KAROLINSKA DEVELOPMENT

INTERIM REPORT
Jan – Sep 2024

Q3

Karolinska Development

Karolinska Development (Nasdaq Stockholm: KDEV) is an investment company which offers a unique opportunity to participate in the growth in value of a number of Nordic life sciences companies with substantial commercial opportunities. All of the portfolio companies are developing potentially ground-breaking treatments for medical conditions with a substantial need for improved therapies, including heart failure, serious viral infections, kidney disease, sepsis, anemia, pain, systemic inflammation, bone defects, women's health and liver diseases. To date, two of the companies have launched their first products.

For further information, see www.karolinskadevelopment.com

Financial Update

- The net profit/loss for the third quarter was SEK -10.9 million (SEK 12.0 million in the third quarter of 2023). Earnings per share totaled SEK -0.04 (SEK 0.04 in the third quarter of 2023). Net profit/loss for the period January – September 2024 amounted to SEK -26.7 (7.3) million.
- The result of the Change in fair value of shares in portfolio companies for the third quarter amounted to SEK -7.9 million (SEK 11.7 million in the third quarter of 2023). The result is mainly the effect of the downturn in share price in the listed holding OssDsign. The result is partially offset by the upturn in share price in the listed holdings Modus Therapeutics and Promimic. The result of the Change in fair value of shares in portfolio companies for the period January – September 2024 amounted to SEK -17.1 (8.6) million.
- The total fair value of the portfolio was SEK 1,463.2 million at the end of September 2024, corresponding to an increase of SEK 9.2 million from SEK 1,454.0 million at the end of the previous quarter. The net portfolio fair value at the end of September 2024 was SEK 1,121.8 million, corresponding to an increase of SEK 7.9 million from SEK 1,113.9 million at the end of the previous quarter.
- Net asset value amounted to SEK 1,224.4 million, per share SEK 4.5, at the end of September 2024 (SEK 1,253.2 million, per share SEK 4.6 at the end of September 2023).
- Net sales totaled SEK 0.4 million during the third quarter of 2024 (SEK 0.4 million during the third quarter of 2023). Net sales for the period January – September 2024 totaled SEK 1.3 (1.5) million.
- Karolinska Development invested a total of SEK 19.8 million in portfolio companies during the third quarter of 2024 (SEK 15.8 million in the third quarter of 2023). Third quarter 2024 investments in portfolio companies by Karolinska Development and other specialized life sciences investors totaled SEK 33.7 million (SEK 126.3 million in the third quarter of 2023).
- Cash and cash equivalents (including short-term investments) decreased by SEK 20.4 million during the third quarter, totaling SEK 29.3 million on 30 September 2024 (SEK 130.0 million on 30 September 2023).

Significant events during the third quarter

- The portfolio company Umecrine Cognition conducted a capital raise, implemented as a convertible loan with attached share options, for the continued development of its drug candidate golexanolone. Karolinska Development participated as part of an investor consortium in the financing round that brought Umecrine Cognition a total of SEK 28.3 million (July 2024).
- The portfolio company PharmNovo was granted funding of EUR 17.5 million from the European Innovation Council (EIC) Accelerator, a part of the Horizon Europe innovation support program. The funding consists of a grant of EUR 2.5 million and conditional investments of up to EUR 15 million. The funding will be used for the continued clinical development of the drug candidate PN6047, a completely new type of treatment targeting neuropathic pain (July 2024).
- The portfolio company Biosergen treated the first patient with the drug candidate BSG005 in the ongoing clinical trial in India. The treatment of the patient, who was diagnosed with mucormycosis (black fungus), proved to be very successful (August 2024).
- The portfolio company BOOST Pharma presented positive top-line results from a clinical Phase 1/2 study with a potential first-in-class treatment of the rare bone disease osteogenesis imperfecta (OI). The results show that the treatment was safe and well tolerated and that fracture rates were reduced by over 75% (September 2024).
- The portfolio company AnaCardio completed the AC01-FE study in the US, evaluating the effects of food on the pharmacokinetics of AC01 in healthy volunteers. AC01 was found safe and well-tolerated under both fed and fasted conditions. In parallel with the food effect study, the company also completed the first part of the clinical phase 1b/2a study GOAL-HF1, evaluating AC01 in patients with heart failure and reduced ejection fraction (HFrEF). A total of 32 patients, 8 in each of 4 sequential dose cohorts, were treated with ascending doses of AC01 or placebo for 7 days. The second part of the study (phase 2a) is expected to be initiated in Q1 2025 (September 2024).
- Karolinska Development announced the divestment of all its shares in the portfolio company Henlez ApS (September 2024).

Significant post-period events

- The portfolio company Umecrine Cognition presented new preclinical data on golexanolone, showing retained dopamine signaling in Parkinson's disease, at the 10th International Conference on Neurology and Brain Disorders 2024 in Baltimore, Maryland, US (October 2024).
- The portfolio company SVF Vaccines, presented positive clinical safety and immunogenicity data from a clinical phase 1 study of the universal Covid-19 vaccine candidate, SVF-002 (October 2024).
- The portfolio company BOOST Pharma successfully completed a pre-IND meeting with the U.S. Food and Drug Administration, FDA, for its cell therapy aiming to treat children with the rare bone disease Osteogenesis Imperfecta (OI). The positive outcome from the meeting triggered the second tranche of Karolinska Development's investment in BOOST Pharma (November 2024).

- Karolinska Development's Extra General Meeting on 13 November 2024 decided, among other things, to elect Will Zeng, with the dismissal of the current director Theresa Tse, as a new director of the Board of Directors. The current directors Hans Wigzell, Anna Lefevre Skjöldebrand, Benjamin Toogood and Philip Duong remain as directors of the Board of Directors and Hans Wigzell remains as chairperson (November 2024).

Viktor Drvota, CEO of Karolinska Development, comments:

"Research progress is an important element and one that generates value in our portfolio companies, so it's particularly pleasing when a so newly added company, such as BOOST Pharma, delivers strong data at an early stage in the process. We now have an investment portfolio in which several of our portfolio companies have achieved a degree of maturity that offers considerable potential for realizing increases in value through exits over the coming years."

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Chief Executive's Report

Karolinska Development is beginning to see not only a general brightening in the global market climate and a gradual return to risk willingness on the part of the stock market, but positive signals from the life sciences sector, too. Major pharmaceutical companies are looking for early-stage research projects to fill their pipelines, M&A activities are occurring in certain therapeutic areas, and in the USA in particular, we have once again started to see successful IPOs. There is, admittedly, some way to go yet before the macroeconomic climate recovers in full, but we are anticipating a warmer market climate. Our portfolio companies, in the meanwhile, are continuing to develop according to plan and are advancing their positions from both a scientific and a commercial perspective.

New BOOST Pharma investment announces positive phase 1/2 data

The most recent addition to our portfolio, BOOST Pharma, has announced positive top-line data from a clinical phase 1/2 study of a completely new type of treatment of the bone disease osteogenesis imperfecta (OI), a congenital fragile bone disease in children and young people characterised by recurring fractures and bone deformities, and which can be diagnosed before or immediately after birth. The treatment is a cell-based therapy based on a type of human stem cells with especially high bone-forming capabilities, and which can be administered immediately upon diagnosis, even in utero. The results show that the treatment has a favourable safety profile with a reduction in fracture rates of over 75%, up to twelve months after the last dose. Preventing or reducing the number of fractures is the most important treatment goal for children with OI, but there is currently no approved treatment that can achieve this.

AnaCardio gears up

The quarter saw our portfolio company AnaCardio report progress in its clinical development programme for AC01, a candidate drug under development as a treatment for patients with heart failure and reduced ejection fraction (HFrEF). AnaCardio has conducted a study in healthy volunteers to evaluate the effects of food intake on the candidate drug's pharmacokinetics which yielded positive results, and has also successfully completed the first part of the clinical phase 1b/2a study, GOAL-HF1, which is evaluating ascending doses of AC01 in patients. These successful studies constitute important milestones and provide a solid basis for the ongoing development of the candidate drug. The second part of the study is expected to begin in Q1 2025.

Biosergen announces successful treatment

Our portfolio company Biosergen announced at the end of August that it had successfully treated the first patient with the candidate drug, BSG005, as part of an ongoing clinical trial. The patient, who was diagnosed with the difficult-to-treat fungal infection mucormycosis (also known as black fungus), recovered after 28 days treatment, without any significant safety problems. The infection usually necessitates surgery to remove the infected tissue to prevent it spreading. In the case of this particular patient, there was a risk that it would be necessary to remove one lung, but thanks to the successful treatment, both lungs could be preserved.

Henlez holding divested

We divested our holding in the Danish dermatology company Henlez during the quarter. Henlez, which is developing a new treatment for hidradenitis suppurativa, has been part of our portfolio since 2022, and the holding, prior to the divestment, corresponded to a proprietary share of 15%. Our portfolio now comprises eleven innovative companies.

Exciting times ahead

The events summarised above are just a sample of all the progress being made in our portfolio companies and there is a great deal bubbling beneath the surface, too. We now have an investment portfolio in which several of our portfolio companies have achieved a degree of maturity that offers considerable potential for realising increases in value through exits over the coming years. This is a very exciting position to be in and our focus is on supporting the companies in their ambitions and on getting all the ongoing clinical trials to the finishing line within the framework of agreed timetables and budgetary frameworks in the hope that they will generate successful results

