KAROLINSKA DEVELOPMENT

YEAR-END REPORT
Jan – Dec 2020

Q4

Karolinska Development

Karolinska Development (Nasdaq Stockholm: KDEV) is an investment company which offers a unique opportunity to share 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 leukaemia, endometriosis, serious viral infections, bone defects, and hepatic encephalopathy. To date, two of the companies have launched their first products.

For further information, see www.karolinskadevelopment.com

Financial Update

Fourth quarter

- The net profit/loss for the fourth quarter was SEK 85.9 million (SEK 328.8 million in the fourth quarter of 2019). Earnings per share totalled SEK 0.5 (SEK 3.2 in the fourth quarter of 2019).
- The result of the Change in fair value of shares in portfolio companies for the fourth quarter amounted to SEK 73.8 million (SEK 383.0 in the fourth quarter of 2019). The result is largely due to the positive change in the fair value of the holding in Umecrine Cognition attributable to a new external valuation and the negative development of the share price regarding the listed holding in Aprea.
- The total fair value of the portfolio was SEK 933.2 million at the end of December 2020, corresponding to a decrease of SEK 90.9 million from SEK 1,024.1 million at the end of the previous quarter. The net portfolio fair value at that time was SEK 770.3 million, corresponding to an increase of SEK 94.5 million from SEK 675.8 million at the end of the previous quarter.
- Net sales totalled SEK 0.5 million during the fourth quarter of 2020 (SEK 0.7 million during the fourth quarter of 2019).
- Karolinska Development invested a total of SEK 20.7 million in portfolio companies during the fourth quarter. Fourth quarter investments in portfolio companies by Karolinska Development and other specialised life sciences investors totalled SEK 86.3 million.
- Cash and cash equivalents increased by SEK 4.8 million during the fourth quarter, totalling SEK 75.9 million on 31 December 2020.
- The Parent Company equity totalled SEK 800.3 million on 31 December 2020.

Full year

- The full-year net profit/loss was SEK -207.5 million (SEK 303.0 million in 2019). Earnings per share totalled SEK -1.18 (SEK 4.10 in 2019).
- The full-year result for the change in the fair value of the portfolio amounted to SEK -215.4 million (SEK 415.1 million during 2019).

- The total fair value of the portfolio was SEK 933.2 million at the end of December 2020, a decrease from SEK 1,553.4 million at the corresponding date in 2018. The net portfolio fair value was SEK 770.3 million, a decrease from SEK 1,047.6 million at the corresponding date in 2019.
- Revenue totalled SEK 2.7 million for the full year of 2020 (SEK 3.4 million in 2019).
- Karolinska Development invested a total of SEK 40.0 (48.9) million in its portfolio companies during the full year. Full-year investments in the portfolio companies by Karolinska Development and other specialised life sciences investors totalled SEK 146.5 (445.7) million.
- Cash and cash equivalents increased by SEK 23.7 million during the full year, totalling SEK 75.9 (52.2) million on 31 December 2020.
- The Parent Company's equity on 31 December 2020 was SEK 800.3 (1,007.8) million.
- The Board does not propose any dividend for the financial year 2020.

Significant events during the fourth quarter

- The US Food and Drug Administration (FDA) accepted an Investigational New Drug (IND) application by the Aprea Therapeutics portfolio company in respect of its novel candidate drug, APR-548, to treat TP53-mutant myelodysplastic syndrome (MDS). APR-548 is a next-generation reactivator of mutant p53 that is being developed for oral administration (October 2020).
- An article describing the OssDsign portfolio company's unique regenerative implants was published in the reputable scientific journal, PNAS (Proceedings of the National Academy of Sciences of the United States). The article describes how OssDsign's implant concept and patented material composition contribute to bone regeneration and adhesion with existing bone (October 2020).
- The portfolio company, OssDsign, acquired Sirakoss Ltd – a company operating in the field of bone graft substitutes. The acquisition, which is expected to give OssDsign immediate access to a five times larger addressable market, was partly financed by a heavily oversubscribed directed share issue of approximately SEK 65 million before transaction costs. A large number of Swedish and international investors took part in the issue (November 2020).
- The portfolio company, Aprea Therapeutics, was granted Fast Track designation by the FDA for eprenetapopt in the treatment of patients with acute myeloid leukaemia (AML) (November 2020).
- Aprea Therapeutics reported the results from a phase 3 study of eprenetapopt in myelodysplastic syndrome (MDS). The trial failed to meet its primary endpoint of complete remission (Complete response, CR). Analysis of the primary endpoint at this data cut demonstrated a higher CR rate in the experimental arm receiving eprenetapopt in combination with azacitidine versus the control arm receiving azacitidine alone, but did not reach statistical significance. Karolinska Development is now awaiting the forthcoming in-depth data analysis to gain a better understanding of the consequences for the further development of eprenetapopt in myelodysplastic syndrome and other potential indications (December 2020).
- Karolinska Development AB announced that the company will, on the basis of an external valuation, increase the book value of its holding in the portfolio company, Umecrine Cognition, by SEK 234 million. The background to this is that Umecrine Cognition has now, based on previously communicated positive phase 2a results, established a plan for the continued clinical development of the candidate drug, golexanolone, within the field of hepatic encephalopathy (December 2020).

Significant post-period events

- The shareholders of Karolinska Development AB (publ) are invited to the Extraordinary General Meeting, on Friday February 19, 2021.

Viktor Drvota, CEO of Karolinska Development, comments:

"Whilst Aprea Therapeutics' phase 3 trial failed to achieve its primary endpoint, it is too early to assess the consequences of this for the continued development of eprenetapopt in myelodysplastic syndrome. We are now looking forward to an in-depth data analysis and the results of other ongoing studies of the candidate drug. The quarter was otherwise characterised by the progress made by Umecrine Cognition, which has now established solid plans for the further clinical development of its candidate drug, and by Modus Therapeutics, with its intention to declare a new indication during the first quarter 2021."

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Chief Executive's Report

Value development falls from record level in 2019

After a record strong 2019, when we posted a full-year profit of SEK 303 million, the value of our portfolio developed substantially less well in 2020. This is a clear indication of the risk inherent in potentially ground-breaking medical research and development projects, and something an investment company such as Karolinska Development must take into account. As part of our efforts to balance the risk we divested shares in the listed portfolio company, Aprea Therapeutics, during the year which yielded a net of SEK 122 million, but the value of the remaining holding fell sharply in conjunction with the company presenting the results of a phase 3 trial of its lead candidate drug in December. The book value of Umecrine Cognition simultaneously increased, however, and the total change in the portfolio's net fair value during the fourth quarter was SEK 94.5 million. This change has not affected the cash flow and our cash and cash equivalent which, on 31 December 2019, totalled SEK 52 million, totalled SEK 76 million at the end of this year. This sum is expected to prove sufficient to cover the operation of the company and add-on investments in our portfolio companies over the coming 12 months, but we are currently evaluating a number of options for further strengthening our financial position in order to enable us to go all out in the development of existing and potential new portfolio companies.

Aprea Therapeutics

Aprea Therapeutics reported top line results from a phase 3 trial of eprenetapopt in the treatment of patients with myelodysplastic syndrome at the end of December. The study failed to achieve its primary endpoint of full remission (Complete response, CR). Analysis of the primary endpoint at this data cut demonstrated a higher CR rate in the experimental arm receiving eprenetapopt in combination with azacitidine versus the control arm receiving azacitidine alone. The difference was 53%, but did not reach statistical significance. We are now awaiting the forthcoming in-depth data analysis and follow-up of those patients still receiving treatment. The results of the trial are, admittedly, a setback, but it is too early to assess the consequences for the further development of eprenetapopt in myelodysplastic syndrome (MDS). Aprea's development programme for eprenetapopt continues to be ambitious, with a number of ongoing trials:

- A phase 2 study of eprenetapopt in combination with azacitidine in MDS and AML patients who have undergone stem cell transplants.
- A phase 1/2 study in AML patients of eprenetapopt in combination with venetoclax, with or without azacitidine.
- A phase 1/2 study in patients with a variety of solid tumour diseases in which eprenetapopt is combined with anti-PD-1-antibodies.
- A study of patients with chronic lymphatic leukaemia is also planned.

The US Food and Drug Administration (FDA) announced during the fourth quarter that it had approved an application to start clinical trials of another of the company's candidate drugs, APR-548, which is being developed for oral administration. This further strengthens the company's position in the development of new therapeutic options for patients with p53 mutated cancers.

A number of reputable international specialist investors took part in Aprea Therapeutics' ca. SEK 1 billion capital raise in conjunction with their US stock market flotation in 2019. The strong cash position ensures good stability and flexibility ahead of the ongoing development of the project portfolio.

Umecrine Cognition establishes plan for golexanolone's ongoing development

The fourth quarter saw Umecrine Cognition present the results of a clinical phase 2a study of the candidate drug, golexanolone, at The Liver Meeting Digital Experience™ 2020. The company's presentation was selected as a *Poster of Distinction* at this highly prestigious scientific congress, in what is a clear quality mark. Golexanolone is being developed for the treatment of hepatic encephalopathy (HE) and has been shown to have a significant effect on the brain's signalling ability in a well-established and sensitive form of EEG examination. This effect correlates well with a reduction in daytime fatigue in the patients under treatment. Extreme daytime fatigue is a highly intractable symptom of HE, but also occurs in a number of other CNS-related conditions, such as Alzheimer's disease and schizophrenia, and severely limits the patients' quality of life. The company has recently, after extensive work, established a plan for golexanolone's ongoing development in the light of these positive results. Karolinska Development has increased the book value of its holding in Umecrine Cognition by SEK 234 million, corresponding to approximately SEK 1.33 per share, in response to an external valuation carried out during the fourth quarter.

