ANNUAL REPORT

2024

KAROLINSKA DEVELOPMENT

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About 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 science 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 priming of labor, brittle bone disease, liver diseases, Parkinson's disease, heart failure, sepsis, anemia in chronic kidney disease, nerve pain, serious viral infections, systemic fungal infections and low back pain. To date, two of the companies have launched their first products, and several companies are in late clinical phase with potential business opportunities over the next two years.

www.karolinskadevelopment.com
LinkedIn: Karolinska Development

FINANCIAL SUMMARY

SEKm	2024	2023
Net profit/loss	-8.1	5.4
Cash, cash equivalents	42.0	85.3
Earnings per share (SEK)	0.0	0.0
Net asset value per share (SEK)	4.6	4.6
Equity per share (SEK)	4.6	4.6
Share price at year end (SEK)	1.0	1.7
Investments in portfolio companies	62.0	103.0
Total portfolio fair value	**1,451.5**	**1,440.3**
Net portfolio fair value	**1,120.8**	**1,100.4**

The portfolio companies' progress in 2024 provides good conditions for continued value creation

LISTED COMPANIES

Promimic

Continued sales growth in 2024 and record year for the number of implants approved for clinical use by customers.

OSSDSIGN®

Delivering **high sales growth, improved profitability** and cash flow one year after streamlining operations. The company is well on its way to establishing OssDsign Catalyst in the US market and is continuously expanding its customer base.

MODUS THERAPEUTICS

The company has made **significant progress** in its clinical pipeline with projects in chronic kidney disease with anemia, sepsis and severe malaria. At the end of the year, the company initiated a phase 2 clinical study in chronic kidney disease with anemia that aims to demonstrate proof-of-concept for its drug candidate.

Biosergen

Conducts a proof-of-concept study with the drug candidate BSG005 – **a potential new treatment** for invasive fungal. infections.

APREA THERAPEUTICS

Received IND approval from the US FDA during the year and secured financing of USD 34 million.

PRIVATE COMPANIES

Umecrine cognition

During the year, **positive interim data** from the phase 1b/2a clinical study with the drug candidate golexanolone in patients with primary biliary cholangitis were presented. The company has also shown further promising preclinical data for the same drug substance in Parkinson's disease.

Dilafor

Developing the drug candidate tafoxiparin, which has shown positive effects on cervical ripening in phase 2 studies. Preparing phase 3 clinical studies in the US and EU following **positive response** from regulatory authorities.

AnaCardio

Has **successfully completed the first part** of the company's clinical phase 1b/2a study with the drug candidate AC01 – a potential new treatment for heart failure.

SVF VACCINES

Has presented **positive clinical safety and immunogenicity data** from a phase 1 clinical study with the company's universal vaccine candidate against COVID-19, SVF-002.

PHARMNOVO

Preparing the start of a clinical phase 2a study of the drug candidate PN6047, a completely new type of treatment for nerve pain, and received EUR 17.5 million from the EU funding initiative EIC.

BOOST PHARMA

Presented positive top line results from a phase 1/2 clinical study with a completely new type of treatment for the rare bone disease osteogenesis imperfecta and has completed a successful pre-IND meeting with the US FDA on the development plan.

2024 HAS BEEN AN INTENSIVE YEAR for our portfolio companies. A total of seven of our investment portfolio companies have completed capital injections in one form or another during the year, while six companies have presented the results of studies – some from more than one study. Two companies have, furthermore, held successful meetings with regulatory authorities ahead of studies forming the basis for regulation.

Karolinska Development itself, meanwhile, conducted an organisational review towards the end of the year with a view to further enhancing the efficiency of our portfolio management, which unfortunately entailed three competent and popular employees leaving the company. The reorganisation is expected to reduce the company's personnel costs by 20 percent. We have also strengthened our liquidity by divesting all of our shares in Henlez and realising some of the accrued profit from our investment in OssDsign via the sale of shares, yielding a total of almost SEK 40 million for the company. This capital contribution and the lower cost base have enhanced our ability to continue supporting our value-creating companies.

Dilafor advances tafoxiparin following regulatory progress

Our portfolio company Dilafor has been conducting comprehensive dialogues with regulatory authorities in the USA and Europe in 2023-2024, and has now reached alignment on the design of impending phase 3 clinical studies of tafoxiparin. The candidate drug has a unique ability to initiate both cervical ripening and myometrial remodelling over several days, prior to the onset of labour, thereby increasing the potential for spontaneous, normal vaginal delivery. Labour induction is taking place at an increasingly early point in gestation in both Europe and the USA after research showed that this radically reduces the risk of complications and infant mortality. Dilafor will now, based on the positive feedback from the advisory meetings, complete its detailed plan for the studies that will form the basis for registration.

AnaCardio attracts new investors and focuses on phase 2b

AnaCardio completed a financing round securing SEK 50 million in early 2024, and in January 2025, the company secured a further SEK 205 million from investors such as Novo Holdings, Pureo Bioventures and Sound Bioventures. The company continues to report significant progress with its candidate drug, AC01, which is being evaluated in the clinical phase 1b/2a study, GOAL-HF1, in patients with heart failure and reduced ejection fraction (HFrEF). Positive results have also been generated in a parallel clinical study, AC01-FE, which was conducted in the USA and evaluated how food intake affects the candidate drug's pharmacokinetics in healthy volunteers. The company also completed the first part of the GOAL-HF1 study and reported positive results. The second part of the study started in the first quarter of 2025 and the most recent capital injection means that the company has also secured the resources needed to initiate start-up activities for a subsequent clinical phase 2b study.

Umecrine makes steady progress and paves the way in Parkinson's disease

Umecrine Cognition's clinical phase 1b/2a study of golexanolone in patients with primary biliary cholangitis (PBC) has proceeded well during the year. The company presented positive interim data from the study in November, and the company raised SEK 23.8 million shortly thereafter in what was its second capital injection for the year. The aim is to complete the study in 2025, and if the results are positive, the value of the pharmaceutical project could increase substantially.

Umecrine Cognition has, in parallel with its development of golexanolone in PBC, made considerable progress in the area of Parkinson's disease, a progressive disease caused by the loss of nerve cells in the brain that produce the signalling substance, dopamine. A number of preclinical studies have been completed, and preclinical data was presented at the end of the year showing that golexanolone results in retained dopamine signalling in Parkinson's disease, leading to a reduction in symptoms.

Portfolio newcomer, BOOST Pharma, ready for phase 3

Last summer saw Karolinska Development welcome the privately owned Danish company, BOOST Pharma, to the portfolio. The company is developing a groundbreaking treatment in the congenital bone disease, osteogenesis imperfecta, and has already, during its short time as a member of our investment portfolio, presented positive results in terms of a reduction in the number of fractures in a clinical phase 1/2 study, and held successful pre-IND meetings with the US Food and Drug Administration (FDA) regarding an impending phase 3 program. We are delighted both by their progress and by the opportunity for involvement in such an advanced project that could potentially revolutionize the treatment of this devastating disease.

"We look forward to following the growth in value of our innovative medtech companies and are also anticipating important results and findings from the pharmaceutical development companies. Next up in 2025 are data from Umecrine Cognition's PBC study and AnaCardio's study in heart failure."

Modus Therapeutics secures bridge financing and initiates kidney disease study

In November, our Modus Therapeutics portfolio company received approval to initiate a clinical phase 2a study of sevuparin in chronic kidney disease with anaemia. Also in November, and with a view to maintaining momentum, the company secured bridge financing of up to SEK 5 million from Karolinska Development, its biggest shareholder. This meant that in December, Modus was able to initiate the study, which is being conducted in Italy and is expected to recruit between 50 and 60 patients. The first part of the study is scheduled for completion in the first half of 2025.

Multiple study results presented during the year

Positive study results have, in addition to the above-mentioned progress, been presented from SVF Vaccines' study of an universal Covid-19 vaccine, and OssDsign's Top Fusion study, which showed a 93% spinal fusion rate using the company's nanosynthetic bone graft. Biosergen has, furthermore, received approval to initiate a study in patients with invasive fungal infections and has recruited and successfully treated the first patient.

Liquidity strengthened in several portfolio companies

Aprea, which is based in the USA and is developing cancer treatments, has, in addition to the financing rounds mentioned above, secured USD 34 million ahead of an impending study of its candidate drug, APR-1051. The company also received IND-approval from the US Food and Drug Administration (FDA) for APR-1051 during the year. PharmNovo also secured financing when it was granted financial support from the EU's European Innovation Council (EIC) programme. The company gained access, within the framework of a research collaboration, to conditional payments of up to EUR 17.5 million which will finance the ongoing clinical development of the PN6047 candidate drug – a completely new type of treatment targeting neuropathic pain.

Several value-creating activities expected in 2025

Our listed holdings in OssDsign and Promimic continue to perform very well. Both companies, which focus on marketing their medtech products in the US market, report growth in sales, even at this early stage in their commercial journeys. We look forward to following the growth in value of our innovative medtech companies and are also anticipating important results and findings from the pharmaceutical development companies. Next up in 2025 are data from Umecrine Cognition's PBC study and AnaCardio's study in heart failure.

Solna, 18 March 2025
Viktor Drvota
Chief Executive Officer

Karolinska Development offers a unique opportunity to invest in potentially ground-breaking life science projects

NAVIGATING the wide range of investment opportunities in the Nordic life sciences sector demands both in-depth knowledge and a significant investment in time in order to closely analyse the scientific and commercial potential of individual projects. The long investment horizon also requires continuous monitoring of the companies' development to enable well-founded reviews of holdings.

Investors must continuously interpret the results of clinical studies and keep up to date on the competitive situation and developments in the field of immaterial rights' protection for the products. Understanding the consequences of changes to regulatory guidelines in terms of the potential for market approval is also important, and strategic considerations may also be required with regard to participation in impending new share issues.

Karolinska Development's investment team possesses the international experience and expertise required to identify promising investment opportunities. The team actively supports the portfolio companies throughout the development process and takes well-founded decisions on both supplementary investments and divestments. The team also has extensive international networks in both the scientific and financial world that strengthen the company's position and attractiveness in the global life science sector. This work is critical in ensuring successful investments in a complex and rapidly changing sector.

From initial investments to value-creating divestments

1. Identifying projects with the potential for major medical breakthroughs

Karolinska Development is an investment company that focuses on identifying and investing in promising medical innovations by handpicking research companies and development projects from Karolinska Institute and other highly respected universities and research institutions in the Nordics. The company invests in pharmaceutical projects and medtech products that have the potential to revolutionize the treatment of diseases where there is a substantial need for new therapies. Every new investment is preceded by a carefully structured evaluation of the project's scientific strength and commercial potential.

The ability to assess whether the biological or technical concept behind a life science project is sufficiently strong to ultimately result in a product with market approval requires extensive expertise and experience. Karolinska Development's investments are always based on professional assessments of the level of innovation and viability of the scientific hypothesis upon which each individual project is based.

But even if a life science project is based on groundbreaking research, it does not necessarily mean that the market is prepared to pay a high price for the end product. Karolinska Development conducts a detailed analysis of a potential new portfolio company's clinical relevance and commercial potential, i.e. the probability that its projects can be out-licensed, sold, or launched in-house with a good profit margin, before every investment.

Investments are made in partnership with other, often international, specialist investors in order to increase the portfolio companies' long-term financing opportunities and access to commercial and scientific expertise. This means that shareholders in Karolinska Development have the opportunity to piggyback on professional investors' early investments in as yet unlisted companies.

2. Maximise the commercial potential through active support for the portfolio companies

Developing a new pharmaceutical or medtech product takes a long time and requires substantial investments. There is a significant risk of an individual project failing to make it to market, but the enormous potential for growth in value in those companies that do achieve success means that there is, nonetheless, considerable interest in investing in small to medium-sized life science companies.

Karolinska Development has a well-developed method for optimising the commercial potential of the portfolio companies. One important starting point for this optimisation process involves the early identification of specific potential spheres of use where the relationship between necessary investments, development time, and sales potential is most favourable.

3. Optimising development program to reduce the risk

One way of reducing the risks of a project falling by the wayside as a result of negative clinical trial results is to implement broad development program with multiple potential spheres of use for a single candidate drug or medtech product. All research and development work are, after all, conducted specifically because the results are not known in advance and a candidate drug that proves to be ineffective for one particular medical indication may very well be successful in another.

The portfolio companies receive professional support during the process of optimising the design of their clinical studies, and the potential for spreading the risks by expanding the indication areas is evaluated continuously. The development strategies for the individual projects are formulated in close cooperation with world-leading scientific and clinical experts.

4. Continuous monitoring of the total portfolio risk

Investments in small and medium-sized life science companies entail significant risks, in that the outcome of project development is often binary. A good risk spread requires a broad and diversified portfolio but building up and then continuously monitoring this kind of portfolio can be difficult and time-consuming. A holding in Karolinska Development offers the opportunity to share in the growth in value of a portfolio of both listed and unlisted life science companies in different stages of development and operating spheres in both the pharmaceutical and medtech sectors. Two of the total of eleven portfolio companies have already launched their products in the market.

Karolinska Development's experienced investment team provides strategic support for the portfolio companies and continuously monitors their development. Decisions on potential additional investments are taken during the holding period, and the holdings are divested, either in stages or in their entirety, at the times calculated to result in the optimum return for shareholders.

5. Exit strategy established when the initial investment is made

Karolinska Development's involvement in its portfolio companies is a long-term one. Companies operating in the pharmaceutical development sector are normally held until proof of concept is demonstrated in phase 2 studies. The reasoning here is that this is an attractive time to do business, e.g. in the form of revenue-generating partnerships with global pharmaceutical companies, in that positive phase 2 results demonstrate that a candidate drug has the anticipated biological effect. This substantially reduces the development risk going forward and hence significantly increases the value of the project. The holdings in portfolio companies operating in the medtech sector are divested at an even later stage, when the companies have launched their first product and have become cash flow positive. Opportunities for entering into cashflow-generating licensing agreements, conducting stock market flotations, or divesting projects, are, however, evaluated continuously throughout the companies' development.

When maximizing value creation, it is important to plan how the holding will be divested when the investment is first made. Karolinska Development works purposefully to optimise the portfolio companies' preconditions for commercializing their projects, e.g. by ensuring that the companies' Boards and management teams have the right expertise, enhancing the contact interfaces with potential international investors, and assisting the companies in their efforts to be ready for a corporate transaction or IPO at an appropriate time. Since 2017, 9 of Karolinska Development's portfolio companies have achieved market flotation, while a further 7 have been floated after divestment and one sold to industrial actors.

Five reasons to invest in Karolinska Development

FROM AN INVESTOR STANDPOINT evaluating a research project's level of innovation and quality can be difficult and time-consuming without in-depth knowledge of the life science sector. An investment in Karolinska Development offers investors access to a professionally managed portfolio of promising life science companies with several projects in the late clinical development phase and the potential for substantial value creation in the near future.

Early access to groundbreaking life science projects

Karolinska Development's extensive network in the Nordic life science sector enables us to offer ongoing opportunities to invest in companies with potentially groundbreaking life science projects, even while they are still unlisted.

Diversified and balanced portfolio

The investment portfolio currently comprises 11 companies with different profiles and maturity levels – several pharmaceutical projects are in the late clinical development phase and our medtech companies are already in the commercialisation phase. The common denominator is that all of the projects and products have the potential to substantially improve people's quality of life in comparison with existing treatment options.

Professional evaluation and due diligence

Karolinska Development conducts professional and detailed analyses of the projects' scientific strength and commercial potential ahead of every new investment. A suitable exit strategy, based on the individual company's preconditions, is also defined at this early stage in the proceedings.

Active engagement and value creation

Karolinska Development contributes to the portfolio companies' development by placing its expertise at their disposal, often by taking seats on the companies' Boards. The company also employs its broad international contact network to open doors that may facilitate future fund-raising, licensing deals, and divestments.

Continuous monitoring and strategic management

Karolinska Development's experienced investment team continuously monitors the portfolio companies' development and makes decisions on any additional investments. The holdings are divested, either in stages or in their entirety, at the times calculated to result in the optimum return for shareholders.

New investment – BOOST Pharma – ready for clinical development phase 3

In late May 2024, Karolinska Development invested in BOOST Pharma – a Danish company that is developing a potentially groundbreaking and totally new type of cell-based treatment for the rare bone disease osteogenesis imperfecta also known as brittle bone disease. This autumn saw the company present positive top-line results from a clinical phase 1/2 study and discussions are now in progress with regulatory authorities regarding the design of a study that will form the basis for registration, and which is scheduled to start at the end of 2025.

It is now over 20 years since researchers at the Karolinska Institute first treated a foetus that had been diagnosed with the congenital bone disease using mesenchymal stem cells (MSCs), which are known to be particularly good at forming new bone. The treatment enabled the patient, who is now in their 20s, to take part as a child in physical activities that are otherwise impossible for children born with osteogenesis imperfecta.

In the wake of this success, two more children were treated with cell therapy, before and after birth, under what is known as compassionate use, which is when doctors use non-approved treatments in patients with life-threatening diseases for which no other treatment alternatives exist. The treatment has been in demand from specialist doctors around the world ever since, and in 2020, BOOST Pharma was founded, with the support of Novo Nordisk's innovation hub the BioInnovation Institute, in order to take the cell therapy all the way to regulatory approval.

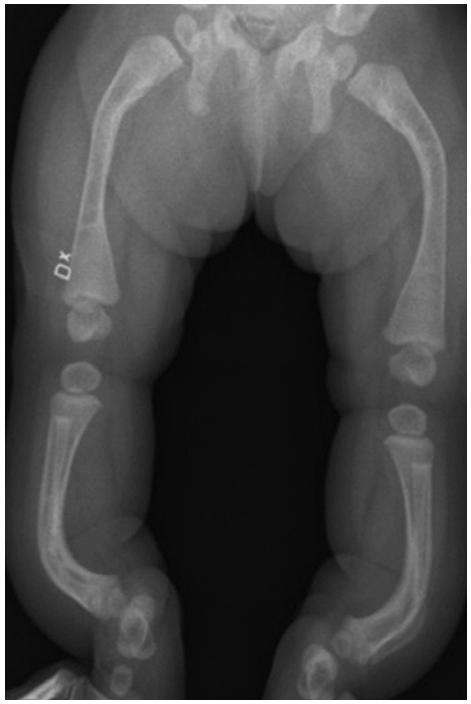
In 2024, the comany reached a number of important milestones. First, the company's ownership base was strengthened with two new, highly respected specialist investors, Karolinska Development and Industrifonden, and then positive results from our BOOSTB4 clinical study were presented. The study showed that the treatment significantly reduced the number of fractures in children with osteogenesis imperfecta, which is significant in terms of clinical relevance since children who suffer numerous fractures during the first years of life experience poorer growth and quality of life.

BOOSTB4 is a clinical phase 1/2 study that comprised 17 patients from seven European countries. The patients, who had been diagnosed with severe osteogenesis imperfecta types III and IV, were treated over a period of 12 months at the Karolinska University Hospital. The results showed that the treatment was safe and was tolerated well whether administered before or after birth, and that the incidence of fractures fell by over 75% for up to 12 months after the last dose.

The cell therapy has been developed for administration immediately upon diagnosis in order to generate treatment advantages during the first years of life, which is when the majority of fractures occur. This past autumn has seen BOOST Pharma engaged in discussions with regulatory authorities that resulted in positive feedback from, amongst others, the US Food and Drug Administration (FDA), thereby facilitating the design of the next clinical study.

BOOST PHARMA

Case Study: BOOST Pharma



The FDA emphasizes the importance of reducing the fracture frequency in order to demonstrate significant clinical relevance. If the results from the Phase 1/2 clinical trial can be replicated in the next study, it may be sufficient to apply for market approval for the treatment.

BOOST Pharma is now planning to initiate its impending study at the end of 2025 and is expecting to generate results in late 2027 or early 2028, after which there will be a follow-up stage. The study will be conducted in the EU and USA and the company does not believe there will be any difficulty in recruiting patients for the study, given the current lack of treatments and the substantial medical need. There is real demand for this type of treatment from medical personnel and also the high demand that is driving the development of the treatment.

For future commercialization, BOOST Pharma will be looking for a commercialisation partner. Since the treatment is for a rare disease, the company does not need to enter into partnerships with the biggest pharmaceutical companies: this launch is something that even smaller pharmaceutical companies who specialise in orphan drugs can handle.