Solna, 15 November 2024

Viktor Drvota
Chief Executive Officer

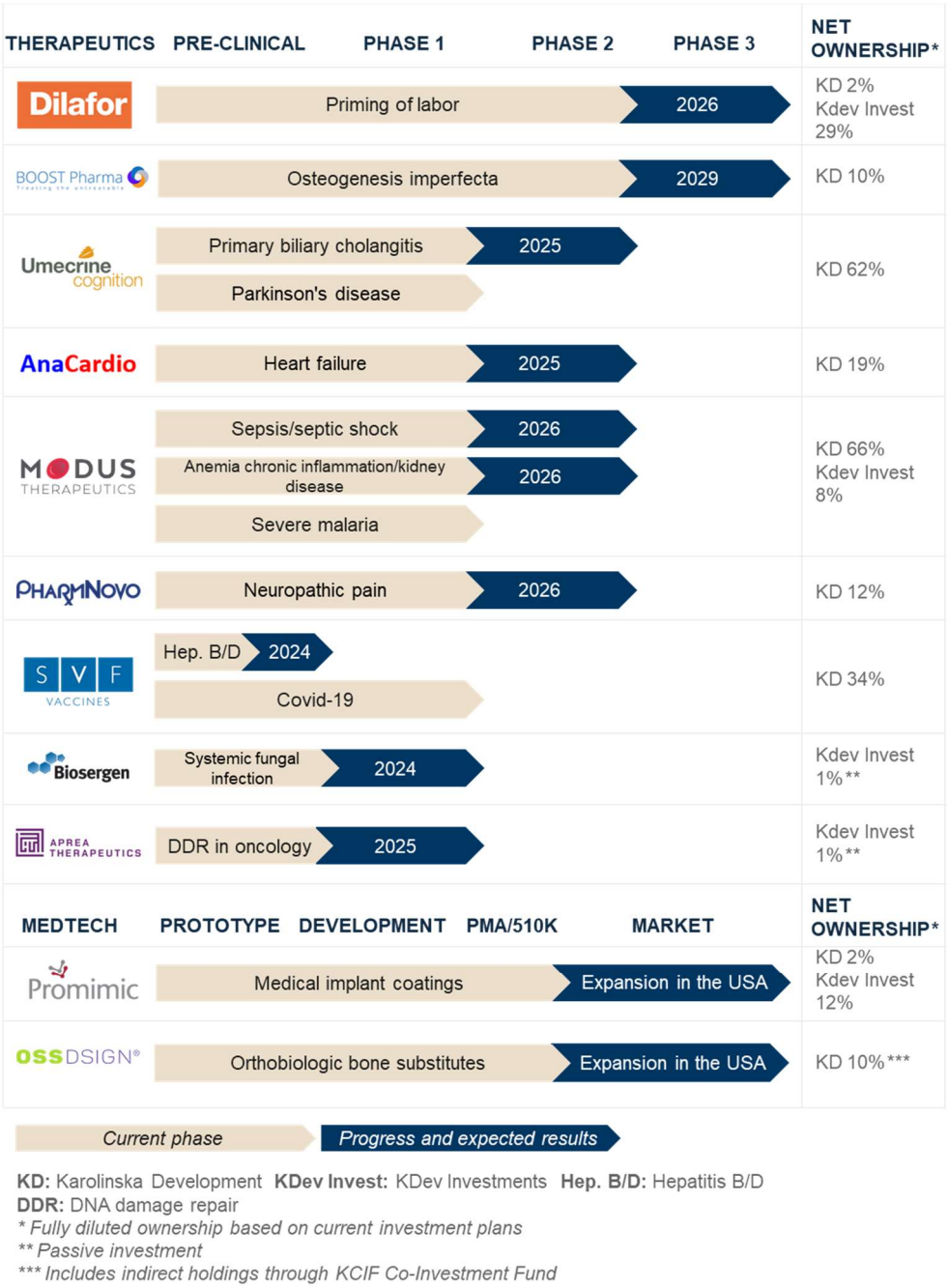
Portfolio Companies

High potential for continued value inflection in portfolio

Karolinska Development's investments in therapeutic companies are conducted in syndicates with other professional life science investors, normally until proof-of-concept is demonstrated in phase 2 trials, at which point different exit options are evaluated. When engaging in MedTech companies, the business model is to finance the companies until they show a positive operating profit.

The portfolio, per September 30, 2024, consisted of eleven companies focused on developing innovative treatment methods for severe or life-threatening diseases where there is currently a great need and there is a lack of effective treatment alternatives. Nine of the portfolio companies have drug candidates in ongoing or planned clinical trials and two companies have MedTech products in early commercial phases. During the period 2024–2025, two portfolio companies are expected to present data from phase 1 studies and three portfolio companies are expected to present data from phase 2 studies. Additionally, Dilafor is preparing to start a phase 3 study. These study results have the potential to significantly increase the opportunities for attractive divestments or license transactions. Comparable drug candidates have in recent years been out licensed or sold at contract values that have amounted to billions (SEK) for the individual projects.

In addition to the portfolio companies, Karolinska Development has interests in one other life science company, Forendo Pharma, in the form of an earn-out agreement with the acquirer Organon. The agreement stipulates significant milestone payments, provided milestones are met, in both the drug development phase and the commercial phase.



KD: Karolinska Development **KDev Invest:** KDev Investments **Hep. B/D:** Hepatitis B/D
DDR: DNA damage repair
** Fully diluted ownership based on current investment plans*
*** Passive investment*
**** Includes indirect holdings through KCIF Co-Investment Fund*

Dilafor

Project (First-in-class)
Tafoxiparin

Primary indication
Priming of Labor

Development phase
Phase 2b complete
Phase 3 ready

Holding in company*
Karolinska Development 2%
KDev Investments 29%

Other investors
Opocrin
The Foundation for Baltic and East European Studies
Lee's Pharmaceutical
Praktikerinvest
Rosetta Capital

Origin
Karolinska Institutet

More information
dilafor.com

** Fully-diluted ownership based on current investment plans.*

Deal values for similar projects

- USD 500 million ObsEva (licensor) & Organon (licensee) 2021
- USD 397 million Velo Bio (seller) & AMAG Pharmaceuticals (buyer) 2018

Dilafor AB

Reducing complications in childbirth

Dilafor (Solna, Sweden) is developing tafoxiparin for obstetric indications, with particular reference to initiation of labor and associated complications. Up to 30 percent of all pregnant women undergo induction in labor. In just over half of all cases, the induction fails, leading to protracted labor that entails an increased risk for both mother and child due to medical complications. Between 25 and 40 percent of women who experience protracted labor eventually require an emergency caesarean section. Surgical intervention always entails not only a risk to the patient, but substantial health care costs. With the help of tafoxiparin, the patient suffering could be reduced, and valuable health care resources could be saved.

In 2021, the results of a placebo-controlled phase 2b study were presented, which showed that tafoxiparin has a significant positive effect on cervical ripening in first-time mothers who receive treatment to initiate labor. The study included 170 first-time mothers with immature cervixes, which are treated to ripen the cervix and thereby facilitate the onset of labor. Patients were treated with either a subcutaneous injection of tafoxiparin or a placebo once daily for up to one week prior to scheduled initiation. The primary objective of the study was to document the effect of tafoxiparin on cervical ripening, measured as the degree of ripening according to an internationally established scale, the Bishop score. The study results showed that tafoxiparin affected the ripening of the cervix compared to placebo, with a difference that was statistically significant (p <0.009). Based on the positive results, Dilafor extended the phase 2b study, to document the effect of tafoxiparin also in two lower doses than what has been studied thus far. The extension study included 164 women, and positive results regarding dose response were presented in mid-February 2023.

The market

Up to 30 percent of all pregnant women need labor induction. The current standard treatment includes administration of prostaglandins and oxytocin, but in over 50 percent of cases, the induction fails, leading to protracted labor, emergency caesarean sections, or other maternal and fetal complications. Market analyses show that a drug with a good effect on the ripening of the cervix has the potential to reach annual sales over USD 1 billion in the US market alone.

Recent progress

- In February 2023, positive results from the extension of the phase 2b study regarding dose response were presented.

Expected milestones

- Start of Phase 3 study with tafoxiparin for priming of labor.

BOOST Pharma
Treating the untreatable

Project (First-in-class)
BOOST Cells

Primary indication
Osteogenesis Imperfecta

Development phase
Phase 2 reported
Preparing Phase 3

Holding in company*
Karolinska Development 10%

Other investors
Industrifonden

Origin
Karolinska Institutet

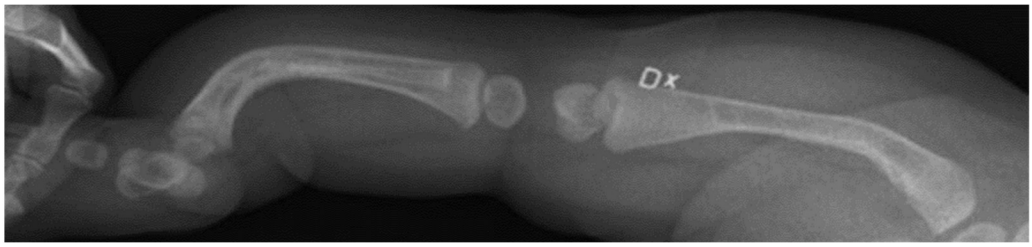
More information
boostpharma.com

**Ownership based on current investment plans*

Deal values for similar projects

- USD 535 million IPSEN (licensor) & Blueprint medicines (licensee), 2019
- USD 304 million Ultragenyx (licensor) & Mereo BioPharma (licensee), 2020

BOOST Pharma ApS



Potentially groundbreaking cell-based treatment for the congenital disease osteogenesis imperfecta

BOOST Pharma (Copenhagen, Denmark) is a company based on research from Karolinska Institutet that develops a first-in-class and potentially groundbreaking cell-based treatment of the rare bone disease osteogenesis imperfecta (OI), also known as brittle bone disease. OI is a congenital condition characterized by fragile bones, constant fractures and bone deformity leading to much pain, stunted growth, limited mobility and patient suffering. BOOST Pharma's novel cell therapy is based on mesenchymal stem cells (MSCs), which are stem cells with high bone-forming capabilities. In mice models, BOOST Cells has shown that cell therapy leads to improved bone formation. Once injected, BOOST Cells migrate to the bone of patients with OI where they will engraft and start bone formation.

In September 2024, BOOST Pharma presented positive top line results from BOOSTB4, which is a phase 1/2 clinical study. The results showed that the treatment was safe and well tolerated both when administered before and after birth. The results also showed that fracture rates were reduced by over 75%, up to twelve months after the last dose. The full study results will be announced later in 2024. BOOST Pharma also has human proof-of-concept studies from four children with OI Type III and IV, two moderate to severe types of the condition, that were treated with BOOST Cells. The treatment showed great promise in the effectiveness of treating children with OI; a significant reduction of fractures was observed; the children followed their own growth curve, and grew in length faster, compared to other OI patients and the cells showed great safety.

BOOST Cell Therapy is uniquely positioned in that treatment can start already at the prenatal stage, when OI is first diagnosed, or as early as possible after the child is born. By treating it early, BOOST Pharma addresses the disease at the earliest possible stage and increases the benefits for the patient in later years. Additionally, BOOST Cells target the underlying cause of the disease, which is defective collagen production in the bones, while other treatments target symptom relief and management.

The company's novel OI cell therapy in development has received Rare Pediatric Disease designation in the U.S. and Orphan Drug Designation in both the U.S. and EU.

The market

There are very few therapies available and those that exist, such as physiotherapy, rodding surgery, and bisphosphates (BPs), are merely palliative and fail to reduce the frequency of fractures. Generally, OI sufferers have an almost normal life span with severe disabilities due to bone defects and hundreds of painful bone fractures, even during fetal life, causing irreversible damage.
Approximately 4,000 children are born each year with severe OI.