Modus Therapeutics - closer to a new indication

During the past year, Modus Therapeutics has been focusing on establishing new indications. This work is now close to fruition and it is estimated that a new indication will be declared during the first quarter 2021.

The brand Karolinska

Karolinska Development has the right, under a licensing agreement with the Karolinska Institute (which is one of the company's founders), to use the name, Karolinska, in its trading name. The licence can be revoked with immediate effect in the event of a drastic change in the ownership structure of Karolinska Development. The Karolinska Institute's voting share in the company has fallen over the years from 37.9% to 9.1%, but it has announced that the licensing agreement will remain for another five years, provided that no individual owner increases their share of the votes to over 50%. We now have plenty of time to institute a name change ahead of the expiry of the licensing agreement for our brand at the end of 2025.

Important impending milestones

We are now looking forward, very shortly, to seeing new clinical data from the Dilafor portfolio company, whose phase 2b study of the candidate drug, tafoxiparin, is now in its final stages. Forendo, which is developing a new treatment for endometriosis, is also expected to present important results from a clinical study delayed by the corona pandemic in the near future. We will, furthermore, be monitoring OssDsign's exploitation of the commercial opportunities entailed by the acquisition of Sirakoss with great interest. The in-depth analysis of Aprea's phase 3 results for eprenetapopt will have a major effect on the company's valuation, as will the results of additional clinical trials of the candidate drug, which are scheduled for presentation later this year.

My colleagues and I will continue to do our utmost to create a long-term, stable financial situation and, at the same time, to optimise the value of our investments.

Solna, 11 February 2020

Viktor Drvota
Chief Executive Officer

Portfolio Companies

High potential for continued value generation

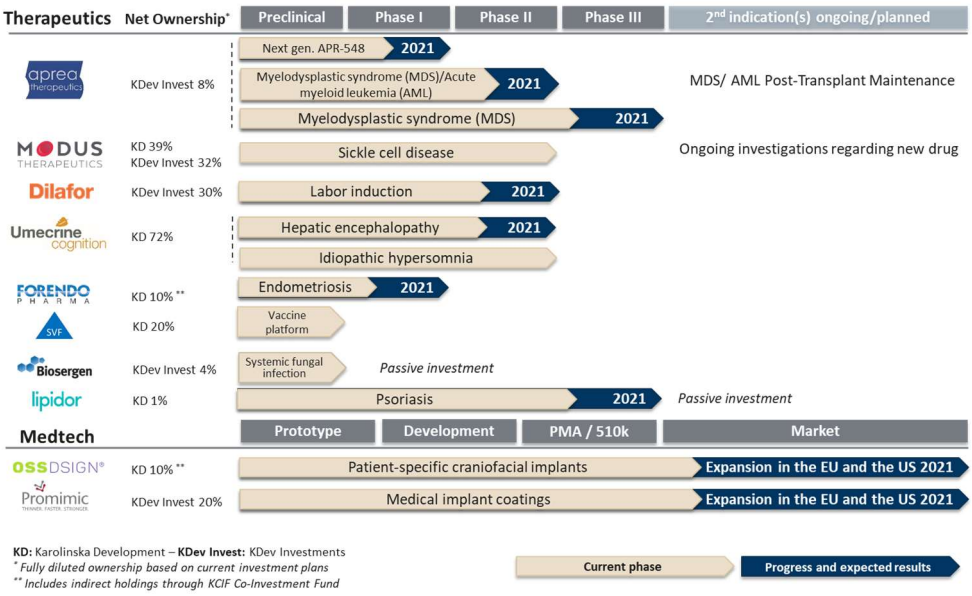
Karolinska Development's investments in therapeutic companies are conducted in syndicates with other professional life science investors, normally until proof-of-concept is demonstrated in Phase 2 trials, at which point different exit options are evaluated. For medtech companies, the business model is to finance the companies beyond break-even before realizing the investments.

Karolinska Development has a focused portfolio of therapeutic and medtech companies with significant value-generating potential. The portfolio companies are developing highly differentiated and commercially attractive products that have the potential to deliver compelling clinical and health economic benefits, as well as attractive returns on investment.

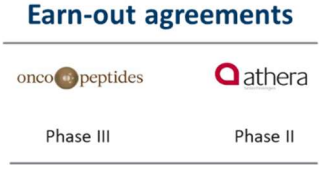
During the past years, Karolinska Development has optimized the clinical programs of the portfolio companies to reach clinically meaningful value-inflection points. The majority of Karolinska Development's portfolio companies are well-financed for their ongoing development and commercialisation work and are well-positioned to meet decisive value-generating milestones over the next two years. The ongoing pandemic has affected the portfolio companies to varying degrees, but the majority have been able to develop in accordance with previously set timetables.

In addition to its active value creation in eight portfolio companies, Karolinska Development has passive investments in two portfolio companies and retained economic interests in the form of earn out-agreements in a further two life science companies.

Our current portfolio – potential for value-inflection



Earn-out agreements



Project (First-in class)
APR-246

Primary indication
MDS

Development Phase
Phase III

Holding in company*
KDev Investments 8.4%

Other investors
Redmile Group,
Rock Springs Capital,
Versant Ventures,
5AM Ventures,
HealthCap,
Sectoral Asset Management,

Origin
Karolinska Institutet

More information
aprea.com

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

Deal values for similar projects

- USD 469 million MEI Pharma (licensor) & Helsinn Group (licensee) 2016
- USD 483 million Calithera Biosciences (licensor) & Incyte (licensee) 2017

Aprea Therapeutics Inc

Unique approach to treating a broad range of cancers

Aprea Therapeutics (Boston, USA and Stockholm, Sweden) develops novel anticancer drugs targeting the tumour suppressor protein, p53. Mutations of the p53 gene occur in around 50% of all human tumours and are associated with poor overall survival. Aprea's candidate drug, eprenetapopt (APR-246), has shown an ability to reactivate mutant p53 protein, inducing programmed cell death in many cancer cells. Early this year, eprenetapopt received a Breakthrough Therapy Designation from the American Food and Drugs Administration, the FDA.

The company presented positive results during the second quarter of the year from a phase 1b/2 study of eprenetapopt in combination with azacitidine for the treatment of TP53-mutated myelodysplastic syndrome (MDS) and acute myeloid leukaemia (AML). The results indicated better survival rates in patients treated with the candidate drug. The study has now been expanded to evaluate combination therapy with venetoclax, and further results are expected in 2021.

The FDA approved an Investigational New Drug (IND) application for APR-548 – a next generation candidate drug being developed for oral administration – during the third quarter. The company is now initiating a clinical development programme for APR-548 in the treatment of TP53-mutated MDS.

Top-line data from a phase 3 study of eprenetapopt in patients with p53-mutated myelodysplastic syndrome (MDS) were reported in December. The percentage achieving complete remission was higher (33%) in the experimental arm that received a combination of eprenetapopt and azacitidine than in the arm that only received azacitidine (22.4%). The difference did not, however, achieve statistical significance and an in-depth data analysis will now be conducted ahead of any decision on the further development of the candidate drug. A separate study to document the effect of eprenetapopt as maintenance treatment in MDS patients who have undergone stem cell transplantation is also ongoing.

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

The market

Eprenetapopt has the potential for use in many different types of cancer as mutations in p53 are found in around 50% of all diagnosed cancers. The lead target indications thus far include blood tumours such as MDS and AML. MDS is an orphan disease and represents a spectrum of hematopoietic stem cell malignancies. Approximately 30-40% of MDS patients progress to AML and mutations in p53 are found in up to 20% of MDS and AML patients, which is associated with poor overall prognosis.

Recent progress

- Expansion of clinical phase 1 study of eprenetapopt for TP53-mutated acute myeloid leukaemia (July 2020).
- The FDA accepts an Investigational New Drug (IND) application for APR-548 for the treatment of patients with TP53-mutated (October 2020).
- Presentation of the results of a phase 1b/2 study of eprenetapopt in combination with azacitidine for the treatment of TP53-mutated myelodysplastic syndrome (MDS) and acute myeloid leukaemia (AML) (December 2020).

Expected milestones

- Secondary data from the phase 3 study of MDS is expected in the first half of 2021.