BOOST Pharma's cell therapy has been granted Rare Pediatric Disease Designation in the USA and orphan drug status in both the USA and EU.

75% **reduction in fracture rate up to 12 months after the last dose**

ABOUT OSTEOGENESIS IMPERFECTA (OI)

Osteogenesis imperfecta is a congenital and rare bone disease characterised by fragile bones, constant fractures, and bone deformities. The condition is caused by mutations in genes that code for the manufacture of collagen, which is important in bone formation. The deficient bone formation results, first and foremost, in skeletal fragility, which leads to an increased risk of fractures that can, in a worst-case scenario, mean growth is inhibited.

There are currently over 56,000 people in the USA and Europe living with osteogenesis imperfecta and it is estimated that one in every 15,000 newborns is diagnosed with the condition.

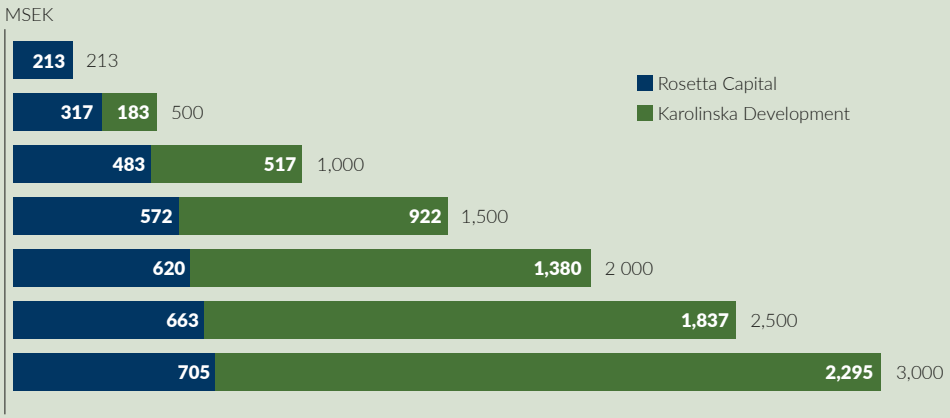
Patients are diagnosed with osteogenesis imperfecta prenatally in much of the world, but there is currently no approved treatment available.

KDev Investments and the agreement with Rosetta Capital

In December 2012, Karolinska Development entered into partnership with the international specialist investor, **Rosetta Capital**, which invested SEK 220 million in a number of portfolio companies in return for a share of the future profits from these companies. The shareholdings in the portfolio companies comprised by the agreement with Rosetta are invested in the jointly owned company, **KDev Investments AB**, which today comprises five companies: Dilafor, Modus Therapeutics, Promimic, Aprea Therapeutics and Biosergen. The return, including Rosetta Capital's additional investment of SEK 44 million in the portfolio companies, will be distributed in accordance with a "waterfall structure", as illustrated in the graph below. With its current shareholding, Karolinska Development's proportion of dividends will be 0 percent for accumulated dividends up to SEK 220 million, 65 percent for accumulated dividends between SEK 220 million and SEK 880 million, 75 percent for accumulated dividends between SEK 880 million and SEK 1,320 million, and 92 percent for accumulated dividends above SEK 1,320 million.

KDev Investments has so far paid SEK 50 million in dividends to Rosetta Capital, which means that the additional investments of SEK 44 million and SEK 7 million of the first SEK 220 million have been repaid to Rosetta Capital.

Distribution of dividends under waterfall-structure*



Accumulated exit value of all KDev Investments portfolio companies payable as dividends (SEKm).

*When calculating distribution of dividends, any dividends previous distributed will be taken into account, accumulated paid dividend amounts to SEK 50 million.

What is fair value?

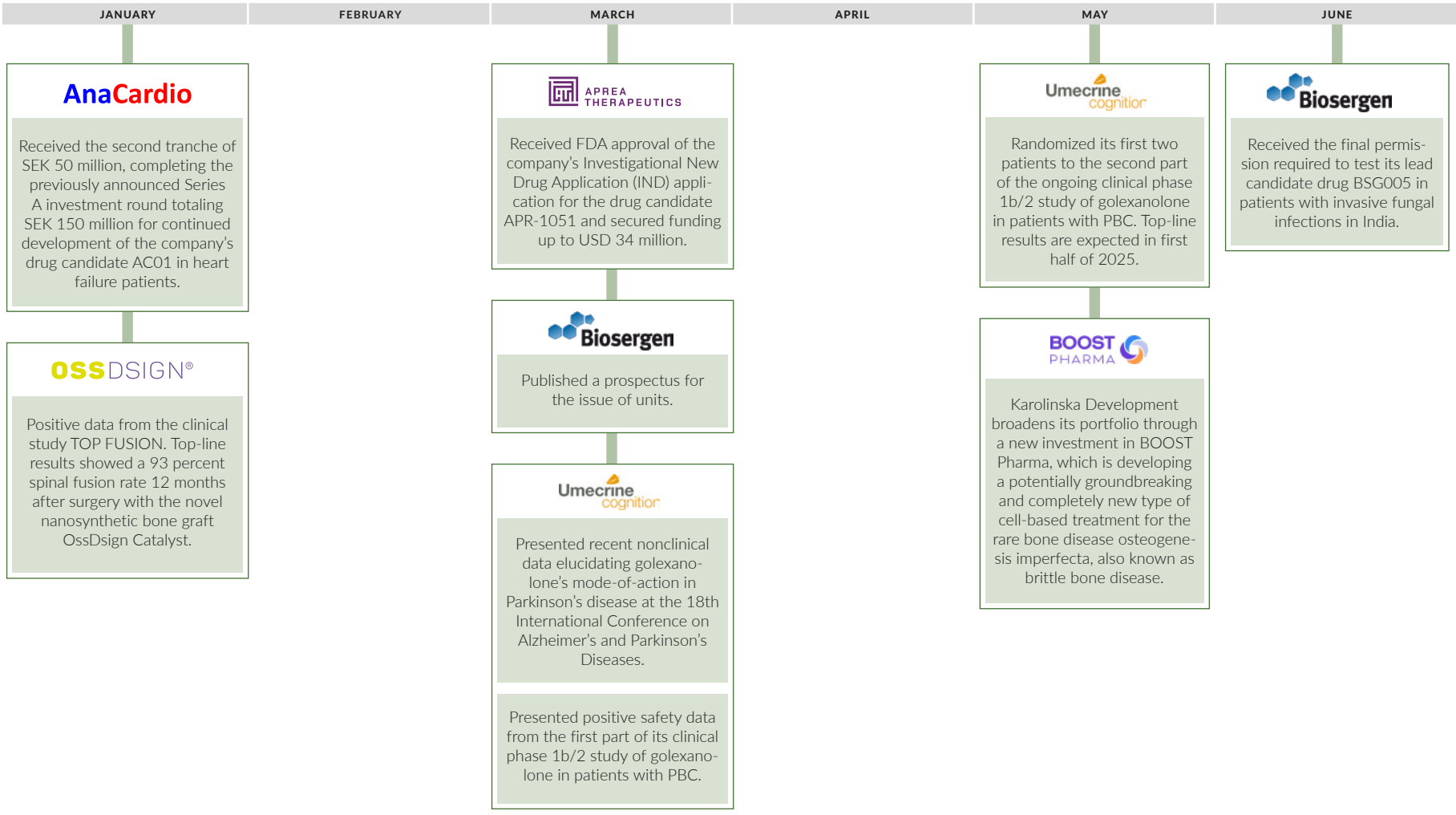
Fair value quantifies the combined value of the company's investments at a given time. The calculation of the portfolio's fair value is based on the provisions of the international accounting standard, IFRS 13, and the International Private Equity and Venture Capital Valuation Guidelines (IPEV Valuation Guidelines). The fair value of the portfolio is divided into "Total portfolio fair value" and "Net portfolio fair value".

The total portfolio fair value is the aggregate return that would be obtained by Karolinska Development and KDev Investments if the shares in the portfolio companies were to be divested in an orderly transaction between market operators at the year-end.

The net portfolio fair value is the aggregate dividend that Karolinska Development will receive after KDev Investment's dividend payment to Rosetta Capital.

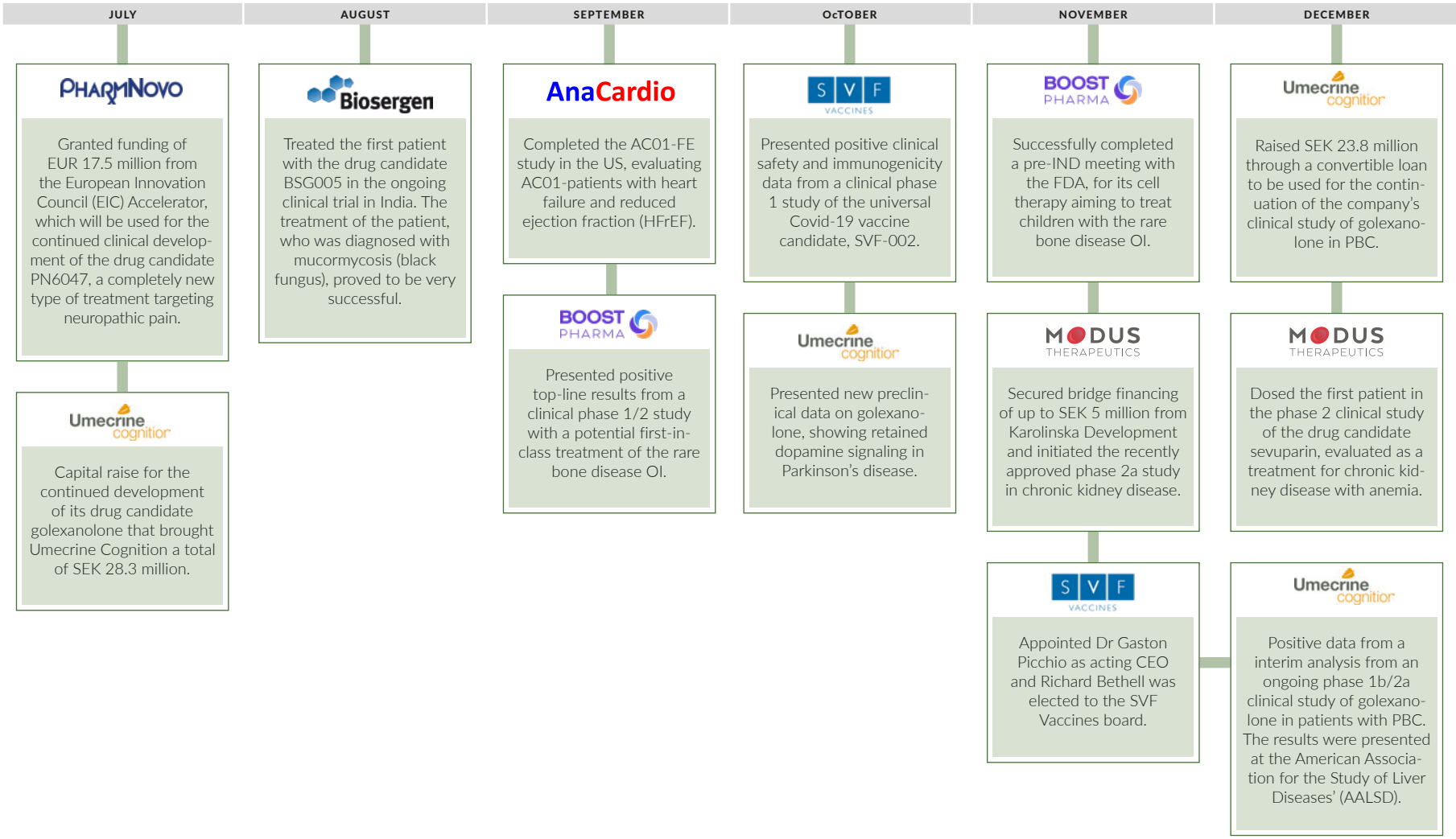
The Portfolio Companies

2024



The Portfolio Companies

2024



Sustainable enterprise – an important component of our value creation

Karolinska Development's core operations focus on improving people's health. Our emphasis, through our investments, is on areas where effective treatments are currently lacking, including heart failure, rare diseases, women's health, and a range of infectious diseases.

Karolinska Development contributes to society's development by being part of the innovation system that develops new pharmaceuticals and medtech products. The pharmaceutical products under development by our portfolio companies have the potential – if they reach the market – to have a positive impact on the health of millions of people. We have implemented a number of sustainability-related policies and as active owners in our portfolio companies, we contribute to building an understanding and management of ESG (Environment, Social, Governance) issues. We thereby ensure responsible business operations, from both an impact and a business perspective.

One of the prerequisites for Karolinska Development's investments is that the portfolio companies' products and development projects have the potential to revolutionize the treatment of illnesses where there is a real need for new therapies. This approach enables us to generate long-term value for people's health, to which end our investment process looks for projects and companies that offer groundbreaking development in areas that currently lack effective treatment alternatives.

SUSTAINABILITY-RELATED POLICIES

Karolinska Development has implemented a number of sustainability-related policies, including:

- Code of ethics
- Data protection policy (GDPR)
- Dividend policy
- Environmental policy
- Gender equality and equal opportunities policy
- Human resources policy
- Information and insider policy
- PDMR reporting policy
- Investment policy
- IT security policy
- Payment routines
- Rules of procedure and instructions
- Transactions with related parties policy

Responsible ownership

As an active owner in multiple portfolio companies, a large part of our impact on people and the environment is exercised through the companies we own and in which we invest. One common denominator for our investments is a consistently high level of ambition with regard both to our responsibilities as an owner and how we contribute to the portfolio companies' development. To this end, we are represented on the Boards of most of our portfolio companies, where we take an active role in contributing to strong corporate governance, developing value creation, and ensuring satisfactory management of sustainability issues. We place particular emphasis, as part of our involvement with the portfolio companies, on social issues such as helping the companies to ensure a long-term supply of skills and good management of gender equality issues.

Policy work and equal opportunities

Our formal positions and methodologies in relation to corporate governance and the management of sustainability issues are formalised through our policy framework, which is being continuously updated. The framework consists of external and internal policies, as well as internal guidelines and process descriptions for the company's employees. Our gender equality and equal opportunities policy is based on the fundamental view that all people have equal worth. We work to counteract discrimination, both direct and indirect, as well as harassment due to age, gender, gender identity or expression, ethnic affiliation, religion or belief, sexual orientation, or disability.

Environmental work

Karolinska Development's operations comprise investments in life science projects designed to yield high returns for owners while, at the same time, considering fundamental values and sustainable societal development. Our goal is to work actively to ensure that the portfolio companies comply with legislative requirements in the environmental sphere and to implement rules that limit any negative environmental impact of the companies' operations.

CORPORATE GOVERNANCE AND SKILLS SUPPLY

The text box on the previous page lists our other sustainability-related policies. Karolinska Development's Corporate Governance Report (p.88) describes in detail how the company is formally governed, who the largest owners are, and what the composition of the board looks like, including the independence of Board Members, and committees and committee members in relation to owners and management. The Corporate Governance Report also describes the company's risks and how personnel and skills supply issues are handled.

3. Good health and well-being:
We invest in innovative pharmaceutical projects and medical products that improve human health.

5. Gender equality:
We work actively to increase gender equality, both internally and externally, and through active ownership of our portfolio companies.

16. Peace, justice and strong institutions:
Through our active ownership efforts, we work to combat corruption and ensure ethical and transparent corporate governance in our portfolio companies.

8. Decent work and economic growth:
We promote economic productivity and create increased economic growth through our investments and active ownership.

9. Industry, innovation and infrastructure:
Our focus on innovative projects and products contributes to increased access to capital for companies and projects in the early stages of development.

10. Reduced inequalities:
Our investments increase the availability of new therapies for different patient groups. This promotes social and economic inclusion.

INCREASED REPORTING ON SUSTAINABILITY MEASURES

As of 2023, Karolinska Development participates in Nasdaq's ESG data portal, where ESG measures on the environment, social aspects, corporate governance and future sustainability goals are reported in a standardized format. The data is available to all recipients of Nasdaq's stock market data feeds. Going forward, Karolinska Development will optimize the reporting of data in this portal.

In the coming years, Karolinska Development will also prepare our reporting according to the CSRD (Corporate Sustainability Reporting Directive), which will come into effect from the 2026 financial year.

Financial position of the Investment Entity – summary

Investments: January – December 2024:

Karolinska Development's investments in the portfolio companies during the period January–December 2024 totalled SEK 62 million (SEK 103 million in 2023), of which SEK 56.8 million comprised cash investments and SEK 5.2 million comprised non-cash investments Investments from external stakeholders totalled SEK 428.3 million (SEK 291.5 million 2023).

The portfolio fair value

The total fair value of portfolio companies owned both directly by Karolinska Development and indirectly via KDev Investments rose, year on year, by SEK 11.2 million to SEK 1,451.5 million at the end of the year. The positive change in fair value is attributed to the net investment and fair value changes.

The decrease in the fair value of the part of the portfolio owned via KDev Investments resulted in an decrease in the potential dividend to Rosetta Capital of SEK 9.2 million to SEK 330.8 million. This, in turn, resulted in a net increase in the net fair value of the portfolio by SEK 20.4 million in 2024 to SEK 1,120.8 million.

Effect on the profit from the increase in portfolio value, January – December 2024

The total result of the Changes in portfolio fair value, via the Income Statement, was SEK 1.6 (SEK 15.2) million and the Change in fair value of other financial assets and liabilities, earn-out agreements, was SEK 15.4 (SEK 8.9) million.

Revenues and profit/loss

Revenues totalled SEK 1.8 million during the year, compared to SEK 2.0 million in 2023 and primarily comprised income from services provided to portfolio companies.

The Investment Entity's operating profit/loss totalled SEK -9.2 million compared to SEK -3.5 million in 2023.

The Investment Entity's profit/loss for the full year of 2024 totalled SEK -8.1 million compared to SEK 5.4 million in 2023, or SEK -0.03 per share in 2024 compared to SEK 0.02 in 2023.

Financial position

The Investment Entity's equity amounted to SEK 1,238.7 million on 31 December 2024 compared to SEK 1,246.8 million on 31 December 2023. No interest-bearing liabilities existed on December 31, 2024 or 2023.

On 31 December 2024, cash and bank balances totalled SEK 42.0 million compared to SEK 85.3 million at the end of 2023. The net debt thus amounted to SEK -42.0 million on 31 December 2024 compared to SEK -85.3 million on 31 December 2023.

Equity/assets ratio and net asset value

The equity/assets ratio of the Investment Entity amounted to 99 percent by 31 December 2024, the same as by 31 December 2023. The net asset value amounted to SEK 4.6 per share at the end of 2024, the same as at the end of 2023.

Accounting principles

Karolinska Development is an Investment Entity as defined in IFRS 10, Consolidated Financial Statements.

Multiple results readings in the near future can create attractive business opportunities

KAROLINSKA DEVELOPMENTS 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 December 31, 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 commercial phases. During the period 2025–2026, 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 and BOOST Pharma are preparing to start phase 3 studies. 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

Earn-out agreement

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.

FORENDO PHARMA

Phase 2

Our current portfolio – potential for value inflection

Company	Preclinical	Phase 1	Phase 2	Phase 3	Net Ownership*
Therapeutics					
Dilafor	Priming of labor			2026	KD 3% KDev Invest 29%
BOOST PHARMA	Osteogenesis imperfecta			2029	KD 10%
Umecrine cognition	Primary biliary cholangitis		2025		KD 62%
	Parkinson's disease				
MODUS THERAPEUTICS	Sepsis/septic shock		2026		KD 66% KDev Invest 8%
	Anemia chronic inflammation/kidney disease		2026		
	Severe malaria				
AnaCardio	Heart failure		2025		KD 10%
PHARMNOVO	Neuropathic pain		2026		KD 20%
SVF VACCINES	Hep. B/D	2025			KD 33%
	Covid-19				
Biosergen	Systemic fungal infection		2025		KDev Invest 1%***
APREA THERAPEUTICS	DDR in oncology		2025		KDev Invest 1%***
Medtech	**Prototype**	**Development**	**PMA/510k**	**Market**	
Promimic	Medical implant coatings			Expansion in the USA	KD 2% KDev Invest 12%
OSSDSIGN®	Patient-specific bone substitutes			Expansion in the USA	KD 5%**

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

Current phase | *Progress and expected results*

Dilafor

Project (First-in-class)
Tafoxiparin

Primary indication
Priming of Labor

Development phase
Phase 2b complete
Phase 3 ready

Holding in company*
Karolinska Development 3%
KDev Investments 29%

Other investors
Opocrin
Östersjöstiftelsen
Lee's Pharmaceutical
Praktikerinvest
Rosetta Capital

Origin
Karolinska Institutet

More information
dilafor.com

* Fully-diluted ownership based on current investment plans.

