5%	28.4%	24.3%
Voff Science	167 174 000	159 975 008	95.7%	24.0%	20.5%
OrganoClick*	465 769 958	85 702 515	18.4%	12.8%	11.0%
Premune	102 773 471	50 506 238	49.1%	7.6%	6.5%
Episurf Medical*	203 154 142	37 540 088	18.5%	5.6%	4.8%
IRRAS	482 087 732	89 266 996	18.5%	13.4%	11.5%
Xbrane Biopharma*	207 315 423	42 606 269	20.6%	6.4%	5.5%
Swecure	3 900 000	2 362 240	60.6%	0.4%	0.3%
Other holdings	1 081 897 213	9 906 368	N/A	1.5%	1.3%
Total portfolio	3 594 500 309	667 262 033		100.0%	85.6%

Operations

Serendipity Ventures	114 261 667	114 261 667	100%	14.7%
Cash		1 619 860		0.2%
Financial assets		37 101 405		4.8%
Debt		-41 026 753		-5.3%
Net Asset Value		779 218 212		100.0%

Number of shares	5 316 334
Price per share (SEK)	146.6

*Listed companies

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