MODUS THERAPEUTICS

Project (First-in-class)
Sevuparin

Primary indication
Upcoming

Development Phase
Phase II

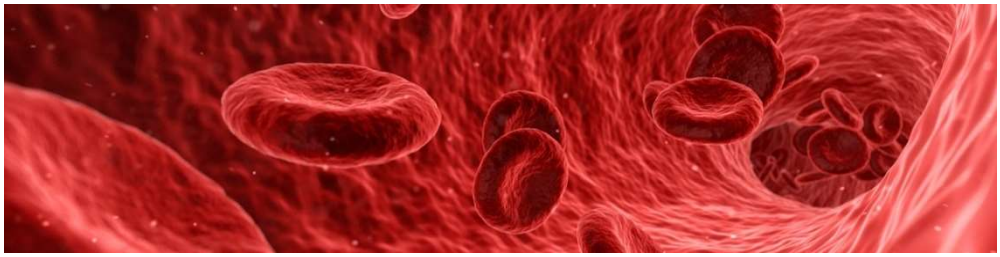
Holding in company*
Karolinska Development 37%
KDev Investments 32%

Other investors
The Foundation for Baltic and East European Studies, Praktikerinvest

Origin
Karolinska Institutet, Uppsala University

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

Modus Therapeutics AB



Establishing new treatments for debilitating disease

Modus Therapeutics (Stockholm, Sweden) is developing sevuparin as a treatment for serious diseases. The company's patented candidate drug, sevuparin, has a multimodal mechanism of action that triggers anti-adhesive, anti-aggregate, and anti-inflammatory effects in the circulatory system. Previous studies have shown that patients tolerate sevuparin well and that it has a favourable safety profile. Modus Therapeutics is poised to declare a new lead indication during the first quarter 2021, while continuing partnership with academic partners to identify additional indications in which sevuparin has the potential to generate substantial therapeutic value.

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Dilafor

Project (First-in-class)
Tafoxiparin

Primary indication
Labor induction

Development Phase
Phase IIb

Holding in company*
KDev Investments 30%

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

Origin
Karolinska Institutet

More information
dilafor.com

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

Deal values for similar projects

- USD 397 million Velo Bio (seller) & AMAG Pharmaceuticals (buyer) 2018
- USD 465 million Palatin Technologies (licensor) & AMAG Pharmaceuticals (licensee) 2017

Dilafor AB

Reducing complications with childbirth

Dilafor (Solna, Sweden) is developing tafoxiparin for obstetric indications, with particular reference to protracted labour and associated complications.

About one quarter of all pregnant women undergo induction in labour. In just over half of all cases, the induction fails, leading to protracted labour that entails an increased risk for both mother and child due to medical complications. Between 25 and 40% of women who experience protracted labour eventually require an emergency caesarean section. Surgical intervention always entails not only a risk to the patient, but substantial health care costs. Tafoxiparin could eliminate patient suffering and save valuable health care resources.

Subcutaneous administration of tafoxiparin in an earlier phase IIa study showed a significantly positive effect with a shortened time to delivery and an enhanced ripening of the cervix in patients delivered after induction. A soft and ripe cervix is a prerequisite of successful labour induction. Tafoxiparin is now being evaluated in a phase IIb study with a larger patient base in order to document the effects of treatment with subcutaneously administered tafoxiparin.

It is thought that it is tafoxiparin's interaction with the body's immune system that causes the candidate drug to have a certain suppressive effect in conjunction with viral infections that can trigger a hyperinflammatory condition. Dilafor accordingly entered into a partnership with Liverpool University in the second quarter, studying the effect of tafoxiparin as a treatment for COVID-19.

The market

Approximately one quarter of all pregnant women require labour induction. The current standard treatment includes administration of prostaglandins and oxytocin, but in over 50% of cases, the induction fails, leading to protracted labour, emergency caesarean sections, or other maternal and foetal complications.

Recent progress

- Dilafor, enters into a partnership with Liverpool University to study the effects of the company's candidate drug, tafoxiparin, as a treatment for COVID-19. The candidate drug is also thought to potentially be effective in connection with certain viral infections (April 2020).

Expected milestones

- Result of phase 2b study during the second quarter of 2021.

Umecrine Cognition AB

Unique treatment approach for CNS-related disorders

Umecrine Cognition (Solna, Sweden) is developing golexanolone (GR3207) – a candidate drug in a new class of pharmaceuticals that affect the GABA system. An over-activation of the inhibitory GABA system in the CNS is suspected in conjunction with liver failure, causing very serious clinical symptoms. The over-activation is also thought to lay behind certain cognitive impairments and sleep disturbances. GABA-receptor modulating steroid antagonists, such as golexanolone, counter the increased activation of the GABA system and hence constitute a promising group of candidate drugs.

Golexanolone GR3027 has been shown to restore different types of neurological impairments in experimental models. The candidate drug enters the brain and works by reversing the inhibitory effects of the neurosteroid allopregnanolone on brain function in humans.

A clinical phase 2a study of golexanolone in patients with hepatic encephalopathy (HE) – a serious neuropsychiatric and neurocognitive condition that occurs in conjunction with acute and chronic hepatic damage with underlying cirrhosis – was conducted during the year. The results showed that the candidate drug was well-tolerated, that the safety profile was good, and that the pharmacokinetic profile was favourable. One of the effect parameters – a well-established and sensitive form of EEG study – demonstrates that the candidate drug has a significant effect on brain signalling, with a correlated positive effect on extreme daytime fatigue. There was no significant effect, however, on other secondary outcome measures. In December, the company announced that, based on these study results, it had established a plan for the further development of the candidate drug.

Project (First-in-class)
GR3027

Primary indications
Hepatic encephalopathy
Idiopathic hypersomnia

Development Phase
Phase IIa

Holding in company*
Karolinska Development 72%

Other investors
Norrlandsfonden,
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 397 million Aerial Biopharma (licensor) & Jazz Pharmaceuticals (licensee) 2014
- USD 201 million Vernalis (licensor) & Corvus Pharmaceuticals (licensee) 2015

The market

HE is a serious disease with a large unmet need that affects up to 1% of the population in the USA and EU. 180,000-290,000 patients are hospitalised every year in the USA due to complications of HE. Once HE develops, mortality reaches 22-35% after five years. HE is also associated with substantial societal costs.

Recent progress

- Umecrine Cognition has decided to prioritize the development of GR3027 in hepatic encephalopathy (HE) before idiopathic hypersomnia or other sleep disorders.
- Umecrine Cognition presented positive phase 2a data for the candidate drug, golexanolone, for the hepatic encephalopathy indication at The Liver Meeting Digital ExperienceTM, between 13 and 16 November 2020.

Going forward

- Financing/licensing projects for the further development of the candidate drug are in progress.

FORENDO PHARMA

Project (First-in-class)
FOR-6219

Primary indication
Endometriosis

Development Phase
Phase Ib

Holding in company*
Karolinska Development 10%**

Other investors
Novo Seeds,
Novartis Venture Fund,
Merck Ventures,
Vesalius Biocapital,
Innovestor, Novartis

Origin
University of Turku, Finland

More information
forendo.com

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

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

Deal values for similar projects

- USD 853 million Astellas (buyer) & Ogeda (seller) 2017
- USD 595 million Neurocrine Biosciences (licensor) & AbbVie (licensee) 2010

Forendo Pharma Ltd

Novel therapies for women's health.

Forendo (Turku and Oulu, Finland) is developing a new treatment for eliminating endometriosis while at the same time maintaining normal hormonal cycles. The company is also active in the field of hepatic disease.

Endometriosis is an oestrogen dependent disease that affects women in reproductive age and is caused by cells normally lining the uterus being present outside of the uterine cavity, which induces chronic inflammation in the surrounding tissue. The disease is manifested in many diverse ways and it often causes particularly painful menstruations or chronic pelvic pain. The existing drug therapies ameliorate the symptoms by supressing oestrogen synthesis, but one clear disadvantage of these types of treatment is that they disrupt the systemic oestrogen balance, giving rise to osteoporosis and other serious side effects that hinder their long-term usage.

Forendo's candidate drug, FOR-6219, inhibits the HSD17B1 enzyme – a previously unresearched but powerful drug target for tissue-specific regulation of hormone activity. Forendo has demonstrated proof of mechanism in preclinical models in which the candidate drug has been shown to block the local formation of oestrogen in the endometrium (the uterus' surface tissue). This may enable a regression of the endometriosis and relief in the associated inflammatory pain without impacting systemic oestrogen levels. A Phase Ia trial found FOR-6219 to be safe and well tolerated, with a good pharmacokinetic profile. Based on these results, the company initiated a phase 1b study in healthy, post-menopausal women in 2019, with the aim of demonstrating proof of concept. The results of this study were expected in the first half of 2020, but have been delayed due to the ongoing COVID-19 pandemic.

The company has also, since late 2019, been developing new pharmaceuticals for the treatment of chronic hepatic disease in partnership with the pharmaceutical company, Novartis. The development programme is evaluating the effect of the company's HSD inhibitor in the treatment of gynaecological conditions, and is currently in the preclinical discovery phase.

The market

It is estimated that 10% of all fertile women are affected by endometriosis. This corresponds to a total of 176 million women in the world. Endometriosis has a detrimental effect on the well-being of the women affected and the socio-economic burden of the disease from e.g. sick leaves is profound due to the lack of safe and effective treatment. Forendo's approach to treat endometriosis therefore has a high potential to substantially impact future treatment regimens.

Recent progress

- EUR 5 million raised from new investor Sunstone Life Science Ventures (July 2019).
- Start of the Phase 1b study of its lead endometriosis program, FOR-6219 (August 2019).
- Novartis enters into license and collaboration agreement and invests in Forendo (December 2019).

Expected milestones

- Results from the phase 1b study are expected in early 2021.