Dilafor AB

Priming of labor reduces maternal and neonatal complications

Dilafor (Solna, Sweden) is developing tafoxiparin, a heparin analogue, aimed at priming spontaneous onset of labor leading to a normal vaginal delivery and minimizing the risk for maternal and fetal complications associated with labor induction. Over 30 percent of all pregnant women undergo induction in labor, with induction methods such as prostaglandins and oxytocin, requiring fetal and maternal surveillance in hospital due to high risk of complications for both mother and fetus. Clinical guidance for labor induction have recently been revised to encourage delivery as early as gestational week 39 in the US and weeks 40–41 in Europe, to reduce the risk of complications such as stillbirth, neonatal complications and operative deliveries leading to improved maternal and neonatal outcomes The new guidance will increase the number of deliveries requiring initiation of labor, and thus new, safer treatment options are essential in obstetric care. Tafoxiparin is a patented substance that supplements the remodeling process of the cervix and uterus required for a natural spontaneous onset of labor. Tafoxiparin is planned to be safely administered at home, freeing up hospital beds and resources that would otherwise be required for the induction process.

Tafoxiparin has been shown to be safe for both mother and child in a phase 2a clinical trial with 263 pregnant women. A phase 2b trial with 170 first-time mothers undergoing priming of labor showed significant results in the highest dose group and in an extension of the phase 2b trial with 164 women, positive results were also shown in lower doses. Dilafor has successfully completed meetings with the US FDA and the European Health Agencies and is now preparing the phase 3 development of tafoxiparin.

THE MARKET

Over 30 percent of all pregnant women need labor induction. The current standard treatment includes administration of prostaglandins and oxytocin. Frequently the induction fails, leading to slow progress of labor, operative deliveries, or other maternal and fetal complications. Market analyses show that a drug with a good effect on initiation of labor has the potential to reach annual sales over USD 1 billion in the US market alone.

RECENT PROGRESS

- In February 2023, Dilafor announced that the extended phase 2b study of tafoxiparin had resulted in additional positive data, showing that the effect of tafoxiparin obtained in the phase 2b study was maintained when the drug candidate is administered in additional doses.
- In January 2025, Dilafor announced successfully having completed regulatory meetings with the FDA, and European Health Agencies, regarding the continued development of tafoxiparin. The completed meetings marked the end of a comprehensive dialogue with regulatory authorities to reach an alignment on designing pivotal clinical phase 3 studies in Europe and the US.

EXPECTED MILESTONES

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

BOOST Pharma AS

Cell therapy reducing fractures in rare bone disease

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

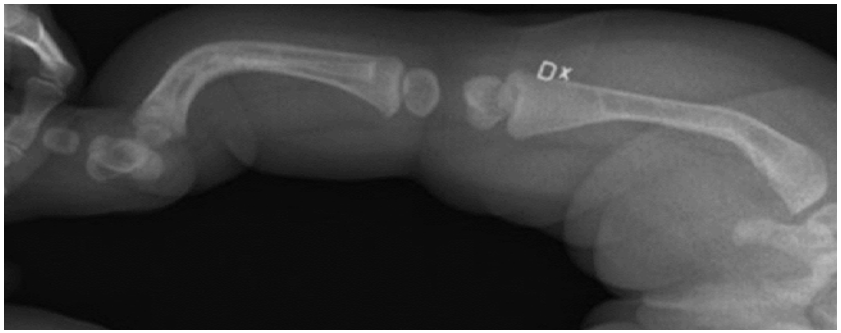
BOOST Pharma (Copenhagen, Denmark) is developing a first-in-class and potentially groundbreaking cell-based treatment of the rare bone disease osteogenesis imperfecta (OI), also known as brittle bone disease. OI is a congenital condition that is caused by gene mutations that code for bone formation and lead to fragile bones, constant fractures and bone deformity leading to much pain, stunted growth and limited mobility.

BOOST Pharma's novel cell therapy is based on mesenchymal stem cells (MSCs), which are stem cells with high bone-forming capabilities. 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 percent, up to twelve months after the last dose.

A previous study, a human proof-of-concept study with four children with moderate to severe types of OI, also showed great promise; 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.

The cell therapy is uniquely positioned in that treatment can start directly at diagnosis, either at the prenatal stage, or after the child is born. By starting treatment early, the benefits for the patient increase in later years. The cell therapy targets the underlying cause of the disease, which is defective collagen production in the bones, while other treatments target symptom relief and management.

BOOST PPharma 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, 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.
- In September 2024, BOOST Pharma announced positive top line results from the BOOSTB4 phase 1/2 clinical trial. The results showed that the treatment was safe and well tolerated and reduced fracture rates by over 75 percent in young children with OI treated for twelve months starting before and after birth.
- In November, BOOST Pharma announced that the company had successfully completed a pre-IND meeting with the US Food and Drug Administration (FDA). During the meeting, BOOST Pharma received positive and constructive feedback from the FDA and thus began preparations for a phase 3 clinical development program to be conducted in the US and Europe. The positive outcome of the meeting also triggered a second tranche of a previously agreed investment from Karolinska Development

EXPECTED MILESTONES

- A registration-enabling phase 3 study is expected to start early in 2026.

Umecrine Cognition AB

Developing a new and safe approach to treat cognitive impairment

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

Primära indikationer
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 Universitet

More information
umecrinecognition.com

* Fully-diluted ownership based on current investment plans.

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 in other severe inflammatory diseases such as Parkinson's disease, causing very serious clinical symptoms, including cognitive impairments and sleep disturbances. Golexanolone counters the increased activation of the GABA system and has 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 and 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 extreme daytime fatigue is one of the disease's most debilitating symptoms that prevents patients from living a normal life. The company is currently conducting a phase 2 study in PBC. Golexanolone has also been tested in preclinical models of Parkinson's disease which showed positive effects on symptoms and neuroinflammation as well as sustained effects on dopamine signaling.

THE MARKET

PBC is a rare autoimmune liver disease that attacks the bile ducts and mainly affects women. Common symptoms include fatigue, cognitive impairment, itching and, in more advanced cases, jaundice. The global market for the treatment of PBC was 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 and impairs motor functions. Approximately 10 million people worldwide suffer from the disease. Current medications are mainly focused on improving motor functions and there is a lack of treatments for cognitive impairment. The global market for this type of treatment was USD 3.4 billion in 2019 and is expected to grow by 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.
- Also in March 2024, the company announced the successful completion of part A of the clinical phase 1b/2a study in PBC, where interim data show a favorable safety and tolerability profile.
- In May 2024, the first patients in the phase 1b/2a study's part B in PBC had been dosed.
- In October 2024, the company presented new preclinical data for golexanolone, showing sustained dopamine signaling in Parkinson's disease.
- In November 2024, positive interim data from the ongoing phase 1b/2a clinical trial of golexanolone in patients with primary biliary cholangitis, PBC, were presented.
- In July and December 2024, SEK 28.3 million and SEK 23.8 million in debt financing were secured, respectively, from Karolinska Development and several other investors.

EXPECTED MILESTONES

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

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 Universitet

More information
modustx.com

* Fully-diluted ownership based on current investment plans.

Modus Therapeutics AB

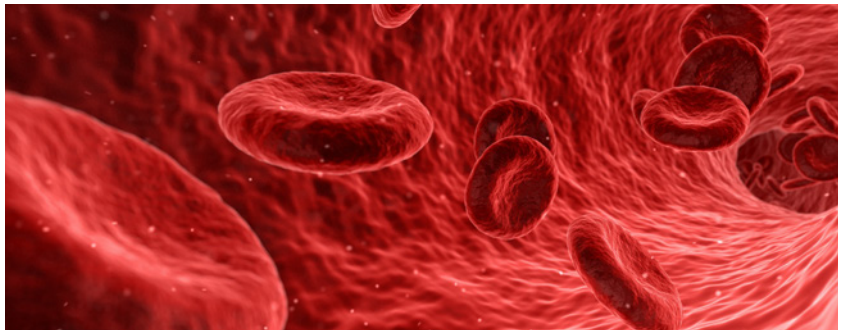
Develops sevuparin for life threatening diseases

Modus Therapeutics AB (Stockholm, Sweden) is developing the drug candidate sevuparin for the treatment of both acute and chronic severe conditions. The company's clinical project portfolio includes anemia associated with chronic inflammation and kidney disease, sepsis/septic shock, and severe malaria.

At the end of 2024, Modus Therapeutics initiated a phase 2 clinical study to evaluate sevuparin as a treatment for chronic kidney disease with anemia. The study consists of two parts: the first assesses safety and determines dosage levels for sevuparin through single-dose administration to patients with varying degrees of renal impairment, as well as a small reference group of healthy volunteers. The second part will focus on the effects of repeated doses and clinical outcomes, including hemoglobin levels, kidney function, hepcidin levels, and other biomarkers in patients with advanced chronic kidney disease and anemia. Research has shown that elevated hepcidin levels contribute to disrupted iron availability in chronic kidney disease and other chronic inflammatory conditions, worsening anemia associated with these diseases.

Sepsis/septic shock is a life-threatening medical condition for which there are currently no effective medical therapies. Patients with sepsis are at risk of developing multiple organ failure, and in severe cases, death. Data from preclinical animal models and in vitro experiments with human cells have shown that sevuparin may protect blood vessels and counteract plasma leakage during systemic inflammation.

In severe malaria, sevuparin is being developed as an adjunct therapy, administered before standard antimalarial treatment takes effect. Sevuparin is currently being evaluated in a clinical study conducted in collaboration with Imperial College London at trial sites in Kenya and Zambia.



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 costliest 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 November 2024, the company received approval from Italian authorities to start a phase 2 clinical trial in chronic kidney disease with anemia.
- In November 2024, Modus Therapeutics also secured access to bridge financing of SEK 5 million from Karolinska Development.
- In December 2024, a scientific article on sevuparin was published in the reputable medical journal HemaSphere.
- In December 2024, Modus Therapeutics initiated a phase 2 clinical trial with sevuparin for the treatment of chronic kidney disease with anemia to be conducted in Italy.

EXPECTED MILESTONES

- The first part of the phase 2 clinical trial with sevuparin as a treatment for chronic kidney disease with anemia is expected to be completed in the first half of 2025.

AnaCardio

Project (First-in-class)
AC01

Primary indication
Heart failure

Development phase
Phase 2a

Holding in company*
Karolinska Development 10%

Other investors
Flerie Invest
LLD Nybohov Invest
Industrifonden
3B Health Ventures
Novo Holdings
Pureos Bioventures
Sound Bioventures

Origin
Karolinska Institutet
Karolinska universitetssjukhuset

More information
anacardio.com

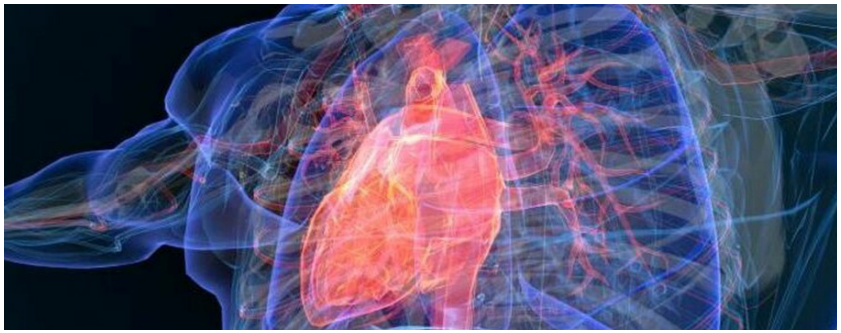
* Fully-diluted ownership based on current investment plans.

AnaCardio

New treatment concept that enhances the heart's pumping ability in conjuction with heart failure

AnaCardio (Stockholm, Sweden) is developing a new treatment that enhances the heart's pumping ability 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. A major issue with existing pharmaceuticals is that they are not designed for long-term treatment.

AnaCardio is developing AC01, a small molecule that mimics the mechanism of action of the peptide hormone ghrelin. Treatment with ghrelin has been shown in previous studies to have a positive effect on the heart's pumping ability and can lead to a significant increase in the volume of blood pumped out of the heart. The drug candidate is being developed to restore the heart's normal muscular function and blood circulation with a new 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



THE MARKET

It is estimated that more than six million individuals in the US 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 in 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, the AC01-FE study evaluating the effects of food on the pharmacokinetics of AC01 in healthy volunteers was completed. AC01 was found safe and well-tolerated under both fed and fasted conditions. In parallel with the study evaluating the effects of food on the pharmacokinetics of AC01, the company conducted the first part of the phase 1b/2a clinical study GOAL-HF1, which evaluates AC01 in patients with heart failure and impaired pump function (HFrEF).
- In January 2025, positive results from the first part of the phase 1b/2a study were presented. AC01 was well tolerated and showed no serious side effects.
- In the same month, the company announced that it had secured SEK 205 million in new financing in a round led by Novo Holdings, Pureos Bioventures and Sound Bioventures.

EXPECTED MILESTONES

- Phase 2a expansion of the ongoing phase 1b/2a study commenced during February 2025 and has a planned readout by the end of the year.

Project (First-in-class)
PN6047

Primary indication
Allodyni/Hyperalgesi

Development phase
Phase 1 complete
Phase 2 ready

Holding in company*
Karolinska Development 20%

Origin
Start-up

More information
pharmnovo.com

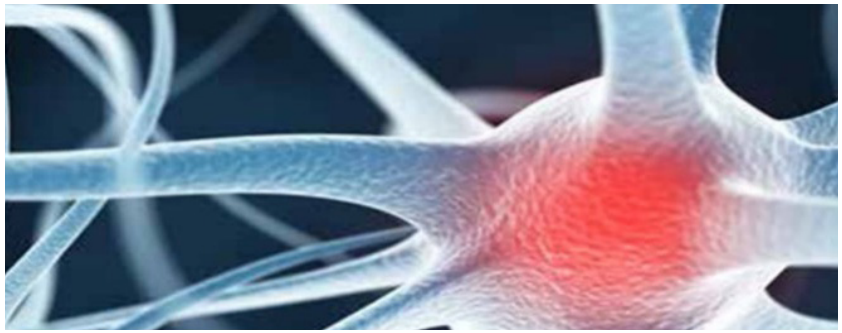
* Fully-diluted ownership based on current investment plans.

PharmNovo

New potential treatment for difficult-to-treat nerve pain

PharmNovo (Lund, Sweden) is developing innovative drugs for the treatment of nerve pain (neuropathic pain), that is difficult to trat and often develops into a chronic condition. Nerve pain is one of the most prevalent types of chronic pain and affects up to 10 percent of the population. Common underlying causes include nerve damage from type 2 diabetes, shingles, trauma (including surgery), cancer, and cancer treatments. 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 an 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 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.



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 33 %

Origin
Karolinska Institutet

More information
svfvaccines.se

* Fully-diluted ownership based on current investment plans.

SVF Vaccines AB

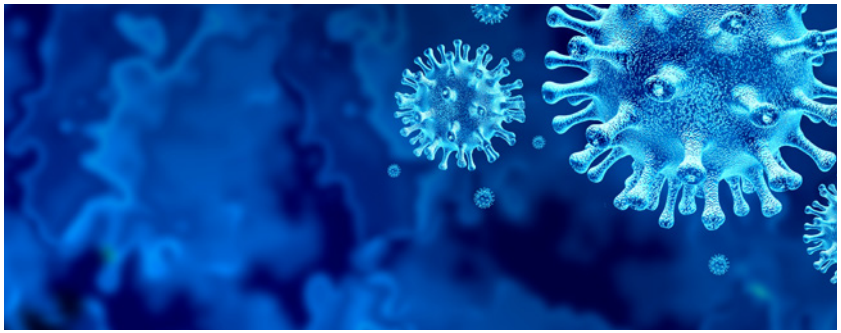
New technology for the treatment of viral diseases

SVF Vaccines (Solna, Sweden) develops therapeutic proteins and DNA vaccines against, among other things, hepatitis D and B, 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, that only infects hepatitis B-carriers, today infects 15-25 million people 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 while also neutralizing the virus, with the vaccine candidate SVF-001. The company has generated promising efficacy data in preclinical animal models and is now preparing a phase 1 study in hepatitis D, that is expected to be initiated in 2026.

The company is also developing SVF-002 against covid-19. 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

Despite preventive vaccines and antiviral treatments, over 250 million people live with a chronic hepatitis B infection. Each year, one million chronic carriers of the virus die from complications. The hepatitis D virus, which can only infect hepatitis B carriers, currently infects 15–25 million people and exacerbates the disease. The annual global market for hepatitis D is estimated at approximately USD 1 billion and the market for hepatitis B is estimated at USD 5–6 billion. The medical need for therapies for hepatitis B and D is significant.

RECENT PROGRESS

- In January 2023, the company changed its name to SVF Vaccines.
- In February 2023, the company initiated a clinical phase 1 study of the company's universal Covid-19 vaccine, SVF-002.
- 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.
- In November 2024, SVF Vaccines announced appointing Gaston Picchio as acting CEO.

EXPECTED MILESTONES

- Phase 1 studies of hepatitis B and D vaccines are expected to be initiated in 2026.

Biosergen AB

Broad treatment of severe fungal Infections

Project
BSG005

Primary indication
Systemtic fungal infections

Development phase
Phase 1b

Holding in company*
KDev Investments 1%

Other investors
Östersjöstiftelsen
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

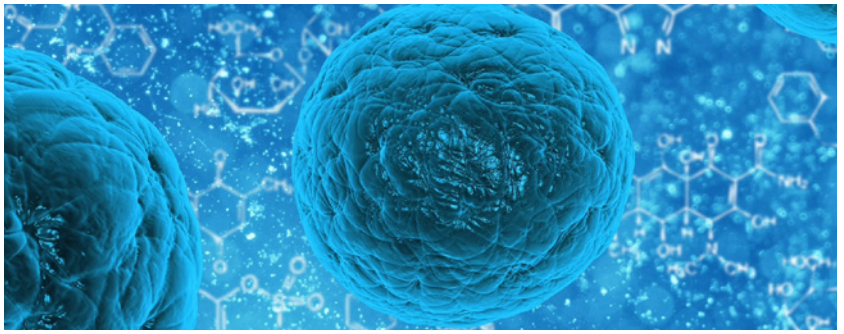
Biosergen (Solna, Sweden) is developing the drug candidate BSG005 as a new potential treatment of systemic fungal infections.

Invasive fungal diseases cause serious and often life-threatening infections that occur when fungi invade tissues and organs. These infections occur primarily in people whose immune systems are compromised due to cancer or treatment with immuno-suppressive drugs. 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.

Fungal infections are increasingly becoming a global health concern, associated with high morbidity and mortality as well as devastating socioeconomic consequences. Approximately 90 percent of systemic fungal infection-related deaths are caused by five species: Candida, Aspergillus, Cryptococcus, Pneumocystis, and Mucormycosis.

Biosergen has established a co-development and licensing agreement with one of India's largest pharmaceutical companies, Alkem Laboratories Ltd. In 2024, the first clinical study with BSG005 in patients with invasive fungal infections was initiated in India. Alkem will fund all clinical phase 2 and 3 trials in India except the first clinical 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.

Biosergen has been listed on Nasdaq First North Growth Market since 2021.



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 April 2024, the company received SEK 26.4 million in a rights issue (before issue costs).
- In June 2024, Biosergen and its partner, Alkem Laboratories Ltd., 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.
- In November 2024, Biosergen initiated the second cohort of the ongoing clinical trial with BSG005 being conducted in India.
- In December 2024, Biosergen raised approximately SEK 45 million through a warrant program.

EXPECTED MILESTONES

- Read-out of the phase 1b trial is expected during 2025.

Aprea Therapeutics Inc.

New potential treatment that prevents cancer cells from repairing DNA damage

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
The Vanguard Group
BlackRock
Geode Capital Management

Origin
Karolinska Institutet

More information
aprea.com

* Fully-diluted ownership based on current investment plans.