Recent progress

- In May 2024, BOOST Pharma received funding from Karolinska Development and Industrifonden in a syndicate, to support continued clinical development. The financing is carried out in two tranches. The second tranche was deployed in November, after a positive pre-IND meeting with the FDA.
- In September 2024, BOOST Pharma announced positive top line results from a phase 1/2 study with over 75% reduction in fracture rates in children with OI.

Expected milestones

- Full study results from the Phase 1/2 study will be announced later in 2024.

Umecrine cognition

Project (First-in-class)
Golexanolone (GR3027)

Primary indications
Primary biliary cholangitis (PBC)
Parkinson's Disease

Development phase
Phase 2

Holding in company*
Karolinska Development 62%

Other investors
Fort Knox Förvaring AB
PartnerInvest

Origin
Umeå University

More information
umecrinecognition.com

** Fully-diluted ownership based on current investment plans.*

Deal values for similar projects

- USD 794 million Intercept Pharmaceuticals (seller) & Alfasigma (buyer) 2023
- USD 601 million GENFIT (licensor) & IPSEN (licensee) 2015

Umecrine Cognition AB

Developing a new approach to alleviate cognitive impairment

Umecrine Cognition (Solna, Sweden) is developing golexanolone (GR3207), a candidate drug in a new class of pharmaceuticals that affect the GABA system, the chief inhibitory neurotransmitter in the central nervous system. The GABA system is suspected of being overactivated in liver failure and potentially other severe inflammatory diseases such as Parkinson's disease, causing very serious clinical symptoms. The over-activation is also thought to lay behind certain cognitive impairments and sleep disturbances. GABA-A-receptor modulating steroid antagonists, such as golexanolone, counter the increased activation of the GABA system and have been shown to restore different types of neurological impairments in experimental models.

Umecrine Cognition is developing golexanolone for two indications: Primary Biliary Cholangitis (PBC) and Parkinson's disease. The company has also conducted a phase 2a clinical study of golexanolone in patients with Hepatic encephalopathy (HE), which is a serious neuropsychiatric and neurocognitive condition that occurs in acute and chronic liver damage. The results showed that the drug candidate was well tolerated. One of the effect parameters used shows that the drug candidate exerts a significant effect on brain signaling, with a correlated positive effect on extreme daytime fatigue. Based on these study results, the company has established a plan for the further development of the drug candidate in PBC, where a phase 2 study is now underway. Golexanolone has also been tested in preclinical models of Parkinson's disease which showed positive effect both on symptoms and neuroinflammation as well as sustained effects on dopamine signaling.

The market

PBC (primary biliary cholangitis) is a rare autoimmune liver disease with about 190,000 patients globally where 9 out of 10 sufferers are women. Common symptoms include fatigue, cognitive impairment, itching and, in more advanced cases, even jaundice. The global PBC treatment market is estimated at USD 584 million in 2021 and is expected to grow to USD 3 billion by 2027.
Parkinson's disease is a neurodegenerative disorder that causes severe cognitive impairment as well as impaired motor functions. Around 10 million people globally suffer from the disease. Current medications primarily focus on improving motor function, while there is a lack of treatments to combat the devastating cognitive impairments caused by the disease. The global treatment market was valued at USD 3.4 billion in 2019 and is expected to grow with over 6 percent per year until 2029.

Recent progress

- In March 2024, new preclinical results on golexanolone's mechanism of action in Parkinson's disease were presented. Previous preclinical data on positive effects of golexanolone in Parkinson's Disease were presented in July 2023.
- In March 2024, the company announced the successful completion of part A of the clinical phase 1/2b study in PBC, where interim data show a favorable safety and tolerability profile and that the company will now initiate part B.
- In May 2024, it was announced that the first two patients in the Phase 1/2b study in PBC had been dosed.
- In July 2024, the company secured SEK 28.3 million in loan financing from Karolinska Development and additional investors.
- In October 2024, the company presented new preclinical data for golexanolone, showing sustained dopamine signalling in Parkinson's disease.

Expected milestones

Topline data from the Phase 2 study of golexanolone in patients with PBC are expected H1 2025.

AnaCardio

Project (First-in-class)
AC01

Primary indication
Heart failure

Development phase
Phase 2a

Holding in company*
Karolinska Development 19%

Other investors
Flerie Invest
LLD Nybohov Invest
Industrifonden
3B Health Ventures

Origin
Karolinska Institutet
Karolinska University Hospital

More information
anacardio.com

**Fully-diluted ownership based on current investment plans*

Deal values for similar projects

- USD 1.1 billion Cardior Pharmaceuticals (seller) & Novo Nordisk (buyer) 2024
- USD ~1.8 billion CinCor Pharma (seller) & AstraZeneca (buyer) 2023

AnaCardio AB

Protects heart tissue in heart failure

AnaCardio (Stockholm, Sweden) is developing a new form of drug concept that protects cardiac tissue in conjunction with heart failure. Heart failure occurs when the heart's ability to pump sufficient blood to meet the body's needs has deteriorated. The underlying condition often involves a weakening of the heart's musculature, resulting in an inability to pump the blood out of the heart's chambers. The condition arises as a sequela of high blood pressure or vasoconstriction. The chronic phase is characterized by diffuse symptoms, such as tiredness or breathlessness, which leads to the illness often being diagnosed at a late stage. Acute heart failure results in an individual's health status becoming critical, necessitating hospitalization, but a major issue with existing pharmaceuticals is that they are not designed for long-term treatment.

AnaCardio's clinical candidate drug is being developed to restore the heart's normal muscular function and blood circulation with a ground-breaking and safer technique. The Company's goal is to develop an oral drug that, in contrast to existing treatments, can affect the underlying cause of the disease. The drug candidate is based on research by Professor Lars Lund at Karolinska Institutet.

In September 2022, a series A financing round of SEK 150 million was closed, in which Karolinska Development participated together with a group of reputable investors to finance a clinical phase 1b/2a study of the drug candidate AC01 in patients with heart failure.

The market

It is estimated that more than 6 million individuals in the United States and nearly 100 million globally suffer from heart failure. The risk of developing a cardiovascular disease increases with age, and 10-20 percent of the elderly population is now estimated to suffer from chronic heart failure, which is now the most common reason for hospitalization amongst the elderly. Heart failure not only causes considerable individual suffering, but it also has significant economic consequences for society in the form of both direct costs from in-patient care and indirect costs such as productivity losses. The increased medical need is reflected in the sales value of heart failure treatments, which is expected to increase from USD 6.8 billion by 2021 to USD 18.7 billion by 2028 in the world's seven largest pharmaceutical markets.

Recent progress

- In January 2024, AnaCardio secured SEK 50 million in the second and final part of the previously announced series A financing round of a total of SEK 150 million. Karolinska Development participated in both parts of the financing.
- In September 2024, AnaCardio completed the AC01-FE study evaluating the effects of food on the pharmacokinetics of AC01 in healthy volunteers. AC01 was found safe and well-tolerated under both fed and fasted conditions. In parallel with the food effect study, the company also completed the first part of the clinical phase 1b/2a study GOAL-HF1, evaluating AC01 in patients with heart failure and reduced ejection fraction (HFrEF). The second part of the study (phase 2a) is expected to be initiated in Q1 2025.

Expected milestones

- Topline data from the phase 1b/2a study of drug candidate AC01 are expected to be available in 2025. Topline results from part A of the study are expected in Q4 2024.

MODUS THERAPEUTICS

Project (First-in-class)
Sevuparin

Primary indication
Anemia chronic inflammation/ kidney disease
Sepsis/Septic shock
Severe malaria

Development phase
Phase 2

Holding in company*
Karolinska Development 66%
KDev Investments 8%

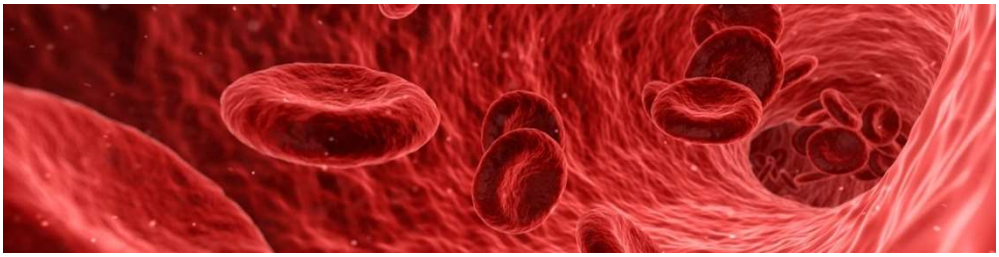
Other investors
John Öhd
Nordnet Pensionsförsäkring
Hans Wigzell

Origin
Karolinska Institutet
Uppsala University

More information
modustx.com

**Fully-diluted ownership based on current investment plans*

Modus Therapeutics AB



Develops sevuparin for patients with severe diseases and major medical needs

Modus Therapeutics AB (Stockholm, Sweden) is developing its patented polysaccharide sevuparin as a possible treatment for several major healthcare needs, including sepsis/ septic shock and other conditions with severe systemic inflammation such as severe malaria and endotoxemia, as well as for anemia in chronic inflammation e.g kidney disease. In February 2023, the company presented positive results from a phase 1b clinical study of sevuparin, where the drug candidate's safety profile and efficacy have been evaluated in a well-established disease model for systemic inflammation (such as sepsis).

Preclinical research presented in 2023 also showed sevuparin's ability to counteract high levels of the iron-regulating hormone hepcidin (in cells, in mice and in humans), which points to the possibility of counteracting anemia in kidney disease and other conditions of chronic inflammation. In addition, in a model of chronic kidney disease in mice, sevuparin showed the ability to counteract both anemia and kidney damage in the disease model, with and without the addition of erythropoietin (standard treatment).

In December 2023, Modus carried out a rights issue that amounted to SEK 19.4 million. Karolinska Development participated with SEK 15 million. The raised capital will finance the clinical development of Sevuparin in anemia and chronic kidney disease.

The market

Septic shock is a leading cause of death in intensive care units, with mortality rates often exceeding 30 percent. No specific drug treatment is yet available. This makes the condition one of the most costly to treat in hospital care. In 2019, US healthcare costs for patients with sepsis were estimated at USD 23 billion.
Approximately 10 percent of the world's population is believed to have grade 3-5 chronic kidney disease, and approximately 25 percent of these are expected to have anemia, which equates to approximately 4-5 million patients in the United States alone. Lack of treatment response to today's standard treatments often poses a problem in being able to maintain adequate treatment over time.