OSSDSIGN®

Project
OSSDSIGN® Cranial and OSSDSIGN® Facial

Primary indication
Cranial implants

Development Phase
Marketed

Holding in company*
Karolinska Development 10%**

Other investors
SEB Venture Capital, Fouriertransform

Origin
Karolinska University Hospital, Uppsala University

More information
ossdsign.com

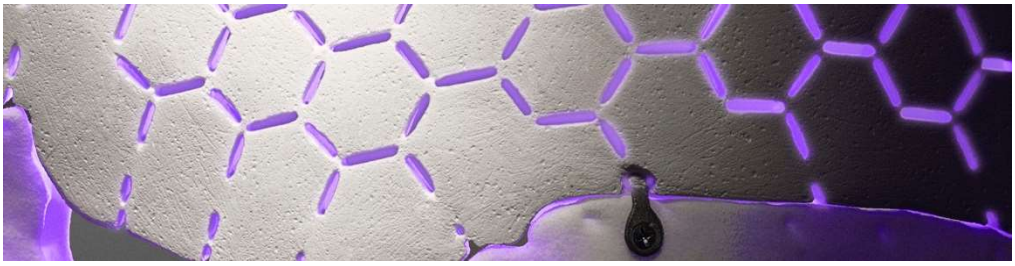
** Fully-diluted ownership based on current investment plans*

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

Deal values for similar projects

- USD 330 million Baxter International (buyer) & ApaTech (seller) 2010
- USD 360 million Royal DSM (buyer) & Kensey Nash (seller) 2012

OssDsign AB



Commercializing the best craniofacial implants

OssDsign (Uppsala, Sweden) is an innovative company that designs and manufactures implants and material technology for bone regeneration. Its lead products, OSSDSIGN® Cranial and OSSDSIGN® Facial, are already being sold in several European markets, including Germany, the UK, and the Nordic region. The company is commercialising its cranial implant in the USA and is currently preparing commercial activities in Japan after the approval of the company's OSSDSIGN® Cranial PSI product. Upon completion of a successful and over-subscribed share issue that yielded SEK 65 million, OssDsign acquired Sirakoss Ltd, a company operating in the field of bone graft substitutes. This strategic acquisition means a fivefold increase in the company's addressable market.

During the year, the company worked intensively to increase sales. The US subsidiary has been actively working since 2019 on strengthening the company's position in the USA through long-term, sound customer relationships. A recent patent application from the US Patent Office further enhances OssDsign's potential for future growth in the USA.

OssDsign's clinically proven bone regeneration technology has better healing properties than similar products. The company uses cutting edge 3D printing, moulding, and regenerative medicine technology to customise solutions for individual patients. The result is a patient-specific, titanium-reinforced implant made from a ceramic material with regenerative properties that accelerates the natural tissue formation and enables permanent healing of a bone defects. The regenerative effect of the ceramic material helps ensure a shorter healing process and entails both reduced suffering for the patient and cost savings for hospitals.

The market

OssDsign focuses on the market for craniomaxillofacial (CMF) implants. The total market size was estimated to USD 1.8 billion in 2016 and is expected to grow at an CAGR of 5-9% worldwide over the next five years. The market for OssDsign's lead product in cranioplasty alone is estimated to approximately USD 200 million. OssDsign's products target a well-defined patient population – the relevant type of operation is performed at a limited – and easily identifiable – number of hospitals worldwide. The price sensitivity is low, and the products are relatively easy to register in multiple markets.

Recent progress

- Morten Henneveld appointed as the company's new CEO (August 2020).
- An article describing the portfolio company, OssDsign's unique regenerative implant, is published in the respected scientific publication, PNAS (Proceedings of the National Academy of Sciences of the United States) (October 2020).
- OssDsign acquires Sirakoss Ltd – a company operating in the field of bone graft substitutes. The acquisition brings with it a fivefold increase in OssDsign's addressable market and is partly financed through a directed share issue for SEK 65 million before transaction costs.

Expected milestones

- Financing for continued roll-out of the product internationally and market introduction of the Sirakoss product.

Promimic
THINNER. FASTER. STRONGER.

Project
HA^{nano} Surface

Primary indication
Implant surface coatings

Development Phase
Marketed

Holding in company*
KDev Investments 20%

Other investors
K-Svets Ventures,
ALMI Invest,
Chalmers Ventures

Origin
Chalmers University of Technology

More information
promimic.com

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

Deal values for similar projects

- USD 95 million Nobel Biocare (buyer) & AlphaBioTec (seller) 2008
- USD 120 million MAKO surgical (buyer) & Pipeline Biomedical (seller) 2013

Promimic AB

Coatings to enhance the properties of medical implants

Promimic (Gothenburg, Sweden) is a biomaterials company that develops and markets a unique coating for medical implants called HA^{nano} Surface, which increases their integration into bone and anchoring strength.

HA^{nano} Surface is a sustainable, nanometre-thin coating that helps preserve the surface structure of the implant by reducing the risks of cracking. The coating is unique because it can be applied to any implant geometry and material, including porous materials and 3D structures. The technology on which HA^{nano} is based is FDA-approved, which means that a new implant coated with HA^{nano} Surface can receive marketing approval through the 510(k) route and reach a new market quickly. The coating process is easy to implement in the industrial scale production of implants.

Promimic has an established sales operation in the USA and a series of development and commercial partnerships, including one with Sistema de Implante Nacional (S.I.N), a leading provider of dental implants in Brazil, which is commercialising dental implants coated with HA^{nano} Surface, and one with Danco Anodizing, which has established a manufacturing facility for implants with HA^{nano} Surface, targeting the US and Chinese markets. Promimic strengthened its position in the orthopaedic market in 2019 and 2020 by entering into partnerships with Onkos Surgical and INNOVASIS Inc. The partnership with Onkos Surgical includes the development and commercialisation of products treated with the HA^{nano} Surface technology for limb salvage surgery. INNOVASIS Inc. manufactures and sells 3D-printed spinal implants treated with HAnano Surface® in order to improve osseointegration and stimulate new bone formation and bone growth on the implant surface.

The market

Promimic is focusing on the markets for dental and orthopaedic implants, which collectively represent a worldwide market opportunity of USD 600 - 800 million. The competition amongst implant manufacturers is fierce and each market segment is dominated by four to eight global companies. Promimic's business model is centred on out-licensing the HA^{nano} Surface technology to leading implant manufacturers.

Recent progress

- Entered into partnership with the US company Onkos Surgical (March 2019).
- The company's first spinal device utilizing HA^{nano} Surface to improve osseointegration has been 510(k) approved by the FDA (August 2019).
- Promimic's business partner Innovasis Inc. received 510(k) FDA clearance of a series of 3D printed implants used in spinal fusion surgery (August 2020).

Expected milestones

- Further product launches and license agreements with major manufacturers during 2021.

Project (First-in-class)
SVF-001

Primary indication
Hepatit B och D
SARS-CoV-2 and other Corona virus

Development Phase
Preclinical

Holding in company
Karolinska Development 20%

Origin
Karolinska Institutet

Avtalsvärden för liknande projekt

- USD 546 miljoner Affinivax tar in Serie B och C finansiering 2020
- USD 1,4 miljarder MYR Gmbh (uppköpt) & Gilead Sciences Inc (köpare) 2020

Svenska Vaccinfabriken Produktion AB

Developing therapeutic proteins and DNA vaccines

Svenska Vaccinfabriken Produktion AB ("SVF") develops therapeutic proteins and DNA vaccines against hepatitis B and hepatitis D, as well as vaccines to prevent infections by SARS-CoV-2 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.

Svenska Vaccinfabriken is using an in-house developed immune therapy 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 2021.

Although Coronavirus infections are usually mild, some virus types can lead to life-threatening conditions. This has been the case in the outbreaks of SARS-CoV in 2003, MERS-CoV in 2012, and during the ongoing Covid-19 pandemic. SVF has also developed a platform to address and prevent severe infections of this kind and which is expected to afford the potential for quickly developing and producing vaccines against both existing and new forms of Coronaviruses. The company submitted a patent application specifically linked to a potential Covid-19 vaccine during the year.

The market

Svenska Vaccinfabriken 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 2017 KuicK research report, "Global Hepatitis Drug Market & Clinical Trials Insight 2023" estimated the value of the annual global market for hepatitis B at between USD 4 and 5 billion, growing to USD 5-6 billion by 2023. The annual global market for hepatitis D, by contrast, is estimated at around USD 1 billion. There is substantial competition between vaccine developers, who comprise both smaller biotech companies and international pharmaceutical companies. Svenska Vaccinfabriken's business model is based on guiding their vaccine projects to the clinical development phase and then licensing them out global pharmaceutical companies with established distribution networks. Investors' interest in early vaccine companies and platforms similar to Svenska Vaccinfabriken's has increased markedly in recent years. This is thought to be due to an increased awareness of the potential for the commercialisation 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

- Karolinska Development invested in SVF in March and October 2020. Karolinska Development's ownership, after the add-on investment, now totals 20%.
- A patent application specifically linked to a potential Covid-19 vaccine was filed.

Expected milestones

- The establishment of a cooperation agreement with one or more international partners during 2021 ahead of the continued development and commercialization of the products.
- Phase 1 studies of hepatitis D and B vaccines could potentially be initiated in 2021.