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. Patient recruitment is ongoing, and the study aims to determine the recommended dose for a phase 2 clinical trial. The study design was updated in December to include twice-daily dosing, which resulted in an adjustment to the schedule, with results from the dose-escalation phase 1 portion of the study now expected to be presented in the second 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 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 and initiated the first clinical study with APR-1051. In October 2024, preliminary results from a phase 1 clinical study with APR-1051 in solid tumors were presented. The preliminary results are based on available data from two-thirds of patients and showed that the drug candidate is safe and well tolerated, and that no hematological toxicity was noted.

Aprea has been listed on the Nasdaq Global Select Market in the US since October 2019.

THE MARKET

The ability of cancer cells to repair DNA damage, known as DNA Damage Response (DDR), is an emerging therapeutic target for several major pharmaceutical companies. ATR and WEE1 inhibitors have been shown to play a crucial role in this process but are also associated with severe side effects.

For ATR inhibitors, toxicity in healthy tissue – primarily in the form of myelosuppression—has limited the potential therapeutic value of the treatment, while WEE1 inhibitors have been linked to significant hematologic, gastrointestinal, and cardiovascular toxicity. There is therefore a great need for highly effective ATR and WEE1 inhibitors with an improved safety and tolerability profile.

RECENT PROGRESS

- 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 initial part of the ACESOT-1051 clinical study evaluating the WEE1 inhibitor APR-1051 as a novel treatment for solid tumors.
- In October 2024, preliminary results from the ongoing phase 1/2 clinical trial with the drug candidate APR-1051 were presented at the EORTC-NCI-AACR international conference in Barcelona, Spain. The results showed that the treatment was safe and well tolerated.
- In December 2024, the company updated the study design for the ongoing phase 1/2a clinical trial ABOYA-119. The study also includes a portion where twice-daily dosing will be evaluated to see if the efficacy is improved.

Promimic AB

Innovative surface treatment speeds up healing time of implants

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.

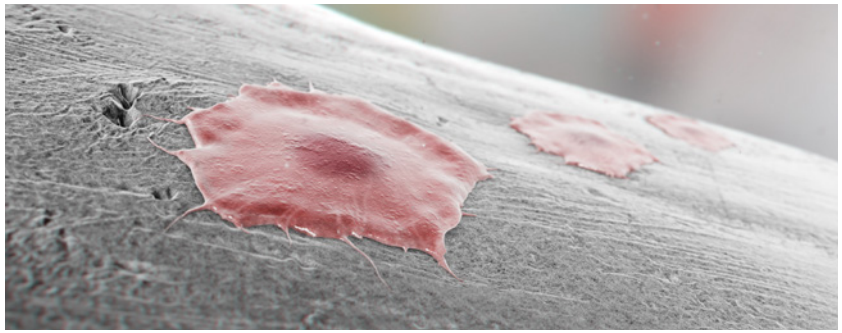
Promimic (Gothenburg, Sweden) develops and commercializes HA^{nano} Surface, a surface treatment that is currently used clinically on approximately 1.8 million implants. HA^{nano} Surface is a nanometer-thin coating of hydroxylapatite crystals that stimulates the growth of bone cells. This provides a 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 – including surfaces where traditional thicker HA coating can clog pores.

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 – and that the number of approved implants for clinical use continuously increases.

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.

In the Brazilian market, Promimic collaborates with Sistema de Implante Nacional (S.I.N), a leading supplier of dental implants, which commercializes dental implants coated with HA^{nano} Surface.

Promimic has been listed on Nasdaq First North Growth Market since 2022.



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 May 2024, the company reported sales growth of 40 percent compared to the same period the year before and reported that the company's customers had nine products with HA^{nano} Surface approved during the period.
- In August, the company reported a 13 percent increase in sales compared to the same quarter last year. During the quarter, Promimic signed a new license agreement and the company's customers received four new products with HA^{nano} Surface approved for clinical use.
- In November, the company reported a 6 percent sales increase for the third quarter and announced that ten new implants with HA^{nano} Surface had been approved for clinical use, which is a record number for a single quarter

EXPECTED MILESTONES

- In 2025, the company is expected to run development projects with both existing and new customers, and further product launches and license agreements will be announced.

OSSDSIGN®

OssDsign AB

Establishing the next generation of bone replacement products on the US market

Project
OssDsign® Catalyst

Primary indication
Bone grafts

Development phase
Marketed

Holding in company*
Karolinska Development 5%**

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 (Uppsala, Sweden) develops and commercializes the next generation of bone replacement products. In September 2023, the Company adopted a new strategy to focus its entire business on the orthobiological market in the US. The background to the strategy shift is the outstanding commercial success of the nano-synthetic bone graft OssDsign Catalyst, an "off the shelf" product with very good scalability and high gross margin.

Over 1.5 million Americans undergo spine surgery each year, about half of whom need a spinal fusion. About 20 percent of all low back pain surgeries, however, 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 – a bone graft – 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.

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 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 June 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.

Ownership structure

On December 31, 2024, Karolinska Development had 13,206 shareholders. International investors controlled approximately 64.2 percent of the share capital and approximately 59.1 percent of the votes. All class A shares (each of which carries 10 votes, compared to 1 vote for each class B share) are held by Insamlingsstiftelsen för Främjande & Utveckling av medicinsk forskning vid KI.

Share performance

The closing price on the first day of trading in 2024 was SEK 1.7, and at the year end, the share traded at SEK 1.0, a decrease of 41 percent. No dividends have been paid in 2024.

Share capital

At year-end 2024, the share capital amounted to SEK 2.7 million distributed among 270,077,594 shares. The nominal value is SEK 0.01 per share.

Ticker symbol and listing

Karolinska Development's share trades under the ticker symbol, KDEV. The share is listed on the NASDAQ Stockholm Exchange's Small Cap Index. The ISIN code is SE0002190926.

Shareholders	A-Shares	B-Shares	Cap %	Vote %
invoX Pharma Ltd	0	128,736,381	47.67%	43.93%
Worldwide International Investments Ltd	0	23,379,244	8.66%	7.98%
Swedbank Robur Microcap fond	0	8,750,000	3.24%	2.99%
Avanza pension	0	5,744,757	2.13%	1.96%
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	1,697,059	0.63%	0.58%
Steffensen Asset Management	0	1,608,187	0.60%	0.55%
Handelsbanken Fonder	0	1,348,363	0.50%	0.46%
Sum Top 10 Shareholders	**2,555,261**	**180,726,556**	**67.86%**	**70,38%**
Sum Other Shareholders	**0**	**86,795,777**	**32.14%**	**29,62%**
SUM ALL SHAREHOLDERS	**2,555,261**	**267,522,333**	**100.00%**	**100,00%**

Ben Toogood

Board member since 2021. Chairman since 2024.

Born 1976. Bachelor of Pharmacy from Rhodes University. MSc. from University of Witwatersrand and Executive MBA from University of Cambridge.

Other appointments: Head Global Business Development, Sino Biopharmaceuticals Limited and CEO invoX Pharma Limited.

Previous assignments: Head Global BD & M&A Sandoz AG, Group New Business Development Executive Aspen Pharmacare Holdings, Vice President Global Business Development Pharmathen SA, International Licensing Executive Niche Generics (Unichem Laboratories) and Regulatory Affairs Merck Generics (Mylan).

Independent of the company and its executive management. Not independent in relation to the company's major shareholders.

Holdings in Karolinska Development: 64,001 shares.

Anna Lefevre Skjöldebrand

Board member since 2021.

Born 1969. Master of Laws from Uppsala University.

Other appointments: CEO Swedish Medtech Service AB. Current board assignments include: Sweden Medtech4Health AB (chairwoman) and Swecare.

Previous assignments include: Head of Legal Swedish Medtech Service AB, Advokat Delphi & Co, Advokat GLS Legal, Jurist Ernst & Young Law, Legal Counsel Front Capital Systems AB. Prevoius board assignments include i.a.: Dedicare AB, E-hälsomyndigheten, SIS AB, Medtech Europe, St Eriks ögonsjukhus and COCIR, Life Science office of Sweden. She has also been a member of the board in the Board for Public Procurement.

Independent of the company, its executive management and independent in relation to the company's major shareholders.

No holdings in Karolinska Development.

Philip Duong

Board member since 2022.

Born 1990. Bachelor's degree of Commerce from University of Toronto.

Other appointments: Head of Overseas BD & Alliance at Sino Biopharmaceuticals Limited, member of the board at Treadwell Therapeutics.

Previous assignments: Deutsche Bank AG (Hong Kong Branch).

Independent of the company and its executive management. Not independent in relation to the company's major shareholders.

No holdings in Karolinska Development..

Will Zeng

Board Member since 2024.

Born 1993. Bachelor's degree of Economics from the Wharton School of the University of Pennsylvania.

Other appointments: Finance Director of CTTQ Pharma Group and Special Assistant to the chairperson of the board of Sino Biopharmaceutical.

Previous assignments include: Work at Goldman Sachs and Warburg Pincus

Independent of the company and its executive management. Not independent in relation to the company's major shareholders.

No holdings in Karolinska Development.

Viktor Drvota

Chief Executive Officer
Appointed as CEO on June 1, 2017, and previously CIO since 2016.

Born 1965. M.D, Ph.D. Associate Prof. In Cardiology.

Viktor Drvota has over 20 years of Venture Capital experience with several investements, significant fundraisings, IPOs and exits. He was responsible for Life science at SEB Venture Capital 2002-2016. During his appointment at SEB VC he also served as a Board member in several biotech and Medtech companies such as Arexis AB, SBL Vaccin AB, Nuevolution AS, Index Pharma AB, Scibase AB, Airsonett AB among others. Before joining SEB in, Dr Drvota worked as Senior Consultant and Associate Professor in Cardiology at the Karolinska Institutet/hospital, Stockholm. Dr Drvota has experience from preclinical as well as clinical research in drug development and medical devices. Dr Drvota has 36 published research articles.

Holdings in Karolinska Development: 209,996 shares.

Johan Dighed

Chief Legal Officer and Deputy CEO
Appointed Chief Legal Officer 2020 and Deputy CEO 2021

Born 1973. Master of Laws.

Johan Dighed has over 20 years' experience in financial and business law including positions as Head of Legal with the German bank SEB AG and legal counsel with SEB AB. Prior to joining the financial sector he worked with the international law firm Baker & McKenzie and in the Swedish Judiciary.

Holdings in Karolinska development: 400,192 shares.

Hans Christopher "HC" Toll

Chief Financial Officer
Appointed 2022.

Born 1968. MSc in Business and Economics.

HC Toll has more than 30 years of experience as business controller and CFO, in different industries, both in Sweden and internationally. HC has i.a. been CFO in AIK Fotboll AB and QuiaPEG AB. HC is since 2021 part time CFO in the KD portfolio company Umecrine Cognition AB. In addition to life science, HC has experience in a range of industries, such as heavy manufacturing, retail, gaming, etc.

Holdings in Karolinska development: 35,000 shares.

John Öhd

Chief Scientific Officer/Venture Partner
Appointed 2020

Born 1971, M.D., Ph.D.

John has broad knowledge and experience of drug development in several therapeutic areas, including CNS, cancer and blood disorders. He has held leadership roles within the research organizations of AstraZeneca, Shire Pharmaceuticals and Medivir. Before joining Karolinska Development he was the Chief Medical Officer of Modus Therapeutics. Prior to his drug development roles, John held various research and clinical positions at Lund University and Karolinska Institutet/University Hospital.

No holdings in Karolinska Development.

Mikaela Sörman

Investment Manager
Employed 2022.

Born 1990. M.Sc. in Public Health & Health Inequalities

Mikaela Sörman has over 10 years experience from the health care industry. Before joining Karolinska Development she worked at Boston Consulting Group, a management consultancy firm, where she focused exclusively on MedTech and Life Science projects. Mikaela also holds experience from project management after working several years in a health care social start-up, Stiftelsen Choice.

Holdings in Karolinska Development: 10,003 shares.

Elisabet Gimbringer

Financial Manager
Financial Manager since November 2015.

Born 1965. Economics and Business education from Stockholm University.

Elisabet Gimbringer has worked as an approved public accountant for 10 years, and as a financial manager, business controller and financial controller for a number of different companies and fields for the last 25 years.

Holdings in Karolinska Development: 42,000 shares.

Eva Montgomerie

Head of Accounting
Employed since October 2013, employed within the group since 2007.

Born 1958. MSc in Business and Economics.

Eva Montgomerie has worked within the bank and finance sector for 12 years, 10 years within the food and clothing sector and 10 years within life science.

Other appointments: Finance manager in Dilafor AB.

Holdings in Karolinska Development: 54,500 shares.


10
15

The Board of Directors and the CEO of Karolinska Development AB (publ), corporate identity number 556707-5048, hereby present the annual report for the Parent Company and the financial report for the Investment Entity regarding the 2024 financial year.

Karolinska Development AB (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 science companies with substantial commercial opportunities. All of the portfolio companies are developing potentially groundbreaking treatments for medical conditions with a substantial need for improved therapies, including priming of labor, brittle bone disease, liver diseases, Parkinson's disease, heart failure, sepsis, anemia in chronic kidney disease, nerve pain, serious viral infections, systemic fungal infections and low back pain. To date, two of the companies have launched their first products, and several companies are in late clinical phase with potential business opportunities over the next two years.

Karolinska Development's objective is for the portfolio companies operating in the pharmaceutical development sector to continue until proof-of-concept is demonstrated in phase 2 studies. The reasoning is that this is an attractive point in time for doing business. It is only then that it is possible to demonstrate that a candidate drug has the anticipated biological effect, thereby substantially reducing the ongoing development risk and significantly increasing the value of the project. Karolinska Development's objective for the holdings in portfolio companies within MedTech is to divest at the point when the companies have launched their first product and become cash flow positive. At these times opportunities to enter into cash flow-generating license agreements, conduct IPOs or divest projects are evaluated.

Karolinska Development has access to world-class medical innovations at leading universities and research institutions in the Nordic region, including Karolinska Institutet. The company's management comprises individuals with extensive experience in investment operations, research and development, and entrepreneurship, all of whom have access to extensive global networks in the pharmaceutical industry and/or the scientific sector.

Important events during the financial year

Karolinska Development

At Karolinska Development's Annual General Meeting, it was decided, among other things, to adopt the profit and loss statement and the balance sheet and the consolidated profit and loss statement and the consolidated balance sheet, to approve the allocation of the result, proposed by the Board of Directors and the CEO, to elect Hans Wigzell to the Board of Directors and to re-elect Philip Duong, Anna Lefevre Skjöldebrand, Ben Toogood and Theresa Tse to its Board of Directors, and to elect Hans Wigzell Chairman of the Board (May 2024).

Karolinska Development announced that the company has invested in BOOST Pharma – 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, also known as brittle bone disease. Following the investment, BOOST Pharma is included in Karolinska Development's investment portfolio which now consists of twelve companies (May 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).

Karolinska Development announced that the company has decided to implement organizational changes in order to reduce the cost base of its operations. The changes involve reducing the management team by one person and giving notice of redundancy to a total of three employees. This is estimated to reduce the company's personnel costs by approximately 20 percent (December 2024).

Karolinska Development announced that the company's Chairman of the Board, Professor Hans Wigzell, has decided to resign from his position. The Board of Directors of Karolinska Development appointed Ben Toogood as new Chairman until the next General Shareholders' Meeting (December 2024).

Important events in the portfolio companies

AnaCardio

- AnaCardio received the second tranche of SEK 50 million, completing the previously announced Series A investment round totaling SEK 150 million. The financing will fund the continued development of the company's drug candidate AC01, including the ongoing clinical phase 1b/2a study in heart failure patients (January 2024).
- 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).

Aprea Therapeutics

- Aprea Therapeutics received FDA approval of the company's Investigational New Drug Application (IND) application for the drug candidate APR-1051.

  Aprea also secured funding up to USD 34 million through a financing round led by Sphera Healthcare. With the approval and financing in place, the company will be able to start the first clinical study with APR-1051 (March 2024).

Biosergen

- Biosergen published a prospectus for the issue of units that was approved during an extraordinary general meeting on March 1, 2024 (March 2024).
- Biosergen received the final permission required to test its lead candidate drug BSG005 in patients with invasive fungal infections in India (June 2024).
- 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).

BOOST Pharma

- 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 showed that the treatment was safe and well tolerated and that fracture rates were reduced by over 75% (September 2024).
- 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).

Modus Therapeutics

- Modus Therapeutics secured access to bridge financing of up to SEK 5 million from Karolinska Development, the company's largest shareholder. The funding enabled Modus to initiate the recently approved phase 2a study in chronic kidney disease (November 2024).
- Modus Therapeutics dosed the first patient in a phase 2 clinical study of the drug candidate sevuparin, evaluated as a treatment for chronic kidney disease with anemia. The study is being conducted at Centro Ricerche Cliniche di Verona in Italy (December 2024).

OssDsign

- OssDsign reported positive data from the clinical study TOP FUSION. Top-line results showed a 93% spinal fusion rate at 12 months as assessed with CT by independent radiological review after surgery with the novel nanosynthetic bone graft OssDsign Catalyst (January 2024).

PharmNovo

- 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).

SVF Vaccines

- 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).
- SVF Vaccines appointed Dr Gaston Picchio as acting CEO. He assumed the position with effect from November 15th, as Dr Richard Bethell decided to step down as CEO to pursue other professional interests while remaining associated with the company in an advisory role. Richard Bethell was elected to the SVF Vaccines board in January 2025 (November 2024).

Umecrine Cognition

- Umecrine Cognition presented recent nonclinical data elucidating golexanolone's mode-of-action in Parkinson's disease at the 18th International Conference on Alzheimer's and Parkinson's Diseases 2024 in Lisbon, Portugal, during March 5-9 (March 2024).
- Umecrine Cognition presented positive safety data from the first part of its clinical phase 1b/2 study of golexanolone in patients with Primary Biliary Cholangitis, PBC. The second part of the study, which will now be initiated, aims to evaluate the preliminary efficacy of the drug candidate and further study its safety profile. Top-line results are expected in first half of 2025 (March 2024).
- Umecrine Cognition has randomized its first two patients to the second part of the ongoing clinical phase 1b/2 study of golexanolone in patients with Primary Biliary Cholangitis, PBC. Top-line results are expected in first half of 2025 (May 2024).
- 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).
- 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).
- Umecrine Cognition presented data from a recent interim analysis from an ongoing phase 1b/2a clinical study of golexanolone in patients with Primary Biliary Cholangitis. The preliminary results show that golexanolone was well-tolerated and achieved drug exposure levels that correlate to clinical treatment doses. The results were presented at the Late Breaking Poster session at the American Association for the Study of Liver Diseases' (AALSD) 75th Liver Meeting, in San Diego, CA, USA, on November 18, 2024 (November 2024).
- Umecrine Cognition raised SEK 23.8 million through a convertible loan to be used for the continuation of the company's clinical study of golexanolone in primary biliary cholangitis. The convertible loan with attached share options is directed to a consortium of investors (December 2024).

Earn-out deals

- Forendo Pharma's former shareholders, including Karolinska Development, are entitled to contingent earn-out payments totaling USD 870 million (linked to milestones in the development, registration and commercialization of Forendo Pharma's drug candidates). Additional payments are expected to be paid out during the period 2025 – 2034.
- Karolinska Development earn-out agreement with Industrifonden regarding Oncopeptides has been finally settled in 2024. Karolinska Development received SEK 0.9 million.
- Karolinska Development shall pay a five percent earn-out in accordance with the transfer agreement with Industrifonden regarding Aprea Therapeutics. The earn-out will be paid when Karolinska Development (indirectly through KDev Investments AB) divest holdings in Aprea Therapeutics. No divestment was made during 2024.

Divestments

- Karolinska Development divested all its shares in the portfolio company Henlez ApS (September 2024).
- Karolinska Development divested 4,6 million shares in the portfolio company OssDsign and thereby strengthened the investment company's liquidity. Karolinska Development holds nearly 5 million shares in OssDisgn after the divestment (December 2024).

The Investment Entity and the Parent Company

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

The Parent Company reports in accordance with the Swedish Annual Accounts Act and Swedish Financial Accounting Standards Council's recommendation RFR 2. The Investment Entity has to meet the requirements for a listed company and reports in accordance with IFRS, as adopted by the EU, and the Swedish Annual Accounts Act.

Financial Development for the Investment Entity in 2024 (SEK million)

Investments

As indicated above, Karolinska Development's investment strategy is to finance its portfolio companies to a significant value inflection point, when the companies can be exited. Karolinska Development also focuses on attracting external specialized life science investors to secure a broad investor base to support the development of the portfolio companies and manage risks as well as maximize the chances of success.