Recent progress

- In February 2023, the company presented positive results from the clinical phase 1b study of sevuparin, in a well-established disease model for systemic inflammation, e.g. sepsis.
- In May 2023, Modus announced that they have, in collaboration with a world-leading research group, generated data showing that sevuparin has the potential to be developed as a treatment for anemia in patients with certain chronic diseases.
- In December 2023, preclinical data were presented, showing that sevuparin can counteract the anemia that occurs in a well-established preclinical model of chronic kidney disease in mice.
- In December 2023, Modus carried out a rights issue that amounted to SEK 19.4 million. Karolinska Development participated with SEK 15 million.

Expected milestones

- Phase 2a studies in patients with chronic kidney disease and anemia and sepsis with estimated starts in 2024/2025.

PharmNovo AB

Project (First-in-class)
PN6047

Primary indication
Allodynia/ Hyperalgesia

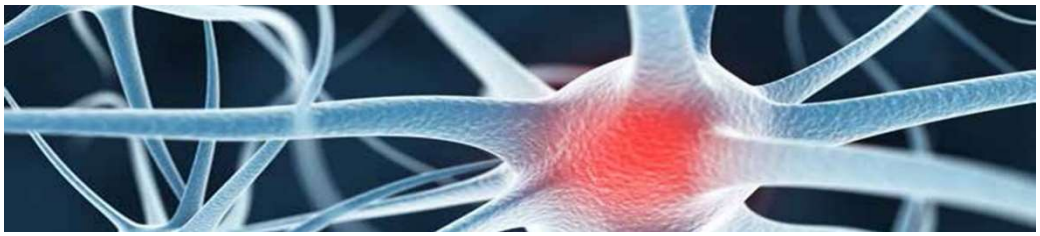
Development phase
Phase 1 complete
Phase 2 ready

Holding in company*
Karolinska Development 12%

Origin
Start-up

More information
pharmnovo.com

**Fully-diluted ownership based on current investment plans*



Innovative drug project for the treatment of nerve pain

PharmNovo (Lund, Sweden) is developing innovative drugs for the treatment of nerve pain (neuropathic pain). Neuropathic pain is one of the most prevalent types of chronic pain and affects up to 10 percent of the population. PharmNovo's lead candidate, PN6047, focuses on allodynia and hyperalgesia, two common forms of nerve pain, affecting 15-20 percent of neuropathic pain patients. Allodynia is pain due to a stimulus that does not usually provoke pain, while hyperalgesia is increased pain from a stimulus that usually provokes pain. Current treatment options are deemed ineffective and are also associated with significant side-effects; particularly cardiovascular risks, and, with gabapentinoids or conventional opioids, a higher risk of suicide and drug abuse potential.

PharmNovo's novel drug candidate PN6047 targets a different receptor than conventional opiate drugs do; the delta opioid receptor, and thereby decreases the chronical pain without the side-effects associated with the currently marketed opioids (constipation, physical dependence and, potentially, fatal respiratory depression). PN6047 has recently completed a clinical phase 1 study showing that PN6047 is safe and well-tolerated at doses predicted to have clinically relevant effects. The drug candidate does not induce drug abuse behavior in non-clinical test models and indicates the capacity to reduce conventional opioid withdrawal symptoms, according to results from a collaboration with researchers at the University of Washington and the University of Michigan, with financial support from the US National Institute of Drug Abuse (NIDA). PharmNovo is now preparing a phase 2 clinical study which is expected to start in 2025.

Deal values for similar projects

- USD 630 million Eli Lily (licensee) & Confo Therapeutics (licensor) 2023
- USD 940 million ACADIA Pharmaceuticals (acquirer) & CerSci Therapeutics (acquired) 2020

The market

The need for improved treatments for nerve pain is enormous. Around 10 percent of the world's population currently suffers from conditions characterized by this form of pain, leading to a severely reduced quality of life for the individual and substantial costs for society – estimated at nearly EUR 440 billion annually in Europe alone. The estimated global market value for nerve pain drugs is nearly USD 6 billion per year and the market for allodynia alone is around USD 1.25 billion per year and is expected to continue to grow, driven by an aging population and increased cancer survival.

Recent progress

- In September 2023, new preclinical data were presented showing that there are no signs of abuse potential and that PN6047 alleviates symptoms of withdrawal caused by conventional opioids.
- In October 2023, positive phase 1 data were presented showing that PN6047 is safe and well tolerated at doses predicted to have clinically relevant effects.
- In December 2023, a collaborative project based on PN6047 received funding from the US research institute NIDA to evaluate PN6047 as a new treatment for opioid withdrawal in a preclinical model.
- In July 2024, the company was granted funding of EUR 17.5 million from the European Innovation Council (EIC) Accelerator, a part of the Horizon Europe innovation support program. The funding consists of a grant of EUR 2.5 million and conditional investments of up to EUR 15 million. The funding will be used for the continued clinical development of the drug candidate PN6047.

Expected milestones

- The phase 2 study with PN6047 is expected to start in 2025.

Project (First-in-class)
SVF-001
SVF-002

Primary indication
Hepatitis B and D
SARS-CoV-2
and other coronaviruses

Development phase
Phase 1

Holding in company*
Karolinska Development 34%

Origin
Karolinska Institutet

More information
svenskavaccinfabriken.se

**Fully-diluted ownership based on current investment plans*

Deal values for similar projects

- USD ~1 billion Janssen Pharmaceuticals (licensor) & GSK (licensee) 2023
- EUR 1.45 billion MYR GmbH (acquired) & Gilead Sciences Inc (buyer) 2020

SVF Vaccines AB

New technology for the treatment of viral diseases

SVF Vaccines (formerly Svenska Vaccinfabriken Produktion; Solna, Sweden) develops therapeutic proteins and DNA vaccines against, among other things, hepatitis B and D, as well as vaccines to prevent infections by covid-19 and potential future coronaviruses. Therapeutic vaccines, unlike preventative vaccines, have the potential to cure already infected patients.

Despite the availability of preventative vaccines and antiviral treatments, over 250 million people live with a chronic hepatitis B infection. One million chronic carriers die each year due to complications caused by the virus, such as liver cirrhosis and liver cancer. The closely related hepatitis D virus infects 15-25 million hepatitis B carriers and exacerbates the progression of the disease.

SVF Vaccines uses a proprietary immunotherapy to produce a specific form of antibodies that blocks the ability of the hepatitis virus to invade human cells. The company has generated promising efficacy data in a preclinical animal model and is now continuing its preclinical development with the goal of enabling a phase 1 study to be initiated in 2025. The company also has had patents granted for chimeric antigens that can create an immune response against chronic hepatitis B and D infections.

Although coronavirus infections are usually mild, some virus types can lead to life-threatening conditions. To meet and prevent severe infections, SVF Vaccines has developed a platform that is expected to enable the production of vaccines against both current and future forms of coronavirus. In October 2024, the company presented positive clinical safety and immunogenicity data from a phase 1 clinical study with the universal vaccine candidate against covid-19, SVF-002. The study was carried out by the OpenCorona consortium in collaboration with Karolinska University Hospital in Stockholm. The positive results are an important milestone and validate SVF Vaccines development platform.

The market

SVF Vaccines is currently focusing its innovative vaccine platform on the market for therapeutic vaccines for hepatitis B and D, and preventative vaccines for respiratory viral diseases, such as covid-19. The annual global market for hepatitis B is estimated at USD 5-6 billion in 2023. The annual global market for hepatitis D is estimated at around USD 1 billion. Investors' interest in early vaccine companies and platforms like SVF Vaccines has increased markedly in recent years. This is due to an increased awareness of the potential for the commercialization of vaccines based on next generation technology, such as RNA vaccines and DNA vaccines. Interest in therapies to treat hepatitis B and D has further intensified – two areas in which the unmet medical need is still significant.

Recent progress

- In June 2022, the company presented preclinical study data indicating that the candidate therapeutic vaccine SVF-001 has the potential to elicit an immune response in a preclinical disease model of chronic hepatitis B.
- In January 2023, the company changed its name to SVF Vaccines.
- In October 2024, the company presented positive clinical safety and immunogenicity data from a phase 1 clinical study with the universal vaccine candidate against covid-19, SVF-002.

Expected milestones

- Phase 1 studies of hepatitis B and D vaccines are expected to be initiated in 2025.

Biosergen AB

Project
BSG005

Primary indication
Systemtic fungal infections

Development phase
Phase 1b

Holding in company*
KDev Investments 1%

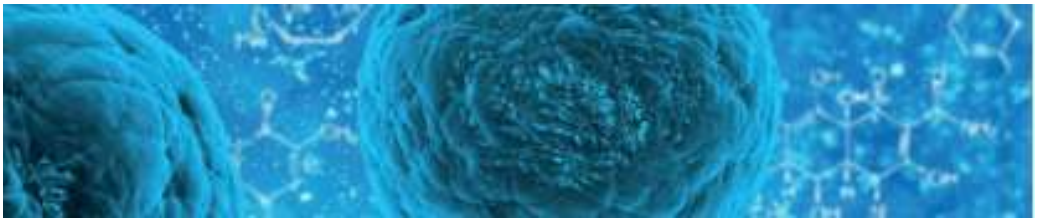
Other investors
The Foundation for Baltic and East European Studies
Sintef Venture II AS
Rosetta Capital**

Origin
SINTEF and Norwegian University of Science and Technology

More information
biosergen.se

** Fully-diluted ownership based on current investment plans.*

*** Co-ownership with KDev Investments*



Broad treatment of systemic fungal Infections

Biosergen (Solna, Sweden) is conducting a development program, based on its expertise in biosynthetic technology and targeting systemic fungal infections with their candidate drug, BSG005.

Patients whose immune systems are compromised due to cancer or treatment with immunosuppressive drugs have been shown to be particularly susceptible to systemic fungal infections.

While effective pharmaceutical treatments are available, their use is limited due to serious side effects or an increasing incidence of drug resistance. Biosergen's candidate drug, BSG005, has demonstrated a wide spectrum of anti-mycotic effects in preclinical experimental models, and the candidate drug's properties have, to date, been shown to be far superior to those of conventional treatment in terms of effectiveness, toxicity, and pharmacokinetics.

In March 2023, the company presented data from their phase-1 study which showed that the drug candidate BSG005 has a good safety profile. In September 2023, Biosergen announced a co-development and licensing agreement with one of the largest pharmaceutical companies in India, Alkem Laboratories Ltd and in December 2023, Alkem Laboratories submitted a clinical trial application for a first patient study of BSG005 in invasive fungal infections in India as a rescue therapy. Alkem will fund all phase 2 and 3 patient trials in India except the first patient trial with 15 patients. The studies are expected to cover up to 70 percent of all patients required for a global regulatory process. Biosergen will retain the rights for the rest of the world outside the Indian market.