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

Financial development in summary for the Investment Entity

SEKm	2020 Oct-Dec	2019 Oct-Dec	2020 Full-year	2019 Full-year
Condensed income statement				
Change in fair value of shares in portfolio companies	73.8	383.0	-215.4	415.1
Net profit/loss	85.9	328.8	-207.5	303.0
Balance sheet information				
Cash and cash equivalents	75.9	52.1	75.9	52.1
Net asset value (Note 1)	805.8	1074.2	805.8	1,027.3
Net debt (Note 1)	0.0	-37.8	0.0	-37.8
Share information				
Earnings per share, weighted average before dilution (SEK)	0.5	3.2	-1.2	4.1
Earnings per share, weighted average after dilution (SEK)	0.5	3.2	-1.2	4.1
Net asset value per share (SEK) (Note 1)	4.6	16.7	4.6	5.9
Equity per share (SEK) (Note 1)	4.6	15.7	4.6	5.7
Share price, last trading day in the reporting period (SEK)	1.8	3.5	1.8	3.5
Portfolio information				
Investments in portfolio companies	20.7	6.8	40.0	48.9
Of which investments not affecting cash flow	0.2	0.8	0.9	1.9
Portfolio companies at fair value through profit or loss	770.3	1,047.6	770.3	1,047.6

Financial Development for the Investment Entity in 2020

Investments *(comparable numbers 2019)*

Investments in the portfolio in the fourth quarter 2020 by external investors and Karolinska Development amounted to SEK 86.3 (35.6) million, whereof 76% (81%) by external investors.

Karolinska Development invested during the fourth quarter SEK 20.7 (6.8) million, of which SEK 20.5 (6.0) million was cash investments. Investments were made in Umecrine Cognition SEK 12.7 million, Modus Therapeutics SEK 5.0 million and Svenska Vaccinfabriken Produktion SEK 3.0 million. Non-cash investments (accrued interest on loans) amounted to SEK 0.2 (0.8) million.

Investments by external investors in the portfolio companies during the fourth quarter amounted to SEK 65.6 (28.8) million. Investments were made in OssDsign SEK 65.2 million and Umecrine Cognition SEK 0.4 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-Q4 2020
Umecrine Cognition	26.1	0.8	26.9
Modus Therapeutics	10.3	2.0	12.3
Svenska Vaccinfabriken Produktion	3.5	-	3.5
OssDsign	-	65.2	65.2
Promimic	-	25.0	25.0
Dilafor	-	13.6	13.6
Total	**40.0**	**106.5**	**146.5**

Portfolio Fair Value

Fair Value of the portfolio companies owned directly by Karolinska Development increased by SEK 252.8 million during the fourth quarter 2020. The main reason for the change in Fair value of the portfolio companies were the positive change in Fair value attributable to a new external valuation of Umecrine Cognition which increased the Fair value of the holding by SEK 234 million. Fair value also increased through the investment in Svenska Vaccinfabriken Produktion and investment in the form of loans to Modus Therapeutics.

Fair Value of the portfolio companies owned indirectly via KDev Investments decreased by SEK 343.6 million during the fourth quarter 2020.The main reason for the decrease in Fair value was the partial divestment of shares in Aprea Therapeutics but also the downturn in the share price of the same listed holding.

Total Fair Value from portfolio companies owned directly by Karolinska Development and indirectly via KDev Investments decreased by SEK 90.9 million in the fourth quarter 2020.

As a consequence of the decrease in Fair Value of the part of the portfolio owned via KDev Investments, the potential distribution to Rosetta Capital decreased by SEK 185.4 million, resulting in Net Portfolio Fair Value increasing by SEK 94.5 million in the fourth quarter 2020.

SEKm	31 Dec 2020	30 Sep 2020	Q4 2020 vs Q3 2020
Karolinska Development Portfolio Fair Value (unlisted companies)	732.6	478.9	253.7
Karolinska Development Portfolio Fair Value (listed companies)	37.8	38.7	-0.9
KDev Investments Portfolio Fair Value	162.9	506.5	-343.6
Total Portfolio Fair Value	**933.2**	**1,024.1**	**-90.9**
Potential distribution to Rosetta Capital of fair value of KDev Investments	-162.9	-348.3	185.4
Net Portfolio Fair Value (after potential distribution to Rosetta Capital)	**770.3**	**675.8**	**94.5**

Total Portfolio Fair Value on 31 December 2020 amounted to SEK 933.2 million and the potential distribution to Rosetta Capital amounted to SEK 162.9 million. Net Portfolio Fair Value on 31 December 2020 amounted to SEK 770.3 million. Compared to 31 December 2019, the Total Portfolio Fair Value decreased with SEK 620.1 million and the Net Portfolio Fair Value decreased with SEK 277.3 million.

Profit development 2020 (comparable numbers 2019)

During the fourth quarter 2020, Karolinska Development's revenue amounted to SEK 0.5 (0.7) million and consists primarily of services provided to portfolio companies. The revenue for the full year 2020, amounted to SEK 2.7 (3.4) million.

Change in fair value of shares in portfolio companies of in total SEK 73.8 (383.0) million includes the difference between the change in Net Portfolio Fair Value during the fourth quarter 2020 with SEK 94.5 million and the net of investments in the portfolio companies of SEK 20.7 million. Change in fair value of other financial assets and liabilities amounted to SEK 19.3 (-37.0) million and are the consequence of changes in valuation of earn-

out deals. For the full year 2020, the change in fair value of shares in portfolio companies amounted to SEK -215.4 (415.1) million and the change in fair value of other financial assets amounted to SEK 43.1 (-28.2) million.

During the fourth quarter 2020 other expenses amounted to SEK 2.0 (8.8) million and personnel costs amounted to SEK 4.3 (6.2) million. The decrease in other expenses compared to the fourth quarter 2019 is caused by costs in relation to the completed set-off issue of the convertible loan in 2019. The decrease in personnel costs compared with the fourth quarter 2019 is mainly due to bonus schemes. For the full year 2020 other expenses amounted to SEK 8.5 (18.2) million and personnel cost amounted to SEK 23.6 (23.5) million.

The operating profit/loss in the fourth quarter 2020 amounted to SEK 87.2 million compared to SEK 331.5 million in the fourth quarter 2019. The operating profit/loss for the full year 2020 amounted to SEK -202.4 (347.9) million.

Financial net improved during the fourth quarter 2020 compared to the fourth quarter 2019 and amounted to SEK -1.3 (-2.8) million. For the full year 2020 the financial net amounted to SEK -5.1 (-45.0) million.

The Investment Entity's Net profit/loss amounted to SEK 85.9 (328.8) million in the fourth quarter 2020. Net profit/loss for the full year 2020 amounted to SEK -207.5 (303.0) million.

Financial position

The Investment Entity's equity to total assets ratio amounted to 90% on 31 December 2020, compared to 86% on 31 December 2019.

The net profit/loss of SEK -207.5 million for the full year resulted in the equity on 31 December 2020 decreasing to SEK 800.3 million compared to SEK 1,007.7 million on 31 December 2019.

Interest-bearing liabilities consisted of a bridge loan including accrued interest amounting to SEK 75.9 million on 31 December 2020 (extended to 31 December 2021), compared to SEK 90.0 million on 31 December 2019.

After paying operational costs and investments for the full year 2020, cash and cash equivalents amounted to SEK 75.9 million on 31 December 2020 compared to SEK 52.1 million on 31 December 2019. Net debt amounted to SEK 0.0 million on 31 December 2020 compared to SEK 37.8 million on 31 December 2019.

Financial Development – Parent Company

The Parent Company refers to Karolinska Development AB (comparable numbers 2019).

During the fourth quarter 2020, the Parent Company's Net profit/loss amounted to SEK 85.9 (328.8) million. For the full year 2020, the Parent Company's Net profit/ loss amounted to SEK -207.5 (303.0) million.

Due to the negative result for the full year 2020, the equity decreased from SEK 1.007,7 million as of 31 December 2019 to SEK 800.3 million 31 December 2020.

Shares

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 31 December 2020 was SEK 1.8, and the market capitalization amounted to SEK 316 million.

The share capital of Karolinska Development on 31 December 2020 amounted to SEK 1.8 million divided into 1,503,098 A shares, each with ten votes (15,030,980 votes) and 174,162,311 B shares, each with one vote (174,162,311 votes). The total number of shares and votes in Karolinska Development on 31 December 2020 amounted to 175,665,409 shares and 189,193,291 votes.

Ownership

On December 31, 2020, Karolinska Development had 5,302 shareholders.

Shareholder	A-Shares	B-Shares	Cap %	Vote %
Sino Biopharmaceutical Limited	0	75,727,285	43.11%	40.03%
Worldwide International Investments Ltd	0	32,276,620	18.37%	17.06%
Karolinska Institutet Holding AB	1,503,098	2,126,902	2.07%	9.07%
Östersjöstiftelsen	0	3,889,166	2.21%	2.06%
Tredje AP-Fonden	0	3,750,385	2.13%	1.98%
OTK Holding A/S	0	3,000,000	1.71%	1.59%
Stift För Främjande & Utveckling	0	2,641,389	1.50%	1.40%
Coastal Investment Management LLC	0	2,470,541	1.41%	1.31%
Friheden Invest A/S	0	1,000,000	0.57%	0.53%
Gålöstiftelsen	0	668,661	0.38%	0.35%
Sum Top 10 Shareholders	1,503,098	127,550,949	73.47%	75.36%
Sum Other Shareholders	0	46,611,362	26.53%	24.64%
Sum All Shareholders	**1,503,098**	**174,162,311**	**100.00%**	**100.00%**

Information on Risks and Uncertainties

Investment Entity and Parent Company

Financial risks

Coronavirus's global spread affects the economy and society as a whole, including Karolinska Development and its portfolio companies. The value of listed companies can decline, delays in clinical trial programs may occur and that the opportunities for refinancing can be hampered. The Board monitors the evolvement of the crisis closely and Karolinska Development is working intensively to minimize the impact on the value of our investments and continues 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 2019.