During 2024, investments from external investors and Karolinska Development totaled SEK 490 million. In 2021, 2022 and 2023, total investments in portfolio companies amounted to SEK 456 million, SEK 465 million and SEK 394 million respectively, giving a total investment amount of SEK 1,805 million in the four-year period 2021–2024.

Karolinska Development's investments in portfolio companies amounted to SEK 62.0 million, of which SEK 56.8 million were cash investments and SEK 5.2 million were non cash investments (accrued interest on loans).

Karolinska Development invested in seven companies: Umecrine Cognition SEK 36.2 million, AnaCardio SEK 7.6 million, Dilafor SEK 5.6 million, SVF Vaccines SEK 5.4 million, BOOST Pharma SEK 5.0 million, PharmNovo SEK 1.2 million and Henlez SEK 1.1 million.

Investments in Karolinska Development's portfolio companies in 2024

SEK million	Karolinska Development	External Investors	Total Invested 2024
Umecrine Cognition	36.2	18.6	54.8
AnaCardio	7.6	145.2	152.8
Dilafor	5.6	8.4	14.0
SVF Vaccines	5.4	1.2	6.6
Boost Pharma	5.0	5.0	10.0
PharmNovo	1.2	12.3	13.5
Henlez	1.1	1.1	2.2
Aprea	–	163.7	163.7
Biosergen	–	72.8	72.8
Total	**62.0**	**428.3**	**490.0**

Portfolio Fair Value

Fair Value of the portfolio companies owned directly by Karolinska Development increased by SEK 36.5 million in 2024. Fair value increased mainly due to investments in portfolio companies but also due to fair value increase due to upturn in the listed holdings Modus Therapeutics and OssDsign. Fair value was reduced by the downturn in share price in the listed holding Promimic.

Fair value of the portfolio companies owned indirectly via KDev Investments decreased by SEK 25.3 million in 2024. The main reason for the decrease in fair value was the downturn in the share price of the listed holding Promimic.

Total Fair Value of portfolio companies owned directly by Karolinska Development as well as indirectly via KDev Investments increased by SEK 11.2 million during 2024.

As a consequence of the decrease in Fair Value of the portfolio owned via KDev Investments, the potential distribution to Rosetta Capital decreased by SEK 9.2 million, resulting in a net increas in Net Portfolio Fair Value by SEK 20.4 million in 2024.

SEK million	2024-12-31	2023-12-31	2024 jmf 2023
Fair value in Karolinska Development portfolio (unlisted companies)	807.8	741.4	66.4
Fair value in Karolinska Development portfolio (listed companies)	94.7	124.6	-29.9
Fair value in KDev Investments portfolio	549.0	574.3	-25.3
Total Portfolio Fair Value	**1,451.5**	**1,440.3**	**11.2**
Potential distribution to Rosetta Capital of fair value in KDev Investments	-330.7	-339.9	9.2
Net Portfolio Fair Value (after potential distribution to Rosetta Capital)	**1,120.8**	**1,100.4**	**20.4**

Total Portfolio Fair Value at 31 december 2024 amounted to SEK 1,451.5 million. After the potential distribution to Rosetta Capital of SEK 330.7 million, Net Portfolio Fair Value amounted to SEK 1,120.8 million at 31 December 2024.

Results 2024 (comparable figures refer to 2023)

Karolinska Development's revenues primarily consist of services provided to portfolio companies, which amounted to SEK 1.8 million 2024 (SEK 2.0 million).

The result of Changes in Portfolio Fair Value through profit or loss amounted to SEK 1.6 million (SEK 15.2 million) in 2024. Interest income on loans to portfolio companies amounted to SEK 5.2 million in 2024 (SEK 0.0 million for 2023 as these were reported in net financial items that year). Other financial assets and liabilities, earn-out agreements, increased in fair value by SEK 15.4 million (SEK 8.9 million) in 2024.

Other external expenses amounted to SEK 7.1 million (SEK 7.0 million). Personnel costs increased to SEK 25.1 million (SEK 21.8 million), mainly related to costs for personnel made redundant, which are expensed in full during 2024.

Operating profit/loss was SEK -9.2 million (SEK -3.5 million) in 2024.

In 2024, interest income from bank funds amounted to SEK 1.1 million (in 2023 interest income from bank funds amounted to SEK 2.9 million and debt financing provided for portfolio companies amounted to SEK 4.4 million). The change in value of short term investments amounted to SEK 0.0 million (SEK 1.6 million). The investment company has had no interest-bearing debts during the year, which is why the interest expense amount to SEK 0.0 million (SEK 0.0 million). Net financial costs amounted to SEK 1.1 million (SEK 8.9 million) in 2024.

The Investment Entity's profit/loss before tax amounted to SEK -8.1 million (SEK 5.4 million) in 2024.

Financial position

The net profit/loss of SEK -8.1 million led to an decrease in retained earnings of SEK 8.1 million (increase of SEK 5.4 million), the share capital is unchanged (unchanged 2023) and equity amounted to SEK 1,238.7 million (SEK 1,246.8 million) on 31 December 2024. Total assets amounted to SEK 1,252.0 million (SEK 1,258.4 million) at 31 December 2024 and the Investment Entity's equity to total assets ratio was 99 percent (99 percent).

The company has no interest bearing liabilities on December 2024 (SEK 0.0 million).

Cash and cash equivalents amounted to SEK 42.0 million (SEK 85.3 million) on 31 December 2024.

See section "Financial risks" for the Board's view of the Company's financial situation.

Cash flow

Cash flow from operating activities before changes in working capital and operating investments amounted to SEK -29.2 million (SEK -24.0 million) in 2024, a worsening cash flow of SEK 5.2 million compared to 2023.

During 2024, Karolinska Development invested SEK 56.8 million (SEK 98.6 million) in cash in its portfolio companies, received SEK 0.9 million from earn-out deals (SEK 18.3 million), sold portfolio companies of SEK 41.5 million (SEK 0.0 millioon), sold short-term investments of SEK 0.0 million (SEK 60.3 million). Together with changes in working capital, cash flow from operating activities amounted to SEK -27.8 million (SEK -25.0 million). Finacing activities in 2024 amounted to SEK -1.1 million (SEK -0.8 million) which provides a cash flow in 2024 of SEK -43.3 million (SEK -45.8 million) and cash and cash equivalents at the end of the year of SEK 42.0 million (SEK 85.3 million).

Information on risks and uncertainties

Investment Entity and the Parent Company

Karolinska Development has identified a number of risk areas that are listed and described below. If one or more of these risks is occur, there is a risk of the portfolio companies' and the Company's operations, results, financial position, and growth being negatively affected.

Political and general external risk

Russia's invasion of Ukraine, together with the conflict in Gaza and ensuing disruptions to maritime traffic through the Red Sea, are continuing to impact the economy and society as a whole, including Karolinska Development and its portfolio companies. The general downturn in the stock market since 2022 and the rise in interest rates have shifted the financial market's focus from growth companies to companies with positive operating cashflows, which has led to lower valuations in many previously highly valued growth companies, although we did note an upturn in the financial markets during 2024 . This impacts Karolinska Development and its opportunities not only to 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 developments closely and Karolinska Development works intensively to manage the external impact on the value of our investments and continues to make use of different financing alternatives in order to secure the long-term capital requirement and thereby increase the degree of strategic and operational headroom going forward.

Medical risk

Karolinska Development often invests in companies with early-stage projects, before beneficial effects have been proven, in testing on animals or human beings, in what is known as "proof-of-principle" and "proof-of-concept". The majority of the portfolio companies' projects are, therefore, in the clinical phase of development and further research and development work is required before the companies' innovations and technologies can be commercialized. Examples of such work include testing drugs on patients to assess the candidate drugs' effect and safety. Problems or delays may occur, and the development work may not be able to be conducted successfully, or at all.

Future product development of the portfolio companies is subject to the risk of failure inherent in the development of pharmaceutical and other biotechnological products or techniques, and medical devices. This includes the possibility that any or all of the portfolio companies' product candidates will show a lack of effect, be toxic, or otherwise fail to meet applicable regulatory standards.

Liquidity risks

Future investments in new and existing portfolio companies will require capital. There is no guarantee that capital can be obtained at favorable terms or in sufficient amounts to finance the operations in accordance with the business plan, or that such capital can be obtained at all.

In order to secure financing for investments in current and new portfolio companies, Karolinska Development may seek additional financing in the future. Such additional financing may not be available to Karolinska Development on acceptable terms, or at all. If Karolinska Development is unable to obtain funding on time, the Company may be required to significantly curtail its investments.

Loan financing, if available, may be expensive and may involve restrictive covenants or may otherwise constrain the Company's financial flexibility.

Karolinska Development invests primarily in unlisted companies, which means that Karolinska Development may not be able to find suitable exit alternatives for its investments within the time frame expected by Karolinska Development, or at all.

Research and development activities and marketing efforts in the life science industry are capital-intensive. The portfolio companies may not be able to obtain further capital on advantageous terms, and the capital which may be obtained may not be sufficient to finance the activities in accordance with the portfolio companies' respective business plans.

Any inability on the part of Karolinska Development to participate in future investment rounds in a portfolio company could lead to the portfolio company having to curtail its business and/or to Karolinska Development's holding in the company being diluted by other investors. Even in situations where Karolinska Development would be willing and able to participate, co-investors may not be willing to participate on the same terms and conditions.

Regulatory risk

The portfolio companies and their collaborating partners will not be able to market any of their products without first obtaining the required authorizations from the appropriate regulatory authorities. The regulatory process to obtain marketing authorization for a new pharmaceutical product may take many years and often requires significant financial and other resources. In order to obtain regulatory approvals for commercial sales of the portfolio companies' products, the portfolio companies and their collaborating partners may be required to complete clinical trials to demonstrate the safety and efficacy of the products. The portfolio companies and their collaborating partners may fail to obtain approvals from regulatory authorities to commence or complete such clinical trials.

If approval is obtained, such clinical trials may prove that the products are not safe or effective to the extent necessary to obtain marketing authorizations from regulatory authorities.

Positive results demonstrated in development studies and clinical trials that the portfolio companies and their collaborating partners finalize may not be confirmed in results obtained in future clinical trials.

The chemical ingredients in pharmaceutical products and the nature of their manufacturing process mean that the pharmaceutical industry may be subject to extensive environmental protection regulation. The portfolio companies may not be able to obtain the operating licenses necessary to conduct their business. In addition, if the portfolio companies fail to comply with environmental regulations relating to the proper use or disposal of hazardous materials, or otherwise fail to comply with conditions attached to operating licenses, such licenses could be revoked.

Market risk

The time required for a product candidate to complete the entire research and development process, establish strong patent protection, satisfy all regulatory requirements, and find strong marketing and distribution partners, is often underestimated. This can lead to milestone payments and royalty income being delayed or lapsing entirely.

The markets for the portfolio companies' product candidates and new technologies are exposed to fierce competition. The portfolio companies' direct and indirect competitors are, in many cases, major international companies. Such actors are already established in the portfolio companies' markets and may hold competitive advantages.

Competitors may develop more effective, more affordable, and more suitable products, or may achieve patent protection earlier or be able to commercialize their products earlier than Karolinska Development's portfolio companies. These competing products may render the portfolio companies' product candidates obsolete or otherwise limit the ability of the portfolio companies to generate revenues from their product candidates.

The portfolio companies frequently operate in markets characterized by rapid development. New and competing products and technologies may pose a threat to the products developed by the portfolio companies. Changes in pricing principles may impair the value of the products, technologies, and services developed by the portfolio companies.

Karolinska Development has a relatively narrow portfolio, limiting the potential that one or more projects can be commercialized successfully enough to entail significant dividends or exit proceeds for Karolinska Development.

Intellectual property risk

The success of the portfolio companies is, to a large extent, dependent on their ability to protect methods and technologies that they develop with patent protection and other intellectual property rights in order to prevent competitors from using their innovations and other protected information. Since patent applications in general are confidential for 18 months from the date of the application, and third parties may have filed patent applications for methods and technologies covered by a portfolio company's pending patent applications without the portfolio company being aware of such applications, the portfolio company's patent application may consequently not have priority, which in turn could result in the patent protection being considerably less extensive than that for which the application was submitted.

The fact that a patent has been granted does not provide absolute protection during the term of the patent. Patents may later be declared invalid by a court or an authority, leading to insufficient patent protection vis-à-vis other innovations. Granted patents must, furthermore, be properly transferred from the inventor/inventors to the portfolio company in question.

The formulation of patent legislation means that the application of an innovation in accordance with a portfolio company's patent may be governed by the technology in another patent on which the portfolio company's patent is dependent. Where this is the case, the portfolio company may not be able to ensure the right to use such technology at reasonable conditions to the portfolio company, or at all.

A third party may sue a portfolio company for infringing its patent rights. Likewise, a portfolio company may need to resort to litigation against a third party to enforce a patent granted to the portfolio company or to determine the scope and invalidity of third-party proprietary rights. Patent litigations often take several years, and the cost

of pursuing intellectual property litigation, even those ultimately resolved in the portfolio company's favor, could, therefore, be substantial.

There is a risk that the portfolio companies' granted patents may not entail sufficient legal or commercial protection against financially strong competitors that, despite the patent, may use the portfolio company's methods and technologies. Only a few of the portfolio companies may have registered trademarks. Without the requisite registration, it might be difficult, or at least time and resource consuming, to prevent a third party from using the respective portfolio company's trade name or brands.

The respective portfolio companies may also be dependent on trade secrets that are not protected by patents which cannot be protected by other intellectual property rights. Such trade secrets could include, but are not limited to, information in relation to inventions for which patent protection has not been sought yet or to information in relation to manufacturing processes or methods for which patent protection cannot be sought.

Employees and collaboration partners of the respective portfolio companies do generally have an obligation of confidentiality towards the portfolio company in question. Someone with access to information of great value for the portfolio company in question may, however, disclose or use this information in a manner that impairs the portfolio company's market position.

Reputational risk

The portfolio companies that are in commercial phases are, in many cases, exposed to the risk of product liability claims that may arise due to flaws in manufacturing, studies, or the marketing of certain pharmaceutical or diagnostics, biotechnology, and medical devices. The portfolio companies may not be able to obtain or maintain insurance protection against such claims on acceptable terms, or at all. Insurance that the portfolio companies do obtain may, moreover, not provide adequate protection against a potential liability claim. This could adversely affect the portfolio companies' and the Company's business, results, financial position, and growth.

There is, therefore, a risk of the portfolio companies incurring liability for damages or costs of remediation, decontamination, or control of environmental problems.

The portfolio companies can also be subject to legal sanctions and substantial liability and costs or could be required to suspend or modify their operations.

The portfolio companies may conduct tests on both animals and people during the various development phases. If these tests are not handled professionally or the result of these tests harms the test participants, it can damage the reputation of the portfolio companies and, potentially, of Karolinska Development too.

Expertise risk

It is vital that Karolinska Development and its portfolio companies succeed in retaining their key employees and are able, when necessary, to recruit new employees. Stringent demands will consequently be placed on these companies' professional leadership, on maintaining the distinctive profiles of Karolinska Development and its portfolio companies, and on the forecast development being realized. Karolinska Development and its portfolio companies face competition for personnel from other companies, investment funds, universities, public and private research centers, and government entities and other organizations.

Financial risks

Financial risks are described in Note 16.

Financial Development for the Parent Company in 2024

(Amounts in SEK million, comparable figures refer to 2023).

During 2024, the Parent Company's operating profit/loss amounted to SEK -9.2 million (SEK -3.6 million), which is a worsening of SEK 5.6 million compared to 2023. The Parent Company's net profit/loss for the year amounted to SEK -8.1 million (SEK 5.2 million).

The equity decreased from SEK 1,246.7 million at 31 December 2023 to SEK 1,238.7 million at 31 December 2024, the decrease in equity amounted to SEK 8.1 million in 2024 (increase by SEK 5.2 million).

Corporate governance report

The Corporate Governance Report, which is separate from the annual report, is presented on page 86–90.

Guidelines for Remuneration to the CEO and other Executive Management as well as other conditions

The Guidelines for Remuneration to Executive Management are prepared by the Board of Directors for adoption by the Annual General Meeting. The guidelines decided in 2024 apply and can be found in Note 5.

Share capital and ownership

Karolinska Development's share capital at the end of the financial year amounted to SEK 2.7 million, distributed among 270,077,594 shares with a par value of SEK 0.01, of which 2,555,261 were A shares (with 10 votes each) and 267,522,333 were B shares (with one vote each). The largest shareholders were invoX Pharma Ltd with a total of 128,736,381 B shares representing 47.67 percent of the capital and 43.93 percent of the votes, Worldwide International Investments Ltd with a total of 23,379,244 B shares representing 8.66 percent of the capital and 7.98 percent of the votes, Swedbank Robur Microcap fond with a total of 8,750,000 B shares representing 3.24 percent of the capital and 2.99 percent of the votes, Avanza pension with 5,744,757 B-shares representing 2.13 percent of the capital and 1.96 percent of the votes, Styviken Invest AS with 5,236,206 B-shares representing 1.94 percent of the capital and 1.79 percent of the votes, Insamlingsstiftelsen för främjande och utveckling av medicinsk forskning vid KI with 2,555,261 A shares and 1,755,818 B shares representing 1.06 percent of the capital and 9.32 percent of the votes.

Holding of treasury shares

At year-end, the Company held 244,285 treasury shares, corresponding to SEK 2,443 of the share capital, and the consideration paid totaled SEK 4.7 million. Share repurchases were made in previous financial years for the purpose of covering social security costs related to the PSP incentive programs. No repurchases or transfers occurred during the year.

The Annual General Meeting's authorization to the Board

The Annual General Meeting 2024 authorized the Board, for the period up until the next Annual General Meeting, to decide, whether on one or several occasions without pre-emption rights for the shareholders, to issue new series B shares up to a maximum of 20 percent of the share capital.

The Annual General Meeting also authorized the Board to decide on the transfer of 244,285 previously acquired series B shares.

Future development

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 both compelling clinical and health economic benefits and attractive returns on investment. The majority of Karolinska Development's portfolio companies are financed for ongoing development and commercialisation work and well positioned to deliver key value-generating milestones within the next two years.

Environment and responsibilities

Karolinska Development's operations do not involve any special environmental risks and do not require any special environmentally related permits or authorizations from authorities. Karolinska Development undertakes its operations according to applicable health and safety regulations and offers its employees a safe and sound working environment.

Multi-year summary for the Investment Entity

SEKm	2024	2023	2022	2021	2020	2019	2018
Income statement							
Revenue	2	2	2	2	3	3	3
Result from change in fair value	17	24	-56	189	-172	387	100
Interest income on loans to portfolio companies[1]	5	–	–	–	–	–	–
Operating expenses	-33	-30	-34	-31	-33	-42	-29
Operating profit/loss	**-9**	**-4**	**-87**	**161**	**-202**	**348**	**74**
Financial net[1]	1	9	-1	10	-5	-45	-44
Profit/loss after financial items	**-8**	**5**	**-88**	**171**	**-207**	**303**	**31**
Balance sheet							
Tangible non-current assets	2	3	1	1	1	1	–
Shares in portfolio companies	1,121	1,100	984	950	770	1,048	619
Loans receivable from portfolio companies	–	–	–	–	–	2	5
Other financial assets	71	57	60	62	–	–	27
Total non-current assets	**1,194**	**1,161**	**1,044**	**1,013**	**771**	**1,050**	**651**
Other current assets	16	12	18	4	43	64	58
Short-term investments	–	–	59	50	–	–	70
Cash and cash equivalents	42	85	131	42	76	52	16
Total current assets	**58**	**97**	**207**	**97**	**119**	**117**	**143**
Total assets	**1,252**	**1,258**	**1,252**	**1,109**	**890**	**1,167**	**794**
Equity	1,239	1,247	1,241	971	800	1,008	296
Long-term liabilities	–	–	–	–	–	–	11
Current liabilities	13	12	10	138	90	159	487
Total liabilities and equity	**1,252**	**1,258**	**1,252**	**1,109**	**890**	**1,167**	**794**
Cash flow							
Cash flow from operating activities and investing activities	-42	-44	-146	-32	25	50	-3
Cash flow from financing activities	-1	-1	235	-1	-1	-14	0
Cash flow for the year	**-43**	**-45**	**89**	**-33**	**24**	**36**	**-3**

1) Interest income on loans to portfolio companies is reported as of 2024 as a separate item in operating profit/loss, previous year in Financial net. Other interest income is reported in Net financial items.