The market

Fungal infections kill more than 1.5 million globally each year and the numbers continue to increase. In the past 10 years, only one new anti-fungal product has been approved. Despite this, the use of antifungals continues to increase and the WHO has drawn attention to multi-resistance as a serious global health threat. The total sales of antifungals for human use were estimated at approximately USD 16.7 billion in 2020. The Company expects the global annual sales potential for BSG005 to exceed USD 500 million

Recent progress

- In September 2023, Biosergen announced a co-development and licensing agreement with one of the largest pharmaceutical companies in India, Alkem Laboratories.
- In April 2024, the company received SEK 26.4 million in a rights issue (before issue costs).
- In September 2024, Biosergen and its partner, Alkem Laboratories Limited, announced that they have received approval of the Clinical Trial Application (CTA) and an important import license in India.
- In July 2024, the first patient in the Phase 1b trial of BSG005 was dosed.
- In August 2024, the company announced successful treatment of the first patient in the ongoing clinical trial with BSG005.

Expected milestones

- Read-out of Phase 1b trial in India expected during 2024.

APREA THERAPEUTICS

Project (First-in class)
ATRN-119
APR-1051

Primary indication
Solid tumor malignancies

Development phase
Phase 1

Holding in company*
KDev Investments 1%

Other investors
Morgan Stanley
Vanguard Group
BlackRock
Geode Capital Management

Origin
Karolinska Institutet

More information
aprea.com

** Fully-diluted ownership based on current investment plans.*

Aprea Therapeutics Inc

Inhibits the ability of cancerous tumors to repair DNA damage

Aprea Therapeutics (Doylestown, USA and Stockholm, Sweden) is focused on developing and commercializing novel drugs to combat various types of cancer by affecting the proteins involved in the ability of tumors to repair damage in their DNA. The company's primary focus is on the development of ATRN-119, a development project that was acquired by the biotech company Atrin Pharmaceuticals in 2022.

ATRN-119 is an orally bioavailable, highly potent and selective small molecule inhibitor of ATR, a protein with key roles in response to DNA damage. ATRN-119 is being evaluated in a phase 1/2a clinical study in cancer patients with malignant solid tumors and defined gene mutations – both as monotherapy and in combination with today's standard treatment. Results from the study are expected to be presented in the first half of 2025.

Aprea is also developing APR-1051, an orally bioavailable, highly potent and selective small molecule inhibitor of WEE1, a key regulator of multiple phases of the cell cycle. In September 2023, preclinical data for APR-1051 in ovarian cancer were presented, indicating that the selective properties of APR-1051 may make it a more effective cancer therapy than other WEE1 inhibitors in development and that it has a promising safety profile. In March 2024, Aprea Therapeutics received FDA approval of the company's IND application for APR-1051. Aprea has also secured funding of up to USD 34 million through a financing round led by Sphera Healthcare. With the approval and financing in place, the company has been able to start the first clinical study with APR-1051.

Aprea is listed on the NASDAQ Global Select Market in the USA since October 2019.

The market

Targeting DNA Damage Repair, several commercially available Poly ADP-ribose polymerase (PARP) inhibitors induced substantial response in patients with DNA repair defects and have received Breakthrough Therapy Designation by the US Food and Drug Administration, FDA, for several cancer indications. The notable commercial success of these PARP inhibitors has made DNA Damage and Response a clinically and commercially validated therapeutic approach. Targeting ataxia telangiectasia and Rad3-related protein (ATR) represents an emerging strategy to treat a broad spectrum of cancers, most notably those that currently lack fully effective treatments.

Recent progress

- In September 2023, preclinical results for APR-1051 were presented with positive in vivo activity and safety profile.
- In October 2023, early clinical results for ATRN-119 were announced, showing that no hematologic or liver function toxicities in the heavily pretreated solid tumor patients have been observed in the first three cohorts to date.
- In March 2024, Aprea Therapeutics received FDA approval of the company's IND application for APR-1051. Aprea has also secured funding up to USD 34 million through a financing round led by Sphera Healthcare.
- In June 2024, the first patient was dosed in the first clinical study with APR-1051.

Promimic AB

Project
HA^{nano} Surface

Primary indication
Implant surface coatings

Development phase
Marketed

Holding in company*
Karolinska Development 2%
KDev Investments 12%

Other investors
K-Svets Ventures
Chalmers Ventures
Riepen LCC
Andra AP-fonden

Origin
Chalmers University of Technology

More information
promimic.com

**Fully-diluted ownership based on current investment plans*

Nanocrystals of synthetic bone shorten the healing time of implants

Promimic (Gothenburg, Sweden) is the company behind HA^{nano} Surface, a surface treatment that is currently used clinically on approximately 1.5 million implants.

HA^{nano} Surface is a nanometer-thin coating of hydroxylapatite crystals that helps stimulate the growth of bone cells. This provides a stronger anchoring in bone tissue and better healing. The surface is unique in that it can be applied to all types of implant materials and geometries, including porous materials and 3D printed structures – examples of surfaces where traditional thicker HA coating can clog pores.

In the Brazilian market, Promimic collaborated early on with Sistema de Implante Nacional (S.I.N), a leading supplier of dental implants, which commercializes dental implants coated with HA^{nano} Surface. S.I.N halved the healing time of their implants with the help of Promimic's surface and were acquired by the world-leading dental company Henry Schein in July 2023.

In the United States, the technology is approved by the FDA, which means that new implants with HA^{nano} Surface can be quickly brought to market via a 510(k) process. This has enabled strong growth – in the last two years, the number of approved implants for clinical use has increased from five to 26.

Promimic has a sales office in Austin, Texas and several partnerships for development and commercialization in the US market for orthopedic implants. Currently, the market for spinal implants is the company's strongest segment. The collaboration with the company's customers includes the development and commercialization of products treated with HA^{nano} Surface technology in various application areas.

The market

Promimic focuses on two main segments, namely the markets for orthopedic and dental implants. Together, these segments represent a global market opportunity for Promimic worth up to USD 600-800 million in 2025. Within these segments, the company's target group is medium to large sized implant companies and the main market is the United States.

Recent progress

- In April 2022, Promimic successfully listed the company's share on Nasdaq First North Growth Market in a fully subscribed IPO offering.
- In June 2022, new preclinical results showed that the company's HA^{nano} Surface coating technology reduces the risk of adhesion by common pathogenic bacteria by up to 60 percent.
- In July 2022, Promimic deepened its US investment through the establishment of Nano Processing Inc. – a joint venture with Danco Medical for surface treatment for the US market.
- In August 2024, the company reported a new sales record and a new license agreement.

Expected milestones

- In 2024, the company is expected to run development projects with both existing and new customers, and further product launches and license agreements will be finalized and announced.

OSSDSIGN®

Project
OssDsign® Catalyst

Primary indication
Bone grafts

Development phase
Marketed

Holding in company*
Karolinska Development 10%**

Other investors
TAMT
Linc AB

Origin
Karolinska University Hospital
Uppsala University

More information
ossdsign.com

** Fully-diluted ownership based on current investment plans*

*** Includes indirect holdings through KCIF Co-Investment Fund*

OssDsign AB

Creating the next generation bone replacement products

OssDsign (Uppsala, Sweden) is an innovative company in bone regeneration. Since September 2023, the company is focusing its entire business on the orthobiologics market in the USA. This strategy is due to an outstanding commercial success for the nanosynthetic bone graft OssDsign Catalyst, an "off the shelf" product with very good scalability and a high gross margin.

About 20 percent of all low back pain surgeries fail due to poor fusion between the implant and the spine. When surgeons perform the procedure, they use a combination of screws and metal braces to fix the vertebrae and bone replacement material to stimulate bone growth. OssDsign Catalyst is an innovative synthetic bone graft consisting of a proprietary nanocrystalline structure of calcium phosphate. OssDsign Catalyst mimics the body's own bone mineral structure and provides a favorable biological environment for rapid and reliable bone formation. OssDsign Catalyst can be produced with high scalability, has an attractive profit margin and great potential in the market for standardized surgical procedures. OssDsign Catalyst received FDA approval in 2020 and launched in the US in August 2021.

OssDsign raised SEK 150 million in September 2023, in a targeted new issue to a number of reputable institutional investors, including TAMT and Linc AB, in order to accelerate the commercial roll out in the US. Karolinska Development participated with SEK 10 million. In connection with the fundraise, OssDsign announced that the company's financial goal is to reach sales of SEK 150-200 million in the mid-term, at which point the company is also expected to be cash flow positive.

The market

The global orthobiologics market was valued at USD 5 billion, in 2022. The market segment that OssDsign Catalyst specifically targets is valued at USD 1.8 billion and is expected to have an annual growth rate of 8 percent.

Recent progress

- In September 2023, the company announced its' new strategy to become a pure orthobiologics company with a focus on the US market. SEK 150 million were then raised in a targeted new issue to a number of reputable institutional investors. Karolinska Development participated with SEK 10 million.
- In January 2024, OssDsign reported exceptional data from its TOP FUSION clinical study. The top-line results, reviewed by independent radiologists, show a fusion rate of 93 percent 12 months after surgery with the OssDsign Catalyst nanosynthetic bone graft.
- In May 2024, it was announced that 5,000 patients have been treated with OssDsign Catalyst in the US, representing impressive growth compared to 2,000 treated patients in September 2023.
- In September 2024, Christer Fåhraeus was newly elected as ordinary board member at the Annual general meeting, joining Simon Cartmell (Chairman), Newton Aguiar, Viktor Drvota (Karolinska Development) and Jill Shiaparelli on the OssDsign Board of Directors.

Financial Development

The following financial reporting is divided into one financial reporting for The Parent Company and one for The Investment Entity. The Parent Company and The Investment Entity are the same legal entity, but the reporting is divided to meet legal reporting requirements.

The Parent Company is reporting in accordance with the guidelines under the Swedish Annual Accounting Act and Swedish Financial Accounting Standards Council, RFR 2. The Investment Entity is required to meet the reporting requirements of listed companies and thus in accordance with IFRS adopted by the EU and the Swedish Annual Accounts Act

Amounts in brackets refer to the corresponding period the previous year unless otherwise stated.