Signing of the report

Solna, 11 February 2021

Viktor Drvota
CEO

Dates for Publication of Financial Information

Annual Report 2020	25 March 2021
Interim Report January – March 2021	29 April 2021
Annual General Meeting 2021	5 May 2021
Interim Report January – June 2021	19 August 2021
Interim Report January – September 2021	18 November 2021

Karolinska Development is required by law to publish the information in this interim report. The information was published on 11 February 2021.

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	2020 Oct-Dec	2019 Oct-Dec	2020 Full-year	2019 Full-year
Revenue		528	728	2,651	3,384
Change in fair value of shares in portfolio companies	2,3,4	73,832	383,010	-215,378	415,136
Change in fair value of other financial assets and liabilities		19,320	-37,023	43,077	-28,215
Other expenses		-2,039	-8,830	-8,466	-18,186
Personnel costs		-4,266	-6,173	-23,620	-23,474
Depreciation of right-of-use assets		-162	-176	-690	-704
Operating profit/loss		**87,213**	**331,536**	**-202,426**	**347,941**
Financial net		-1,294	-2,749	-5,061	-44,964
Profit/loss before tax		**85,919**	**328,787**	**-207,487**	**302,977**
Taxes		-	-	-	-
NET PROFIT/LOSS FOR THE PERIOD		**85,919**	**328,787**	**-207,487**	**302,977**

Condensed statement of comprehensive income for the Investment Entity

SEK 000	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Full-year	2019 Full-year
Net profit/loss for the period		85,919	328,787	-207,487	302,977
Total comprehensive income/loss for the period		**85,919**	**328,787**	**-207,487**	**302,977**

Earnings per share for the Investment Entity

SEK	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Full-year	2019 Full-year
Earnings per share, weighted average before dilution		0.49	3.20	-1.18	4.10
Number of shares, weighted average before dilution		175,421,124	102,658,544	175,421,124	73,874,552
Earnings per share, weighted average after dilution		0.49	3.20	-1.18	4.10
Number of shares, weighted average after dilution		175,421,124	102,658,544	175,421,124	73,874,552

Condensed balance sheet for the Investment Entity

SEK 000	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Tangible assets			
Right-of-use assets		690	704
Financial assets			
Shares in portfolio companies at fair value through profit or loss	2,3,4	770,320	1,047,600
Loans receivable from portfolio companies		-	1,768
Total non-current assets		**771,010**	**1,050,072**
Current assets			
Accounts receivable		3	39
Receivables from group company		80	-
Receivables from portfolio companies		243	322
Other financial assets		41,181	62,620
Other current receivables		768	787
Prepaid expenses and accrued income		929	732
Cash and cash equivalents		75,869	52,132
Total current assets		**119,073**	**116,632**
TOTAL ASSETS		**890,083**	**1,166,704**
EQUITY AND LIABILITIES			
Total equity		**800,267**	**1,007,732**
Current liabilities			
Convertible loan		-	19,964
Current interest liabilities to related parties	5	75,864	70,000
Other financial liabilities		5,726	46,851
Accounts payable		617	11,484
Liability to make lease payment		711	726
Other current liabilities		1,373	2,991
Accrued expenses and prepaid income		5,525	6,956
Total current liabilities		**89,816**	**158,972**
Total liabilities		**89,816**	**158,972**
TOTAL EQUITY AND LIABILITIES		**890,083**	**1,166,704**

Condensed statement of changes in the Investment Entity's equity

SEK 000	Not	2020-12-31	2019-12-31
Opening balance, equity		**1,007,754**	**296,007**
Net profit/ loss for the period		-207,487	302,977
Effect of IFRS 16		0	14
Share capital		0	1,113
Prospectus costs direct issue 2019		0	-13,545
Share premium		0	421,166
Closing balance, equity		**800,267**	**1,007,732**

Condensed statement of cash flows for the Investment Entity

SEK 000	Note	2020 Full-year	2019 Jan-Dec
Operating activities			
Operating profit/loss		-202,426	347,941
Adjustments for items not affecting cash flow			
Depreciation		690	704
Change in fair value		172,301	-386,921
Other items		-714	-716
Proceeds from short-term investments		-	783
Interest paid/received		-	-1,765
Cash flow from operating activities before changes in working capital and operating investments		**-30,149**	**-39,974**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		29,988	-215
Increase (+)/Decrease (-) in operating liabilities		-33,709	32,780
Cash flow from operating activities		**-33,870**	**-7,409**
Investment activities			
Part payment for/ from earn-out deal		-5,092	11,617
Proceeds from sale of shares in portfolio companies		101,853	23,444
Acquisitions of shares in portfolio companies		-39,154	-46,958
Proceeds from sale of short-term investments[1]		-	69,140
Cash flow from investment activities		**57,607**	**57,243**
Financing activities			
Convertible debentures issue		-	-13,545
Cash flow from financing activities		**0**	**-13,545**
Cash flow for the period		**23,737**	**36,289**
Cash and cash equivalents at the beginning of the year		52,132	15,843
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**75,869**	**52,132**

Supplemental disclosure[1]

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**75,869**	**52,132**
Short-term investments, market value at closing date		0	0
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS AT THE END OF THE PERIOD		**75,869**	**52,132**

[1]Surplus liquidity in the Investment Entity was invested in interest-bearing instruments and was recognized as short-term investments with a maturity exceeding three months. These investments were consequently not reported as cash and cash equivalents and were therefore included in the statement of cash flows from operating activities. The supplemental disclosure was presented to provide a total overview of the Investment Entity's available fund including cash, cash equivalents and short-term investments described here.

Condensed income statement for the Parent Company

SEK 000	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Full-year	2019 Full-year
Revenue		528	728	2,651	3,384
Change in fair value of shares in portfolio companies		73,832	383,010	-215,378	415,136
Change in fair value of other financial assets and liabilities		19,320	-37,023	43,077	-28,215
Other expenses		-2,217	-9,009	-9,180	-18,901
Personnel costs		-4,266	-6,173	-23,620	-23,474
Operating profit/loss		**87,197**	**331,533**	**-202,450**	**347,930**
Financial net		-1,287	-2,739	-5,016	-44,917
Profit/loss before tax		**85,910**	**328,794**	**-207,466**	**303,013**
Tax		-	-	-	-
NET PROFIT/LOSS FOR THE PERIOD		**85,910**	**328,794**	**-207,466**	**303,013**

Condensed statement of comprehensive income for the Parent Company

SEK 000	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Full-year	2019 Full-year
Net profit/loss for the period		85,910	328,794	-207,466	303,013
Total comprehensive income/loss for the period		**85,910**	**328,794**	**-207,466**	**303,013**

Condensed balance sheet for the Parent Company

SEK 000	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Financial assets			
Shares in portfolio companies at fair value through profit or loss	2,3,4	770,320	1,047,600
Loans receivable from portfolio companies		-	1,768
Total non-current assets		**770,320**	**1,049,368**
Current assets			
Accounts receivable		3	39
Receivables from group companies		80	-
Receivables from portfolio companies		243	322
Other financial assets		41,181	62,620
Other current receivables		768	787
Prepaid expenses and accrued income		929	732
Cash and cash equivalents		75,869	52,132
Total current assets		**119,073**	**116,632**
TOTAL ASSETS		**889,393**	**1,166,000**
EQUITY AND LIABILITIES			
Total equity		**800,288**	**1,007,754**
Current liabilities			
Convertible loan		-	19,964
Current interest liabilities to related parties	5	75,864	70,000
Other financial liabilities		5,726	46,851
Accounts payable		617	11,484
Other current liabilities		1,373	2,991
Accrued expenses and prepaid income		5,525	6,956
Total current liabilities		**89,105**	**158,246**
Total liabilities		**89,105**	**158,246**
TOTAL EQUITY AND LIABILITIES		**889,393**	**1,166,000**

Condensed statement of changes in equity for the Parent Company

SEK 000	Not	31 Dec 2020	31 Dec 2019
Opening balance, equity		**1,007,753**	**296,007**
Net profit/ loss for the period		-207,466	303,013
Share capital		-	1,113
Prospectus costs direct issue 2019		-	-13,545
Share premium reserve		-	421,166
Closing balance, equity		**800,288**	**1,007,754**

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. Investments are made in companies whose sole purpose 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 2020

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

Related party transactions

The bridge loan of SEK 70 million from Sino Biopharmaceutical was extended during the third quarter until 31 December 2021, otherwise on the same terms.

Definitions

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

Reporting period: January – December 2020.

Alternative Performance Measures

The Company presents certain financial measures in the year-end 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.

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

Net asset value and net asset value per share: Net Portfolio Fair Value of the total portfolio (SEK 770.3 million), cash and cash equivalents (SEK 75.9 million), and net of financial assets and liabilities minus interest-bearing liabilities (SEK 35.5 million minus SEK 75.9 million), in relation to the number of shares outstanding (175,421,124) on the closing date (31 December 2020).

Net debt: Interest-bearing liabilities (SEK 75.9 million) reduced with cash and cash equivalents (SEK 75.9 million).