Multi-year summary cont.

SEKm	2024	2023	2022	2021	2020	2019	2018
Key ratios[1)]							
Net asset value	1,245	1 253	1 249	978	806	1 027	247
Net debt	-42	-85	-190	32	0	38	393
Capital employed	1,239	1 247	1 241	1 096	876	1 008	307
Return on equity	-1%	0%	-7%	18%	-26%	30%	10%
Return on capital employed	-1%	0%	-7%	16%	-24%	30%	10%
Equity to total assets ratio	99%	99%	99%	88%	90%	86%	37%
Average number of employees	8	8	8	7	7	7	7
Data per share							
Profit/loss after tax, SEK, after dilution	-0.03	0.02	-0.34	0.97	-1.18	4.10	0.48
Profit/loss after tax, SEK, before dilution	-0.03	0.02	-0.34	0.97	-1.18	4.10	0.48
Equity, SEK	4.6	4.6	4.6	5.5	4.6	15.7	4.6
Net asset value, SEK	4.6	4.6	4.6	5.6	4.6	5.9	3.8
Share price at year-end, SEK	1.0	1.7	1.7	5.3	1.8	3.5	6.2
Dividend, SEK	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share price/Equity per share	22%	37%	37%	96%	40%	23%	135%
Share price/Net asset value per share	22%	37%	37%	95%	39%	60%	162%
Number of shares at year-end	270,077,594	270,077,594	270,077,594	175,665,409	175,665,409	175,665,409	64,361,206
Weighted average number of shares before dilution	269,833,309	269,833,309	257,417,460	175,421,124	175,421,124	73,874,552	64,136,941
Weighted average number of shares after dilution	269,833,309	269,833,309	257,417,460	175,421,124	175,421,124	73,874,552	64,136,941

1) Definitions of key ratios, see page 92

Proposed appropriation of the profit of the Parent Company (SEK)

The following earnings are available for appropriation by the Annual General Meeting:

SEK	2024-12-31
Retained loss	-1,491,868,018
Share premium reserve	2,735,903,004
Net profit/loss for the year	-8,062,109
Total	**1,235,972,877**

The Board of Directors proposes that profits brought forward be appropriated as follows:

SEK	2024-12-31
Share premium	2,735,903,004
Retained loss	-1,499,930,127
To be carried forward	**1,235,972,877**

For information regarding the operating results and financial position of the Investment Entity and the Parent Company, refer to the following income statements, balance sheets, statements of cash flow and accompanying notes. Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (SEK 000).

Income statement for the Investment Entity

SEK 000	Note	2024	2023
Revenue	2	1,838	2,014
Change in fair value of shares in portfolio companies	16	1,579	15,185
Interest income on loans to portfolio companies	6	5,202	–
Change in fair value of other financial assets and liabilities	16	15,443	8,891
Other expenses	3,4	-7,097	-6,963
Personnel costs	5	-25,126	-21,834
Depreciation of right-of-use assets	4	-997	-798
Operating profit/loss		**-9,158**	**-3,505**
Interest income	7	1,163	7,297
Interest expenses	7	-106	–
Other financial gains and losses	7	–	1,594
Financial net		**1,057**	**8,891**
Profit/loss before tax		**-8,101**	**5,386**
Taxes	8	–	–
NET PROFIT/LOSS FOR THE YEAR		**-8,101**	**5,386**

Statement of comprehensive income for the Investment Entity

SEK 000	Note	2024	2023
Net profit/loss for the year		-8,101	5,386
Total comprehensive income/loss for the year		**-8,101**	**5,386**

Earnings per share

SEK 000	Note	2024	2023
Earnings per share, weighted average, before dilution		-0.03	0.02
Number of shares, weighted average before dilution	13	269,833,309	269,833,309
Earnings per share, weighted average, after dilution		-0.03	0.02
Number of shares, weighted average after dilution	13	269,833,309	269,833,309

Statement of financial position for the Investment Entity

SEK 000	Note	2024-12-31	2023-12-31
Assets			
Tangible non-current assets			
Right-of-use assets	4	2,161	3,158
Financial non-current assets			
Shares in portfolio companies at fair value through profit or loss	9	1,120,777	1,100,398
Other financial assets	10,16	71,271	57,443
Total non-current assets		**1,194,209**	**1,160,999**
Current assets			
Receivables from portfolio companies		1 ,126	268
Other financial assets	10,16	11,084	10,386
Other current receivables	11	2,400	673
Prepaid expenses and accrued income	12	1,151	795
Cash and cash equivalents	16	42,010	85,272
Total current assets		**57,771**	**97,394**
TOTAL ASSETS		**1 ,251,980**	**1,258,393**
Equity and liabilities			
Equity	13		
Share capital		2,701	2,701
Share premiun reserve		2,735,903	2,735,903
Accumulated losses including net profit/loss for the year		-1,499,881	-1,491,780
Total equity		**1,238,723**	**1,246,824**
Current liabilities			
Other financial liabilities	14,16	100	130
Accounts payable		762	1,323
Lease liabilities	4	2,112	3,070
Other current liabilities		684	674
Accrued expenses and prepaid income	15	9,599	6,372
Total current liabilities		**13,257**	**11,569**
Total liabilities		**13,257**	**11,569**
TOTAL EQUITY AND LIABILITIES		**1,251,980**	**1,258,393**

Statement of changes in the Investment Entity's equity

		Equity attributable to the Investment Entity's shareholders			
SEK 000	Note	Share capital	Share premium reserve	Accumulated losses	Total
Opening equity at 1 Jan 2024	13	**2,701**	**2,735,903**	**-1,491,780**	**1,246,824**
Net profit/loss for the year		–	–	-8,101	-8,101
Total comprehensive income/loss for the year		–	–	-8,101	-8,101
Closing equity at 31 Dec 2024		**2,701**	**2,735,903**	**-1,499,881**	**1,238,723**
Opening equity at 1 Jan 2023	13	**2,701**	**2,735,903**	**-1,497,166**	**1,241,438**
Net profit/loss for the year		–	–	5,386	5,386
Total comprehensive income/loss for the year		–	–	5,386	5,386
Closing equity at 31 Dec 2023		**2,701**	**2,735,903**	**-1,491,780**	**1,246,824**

Statement of cash flows for the Investment Entity

SEK 000	Note	2024	2023
Operating activities			
Operating profit/loss		-9,158	-3,505
Adjustments for non-cash items			
Depreciation	4	997	798
Change in fair value	16	-17,022	-24,076
Other items		-4,040	2,761
Cash flow from operating activities before changes in working capital and operating investments		**-29,223**	**-24,022**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-1,284	-104
Increase (+)/Decrease (-) in operating liabilities		2,677	-895
Cash flow from operating activities		**-27,830**	**-25,021**
Investing activities			
Partial payment for earn-out deal		887	18,271
Proceeds from sale of shares in portfolio companies	9	41,497	–
Acquisitions of shares in portfolio companies, loans to portfolio companies		-56,753	-98,589
Proceeds from sales of short-term investments	16	–	60,336
Cash flow from investing activities		**-14,369**	**-19,982**
Financing activities			
Amortization of lease liabilities	4	-1,063	-803
Cash flow from financing activities		**-1,063**	**-803**
Cash flow for the year		**-43,262**	**-45,806**
Cash and cash equivalents at the beginning of the year	16	85,272	131,078
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**42,010**	**85,272**

Income statement for the Parent Company

SEK 000	Note	2024	2023
Net sales	22	1,838	2,014
Revenue		**1,838**	**2,014**
Change in fair value of shares in portfolio companies	23	1,579	15,185
Interest income on loans to portfolio companies	24	5,202	–
Change in fair value of other financial assets and liabilities	25	15,443	8,891
Other external costs	26,27	-8,160	-7,859
Personnel costs	28	-25,126	-21,834
Operating profit/loss		**-9,224**	**-3,603**
Interest income and similar income	29	1,162	8,837
Financial net		**1,162**	**8,837**
Taxes	30	–	–
NET PROFIT/LOSS FOR THE YEAR		**-8,062**	**5,234**

Statement of comprehensive income for the Parent Company

SEK 000	Note	2024	2023
Net profit/loss for the year		-8,062	5,234
Total comprehensive income/loss for the year		**-8,062**	5,234

Balance sheet for the Parent Company

SEK 000	Note	2024-12-31	2023-12-31
Assets			
Financial non-current assets			
Shares in subsidiaries	31,34	668,574	629,367
Shares in joint ventures	32,34	218,267	234,435
Shares in associated companies	32,34	35,573	79,327
Other long-term securities holdings	33	198,363	157,269
Other financial assets	35	71,271	57,443
Total non-current assets		**1,192,048**	**1,157,841**
Current assets			
Receivables from portfolio companies		1,127	268
Other financial assets	35	11,084	10,386
Other current receivables	36	2,400	673
Prepaid expenses and accrued income	36	1,151	795
Cash and cash equivalents		42,010	85,272
Total current assets		**57,772**	**97,394**
TOTAL ASSETS		**1,249,820**	**1,255,235**
Equity and liabilities			
Equity			
Restricted equity			
Share capital	13	2,701	2,701
Unrestricted equity	37		
Share premium reserve		2,735,903	2,735,903
Accumulated losses		-1,491,869	-1,497,103
Net profit/ loss for the year		-8,062	5,234
Unrestricted equity		1,235,972	1,244,034
Total equity		**1,238,673**	**1,246,735**
Current liabilities			
Other financial liabilities	38	100	130
Accounts payable		762	1,323
Other current liabilities		686	674
Accrued expenses and prepaid income	39	9,599	6,373
Total current liabilities		**11,147**	**8,500**
Total liabilities		**11,147**	**8,500**
TOTAL EQUITY AND LIABILITIES		**1,249,820**	**1,255,235**

Statement of changes in equity for the Parent Company

		Restricted equity	Unrestricted equity			
SEK 000	Note	Share capital	Share premium reserve	Accumulated losses	Net profit/loss for the year	Total equity
Opening equity at 1 Jan 2024	13	**2,701**	**2,735,903**	**-1,497,103**	**5,234**	**1,246,735**
Appropriation of profit		–	–	5,234	-5,234	0
Net profit/loss for the year		–	–	–	-8,062	-8,062
Closing equity at 31 Dec 2024		**2,701**	**2,735,903**	**-1,491,869**	**-8,062**	**1,238,673**
Opening equity at 1 Jan 2023	13	**2,701**	**2,735,903**	**-1,409,002**	**-88,101**	**1,241,501**
Appropriation of profit		–	–	-88,101	88,101	0
Net profit/loss for the year		–	–	–	5,234	5,234
Closing equity at 31 Dec 2023		**2,701**	**2,735,903**	**-1,497,103**	**5,234**	**1 ,246,735**

Statement of cash flows for the Parent Company

SEK 000	Note	2024	2023
Operating activities			
Operating profit		-9,224	-3,603
Adjustments for non-cash items			
Change in fair value	23,25	-17,022	-24,076
Other items		-4,040	2,854
Cash flow from operating activities before changes in working capital and operating investments		**-30,286**	**-24,825**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-1,284	-104
Increase (+)/Decrease (-) in operating liabilities		2,677	-895
Cash flow from operating activities		**-28,893**	**-25,824**
Investing activities			
Partial payment for earn-out deal		887	18,271
Proceeds from sale of shares in portfolio companies		41,497	–
Acquisitions of shares in portfolio companies, loans to portfolio companies	31,32,33	-56,753	-98,589
Proceeds from sales of short-term investments		–	60,336
Cash flow from investing activities		**-14,369**	**-19,982**
Financing activities			
Financing activities		–	–
Cash flow from financing activities		**0**	**0**
Cash flow for the year		**-43,262**	**-45,806**
Cash and cash equivalents at the beginning of the year		85,272	131,078
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**42,010**	**85,272**

Note 1 Accounting policies

Operations in general

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's address is Nanna Svartz väg 6A, S-171 65 Solna and the principal place of business is also Nanna Svartz väg 6A, S-171 65 Solna. The Company focuses on identifying medical innovations and investing in the creation and growth of companies ("portfolio companies") that develop these assets into differentiated products that will make a difference to patients' lives and provide an attractive return on investment to its shareholders. The annual report includes the parent company (Karolinska Development AB (publ)) as well as the financial reporting for the Investment Entity. The Company's series B shares are traded on Nasdaq Stockholm.

Compliance with generally accepted accounting policies and law

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee, as adopted by the EU. Furthermore, recommendation RFR 1 Supplementary Accounting Regulations for Groups and statements UFR 7 and 9 from the Swedish Financial Reporting Board have been applied.

Conditions when preparing the financial statements

This is an English translation of the Swedish annual report. In the event of any discrepancy between the contents of the two versions, the Swedish version shall prevail.

The Company's functional currency is Swedish kronor, which is also the reporting currency of the Investment Entity. This means that the financial statements are presented in Swedish kronor. All figures, unless otherwise indicated, are rounded to the nearest thousand. Assets and liabilities are recognized at historical cost, except for certain financial assets and liabilities measured at fair value. Financial assets and liabilities measured at fair value consist of holdings in subsidiaries, joint ventures and associated companies, other securities holdings, other financial assets and liabilities, and short-term investments classified as financial assets held for sale.

Estimates and assumptions are reviewed periodically. Changes in estimates are recognized in the period the change is made if the change only affects that period or in the period the change is made and future periods if the change affects both the current period and future periods.

The following accounting policies for the Investment Entity have been applied consequently to all periods presented in the financial statements, unless otherwise stated below.

New and amended standards applied by the Investment Entity

New or amended IFRS standards and interpretations from the IFRS Interpretations Committee have not had any significant impact on the Investment Entity.

None of the other IFRS or interpretations that have not yet entered into force are expected to a have a material impact on the Investment Entity. The potential impact of the introduction of IFRS 18 (replacing IAS 1) is being evaluated.

Significant information regarding accounting policies

Consolidating policies

Karolinska Development has determined that it meets the definition of an investment entity. An investment entity does not consolidate its subsidiaries, IFRS 10 Consolidated Financial Statements, or apply IFRS 3 Business Combinations when it obtains control over another company, with the exception of subsidiaries that provide services associated with the investment entity's investing operations. An investment entity instead measures its holdings in portfolio companies at fair value through profit or loss in accordance with IAS 9 "Financial Instruments". Karolinska Development does not have any holdings in other investment entities that will be consolidated in any of the reporting periods.

Significant assessments in the application of the accounting policies

The following section describes the most significant assessments, besides those containing estimates (see below), which management has made in the application of the Investment Entity's accounting policies and which have the most significant impact on the amounts recognized in the financial statements.

Qualification as an investment entity

In Karolinska Development's assessment, the Company meets the criteria for an investment entity. An investment entity is a company that meets the following criteria:

a) it obtains funds from one or more investors for the purpose of providing the investor(s) with investment management services;
b) it commits to its investor(s) that its business purpose is investing funds solely for returns from capital appreciation, investment income, or both; and
c) it measures and evaluates the performance of substantially all its investments on a fair value basis.

In Karolinska Development's assessment, the Company also has the following typical characteristics to qualify as an investment entity:

a) it has more than one investment;
b) it has more than one investor;
c) it has investors that are not related parties of the entity; and/or
d) it has ownership interests in the form of equity or similar interests.

Karolinska Development has investments in several portfolio companies, has several investors that are not related parties to the Company and the investments are in shares.

Note 1 continued

The following significant assessments have been made in determining whether the Company qualifies as an investment entity:

- Karolinska Development invests in portfolio companies for the purpose of generating a return in the form of capital appreciation and investment income. Karolinska Development does not receive, nor does it have as its aim to receive, benefits from the Company's investments that are not available to other parties not related to the investee. The commercial purpose is not to develop medical products as such, but rather to invest to create and maximize the return. An important factor in the assessment is Karolinska Development's involvement in the investees' operations, since the Company provides certain services to support the development projects in the portfolio investments. Because of its influence as a shareholder, Karolinska Development normally appoints one or more board members of the portfolio companies. Despite that it provides certain services to the portfolio companies, Karolinska Development has reached the conclusion that it meets the criteria for an investment entity.
- Moreover, the primary metric to evaluate the portfolio companies is based on fair value. Although Karolinska Development also monitors the portfolio companies through studies and clinical trials, for instance, the primary purpose of monitoring these key indicators is to better understand changes in fair value and assess the need for additional future investments
- The Company has a documented exit strategy for all its portfolio companies. Karolinska Development's investment strategy is to retain investments for a limited period. In every decision whether to invest in a company, the company and/or development project in question must have clear potential for a final exit, e.g., through a sale to an outside party, that the asset can be transferred or that there is a potential that the project (portfolio company) will be licensed to an outside party with a high return to global partners. The exit strategies are taken into consideration in the valuations.

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 would 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 16.

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 in 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 recent 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 an 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 3 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 which 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.
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.

Note 1 continued

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 unability 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., reached 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 includes 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 to 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 3) 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 2024, there are no portfolio companies valued by internal DCFs.

Recognition and measurement of financial instruments

The portfolio companies will continue to be measured at fair value through profit or loss (according to IFRS 9 Financial Instruments), which also applies to financial assets, short-term investments and financial liabilities. Karolinska Development has no predicted credit losses.

Financial instruments recognized in the balance sheet include, on the asset side, shares and participations, other financial assets, loans, accounts receivable, cash and cash equivalents. The liability side consists of interest bearing debt, other financial liabilities and accounts payable.

The fair value of listed financial assets corresponds to the asset's quoted purchase price on the closing date.

Classification of financial instruments

IFR 9 classifies and measures financial instruments. The classification depends on the purpose of the acquisition of the financial instrument. Management determines the classification at the original purchase date. The classification determines how the financial instrument is measured after initial recognition.

Financial assets

The following three measurement categories apply to financial assets:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Receivables from susidiaries

Receivables from subsidiaries are financial assets that have fixed payments and fixed maturity and the expected holding peirod is not longer than one year. Valuation takes place at amortized cost.

Financial assets at fair value through profit or loss (FVTPL)

All other financial assets are measured at fair value with the changes recognized in profit or loss. This category consists of two subgroups: held for trading and financial assets designated at FVTPL.

This category includes shares in portfolio companies (where loan receivables from portfolio companies are included) and other financial assets.

Impairment testing of financial assets

Impairment is calculated and recognized for financial assets at amortized cost and for financial assets at fair value with changes in value recognized in other comprehensive income.

Note 2 Revenue distribution

Services rendered are comprised of invoiced services provided to portfolio companies in Sweden. These services consist of management, communication, finance and administration, including legal and analytical operations.

Revenue per significant source

SEK 000	2024	2023
Invoiced services	1,838	2,014
Total revenue	**1,838**	**2,014**

Note 3 Other external expenses

Fees and remuneration to the Investment Entity's auditors

SEK 000	2024	2023
EY		
Audit services	1,493	1,684
Audit related services	–	52
Total	**1,493**	**1,736**

The audit fee refers to the auditor's reimbursement for execution of the statutory audit. This work includes the audit of the annual report and annual accounts, the administration of the Board of Directors and the CEO, and fees for advice offered in connection with the audit assignment. Audit related services primarily involve quality assurance services other than the statutory audit.

Note 4 Leases

The Investment Entity has chosen to finance premises and equipment through leases, which is the company's only leasing agreement (a three-year agreement with a three-year extension). Future contractual leasing payments are indicated below.

SEK 000	2024-12-31	2023-12-31
Future leasing payments		
Short-term - Within one year	1,063	803
Long-term - Between one year and five years	1,063	1,995
Total future leasing payments	**2,126**	**2,798**

Right-of-use assets

SEK 000	2024	2023
Accumulated acquisition cost		
At the beginning of the year	3,158	690
New periods	–	3,266
Depreciation	-997	-798
Closing balance	**2,161**	**3,158**

Lease liabilities

SEK 000	2024	2023
Accumulated acquisition cost		
At the beginning of the year	3,070	753
New periods	–	3,070
Amortization of lease liabilities during the year	-958	-753
Closing balance	**2,112**	**3,070**

Note 5 Employees and personnel costs

Average number of employees

Full-time equivalent	2024	Of whom women	Of whom men	2023	Of whom women	Of whom men
Investment Entity	8	50%	50%	8	50%	50%
Total	**8**	**50%**	**50%**	**8**	**50%**	**50%**

Remuneration expenses for employees

Salaries, other remuneration and social security costs

	2024		2023	
SEK 000	Salaries and remuneration	Social security costs	Salaries and remuneration	Social security costs
Investment Entity	16,823	4,831	16,601	5,246
(of which pension expenses)	*2,924*	*709*	*2 870*	*696*

Defined contribution pension plans

The Investment Entity has defined contribution pension plans. Payments to these plans are made on an ongoing basis according to the rules of each plan.