Financial development in summary for the Investment Entity

SEKm	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Condensed income statement					
Change in fair value of shares in portfolio companies	-7.9	11.7	-17.1	8.6	15.2
Net profit/loss	-10.9	12.0	-26.7	7.3	5.4
Balance sheet information					
Cash and cash equivalents	29.3	130.0	29.3	130.0	85.3
Net asset value (Note 1)	1,224.4	1,253.2	1,224.4	1,253.2	1,253.4
Net debt (Note 1)	-29.3	-130.0	-29.3	-130.0	-85.3
Share information					
Earnings per share, weighted average before dilution (SEK)	0.0	0.0	-0.1	0.0	0.0
Earnings per share, weighted average after dilution (SEK)	0.0	0.0	-0.1	0.0	0.0
Net asset value per share (SEK) (Note 1)	4.5	4.6	4.5	4.6	4.6
Equity per share (SEK) (Note 1)	4.5	4.6	4.5	4.6	4.6
Share price, last trading day in the reporting period (SEK)	1.2	1.7	1.2	1.7	1.7
Portfolio information					
Investments in portfolio companies	19.8	15.8	42.6	61.4	103.0
Of which investments not affecting cash flow	1.4	1.3	3.8	2.9	4.4
Portfolio companies at fair value through profit or loss	1,121.8	1,052.2	1,121.8	1,052.2	1,100.4

Financial Development for the Investment Entity in 2024

Investments *(comparable numbers 2023)*

Investments in the portfolio in the third quarter 2024 by external investors and Karolinska Development amounted to SEK 33.7 (126,3) million, whereof 41% (88%) by external investors.

Karolinska Development invested during the third quarter 2024 SEK 19.8 (15.8) million, of which SEK 18.5 (14.5) million was cash investments. Investments were made in Umecrine Cognition with SEK 18.5 million. Non-cash investments (accrued interest on loans) amounted to SEK 1.4 (1.3) million.

Investments by external investors in the portfolio companies during the third quarter 2024 amounted to SEK 13.8 (110.6) million and were made in Umecrine Cognition with SEK 9.8 million and in PharmNovo with SEK 4.0 million.

During the year, Karolinska Development and external investors have made investments in the portfolio companies as follows:

SEKm	Karolinska Development	External Investors	Total Invested Q1-Q3 2024
Umecrine Cognition	20.4	9.8	30.2
AnaCardio	7.6	42.6	50.2
Dilafor	5.6	8.4	14.0
SVF Vaccines	4.9	-	4.9
Boost Pharma	2.0	2.0	4.0
Henlez	1.1	1.1	2.2
PharmNovo	1.0	17.5	18.5
Aprea	-	163.7	163.7
Biosergen	-	27.5	27.5
Total	**42.6**	**272.6**	**315.2**

Portfolio Fair Value

Fair Value of the portfolio companies owned directly by Karolinska Development had a net increase by SEK 4.9 million during the third quarter 2024. The main reason for the increase in fair value was the upturn in share price in the listed holdings Modus Therapeutics and Promimic, together with the quarters' investment in Umecrine Cognition. The downturn in share price in the listed holding OssDsign partly reduced the increase.

Fair Value of the portfolio companies owned indirectly via KDev Investments increased by SEK 4.3 million during the third quarter 2024.The main reasons for the increase in Fair value of the portfolio companies was the upturn in share price in the listed holding Promimic.

Total Fair Value from portfolio companies owned directly by Karolinska Development and indirectly via KDev Investments increased by SEK 9.1 million in the third quarter 2024.

As a consequence of the increase in Fair Value of the part of the portfolio owned via KDev Investments, the potential distribution to Rosetta Capital increased by SEK 1.3 million, resulting in Net Portfolio Fair Value increasing by SEK 7.9 million in the third quarter 2024.

SEKm	30 Sep 2024	30 Jun 2024	Q3 2024 vs Q2 2024
Karolinska Development Portfolio Fair Value (unlisted companies)	772.3	758.5	13.8
Karolinska Development Portfolio Fair Value (listed companies)	111.5	120.5	-9.0
KDev Investments Portfolio Fair Value	579.3	575.0	4.3
Total Portfolio Fair Value	**1,463.2**	**1,454.0**	**9.1**
Potential distribution to Rosetta Capital of fair value of KDev Investments	-341.4	-340.1	-1.3
Net Portfolio Fair Value (after potential distribution to Rosetta Capital)	**1,121.8**	**1,113.9**	**7.9**

Profit development 2024 (comparable numbers 2023)

During the third quarter 2024, Karolinska Development's revenue amounted to SEK 0.4 (0.4) million and consists primarily of services provided to portfolio companies. For the period January - September 2024 the revenue amounted to SEK 1.3 (1.5) million.

Change in fair value of shares in portfolio companies of in total SEK -7.9 (11.7) million includes the difference between the change in Net Portfolio Fair Value during the third quarter 2024 with SEK 7.9 million and the investment in portfolio company of SEK 19.8 million and divested portfolio companies of SEK 4.1 million. Change in fair value of other financial assets and liabilities amounted to SEK -0.5 (2.1) million and were the consequence of changes in valuation of earn-out deals. For the period January - September 2024, the change in fair value of shares in portfolio companies amounted to SEK -17.1 (8.6) million and the change in fair value of other financial assets amounted to SEK 6.4 (12.2) million.

During the third quarter 2024 other expenses amounted to SEK 1.5 (1.3) million and personnel costs amounted to SEK 2.7 (3.3) million. For the period January - September 2024 other expenses amounted to SEK 5.0 (4.6) million and personnel cost amounted to 16.3 (16.3) million.

The operating profit/loss in the third quarter 2024 amounted to SEK -12.4 million compared to SEK 9.4 million in the third quarter 2023. The operating profit/loss for the period January - September 2024 amounted to SEK -31.4 (0.8) million.

The financial net during the third quarter 2024 amounted to SEK 1.5 million compared to SEK 2.6 million in the third quarter of 2023. For the period January - September 2024 the financial net amounted to SEK 4.8 (6.4) million.

The Investment Entity's Net profit/loss amounted to SEK -10.9 (12.0) million in the third quarter 2024. Net profit/loss for the period January - September 2024 amounted to SEK -26.7 (7.3) million.

Financial position

The Investment Entity's equity to total assets ratio amounted to 99% on 30 September 2024, which it also did on 30 September 2023.

The investment company's equity on 30 September 2024 amounted to SEK 1,220.2 million, compared to SEK 1,231.0 million on 30 June 2024. The decrease is a consequence of the profit/loss for the period of SEK -10.9 million.

After the paying of operational costs and investments for the third quarter 2024, cash and cash equivalents amounted to SEK 29.3 million on 30 September 2024 compared to SEK 130.0 million on 30 September 2023. Net debt (negative net debt/ net cash) amounted to SEK -29.3 million on 30 September 2024 compared to the net debt of SEK -130.0 million on 30 September 2023.

The company is going concern. We regularly review financing solutions, including in the form of the sale of shares and portfolio companies, the taking up of loans and/or the implementation of new share issues in order to continue to finance the portfolio companies in their development and enable new investments. The company's ability to continue operations (going concern) is stable, given current cash flow expectations and plans. The report is prepared based on the assumption of continued operation.

Financial Development – Parent Company

The Parent Company refers to Karolinska Development AB (comparable numbers 2023).

During the third quarter 2024, the Parent Company's Net profit/loss amounted to SEK -10.9 (12.1) million.

The negative result for the third quarter of 2024 led to a decrease in equity of SEK -10.9 million from SEK 1,231.0 million as of 30 June 2024 to SEK 1,220.1 million 30 September 2024.

The Share

The share and share capital

Trade in the Karolinska Development share takes place on Nasdaq Stockholm under the ticker symbol "KDEV". The last price paid for the listed B share on 30 September 2024 was SEK 1.20, and the market capitalization amounted to SEK 324 million.

The share capital of Karolinska Development on 30 September 2024 amounted to SEK 2.7 million divided into 2,555,261 A shares, each with ten votes (25,552,610 votes) and 267,522,333 B shares, each with one vote (267,522,333 votes). The total number of shares and votes in Karolinska Development on 30 September 2024 amounted to 270,077,594 shares and 293,074,943 votes.

Ownership

On 30 September 2024, Karolinska Development had 13,553 shareholders.

Shareholder	A-Shares	B-Shares	Cap %	Vote %
invoX Pharma Ltd	0	128,736,381	47.67%	43.93%
Worldwide International Investments Ltd	0	23,877,334	8.84%	8.15%
Swedbank Robur Microcap fond	0	8,750,000	3.24%	2.99%
Avanza pension	0	5,507,885	2.04%	1.88%
Styviken Invest	0	5,236,206	1.94%	1.79%
Stift För Främjande & Utveckling	2,555,261	1,755,818	1.60%	9.32%
Coastal Investment Management LLC	0	2,470,541	0.91%	0.84%
Nordnet Pensionsförsäkring	0	1,718,151	0.64%	0.59%
Hans Wigzell	0	1,228,613	0.45%	0.42%
Skandia Fonder	0	1,175,313	0.44%	0.40%
Sum Top 10 Shareholders	2,555,261	180,456,242	67.76%	70.29%
Sum Other Shareholders	0	87,066,091	32.24%	29.71%
Sum All Shareholders	**2,555,261**	**267,522,333**	**100.00%**	**100.00%**

Information on Risks and Uncertainties

Investment Entity and Parent Company

Financial risks

Russia's invasion of Ukraine, as well as the war in Gaza and the related disturbances of sea transport through the Red Sea affect the economy and society as a whole, including Karolinska Development and its portfolio companies. The general downturn in the stock market since 2022 as well as the increase in interest rates since then have shifted the financial market's focus from growth companies to companies with positive operating cash flows, which has led to lower valuations in many previously highly valued growth companies, although we have noted an upturn in the financial markets during 2024. This affects Karolinska Development and its opportunities to not only finance its portfolio companies, but also to divest them at a suitable time for Karolinska Development.

The value of listed companies can decline delays in clinical trial programs may occur and the opportunities for refinancing can be hampered. The Board monitors the evolvement of the crises closely and Karolinska Development is working intensively to minimize the impact on the value of our investments and works continuously with different financing alternatives to secure the long-term capital requirement and thereby increase the degree of strategic and operational headroom for the future.

For a detailed description of other risks and uncertainties, see the Annual report 2023.

Signing of the report

Solna, 15 November 2024

Viktor Drvota
CEO

Review report

Karolinska Development AB, corporate identity number 556707-5048

Introduction

We have reviewed the condensed interim report for Karolinska Development AB (publ) as at September 30, 2024 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Investment entity, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 15 November 2024

Ernst & Young AB

Oskar Wall

Authorized Public Accountant

Dates for Publication of Financial Information

Year-end Report 2024	14 February 2025
Annual Report 2024	21 March 2025
Interim Report January – March 2025	30 April 2025
Interim Report January – June 2025	29 August 2025
Interim Report January – September 2025	14 November 2025

Karolinska Development is required by law to publish the information in this interim report. The information was published on 15 November 2024.