NOTE 2 Valuation of portfolio companies, at fair value through profit or loss

Valuation of portfolio companies

The calculation of the Portfolio Fair Value is based on IFRS 13 standards of deciding and reporting fair value and the International Private Equity and Venture Capital Valuation Guidelines (IPEV Valuation Guidelines) established by the IPEV, which represent the current best practice on the valuation of private equity investments.

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 and is designated in the Investment Entity's balance sheet as Shares in portfolio companies at fair value through profit or loss.

A detailed description of the impact of the portfolio valuation of the agreement with Rosetta Capital is provided in Note 4.

Valuation method for portfolio companies

The valuation of the Company's portfolio is based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV) and IFRS 13 Fair Value Measurement. Based on the valuation criteria provided by these rules, an assessment is made of each company to determine a valuation method at each reporting period. This takes into account whether the companies have recently been financed or involved with a transaction that includes an independent third party or a valuation from an external independent valuation and if the companies recently have met significant milestones. If there is no valuation available based on a recently refinancing or other third-party valuation and there is no valuation available based on a similar transaction or an external independent valuation, internal discounted cash flow models (DCF) valuation through sales multiples, or valuation at net worth of the portfolio companies whose projects are suitable for this type of calculation, are used. Companies whose shares are listed on active market for the same instruments are valued at the share price on the final trading day in the reporting period and reported at Level 1 in the fair value hierarchy, in accordance with IFRS 13.

- Early-stage companies, defined as pharmaceutical assets prior to phase III development and technology assets prior to establishing targeted and sustainable sales revenues can be valued using a variety of different methods:

  i. Companies recently financed through a transaction that includes a third-party investor are valued in accordance with the price in conjunction with the most recent investment, known as post-money valuation. An increase in value may then occur through add-on investments in the form of capital or loans made including interest.

  ii. Companies who have recently achieved significant milestones can be valued using a valuation from an external, independent valuation institute. A change in value may then occur through add-on investments in the form of capital or loans made including interest, for example.

  iii. Early-stage companies, which have not recently been financed by a transaction involving a third-party investor, are valued at the price of the most recent investment, corresponding to the last post-money valuation of the portfolio company. Companies in such early stages of development typically show relatively flat value appreciation through the financing rounds as they complete preclinical and early clinical milestones. Significant value appreciation is unlikely during this period and the post-money valuation, despite not being validated by an external investor, is considered a good approximation of fair value.

  Should a new investor join an investment round, the valuation method will fall under a higher valuation priority, although the actual metric – post-money valuation – still can be the same as if only existing owners participate.

Should Karolinska Development opt out of an investment round with no intention to participate in later rounds, the price in the most recent investment may still be a valid valuation method, provided that these circumstances lead to a disproportionate post-money valuation because of the loss of negotiating power over pricing (and Karolinska Development's ownership may be drastically diluted). Karolinska Development's unwillingness to invest may reflect a lower perceived value compared to previous post-money valuations, a lowering of value is often a good indication of fair value in such cases. An opt out of an investment can of course also be due to Karolinska Development's ability to invest, without it being due to the fair value of the portfolio company.

As the share price of internal financing rounds is decided by existing investors, caution is taken to ensure that the share price is not artificially deflated or inflated. In each quarterly fair value assessment, the post-money valuation by internal investment rounds is benchmarked against portfolio company progress (e.g., met or failed milestones), comparable values for peer companies, bids from external investors and other applicable valuation methods to ensure that the post-money valuation is at an appropriate level to be considered fair value.

The cautious approach is particularly applied if an investment round is followed by a round that included a then third-party investor. An increase in fair value may be merited if, e.g., milestones have been reached during the time between investments, although in certain cases a large increase may not be considered. In these cases, the total amount invested since the investment round with third-party investors corresponds to the appreciation in value, while additional increases in value are not be included until the valuation is validated by new third-party investors.

- DCFs (internal discounted cash flow models) of the underlying business consider all of the forecasted cash flows of a portfolio company, which are then discounted with an appropriate rate and also risk-adjusted to take the development risks in pharmaceutical development into consideration. Revenue streams are approximated from epidemiological data on the intended therapeutic indication and a number of assumptions such as pricing per patient and year, market share and market exclusivity (from IPR and regulatory market protection). As described in the IPEV Valuation Guidelines, the inputs in the DCF models are constructed with a high level of subjectivity. Hence, this method is only suitable for late-stage assets, either pharmaceutical companies with lead projects in late-stage (phase III) development or technology projects with an established market presence and where revenues can be projected with a higher degree of confidence than in products in earlier stages of development. As of 31 December 2020, there are no portfolio companies valued by internal DCFs.

- Companies with an established revenue stream may be valued by sales multiples. The multiples should be derived from current market-based multiples for comparable companies. As with DCF valuations, this method requires that the company has a mature market presence and its sales forecasts can be made with sufficient certainty. As this method only considers revenue streams, the IPEV Valuation Guidelines stipulate that non-operating assets or liabilities need to be taken into account when applying this method. As of 31 December 2020, there are no portfolio companies valued according to sales multiples.

- Net asset value, defined as a portfolio company's assets minus its liabilities, is used as the fair value of portfolio companies without current operations. This typically occurs in companies considered financial assets as a consequence of discontinued development projects or withdrawn products. In essence, these companies are valued by their liquidation value. As of 31 December 2020, there are no companies valued according to net asset value.

Change in fair value of portfolio companies

SEK 000	2020 helår	2019 helår
Result level 1		
Listed companies, realized	-12,109	-4,965
Listed companies, unrealized	-24,542	84,028
Total level 1	**-36,651**	**79,063**
Result level 3		
Unlisted companies, realized	8,215	12,747
Unlisted companies, unrealized	-186,942	323,326
Total level 3	**-178,727**	**336,073**
Total	**-215,378**	**415,136**

NOTE 3 Shares in portfolio companies, at fair value through profit or loss

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

SEK 000	2020-12-31	2019-12-31
Accumulated fair value		
At the beginning of the year	1,047,600	618,927
Investments during the year	39,954	48,907
Conversions	-	5,865
Sales during the year	-101,856	-41,235
Changes in fair value in net profit for the year	-215,378	415,136
Closing balance 31 December	**770,320**	**1,047,600**

Specification of shares in portfolio companies, at fair value through profit or loss 31 December 2020

SEK 000	Shares	Acquisition cost[1], acc	Value change through profit/loss[2], acc	Closing balance/ fair value[3]
Listed companies (level 1)				
Lipidor	270,000	0	3,642	3,642
OssDsign	2,152,912	53,039	-18,916	34,124
Total listed companies (level 1)		**53,039**	**-15,274**	**37,766**
Unlisted companies (level 3)				
Forendo		25,069	14,808	39,877
Modus Therapeutics		10,100	33,775	43,875
Svenska Vaccinfabriken Produktion		3,500	327	3,827
Umecrine Cognition		191,411	447,811	639,222
KCIF Co-Investment Fund KB		-3,303	9,056	5,753
KDev Investments		533,706	-533,706	0
Total unlisted companies (level 3)		**760,483**	**-27,929**	**732,554**
Closing balance 31 December 2020		**813,522**	**-43,203**	**770,320**

[1]Refers original acquisition values, additional investments, conversions and sales.
[2]Refers to both realized and unrealized value changes through profit/loss.
[3]See Note 2 Valuation of portfolio companies at fair value and Note 4 Fair value, for a description of valuation models.

Specification of shares in portfolio companies, at fair value through profit or loss 31 December 2019

SEK 000	Shares	Acquisition cost[1], acc	Value change through profit/loss[2], acc	Closing balance/ fair value[3]
Listed companies (level 1)				
Aprea Therapeutics	283,693	24,756	96,540	121,296
Lipidor	270,000	0	4,444	4,444
OssDsign	2,152,912	53,039	-16,009	37,030
Total listed companies (level 1)		**77,795**	**84,975**	**162,770**
Unlisted companies (level 3)				
Forendo		25,069	16,381	41,450
Modus Therapeutics		2,000	0	2,000
Umecrine Cognition		165,297	212,962	378,259
KCIF Co-Investment Fund KB		10,198	14,751	24,949
KDev Investments		531,466	-93,294	438,172
Total unlisted companies (level 3)		**734,030**	**150,800**	**884 830**
Closing balance 31 December		**811,825**	**235,775**	**1,047,600**

[1]Refers original acquisition values, additional investments, conversions and sales.
[2]Refers to both realized and unrealized value changes through profit/loss.
[3]See Note 2 Valuation of portfolio companies at fair value and Note 4 Fair value, for a description of valuation models.