Note 5 continued

Remuneration to Executive Management and the Board of Directors

Guidelines for Remuneration to Executive Management

1 APPLICABILITY ETC.

The Guidelines applies on salary and other forms of remuneration to the CEO and other management personnel (executive management) decided after the 2024 AGM. They apply to all categories of remunerations and benefits, whether paid in cash, or paid now or in the future, or if certain or uncertain. The Guidelines do not apply to remuneration decided by the General Meeting.

The Guidelines are handled by the Remuneration Committee, which provide a proposal to the Board of Directors. The decision to submit the Guidelines for approval by the General Meeting is made by the Board of Directors.

2 GUIDELINES FOR REMUNERATION

2.1 General

Remuneration to executive management comprises fixed salary, variable remuneration, pension fees and other customary benefits.

Karolinska Development shall maintain compensation levels and terms required to recruit and keep executive management with the competence and experience necessary to fulfil the Company´s business strategy, long-term interests and sustainability. The total remuneration to executive management shall be on market terms, competitive, reasonable and appropriate.

For more information about the Company's business strategy, see the Company's website (https://www.karolinskadevelopment.com/en/our-strategy).

Market term consultancy fees may be paid to board directors that perform services to the Company outside the scope of the directorship.

2.2 Fixed salary

Fixed salaries shall be based on each individual´s experience, competence and field of responsibility. Fixed salary shall be revised annually for each calendar year.

2.3 Variable remuneration

Variable remunerations shall be formed to promote Karolinska Development´s long term value creation, including its sustainability; be based upon criteria that are predetermined, clear, measurable and that can be influenced; if in form of variable salary, have a fixed cap; not be included when calculating pension insurance premiums.

The CEO and other executive management are entitled to bonus based on exits in the portfolio. The remuneration totals of 4% nt of the net proceeds paid to the Company upon the exit, limited to a maximum exit related bonus of MSEK 50 per exit and financial year. The bonus create incentive to contribute to the realization of the Company's business strategy, long-term interests and sustainability.

Annual short-term incentive programs (STI) based on corporate objectives, set yearly by the Board of Directors, are proposed by the Remuneration Committee and resolved by the Board of Directors for each calendar year. The remuneration is conditional upon criteria based on the development of the portfolio and development of the business model, which are set up to realize Karolinska Development's long-term value creation and creates incentive to contribute to the realization of the Company's business strategy, long-term interests and sustainability. The set objectives are divided into sub-objectives, each being clear, measurable and influenceable, which are weighed relatively depending on priority. The program is evaluated after the end of the year by the Remuneration Committee and the outcome is decided by the Board of Directors. The payment to an employee under a STI program shall be limited to an amount corresponding to six months' salaries. The cost for the Company at maximum outcome of STI 2024 amounts to 4.6 MSEK.

Information about the exit bonus and the STI programs is found in the Annual report, note 5. Information is also available on the Company´s website in the Corporate Governance section.

As described above, the STI part of the total annual fixed cash salary cannot exceed 50% , which also means that the fixed salary will always be at least 66% of the total remuneration. Potential exit bonus is not included in this calculation.

2.4 Pension

The Company´s costs for pension for an employee shall be paid during the period when the employee is active in the Company. Pension insurance premiums shall not be paid when an employee has retired. In addition to what is required under Swedish law, premiums shall be paid in accordance with an adopted pension premium plan, with pension fees paid within intervals depending on age and salary. The pension premiums for defined-contribution may amount to maximum 35% of the annual fixed cash salary.

2.5 Customary other benefits etc.

Executive management are entitled to such other customary benefits that are applied for all employees at Karolinska Development, such as sick pay, health care and wellness program etc. The number of paid holidays amounts to thirty. The Company does not provide company cars.

Executive management are not allowed to receive fees for serving on the Board of Directors, when related to the employment at Karolinska Development.

Executive management who holds employment or have entered into remuneration agreements in non-wholly owned subsidiaries shall be exempted from these Guidelines.

The termination period at termination by the Company shall not exceed twelve months for the CEO and six months for other executive management. If notice of termination is given by the CEO, the notice period shall be at least six months and by other executive management, at least six months. Sever-

Note 5 continued

ance pay may be paid only to the CEO. Fixed salary during a period of notice and severance pay aggregated are not to exceed an amount equivalent to the individual´s fixed salary for two years.

2.6 Salaries and terms of employment for employees
When preparing the Board's proposal for these Guidelines, salaries and terms of employment for the Company's employees were considered in that information about employees' total remuneration, the remuneration components, the increase in the remuneration and the rate of the increase over time formed a part of the Board's decision basis for the evaluation of the reasonableness of the Guidelines and the limitations resulting from them.

2.7 Preparations and decisions
The Company´s Remuneration Committee is to prepare decisions related to salaries and other employment terms to executive management. The Board of Directors is to decide regarding salary to the CEO and principles for remuneration to other executive management. The Board must prepare a proposal for new guidelines at least every four years and present the proposal to the AGM for resolution. The Guidelines should apply until new guidelines are adopted by the General Meeting. The Board of Directors should also monitor and evaluate the program for variable remuneration to the executive management, the application of guidelines for remuneration to executive management and the applicable remuneration structures and levels in the Company. The members of the Remuneration Committee are independent in relation to the Company and executive management. When the Board of Directors prepare and decides on remuneration-related matters, the CEO and other members of executive management do not attend the meetings to the extent they are affected by the matters.

3 DEROGATION FROM THE GUIDELINES
The Board of Directors may temporarily deviate from the Guidelines in full or in part if there on a case by case basis are grounds for such a decision and a deviation is necessary to ensure the Company's long-term interests, including its sustainability, or to ensure the Company's economic viability. Exceptions (if any) shall be commented on at the following AGM.

4 PREVIOUSLY DECIDED REMUNERATION NOT YET DUE FOR PAYMENT
At the time of the AGM, the Company did not have any approved remuneration to Executive Management that has fallen due for payment.

Note 5 continued

Remuneration to the Chief Executive Officer, other senior executives and the Board of Directors

The Executive Management includes the Chief Executive Officer, Chief Financial Officer, Investment director, Chief Scientific Officer and General Counsel. The table below shows the remuneration to the CEO, other senior executives and the Board of Directors during the financial year.

2024

SEK 000	Base salary/ Board fee[1)]	Variable Remuneration	Other benefits and remuneration[2)]	Pension costs	Total remuneration
Viktor Drvota, VD	3,062	753	15	992	4,821
Other senior executives (3 persons), salaries etc	3,816	752	8	1,034	5,610
Other senior executives (1 person), invoiced fee	589				589
Total management	**7,467**	**1,505**	**23**	**2,025**	**11,020**
Ben Toogood, Chairman from Dec 2024 (former board member)	200				200
Hans Wigzell, former Chairman (May-Nov 2024)	0				0
Björn Cochlovius, former Chairman (until May 2024)	133				133
Anna Lefevre Skjöldebrand, Board member	180				180
Philip Doung, Board member	140				140
Will Zeng, Board member (from Dec 2024)	0				0
Theresa Tse, Board member (until Nov 2024)	0				0
Total, Board of Directors	**653**				**653**
Total	**8,120**	**1,505**	**23**	**2,025**	**11,673**

1) Board fee is based on meeting attendance.
2) Referes to benefit value of health insurance.

2023

SEK 000	Base salary/ Board fee[1)]	Variable Remuneration	Other benefits and remuneration[2)]	Pension costs	Total remuneration
Viktor Drvota, VD	2,977	782	11	963	4,733
Other senior executives (3 persons), salaries etc	3,776	995	6	1,018	5,796
Other senior executives (1 person), invoiced fee	652				652
Total management	**7,405**	**1,777**	**17**	**1,981**	**11,181**
Björn Cochlovius, Chairman	400				400
Anna Lefevre Skjöldebrand, Board member	200				200
Ben Toogood, Board member	178				178
Philip Doung, Board member	200				200
Theresa Tse, Board member	0				0
Total, Board of Directors	**978**				**978**
Total	**8,383**	**1,777**	**17**	**1,981**	**12,159**

1) Board fee is based on meeting attendance.
2) Referes to benefit value of health insurance.

Note 5 continued

Gender distribution of senior executives and Board of Directors

Information as of closing date.

	2024	2023
Board of Directors		
Men	3	3
Women	1	2
Total	**4**	**5**
CEO and senior executives		
Men	3	4
Women	0	0
Total	**3**	**4**

Compensation to the CEO

Pension terms

The contractual pension amounts to 32 percent of gross salary and consists of premium-based compensation.

Variable remuneration to the CEO

The CEO is entitled to a bonus based on exits in the portfolio. The remuneration amounts to 1/3 of 4 percent of the net proceeds paid to the Company upon the exit. The remuneration includes all of the Company's costs in relation to the payment. The maximum payment, together with the payment to other senior executives reported in the first paragraph of the section "Variable remuneration to other senior executives", is limited to SEK 50 million per exit and calendar year. The CEO is also eligible for STI 2024 which is reported in the section "Annual incentive programs" below.

Severance, other senior executives

No senior executives are entitled to severance. According to the Guidelines for Remuneration to Executive Management, severance may only be paid to the CEO.

Variable remuneration

Variable remuneration to other senior executives

Other senior executives are entitled to a bonus based on exits in the portfolio. The remuneration to other senior executives totals 45.5 percent of 4 percent of the net proceeds paid to the Company upon the exit. The remuneration includes all of the Company's costs in relation to the payment. The maximum payment, together with the payment to the CEO reported in the first paragraph of the section "Variable remuneration to the CEO," is limited to SEK 50 million per exit and calendar year. Other senior executives are eligible for STI 2024 in the section "Incentive programs" below.

Incentive programs

Karolinska Development's short-term incentive programs (STI) for the years 2023 and 2024 are described below. The Company's long-term incentive program (LTI) for the year 2010 has expired without any compensation having been paid.

Short Term Incentive Program STI 2023

In 2023, the Board of Directors decided on a Short Term Incentive Program, STI 2023, for senior executives based on a number of specific corporate goals established by the Board for 2023. The goals are designed to promote Karolinska Development's long-term value appreciation. The remuneration is dependent on whether one or more goals are met and has a fixed cap corresponding to six months' base salary for each participant. Goals were partly met, which rendered a cost of SEK 1.4 million (SEK 1.9 million including social security costs). The expense is included as variable remuneration in the table on the previous page, year 2023.

Incentive Program STI 2024

In 2024, the Board of Directors decided on a Short Term Incentive Program, STI 2024, for senior executives based on a number of specific corporate goals established by the Board for 2024. The goals are designed to promote Karolinska Development's long-term value appreciation. The remuneration is dependent on whether one or more goals are met and has a fixed cap corresponding to six months' base salary for each participant. Goals were partly met, which rendered a cost of SEK 0.6 million (SEK 0.8 million including social security costs). The expense is included as variable remuneration in the table on the previous page, year 2024.

Note 6 Interest income on loans to portfolio companies

SEK 000	2024	2023
Interest income on loans to portfolio companies[1)]	5,202	–
Total	**5,202**	–

1) Interest income on loans to portfolio companies is reported as of 2024 as a separate item in operating profit/loss, previous year in Financial net. Other interest income is reported in Net financial items .

Note 7 Interest income, interest expenses and other financial gains and losses

Interest income

SEK 000	2024	2023
Interest income, loans to portfolio companies	–	4,391
Interest income, other	1,162	2,906
Total	**1,162**	**7,297**

1) Interest income on loans to portfolio companies is reported as a separate item in Operating profit from 2024, in previous years in Net financial items.

Interest expenses

SEK 000	2024	2023
Interest expenses, other	-106	–
Total	**-106**	**0**

Other financial gains and losses

SEK 000	2024	2023
Fair value change in short-term investments	–	1,594
Total	**–**	**1,594**

Not 8 Taxes

Reconciliation of effective tax rate

SEK 000	%	2024	%	2023
Profit or loss before tax		-8,101		5,293
Income tax expense at applicable rate in the Parent Company	20.6%	1,669	20.6%	-1,090
Tax effect of				
Non-deductible expenses		-93		-103
Tax-exempt revenue		8		13
Changes in fair value, non-taxable		3,507		4,960
Increase in tax losses carried forward without corresponding capitalization of deferred taxes		-5,090		-3,779
Recognized current tax	**0.0%**	**0**	**0.0%**	**0**
Change in deferred tax	0.0%	–	0.0%	–
Recognized deferred tax	0.0%	–	0.0%	–
Total recognized tax	**0.0%**	**–**	**0.0%**	**–**

Unrecognized deferred tax assets

Deductible temporary differences and tax losses carried forward for which deferred tax assets have not been recognized through profit or loss and the balance sheet primarily relate to losses generated by the Parent Company. Any future gains on the sale of business-related shares and participations in the portfolio companies are tax-exempt profits. Deferred tax assets have therefore not been recognized for these losses, since it is unlikely that Karolinska Development AB will be able to utilize the tax losses carried forward to offset future taxable profits, despite that there is no time limit on these tax losses carried forward. Unrecognized deferred tax assets for Karolinska Development amounted to SEK 187,885 thousand (SEK 182,804 thousand) at 31 December 2024, and SEK 0 thousand (SEK 0 thousand) relates to deficits that are restricted by Group contributions and mergers.

Note 9 Shares in portfolio companies at fair value through profit or loss

SEK 000	2024-12-31	2023-12-31
Accumulated acquisition cost		
At the beginning of the year	1,100,398	983,995
Investments during the year	61,998	102,980
Sales during the year	-43,197	-1,763
Changes in fair value in net profit/loss for the year	1,579	15,185
Closing balance	**1,120,777**	**1,100,398**

Sales during the year

SEK 000	2024	2023
Henlez	-4,086	–
OssDsign	-39,111	–
KCIF Co-Investment Fund	–	-1,763
Total sales	**-43,197**	**-1,763**

Whereof non-cash sales

SEK 000	2024	2023
Receivables from sold shares		
OssDsign	1,700	–
Total non-cash sales	**1,700**	–

Specification of shares in portfolio companies, at fair value through profit or loss 31 december 2024

SEK 000	Shares	Acquisition cost[1], acc	Value change through profit/loss[2], acc	Closing balance/fair value[3]
Listed companies (level 1)				
Modus Therapeutics	23,801,390	91,764	-48,802	42,962
OssDsign	4,535,478	59,505	-14,785	44,720
Promimic	312,500	5,000	2,031	7,031
Total listed companies (level 1)		**156,269**	**-61,556**	**94,713**
Unlisted companies (level 3)				
AnaCardio		37,255	23,373	60,828
BOOST Pharma		5,000	-69	4,931
Dilafor		45,871	5	45,876
PharmNovo		34,858	319	35,177
SVF Vaccines		26,037	327	26,364
Umecrine Cognition		280,471	345,142	625,613
KCIF Co-Investment Fund KB[4]		-9,707	18,916	9,209
KDev Investments		554,372	-336,105	218,267
Total unlisted companies (level 3)		**974,157**	**51,907**	**1,026,064**
Closing balance 31 december		**1,130,426**	**-9,649**	**1,120,777**

1) Refers to original acquisition values, additional investments, conversions and sales.
2) Refers to both realized and unrealized value changes through profit/loss.
3) See Note 1 Valuation of portfolio companies at fair value and Note 16 Fair value, for a description of valuation models
4) Acquisition cost, acc: Net of acquisition cost of 10,198 KSEK and received payments of -19,905 KSEK.

Specification of shares in portfolio companies, at fair value through profit or loss 31 december 2023

SEK 000	Shares	Acquisition cost[1], acc	Value change through profit/loss[2], acc	Closing balance/fair value[3]
Listed companies (level 1)				
Modus Therapeutics	23,801,390	91,764	-50,469	41,295
OssDsign	9,135,478	98,616	-25,532	73,084
Promimic	312,500	5,000	5,219	10,219
Total listed companies (level 1)		**195,380**	**-70,782**	**124,598**
Unlisted companies (level 3)				
AnaCardio		29,675	15,465	45,140
Dilafor		40,297	5	40,302
Henlez		5,506	51	5,557
PharmNovo		33,664	–	33,664
SVF Vaccines		20,680	327	21,007
Umecrine Cognition		244,303	343,769	588,072
KCIF Co-Investment Fund KB[4]		-9,707	17,330	7,623
KDev Investments		554,372	-319,937	234,435
Total unlisted companies (level 3)		**918,790**	**57,010**	**975,800**
Closing balance 31 december		**1,114,170**	**-13,772**	**1,100,398**

1) Refers to original acquisition values, additional investments, conversions and sales.
2) Refers to both realized and unrealized value changes through profit/loss.
3) See Note 1 Valuation of portfolio companies at fair value and Note 16 Fair value, for a description of valuation models
4) Acquisition cost, acc: Net of acquisition cost of 10,198 KSEK and received payments of -19,905 KSEK.

Specification of holdings in portfolio companies 31 december 2024

Company	Registered office	Corporate Identity Number	Number of shares
Karolinska Development			
AnaCardio Holding AB	Stockholm	559343-3559	619
BOOST Pharma ApS	Köpenhamn	41120495	5,000
Dilafor AB	Stockholm	556642-1045	37,914
Modus Therapeutics Holding AB	Stockholm	556851-9523	23,801,390
OssDsign AB	Uppsala	556841-7546	4,535,478
PharmNovo AB	Lund	556739-7368	1,447,725
Promimic AB	Mölndal	556657-7754	312,500
SVF Vaccines AB	Stockholm	559001-9823	275
Umecrine Cognition AB	Umeå	556698-3655	10,777,564
KCIF Co-Investment Fund KB	Solna	969744-8810	26
OssDsign AB	Uppsala	556841-7546	461,184
KDev Investments AB	Solna	556880-1608	2,249,962
Aprea Therapeutics Inc	Boston	7312119	59 034
Biosergen AB	Solna	559304-1295	901,334
Dilafor AB	Stockholm	556642-1045	403,970
Modus Therapeutics Holding AB	Stockholm	556851-9523	2,752,516
Promimic AB	Mölndal	556657-7754	2,323,920

Note 10 Other financial assets

	2024-12-31			
SEK 000	Earn-out agreement Forendo Pharma, non-current asset	Earn-out agreement Forendo Pharma, current asset	Earn-out agreement Oncopeptides	Total
At the beginning of the year	57,443	10,386	0	67,829
Partial payment	–	–	-887	-887
Change in fair value in net profit or loss for the year	13,828	698	887	15,413
Closing balance	**71,271**	**11,084**	**–**	**82,355**

	2023-12-31			
SEK 000	Earn-out agreement Forendo Pharma, non-current asset	Earn-out agreement Forendo Pharma, current asset	Earn-out agreement Oncopeptides	Total
At the beginning of the year	59,537	15,970	0	75,507
Partial payment	–	-16,508	–	-16,508
Change in fair value in net profit or loss for the year	-2,094	10,924	–	8,830
Closing balance	**57,443**	**10,386**	**0**	**67,829**

Earn-out agreement 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 during 2022 and 2023, to SEK 82.4 million (SEK 67.8 million). 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 totalling USD 870 million upon the achievement of certain development, registration and commercial milestones pertaining to Forendo Pharma's drug candidates. During 2025, SEK 11.1 million is expected to be received, which is why they are considered as current.

Earn-out agreement Oncopeptides

Karolinska Development was entitled to a 5 percent earn-out payment according to an agreement with Industrifonden regarding the previous holding Oncopeptides. The earn-out payment was received when Industrifonden divested its holding in Oncopeptides. Karolinska Development received SEK 0.9 million during 2024, which is the final settlement of the agreement.