This interim report, together with additional information, is available on Karolinska Development's website: www.karolinskadevelopment.com.

Note: This report is a translation of the Swedish interim report. In case of any discrepancies, the official Swedish version shall prevail.

Financial Statements

Condensed income statement for the Investment Entity

SEK 000	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Revenue		387	412	1,345	1,481	2,014
Change in fair value of shares in portfolio companies	2,3	-7,883	11,709	-17,096	8,588	15,185
Change in fair value of other financial assets and liabilities		-528	2,057	6,414	12,236	8,891
Other expenses		-1,456	-1,257	-5,026	-4,646	-6,963
Personnel costs		-2,666	-3,312	-16,318	-16,300	-21,834
Depreciation of right-of-use assets		-249	-179	-748	-536	-798
Operating profit/loss		**-12,395**	**9,430**	**-31,429**	**823**	**-3,505**
Financial net		1,523	2,576	4,773	6,434	8,891
Profit/loss before tax		**-10,872**	**12,006**	**-26,656**	**7,257**	**5,386**
Taxes		-	-	-	-	-
NET PROFIT/LOSS FOR THE PERIOD		**-10,872**	**12,006**	**-26,656**	**7,257**	**5,386**

Condensed statement of comprehensive income for the Investment Entity

SEK 000	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Net profit/loss for the period		-10,872	12,006	-26,656	7,257	5,386
Total comprehensive income/loss for the period		**-10,872**	**12,006**	**-26,656**	**7,257**	**5,386**

Earnings per share for the Investment Entity

SEK	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Earnings per share, weighted average before dilution		-0.04	0.04	-0.10	0.03	0.02
Number of shares, weighted average before dilution		269,833,309	269,833,309	269,833,309	269,833,309	269,833,309
Earnings per share, weighted average after dilution		-0.04	0.04	-0.10	0.03	0.02
Number of shares, weighted average after dilution		269,833,309	269,833,309	269,833,309	269,833,309	269,833,309

Condensed balance sheet for the Investment Entity

SEK 000	Note	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS				
Tangible assets				
Right-of-use assets		2,410	179	3,158
Financial assets				
Shares in portfolio companies at fair value through profit or loss	2,3	1,121,806	1,052,188	1,100,398
Other financial assets	4	63,398	60,213	57,443
Total non-current assets		**1,187,614**	**1,112,580**	**1,160,999**
Current assets				
Receivables from portfolio companies		704	207	268
Other financial assets	4	9,904	10,925	10,386
Other current receivables		1,244	1,224	673
Prepaid expenses and accrued income		2,035	2,241	795
Cash and cash equivalents		29,321	129,992	85,272
Total current assets		**43,208**	**144,589**	**97,394**
TOTAL ASSETS		**1,230,822**	**1,257,169**	**1,258,393**
EQUITY AND LIABILITIES				
Total equity		**1,220,168**	**1,248,695**	**1,246,824**
Current liabilities				
Other financial liabilities		77	94	130
Accounts payable		1,156	851	1,323
Liability to make lease payment		2,355	258	3,070
Other current liabilities		1,475	1,840	674
Accrued expenses and prepaid income		5,591	5,431	6,372
Total current liabilities		**10,654**	**8,474**	**11,569**
Total liabilities		**10,654**	**8,474**	**11,569**
TOTAL EQUITY AND LIABILITIES		**1,230,822**	**1,257,169**	**1,258,393**

Condensed statement of changes in the Investment Entity's equity

SEK 000	Note	30 Sep 2024	30 Sep 2023	31 Dec 2023
Opening balance, equity		**1,246,824**	**1,241,438**	**1,241,438**
Share capital		2,701	2,701	2,701
Share premium		2,735,903	2,735,903	2,735,903
Retained earnings		-1,518,436	-1,489,909	-1,491,780
Closing balance, equity		**1,220,168**	**1,248,695**	**1,246,824**

Condensed statement of cash flows for the Investment Entity

SEK 000	Note	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Operating activities				
Operating profit/loss		-31,429	823	-3,505
Adjustments for items not affecting cash flow				
Depreciation		748	536	798
Change in fair value		10,682	-20,824	-24,076
Other items		271	2,474	2,761
Cash flow from operating activities before changes in working capital and operating investments		**-19,728**	**-16,991**	**-24,022**
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in operating receivables		-1,497	-1,920	-104
Increase (+)/Decrease (-) in operating liabilities		-148	-1,142	-895
Cash flow from operating activities		**-21,373**	**-20,053**	**-25,021**
Investment activities				
Part payment from earn-out deal		887	18,271	18,271
Proceeds from sale of shares in portfolio companies		4,086	-	-
Acquisitions of shares in portfolio companies		-38,753	-58,499	-98,589
Proceeds from sale of short-term investments		-	59,731	60,336
Cash flow from investment activities		**-33,780**	**19,503**	**-19,982**
Financing activities				
Amortization of lease liabilities		-798	-536	-803
Cash flow from financing activities		**-798**	**-536**	**-803**
Cash flow for the period		**-55,951**	**-1,086**	**-45,806**
Cash and cash equivalents at the beginning of the year		85,272	131,078	131,078
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**29,321**	**129,992**	**85,272**

Condensed income statement for the Parent Company

SEK 000	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Revenue		387	412	1,345	1,481	2,014
Change in fair value of shares in portfolio companies	2.3	-7,883	11,709	-17,096	8,588	15,185
Change in fair value of other financial assets and liabilities		-528	2,057	6,414	12,236	8,891
Other expenses		-1,722	-1,374	-5,824	-5,182	-7,859
Personnel costs		-2,666	-3,312	-16,318	-16,300	-21,834
Operating profit/loss		**-12,412**	**9,492**	**-31,479**	**823**	**-3,603**
Financial net		1,548	2,580	4,856	6,450	8,837
Profit/loss before tax		**-10,864**	**12,072**	**-26,623**	**7,273**	**5,234**
Tax		-	-	-	-	-
NET PROFIT/LOSS FOR THE PERIOD		**-10,864**	**12,072**	**-26,623**	**7,273**	**5,234**

Condensed statement of comprehensive income for the Parent Company

SEK 000	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Net profit/loss for the period		-10,864	12,072	-26,623	7,273	5,234
Total comprehensive income/loss for the period		**-10,864**	**12,072**	**-26,623**	**7,273**	**5,234**

Condensed balance sheet for the Parent Company

SEK 000	Note	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS				
Financial non-current assets				
Shares in portfolio companies at fair value through profit or loss	2,3	1,121,806	1,052,188	1,100,398
Other financial assets	4	63,398	60,213	57,443
Total non-current assets		**1,185,204**	**1,112,401**	**1,157,841**
Current assets				
Receivables from portfolio companies		704	207	268
Other financial assets	4	9,904	10,925	10,386
Other current receivables		1,244	1,224	673
Prepaid expenses and accrued income		2,035	2,241	795
Cash and cash equivalents		29,321	129,992	85,272
Total current assets		**43,208**	**144,589**	**97,394**
TOTAL ASSETS		**1,228,412**	**1,256,990**	**1,255,235**
EQUITY AND LIABILITIES				
Total equity		**1,220,113**	**1,248,774**	**1,246,735**
Current liabilities				
Other financial liabilities		77	94	130
Accounts payable		1,156	851	1,323
Other current liabilities		1,475	1,840	674
Accrued expenses and prepaid income		5,591	5,431	6,373
Total current liabilities		**8,299**	**8,216**	**8,500**
Total liabilities		**8,299**	**8,216**	**8,500**
TOTAL EQUITY AND LIABILITIES		**1,228,412**	**1,256,990**	**1,255,235**

Condensed statement of changes in equity for the Parent Company

SEK 000	Not	30 Sep 2024	30 Sep 2023	31 Dec 2023
Opening balance, equity		**1,246,735**	**1,241,501**	**1,241,501**
Share capital		2,701	2,701	2,701
Share premium reserve		2,735,903	2,735,903	2,735,903
Retained earnings		-1,518,491	-1,489,830	-1,491,869
Closing balance, equity		**1,220,113**	**1,248,774**	**1,246,735**

Notes to the Financial Statements

NOTE 1 Accounting policies

This report has been prepared in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the Annual Accounts Act. The accounting policies applied to the Investment Entity and the Parent Company correspond, unless otherwise stated below, to the accounting policies and valuation methods used in the preparation of the most recent annual report.

Information on the Parent Company

Karolinska Development AB (publ) ("Karolinska Development," "Investment Entity" or the "Company") is a Nordic life sciences investment company. The Company, with Corporate Identity Number 556707-5048, is a limited liability company with its registered office in Solna, Sweden. The Company focuses on identifying medical innovations and investing in the creation and growth of companies developing these assets into differentiated products that will make a difference to patients' lives and provide an attractive return on investment to its shareholders. The sole purpose of investing in such companies is to generate a return through capital appreciation and investment income. These temporary investments, which are not investment entities, are designated "portfolio companies" below.

New and revised accounting principles 2024

No new or revised IFRS standards or recommendations from IFRS Interpretations Committee have had significant impact on the Investment Entity.

Related party transactions

No related party transactions other than compensation for management and the board have taken place during the reporting period.

Definitions

Interim period: The period from the beginning of the financial year through the closing date.

Reporting period: January - September 2024.

Alternative Performance Measures

The Company presents certain financial measures in the interim report that are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management as they allow for the evaluation of the company's performance. Because not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. Therefore, these financial measures should not be considered as substitutes for measures as defined under IFRS.

Portfolio companies: Companies where Karolinska Development has made investments (subsidiaries, joint ventures, associated companies and other long-term securities' holdings) which are active in pharmaceuticals, MedTech, theranostics and formulation technology.

The Portfolio Fair Value is divided into Total Portfolio Fair Value and Net Portfolio Fair Value.

Total Portfolio Fair Value: The aggregated proceeds that would be received by Karolinska Development and KDev Investments if the shares in their portfolio companies were sold in an orderly transaction between market participants at the measurement date.

Net Portfolio Fair Value (after potential distribution to Rosetta Capital) is the net aggregated proceeds that Karolinska Development will receive after KDev Investments' distribution of proceeds to Rosetta Capital.

rNPV: "risk-adjusted net present value" is a method to value risky future cash flows. rNPV is the standard valuation method in the drug development industry, where sufficient data exists to estimate success rates for all R&D phases.

Equity per share: Equity on the closing date in relation to the number of shares outstanding on the closing date.

Net debt: Interest-bearing liabilities (SEK 0.0 million) reduced with cash and cash equivalents (including short-term investments) (SEK 29.3 million).