Specification of holdings in portfolio companies 31 December 2020

Company	Registered office	Corporate Identity Number	Number of shares
Karolinska Development			
Forendo Pharma Oy	Åbo	FI 2520329-3	1,658
Lipidor	Stockholm	556 779-7500	270,000
Modus Therapeutics Holding AB	Stockholm	556851-9523	54,260,049
- Modus Therapeutics AB	Stockholm	556669-2199	100,000
OssDsign AB	Uppsala	556841-7546	2,152,912
Svenska Vaccinfabriken Produktion AB	Stockholm	559001-9823	125
Umecrine Cognition AB	Umeå	556698-3655	9,145,186
KCIF Co-Investment Fund KB	Solna	969744-8810	26
Forendo Pharma Oy	Åbo	FI 2520329-3	612
OssDsign AB	Uppsala	556841-7546	461,184
KDev Investments AB	Solna	556880-1608	2,188,578
Aprea Therapeutics Inc	Boston	7312119	1,780,691
Biosergen AS	Trondheim	NO 687622075	4,506,669
Dilafor AB	Stockholm	556642-1045	366,897
Modus Therapeutics Holding AB	Stockholm	556851-9523	43,943,405
- Modus Therapeutics AB	Stockholm	556669-2199	100,000
Promimic AB	Göteborg	556657-7754	252,392

NOTE 4 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 31 December 2020

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies, at fair value through profit or loss	37,766	-	732,554	770,320
Other financial assets	-	-	41,181	41,181
Accounts receivable	-	3	-	3
Receivables from group companies	-	80	-	80
Receivables from portfolio companies	-	243	-	243
Cash and cash equivalents	75,869	-	-	75,869
Total	**113,635**	**326**	**773,735**	**887,696**
Financial liabilities				
Other financial liabilities	-	-	5,726	5,726
Accounts payable	-	617	-	617
Liability to make lease payment	-	711	-	711
Total	**-**	**1,328**	**5,726**	**7,054**

Fair value as of 31 December 2019

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies, at fair value through profit or loss	162,771	-	884,829	1,047,600
Loans receivable from portfolio companies	-	1,768	-	1,768
Other financial assets	-	-	62,620	62,620
Accounts payable	-	39	-	39
Receivables from portfolio companies	-	322	-	322
Cash, cash equivalents and short-term investments	52,132	-	-	52,132
Total	**214,903**	**2,129**	**947,449**	**1,164,481**
Financial liabilities				
Other financial liabilities	-	-	46,851	46,851
Accounts payable	-	11,484	-	11,484
Liability to make lease payment	-	726	-	726
Total	**-**	**12,210**	**46,851**	**59,061**

Fair value (level 3) as of 31 December 2020

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	884,830	62,620	46,851
Acquisitions	39,952	-	-
Disposals/ compensations	-13,500	-28,484	-5,094
Gains and losses recognized through profit or loss	-178,727	7,045	-36,032
Closing balance 31 December 2020	**732,554**	**41,181**	**5,726**
Realized gains and losses for the period included in profit or loss	8,215	-	5,094
Unrealized gains and losses in profit or loss for the period included in profit or loss	-186,943	7,045	-41,125

Fair value (level 3) as of 31 December 2019

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	618,927	80,030	11,423
Transfers to and from level 3	-97,355	-	-
Acquisitions	48,909	-	-
Disposals/ compensations	-21,725	-24,623	-
Gains and losses recognized through profit or loss	336,073	7,213	35,428
Closing balance 31 December 2019	**884,829**	**62,620**	**46,851**
Realized gains and losses for the period included in profit or loss	12,747	-3 440	-
Unrealized gains and losses in profit or loss for the period included in profit or loss	323,326	10,653	-35,428

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) on 31 December 2020

SEK 000	Ownership	Fair value	Valuation model[1]
Forendo	8,9%	39 877	Post-money valuation
Modus Therapeutics	39,5%	43 875	External valuation[2]
Svenska Vaccinfabriken Produktion	20,0%	3 827	Post-money valuation
Umecrine Cognition	74,5%	639 222	External valuation[3]
KCIF Co-Investment Fund KB	26,0%	5 753	A combination of post-money valuation and share price listed company[4]
KDev Investments	90,1%	0	A combination of post-money valuation, share price listed company and external valuation[5]
Total level 3		**732 554**	

[1] See Note 2 Valuation of portfolio companies at fair value, for a description of valuation models.
[2] Valuation level that corresponds to what was discussed with potential investors at the end of 2019, ahead of the investigation of a new indication.
[3]Risk adjusted external valuation dated December 2020 by an independent valuation institute. The external valuation resulted in an rNPV value which has been risk adjusted to reflect an assumed pricing in conjunction with an IPO and the need to secure development financing.
[4]KCIF Co-Investment Fund KB 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.
[5]KDev Investments AB holds both listed shares which are valued in accordance with the closing rate on the final trading day of the period, unlisted shares which are valued in accordance with the most recent transaction (post-money valuation), and unlisted shares valued in accordance with an external valuation in conjunction with any new transaction.

Shares in portfolio companies (Level 3) on 31 December 2019

SEK 000	Ownership	Fair value	Valuation model[1]
Forendo	8,6%	41 450	Last post money
Modus Therapeutics	0,0%	2 000	External valuation[2]
Umecrine Cognition	74,5%	378 260	External valuation[3]
KCIF Co-Investment Fund KB	26,0%	24 949	A combination of last post money and share price listed company[4]
KDev Investments	90,1%	438 171	A combination of last post money, share price listed company and external valuation[5]
Total level 3		**884 830**	

[1] See Note 2 Valuation of portfolio companies at fair value, for a description of valuation models.
[2] Valuation level that corresponds to what was discussed with potential investors at the end of 2019, ahead of the investigation of a new indication.
[3]External valuation by an independent valuation institute dated October 2017 which resulted in a rNPV value. The value has increased over time with investments up until the year-end closing
[4]KCIF Co-Investment Fund KB 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.
[5]KDev Investments AB holds both listed shares which are valued in accordance with the closing rate on the final trading day of the period, unlisted shares which are valued in accordance with the most recent transaction, and unlisted shares valued in accordance with an external valuation in conjunction with any new transaction

Sensitivity analysis of significant holdings, 31 December 2020

	5%		-5%		+/-15%		+/- 30%	
SEK 000	**Result/ equity**		**Result/ equity**		**Result/ equity**		**Result/ equity**	
	MSEK	**SEK/share**	**MSEK**	**SEK/share**	**MSEK**	**SEK/share**	**MSEK**	**SEK/share**
Umecrine Cognition[1]	36,086	0.21	-33,509	-0.19	+/-105,682	+/-0.6	+/-211,364	+/-1.2

[1]Sensitivity to rNPV value in performed external valuation based on the assumed sales price of the drug candidate.

Sensitivity analysis of significant holdings, 31 December 2019

	5%		-5%		+15%		-15%	
KSEK	**Result/ equity**		**Result/ equity**		**Result/ equity**		**Result/ equity**	
	MSEK	**SEK/share**	**MSEK**	**SEK/share**	**MSEK**	**SEK/share**	**MSEK**	**SEK/share**
Umecrine Cognition[1]	74	0,04	-8 750	-0,05	24 023	0,14	-29 621	-0,17
KDev Investments[2]	31 839	0,18	-29 488	-0,17	95 515	0,54	-84 065	-0,48

	+ 30%		- 30%	
KSEK	**Result/ equity**		**Result/ equity**	
	MSEK	**SEK/share**	**MSEK**	**SEK/share**
Umecrine Cognition[1]	46 967	0,27	-52 738	-0,30
KDev Investments[2]	191 030	1,09	-165 930	-0,95

[1]Sensitivity to rNPV value in performed external valuation based on the assumed sales price of the drug candidate.
[2]Sensitivity to fair value, which is mainly driven by the share price of the listed holding Aprea Therapeutics.

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 162.9 million, is the amount that KDev Investments according to the investment agreement between Karolinska Development and Rosetta Capital is obligated to distribute to Rosetta Capital from the proceeds received by KDev Investments (KDev Investments Fair Value). The amount includes repayment of SEK 43.6 million that Rosetta Capital currently has invested in KDev Investments’ portfolio companies and the distribution of dividends from Rosetta Capital’s common and preference shares. The distribution to Rosetta Capital will only happen when KDev Investments distribute dividends. KDev Investments will only distribute dividends after all eventual payables and outstanding debt has been repaid.

KDev Investments' partial divestment of Aprea Therapeutics in December 2020, which provided KDev Investments with SEK 50.7 million, means that in 2020 KDev Investments was able to pay a dividend to Rosetta Capital of SEK 28.5 million, which in turn was paid to Karolinska Development for redemption as part of a claim on deferred purchase price Karolinska Development has on Rosetta.Capital The dividend began the closure of the waterfall with a corresponding amount.

“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	31 Dec 2020	31 Dec 2019
Karolinska Development Portfolio Fair Value (unlisted companies)	732,554	446,658
Karolinska Development Portfolio Fair Value (listed companies)	37,766	162,771
KDev Investments Portfolio Fair Value	162,916	943,946
Total Portfolio Fair Value	**933,236**	**1,553,375**
Potential distribution to Rosetta Capital of fair value of KDev Investments	-162,916	-505,775
Net Portfolio Fair Value (after potential distribution to Rosetta Capital)	**770,320**	**1,047,600**

* SEK 43.6 million repayment of investments in KDev Investments made by Rosetta Capital and SEK 119.3 million distribution of dividends to preference shares and common shares.

NOTE 5 Current interest liabilities to related parties

SEK 000	2020-12-31	2019-12-31
Short-term liabilities to related parties		
Sino Biopharmaceutical[1]	70,000	70,000
Accrued interest Sino Biopharmaceutical	5,864	-
Summa	**75,864**	**70,000**

[1] The bridge loan from Sino Biopharmaceutical has been extended to 31 December 2021. The interest rate amounts to 8% and falls due on 31 December 2021.

NOTE 6 Pledge assets and contingent liabilities

SEK 000	2020-12-31	2019-12-31
Pledge assets		
Contingent liabilities		
Investment agreement in portfolio company	-	2,000
Summa	**0**	**2,000**