Equity to total assets ratio: Equity divided by total assets.

Net asset value as of 30 September 2024:

SEK 000	Number of shares	Fair value	Part of Karolinska Developments' net asset value	
			SEK per share[3]	percentage
Listed assets				
Modus Therapeutics	23,801,390	39,272	0.15	3.2%
OssDsign	9,135,478	61,025	0.23	5.0%
Promimic	312,500	11,219	0.04	0.9%
Total listed assets		**111,516**	**0.41**	**9.1%**
Unlisted assets				
AnaCardio		52,720	0.20	4.3%
BOOST Pharma		2,021	0.01	0.2%
Dilafor		45,876	0.17	3.7%
PharmNovo		27,829	0.10	2.3%
SVF Vaccines		25,949	0.10	2.1%
Umecrine Cognition		609,983	2.26	49.8%
KCIF Co-Investment Fund KB[1]		7,968	0.03	0.7%
KDev Investments[1]		237,944	0.88	19.4%
Total unlisted assets		**1,010,290**	**3.74**	**82.5%**
Net of other liabilities and debts[2]		**102,546**	0.38	**8.4%**
Total net asset value		**1,224,352**	**4.54**	**100.0%**

[1]The company has both listed and unlisted assets.
[2] Includes SEK 29.3 million cash and cash equivalents.
[3] In relation to the number of shares outstanding (269,833,309) on the closing date.

NOTE 2 Shares in portfolio companies, at fair value through profit or loss

Change in fair value of portfolio companies

SEK 000	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year
Result level 1			
Listed companies, realized	-	-	-
Listed companies, unrealized	-13,082	5,225	15,561
Total level 1	**-13,082**	**5,225**	**15,561**
Result level 3			
Unlisted companies, realized	-2,485	953	793
Unlisted companies, unrealized	-1,529	2,410	-1,169
Total level 3	**-4,014**	**3,363**	**-376**
Total	**-17,096**	**8,588**	**15,185**

Shares in portfolio companies, at fair value through profit or loss

SEK 000	30 Sep 2024	30 Sept 2023	31 Dec 203
Accumulated acquisition cost			
At the beginning of the year	1,100,398	983,995	983,995
Investments during the year	42,590	61,368	102,980
Sales during the year	-4,086	-1,763	-1,763
Changes in fair value in net profit/loss for the year	-17,096	8,588	15,185
Closing balance	**1,121,806**	**1,052,188**	**1,100,398**

NOTE 3 Fair value

The table below shows financial instruments measured at fair value based on the classification in the fair value hierarchy. The various levels are defined as follows:

Level 1- Fair value determined on the basis of observed (unadjusted) quoted prices in an active market for identical assets and liabilities
Level 2- Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3- Fair value determined based on valuation models where significant inputs are based on non-observable data

Fair value as of 30 September 2024

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies, at fair value through profit or loss	111,516	-	1,010,290	1,121,806
Other financial assets	-	-	73,302	73,302
Cash and cash equivalents and short-term investments	29,321	-	-	29,321
Total	**140,837**	**0**	**1,083,592**	**1,224,429**
Financial liabilities				
Other financial liabilities	-	-	77	77
Total	**-**	**0**	**77**	**77**

Fair value as of 30 September 2023

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies, at fair value through profit or loss	94,183	-	958,005	1,052,188
Other financial assets	-	-	71,138	71,138
Cash, cash equivalents and short-term investments	129,992	-	-	129,992
Total	**224,175**	**0**	**1,029,143**	**1,253,318**
Financial liabilities				
Other financial liabilities	-	-	94	94
Total	**-**	**0**	**94**	**94**

Fair value as of 31 December 2023

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies, at fair value through profit or loss	124,598	-	975,800	1,100,398
Other financial assets	-	-	67,829	67,829
Cash and cash equivalents and short-term investments	85,272	-	-	85,272
Total	**209,870**	**0**	**1,043,629**	**1,253,499**
Financial liabilities				
Other financial liabilities	-	-	130	130
Total	**-**	**0**	**130**	**130**

Fair value (level 3) as of 30 September 2024

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	975,800	67,829	130
Acquisitions	42,590	-	-
Compensations	-4,086	-887	-
Gains and losses recognized through profit or loss	-4,014	6,359	-53
Closing balance 30 September 2024	**1,010,290**	**73,302**	**77**
Realized gains and losses for the period included in profit or loss	-2,485	887	-
Unrealized gains and losses in profit or loss for the period included in profit or loss	-1,529	5,472	53

Fair value (level 3) as of 30 September 2023

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	908,461	75,507	191
Acquisitions	47,945	-	-
Compensations	-1,764	-16,508	-
Gains and losses recognized through profit or loss	3,363	12,139	-97
Closing balance 30 September 2023	**958,005**	**71,138**	**94**
Realized gains and losses for the period included in profit or loss	953	16,508	-
Unrealized gains and losses in profit or loss for the period included in profit or loss	2,410	-4,369	97

Fair value (level 3) as of 31 December 2023

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	908,461	75,507	191
Acquisitions	69,477	-	-
Compensations	-1,763	-16,508	-
Gains and losses recognized through profit or loss	-376	8,830	-60
Closing balance 31 December 2023	**975,800**	**67,829**	**131**
Realized gains and losses for the period included in profit or loss	793	16,508	-
Unrealized gains and losses in profit or loss for the period included in profit or loss	-1,169	-7,678	60

The Investment Entity recognizes transfers between levels in the fair value hierarchy on the date when an event or changes occur that give rise to the transfer.

Shares in portfolio companies (Level 3) as of 30 September 2024

SEK 000	Ownership	Market value	Valuation model[1]
AnaCardio	19.7%	52,720	Last post money
BOOST Pharma	4.6%	2,021	Last post money
Dilafor	2.7%	45,876	Last post money
PharmNovo	11.8%	27,829	Last post money
SVF Vaccines	34.2%	25,949	Last post money
Umecrine Cognition	72.6%	609,983	External valuation[2]
KCIF Co-Investment Fund KB	26.0%	7,968	A combination of share price listed company and fair value of financial asset[3]
KDev Investments	90.1%	237,944	A combination of last post money and share price listed company[4]
Total level 3		**1,010,290**	

[1]See The Annual Report 2023 Valuation of portfolio companies at fair value, for a description of valuation models.
[2]Risk-adjusted external valuation by an independent valuation institute December 2022. The external valuation resulted in an rNPV value which Karolinska Development has adjusted further in order to reflect an assumed split in risk and revenues in conjunction with a license deal and also to incorporate the financial risk that Umecrine Cognition will not manage to finance fully the final parts of the research program.
[3]KCIF Co-Investment Fund KB holds listed shares which are valued in accordance with the closing rate on the final trading day of the period and a financial asset, at fair value through profit or loss, attributable to earn-out in the sale of Forendo Pharma.
[4]KDev Investments AB holds both listed shares which are valued in accordance with the closing rate on the final trading day of the period and unlisted shares which are valued in accordance with the most recent transaction (post-money valuation). Dilafor, which is an unlisted company, accounts for 84% of the total fair value of KDev Investments.

Impact of Portfolio Fair Value

In the table below, “Total Portfolio Fair Value” is as defined in Note 1.

Impact on Portfolio Fair Value of the agreement with Rosetta Capital

“Potential distribution to Rosetta Capital”, SEK 341.4 million, is the amount that KDev Investments according to the investment agreement between Karolinska Development and Rosetta Capital is obliged to distribute to Rosetta Capital from the proceeds received by KDev Investments (KDev Investments Fair Value). The distribution to Rosetta Capital will only happen when KDev Investments distributes dividends. KDev Investments will only distribute dividends after all eventual payables and outstanding debt has been repaid. Following dividends from KDev Investments during 2021 - 2023, all additional investments totaling SEK 44.2 million have been repaid to Rosetta Capital. In addition, SEK 6.3 million has been distributed, which reduces the first SEK 220 million in the waterfall structure. See also the annual report for 2023, note 16, for a description of the agreement with Rosetta Capital.

“Net Portfolio Fair Value (after potential distribution to Rosetta Capital)” is as defined in Note 1.

Expanded Portfolio Fair Value calculations taking the portfolio valuation and potential distribution to Rosetta Capital in consideration

SEK 000	30 Sep 2024	30 Sep 2023	31 Dec 2023
Karolinska Development Portfolio Fair Value (unlisted companies)	772,347	732,747	741,365
Karolinska Development Portfolio Fair Value (listed companies)	111,516	94,183	124,598
KDev Investments Portfolio Fair Value	579,296	565,274	574,336
Total Portfolio Fair Value	**1,463,159**	**1,392,204**	**1,440,299**
Potential distribution to Rosetta Capital of fair value of KDev Investments	-341,352	-340,016	-339,901
Net Portfolio Fair Value (after potential distribution to Rosetta Capital)	**1,121,806**	**1,052,188**	**1,100,398**

NOTE 4 Other financial assets

SEK 000	30 Sep 2024	30 Sep 2023	31 Dec 2023
Other financial assets, non-current			
Earn-out agreement Forendo Pharma	63,398	60,213	57,443
Earn-out agreement Oncopeptides	-	0	0
Total	**63,398**	**60,213**	**57,443**
Other financial assets, current			
Earn-out agreement Forendo Pharma	9,904	10,925	10,386
Total	**9,904**	**10,925**	**10,386**

Earn-out agreement Forendo Pharma

Karolinska Development is entitled to earn-out payments according to the agreement with Organon regarding the sale of Forendo Pharma. Karolinska Development estimates the risk-adjusted net present value (rNPV) of future cash flows (earn-outs), after the initial payment in December 2021 and payments in 2022 and 2023, to SEK 74.3 million, whereof Karolinska Development expects SEK 9.9 million to be paid during the next 12 months. The earn-outs are expected to be paid during the period 2025–2034, and renewed rNPV valuations will be performed continuously. Forendo Pharma's previous shareholders are entitled to additional future payments totaling USD 870 million upon the achievement of certain development, registration and commercial milestones pertaining to Forendo Pharma's drug candidates.

Earn-out agreement Oncopeptides

Karolinska Development was entitled to earn-out payments according to the agreement with Industrifonden regarding the previous holdings in Oncopeptides. During the third quarter, Karolinska Development received SEK 0.9 million in compensation, which is the final settlement of the agreement.

NOTE 5 Pledge assets and contingent liabilities

SEK 000	30 Sep 2024	30 Sep 2023	31 Dec 2023
Pledge assets			
Contingent liabilities			
Investment agreement in portfolio company	-	7,580	8,705
Summa	**0**	**7,580**	**8,705**