Note 11 Other current receivables

SEK 000	2024-12-31	2023-12-31
Receivables from sold shares	1,700	–
Tax assets	700	673
Total	**2,400**	**673**

Note 12 Prepaid expenses and accrued income

SEK 000	2024-12-31	2023-12-31
Rents	375	–
Insurance premiums	323	310
Other	453	485
Total	**1,151**	**795**

Note 13 Equity

Changes in share capital

Year	Transaction	Number of shares	Share capital	Number of A shares	Number of B shares	Subscription price	Par value
Total per 1 Jan 2011		**33,331,417**	**16,665,709**	**1,503,098**	**31,828,319**		**0.5**
April 2011	Share issue	15,200,000	7,600,000	0	15,200,000	40	0.5
Total per 31 Dec 2011		**48,531,417**	**24,265,709**	**1,503,098**	**47,028,319**		**0.5**
Total per 31 Dec 2012		**48,531,417**	**24,265,709**	**1,503,098**	**47,028,319**		**0.5**
Total per 31 Dec 2013		**48,531,417**	**24,265,709**	**1,503,098**	**47,028,319**		**0.5**
December 2014	Share issue	4,853,141	2,426,570		4,853,141	13	0.5
Total per 31 Dec 2014		**53,384,558**	**26,692,279**	**1,503,098**	**51,881,460**		**0.5**
December 2015	Share issue	65,082	32,541		65,082	0.5	0.5
Total per 31 Dec 2015		**53,449,640**	**26,724,820**	**1,503,098**	**51,946,542**		**0.5**
September 2016	Share issue	15,358	7,679		15,358	0.5	0.5
Total per 31 Dec 2016		**53,464,998**	**26,732,499**	**1,503,098**	**51,961,900**		**0.5**
April 2017	Share issue	10,871,698	5,435,849		10,871,698	6.17	0.5
June 2017	Reduction in share capital	0	-31,524,981		–		0.01
July 2017	Share issue	564	6		564	22	0.01
August 2017	Share issue	23,840	238		23,840	0.01	0.01
October 2017	Share issue	106	1		106	22	0.01
Total per 31 Dec 2017		**64,361,206**	**643,612**	**1,503,098**	**62,858,108**		**0.01**
Juni 2018	Share issue	57,531	575		57,531	0.01	0.01
Total per 31 Dec 2018		**64,418,737**	**644,187**	**1,503,098**	**62,915,639**		**0.01**
November 2019	Share issue	78,770,586	787,706		78,770,586	3.74	0.01
December 2019	Share issue	32,476,086	324,761		32,476,086	3.74	0.01
Total per 31 Dec 2019		**175,665,409**	**1,756,654**	**1,503,098**	**174,162,311**		**0.01**
Total per 31 Dec 2020		**175,665,409**	**1,756,654**	**1,503,098**	**174,162,311**		**0.01**
Total per 31 Dec 2021		**175,665,409**	**1,756,654**	**1,503,098**	**174,162,311**		**0.01**
February 2022	Share issue	94,412,185	944,122	1,052,163	93,360,022	4	0.01
Total per 31 Dec 2022		**270,077,594**	**2,700,776**	**2,555,261**	**267,522,333**		**0.01**
Total per 31 Dec 2023		**270,077,594**	**2,700,776**	**2,555,261**	**267,522,333**		**0.01**
Total per 31 Dec 2024		**270,077,594**	**2,700,776**	**2,555,261**	**267,522,333**		**0.01**

Note 13 continued

Net asset value per share

	Investment Entity	
SEK 000	**2024-12-31**	**2023-12-31**
Net assets		
Cash and cash equivalents	42,010	85,272
Net financial assets and liabilities	82,255	67,699
Total net assets	**124,265**	**152,971**
Estimated fair value of portfolio companies	1,120,777	1,100,398
Total net asset value	**1,245,042**	**1,253,369**
Number of shares	**269,833,309**	**269,833,309**
Net asset value per share	**4.61**	**4.64**

Share structure

The number of shares amounts to 270,077,594, of which 2,555,261 are series A shares and 267,522,333 are series B shares. Series A shares carry ten votes per share and series B shares carry one vote per share. All shares have an equal right to the Company's assets in the case of liquidation and profit distributions. All series B shares have been listed for trading on the main list of Nasdaq OMX since 15 April 2011.

In 2012 and 2013, a total of 244,285 shares with a par value of SEK 0.01, corresponding to SEK 2,443 in share capital, were repurchased for SEK 4,726,904. The shares were repurchased to cover the social security costs in the PSP incentive programs.

Other contributed capital

Relates to capital contributed by the owners.

Retained earnings including net profit for the year

Retained earnings including current year results and retained earnings of the Parent Company. Previous allocations to the statutory reserve are included in this equity item.

Earnings per share basic and diluted

SEK 000	**2024**	**2023**
Net profit/loss for the year	-8,101	5,386
Weighted average number of shares before dilution	269,833,309	269,833,309
Earnings per share, SEK, before dilution	**-0.03**	**0.02**
Weighted average number of shares after dilution	269,833,309	269,833,309
Earnings per share, SEK, after dilution	**-0.03**	**0.02**

Note 14 Other financial liabilities

SEK 000	2024-12-31	Of which affect cash flow	2023-12-31	Of which affect cash flow
Earn-out agreement regarding Aprea Therapeutics				
Accumulated acquisition cost				
At the beginning of the year	130		191	
Fair value change in net profit/loss for the year	-30		-61	
Closing balance	**100**	**–**	**130**	**–**

Earn-out agreement Aprea Therapeutics

At a divestment of Karolinska Developments holding in Aprea Therapeutics (via KDev Investments), Industrifonden, according to the share swap agreement, is entitled to 5 percent of Karolinska Developments revenue, with a cap of SEK 80 million. Residual value amounts to SEK 71.2 millions (SEK 71,2) at 31 December 2024.

Note 15 Accrued expenses and prepaid income

SEK 000	2024-12-31	2023-12-31
Salaries and remuneration to personnel	5,803	3,345
Remuneration to Board of Directors	864	460
Auditor and consulting fees	577	767
Payroll tax and accrued pension costs	1,331	1,318
Social security costs	1,000	458
Other	24	24
Total	**9,599**	**6,372**

Note 16 Financial assets and liabilities, financial risk management

Financial assets and liabilities by category

2024	Financial assets measured at:		Financial liabilities measured at:			
SEK 000	Fair value through profit or loss	Amortized cost	Fair value through profit or loss	Amortized cost	Total carrying amount	Fair value
Shares in portfolio companies at fair value through profit or loss	1,120,777				1,120,777	1,120,777
Other financial assets, non-current part	71,271				71,271	71,271
Other financial assets, current part	11,084				11,084	11,084
Receivables from portfolio companies		1,126			1,126	1,126
Cash and cash equivalents		42,010			42,010	42,010
Total	**1,203,132**	**43,136**			**1,246,268**	**1,246,268**
Other financial liabilities			100		100	100
Accounts payable				762	762	762
Total			**100**	**762**	**862**	**862**

2023	Financial assets measured at:		Financial liabilities measured at:			
SEK 000	Fair value through profit or loss	Amortized cost	Fair value through profit or loss	Amortized cost	Total carrying amount	Fair value
Shares in portfolio companies at fair value through profit or loss	1,100,398				1,100,398	1,100,398
Other financial assets, non-current part	57,443				57,443	57,443
Other financial assets, current part	10,386				10,386	10,386
Receivables from portfolio companies		268			268	268
Cash and cash equivalents		85,272			85,272	85,272
Total	**1,168,227**	**85,540**			**1,253,767**	**1,253,767**
Other financial liabilities			130		130	130
Accounts payable				1,323	1,323	1,323
Total			**130**	**1,323**	**1,453**	**1,453**

Note 16 continued

Short-term investments

Surplus liquidity that may temporarily arise in Karolinska Development is placed in fixed income funds or interest-bearing instruments and is recognized as short-term investments with a remaining duration exceeding 3 months.

Fair value measurement

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, directly or indirectly

Level 3 - Fair value determined based on valuation models where significant inputs are based on non-observable data

The carrying amounts of financial assets and liabilities measured at amortized cost approximate their fair value.

Investment Entity's assets and liabilities at fair value as of 31 december 2024

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies at fair value through profit or loss	94,713		1,026,064	1,120,777
Other financial receivables, non-current and current			82,355	82,355
Cash and cash equivalents	42,010			42,010
Total	**136, 723**		**1,108,419**	**1,245,142**
Financial liabilities				
Other financial liabilities			100	100
Total			**100**	**100**

Investment Entity's assets and liabilities at 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 receivables, non-current and current			67,829	67,829
Cash and cash equivalents	85,272			85,272
Total	**209,870**		**1,043,629**	**1,253,499**
Financial liabilities				
Other financial liabilities			130	130
Total			**130**	**130**

The following describes the main methods and assumptions used to determine the fair value of financial assets and liabilities in the tables above.

Shares in portfolio companies (unlisted holdings)

The valuation of unlisted holdings is based on the International Private Equity and Venture Capital Valuation Guidelines. For a further description, see Note 1 Accounting policies, "Valuation of portfolio companies."

Financial assets and liabilities at fair value

A fair value estimate is made based on discounted future cash flows, where a discount rate reflecting the counterparty's credit risk is the most significant input. For other financial receivables in Level 3, earn-out agreement regarding the sale of Forendo to Organon, a rNPV calculation has been used with a discount rate of 13 percent. For other financial liabilities, there is no significant difference compared to the carrying amounts included in Level 3, so the carrying amounts are considered a good approximation of fair value.

Note 16 continued

Changes in financial assets and liabilities on Level 3 in 2024

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At the beginning of the year	975,800	67,829	130
Acquisitions	61,998	–	–
Disposals/compensation	-4,086	-887	–
Gains and losses realized in profit or loss	-7,647	15,412	-30
Carrying amount at year-end	**1,026,064**	**82,354**	**100**
Realized gains and losses for the period included in profit or loss	-1,245	887	–
Unrealized gains and losses for the period included in profit or loss	-6,402	14,525	30

There were no transfers between Level 1 and 2 in 2024.

Changes in financial assets and liabilities on Level 3 in 2023

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At the beginning of the year	908,461	75,507	191
Acquisitions	69,477	–	–
Disposals/compensation	-1,764	-16,508	–
Gains and losses realized in profit or loss	-376	8,830	-61
Carrying amount at year-end	**975,800**	**67,829**	**130**
Realized gains and losses for the period included in profit or loss	793	16,508	–
Unrealized gains and losses for the period included in profit or loss	-1 168	-7,678	61

There were no transfers between Level 1 and 2 in 2023.

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.

Change in fair value, gains and losses realized in profit or loss 2024

SEK 000	Shares in portfolio companies	Other financial assets and liabilities
Result level 1		
Listed companies, realized	8,383	
Listed companies, unrealized	843	
Total level 1	**9,226**	
Result level 3		
Unlisted companies, realized	-1,245	
Unlisted companies, unrealized	-6,402	
Total level 3	**-7,647**	
Result level 3		
Other financial assets, realized		887
Other financial assets, unrealized		14,525
Other financial liabilities, unrealized		-30
Total level 3		**15,443**
Gains and losses realized in profit or loss	**1,579**	**15,443**

Change in fair value, gains and losses realized in profit or loss 2023

SEK 000	Shares in portfolio companies	Other financial assets and liabilities
Result level 1		
Listed companies, realized	–	
Listed companies, unrealized	15,561	
Total level 1	**15,561**	
Result level 3		
Unlisted companies, realized	793	
Unlisted companies, unrealized	-1,169	
Total level 3	**-376**	
Result level 3		
Other financial assets, unrealized		8,830
Other financial liabilities, unrealized		61
Total level 3		**8,891**
Gains and losses realized in profit or loss	**15,185**	**8,891**

Note 16 continued

Shares in portfolio companies (level 3) on 31 december 2024

KSEK	Ownership	Fair value	Valuation model[1)]
AnaCardio	12.6%	60,628	Post-money valuation
BOOST Pharma	10.0%	4,931	Post-money valuation
Dilafor	2.7%	45,876	Post-money valuation
PharmNovo	20.0%	35,177	Post-money valuation
SVF Vaccines	32.7%	26,364	Post-money valuation
Umecrine Cognition	72.6%	625,613	External valuation[2)]
KCIF Co-Investment Fund KB	26%	9,209	A combination of share price listed company and fair value of financial asset[3)]
KDev Investments	90.1%	218,267	A combination of post-money valuation and share price listed company[4)]
Total level 3		**1,026,064**	

1) See Note 1 Valuation of portfolio companies at fair value, for a description of valuation models.
2) Risk adjusted external valuation model from an independent valuation institute dated December 2024. The rNPV value (see definitions page 92) from the model adjusted further in order to reflect an assumed split in risk and revenues in conjunction with e.g. 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 (earn-out deal when divesting Fordendo Pharma) valued at fair value.
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, corresponds to 89 percent of total fair value in KDev Investments. The potential distribution to Rosetta Capital of fair value is also taken into account.

Shares in portfolio companies (level 3) on 31 december 2023

KSEK	Ownership	Fair value	Valuation model[1)]
AnaCardio	20.7%	45,140	Post-money valuation
Dilafor	2.2%	40,302	Post-money valuation
Henlez	13.5%	5,557	Post-money valuation
PharmNovo	13.1%	33,664	Post-money valuation
SVF Vaccines	34.8%	21,007	Post-money valuation
Umecrine Cognition	72.6%	588,072	External valuation[2)]
KCIF Co-Investment Fund KB	26.0%	7,623	A combination of share price listed company and fair value of financial asset[3)]
KDev Investments	90.1%	234,435	A combination of post-money valuation and share price listed company[4)]
Total level 3		**975,800**	

1) See Note 1 Valuation of portfolio companies at fair value, for a description of valuation models.
2) Risk adjusted external valuation dated December 2022 by an independent valuation institute. The external valuation resulted in an rNPV value (see definitions page 92) which has been risk adjusted to reflect an assumed split in risk and revenues in conjunction with a license deal and also to incorporate the financial risk that Umecrine will not manage to finance fully the final parts of the reasearch 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 (earn-out deal when divesting Fordendo Pharma) valued at fair value.
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, corresponds to 85 percent of total fair value in KDev Investments. The potential distribution to Rosetta Capital of fair value is also taken into account.

Sensitivity analysis of significant holdings, 31 december 2024

	+/–5%		+/–15%		+/–30%	
	Result/equity		Result/equity		Result/equity	
	KSEK	SEK/share	KSEK	SEK/share	KSEK	SEK/share
Umecrine Cognition[1]	+/-33 572	+/-0,1	+/-100 715	+/-0,4	+/-201 431	+/-0,7
KDev Investments[2]	+/-17 950	+/-0,1	+/-53 550	+/-0,2	+/-107 100	+/-0,4

1) Sensitivity to rNPV value in performed external valuation based on the assumed sales price of the drug candidate.
2) Sensitivity in the value of KDev Investments, after potential distribution to Rosetta Capital.

Sensitivity analysis of significant holdings, 31 december 2023

	5%		–5%		+/–15%		+/–30%	
	Result/equity		Result/equity		Result/equity		Result/equity	
	KSEK	SEK/share	KSEK	SEK/share	KSEK	SEK/share	KSEK	SEK/share
Umecrine Cognition[1]	31 713	0,1	-34 078	-0,1	+/-99 748	+/-0,4	+/-198 436	+/-0,7
KDev Investments[2]	19 008	0,1	-19 008	-0,1	+/-55 949	+/-0,2	+/-112 000	+/-0,4

1) Sensitivity to rNPV value in performed external valuation based on the assumed sales price of the drug candidate.
2) Sensitivity in the value of KDev Investments, after potential distribution to Rosetta Capital.

Note 16 continued

Impact on the portfolio's fair value of the agreement with Rosetta Capital

"Potential distribution to Rosetta Capital" is the amount of SEK 330.8 million that KDev Investments, according to the investment agreement between Karolinska Development and Rosetta Capital, is obliged to distribute to Rosetta Capital (on Rosetta Capital's preference and common shares) from the proceeds received by KDev Investments (KDev Investments' fair value). With its current shareholding, Karolinska Development's proportion of dividends will be 0 percent for accumulated dividends up to SEK 220 million, 65 percent for accumulated dividends between SEK 220 million and SEK 880 million, 75 percent for accumulated dividends between SEK 880 million and SEK 1,320 million, and 92 percent for accumulated dividends above SEK 1,320 million.

The distribution to Rosetta Capital will take place only when KDev Investments distributes a dividend. KDev Investments will only distribute dividends after all accounts payable and outstanding liabilities have been repaid.

Following dividends from KDev Investments during 2021 – 2023, all additional investments totaling SEK 43.7 million have been repaid to Rosetta Capital. In addition, SEK 6.7 million have been distributed, which reduces the first SEK 220 million in the waterfall structure.

Expanded fair value calculations taking into consideration the portfolio valuation and potential distribution to Rosetta Capital

SEK 000	2024-12-31	2023-12-31
Fair value of Karolinska Development portfolio (unlisted companies)	807,798	741,365
Fair value of Karolinska Development portfolio (listed companies)	94,713	124,598
Fair value of KDev Investments portfolio	549,021	574,336
Total Portfolio Fair Value[1]	**1 451,532**	**1 440,299**
Potential distribution to Rosetta Capital of fair value in KDev Investments[2]	-330,754	-339,901
Net Portfolio Fair Value (after potential distribution to Rosetta Capital)[3]	**1,120,777**	**1,100,398**

1) "Total Portfolio Fair Value" is indicated in Note 1.
2) SEK 330.8 million distribution of dividends on common and preference shares to Rosetta Capital.
3) "Net Portfolio Fair Value (after potential distribution to Rosetta Capital)" is indicated in Note 1.

Information on fair value measurement in level 3

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. See Note 1 Accounting policies, Valuation methods.

Effect on earnings of change in price, currency and interest rate

	+/-5%		+/-15%		+/-30%	
	Earnings/equity		Earnings/equity		Earnings/equity	
Change in:	**MSEK**	**SEK/share**	**MSEK**	**SEK/share**	**MSEK**	**SEK/share**
Change in share price on shares in portfolio companies at fair value through profit or loss	63.1	0.2	188.9	0.7	493.1	1.8
Currency	0.3	0.0	1.0	0.0	2.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0	0.0

Financial risks

Through its activities, the Investment Entity is exposed to various financial risks. Financial risks refer to fluctuations in operating results and cash flow as a result of changes in exchange rates, interest rates, refinancing and credit risks. Responsibility for the Investment Entity's financial transactions and risks rests with both the Parent Company's finance department and the local portfolio companies. The overarching objective of the finance function is to provide cost-effective financing and to minimize adverse effects on the Investment Entity's earnings from market fluctuations.

Price risk

The Investment Entity is exposed to share price risk on the Investment Entity's holdings in portfolio companies measured at fair value (shares in associated companies, joint ventures and other long-term securities holdings). The Investment Entity otherwise is not exposed to valuation risk.

Currency risk

Currency risk is the risk that changes in exchange rates will negatively impact the Investment Entity. The Investment Entity's foreign exchange exposure consists of transaction exposure resulting in exposure to foreign currency linked to the contractual cash flows and balance sheet items where changes in exchange rates affect the results and cash flows.

Interest rate risk

Interest risk is the risk that changes in market interest rates affect cash flow or the fair value of financial assets or liabilities. The Investment Entity's investment guideline regarding cash and cash equivalents are to invest in fixed income funds or interest-bearing instruments with low risk, because of which the risk associated with interest rate changes is low. The interest risks are due to short-term and long-term borrowing. Borrowing with floating interest rate exposes the Investment company to interest risk regarding cash flow. As of the end of the accounting period there are no loans with floating interest rate.

Note 16 continued

Credit risk

Credit risk is the risk that the counterparty to a transaction fails to fulfill its obligations under the contract and that any guarantee does not cover the Investment Entity's claim. Maximum credit risk exposure is equivalent to the book value of financial assets.

The credit risk in cash and cash equivalents and short-term investments are limited as the Investment Entity's counterparties are banks with high credit ratings. Therefore, no reserve for expected credit losses on these is made.

Assets exposed to credit risk

SEK 000	2024-12-31	2023-12-31
Other financial assets	82,355	67,829
Receivables from portfolio companies	1,126	268
Other current receivables	2,400	673
Cash and cash equivalents	42,010	82,272
Maximum exposure to credit risk	**127,891**	**154,042**

Liquidity risk

Liquidity risk is the risk that the Investment Entity cannot meet its short-term payment obligations. The Investment Entity's guidelines state that the liquidity reserve must remain at such a level that it meets the Investment Entity's ongoing liquidity requirements and requirements for investments in portfolio companies for the following 12 months.

2024 SEK 000	Within 3 month	3–12 month	1–5 years	Over 5 years	Total
Accounts payable	762				762
Other current liabilities	684				684
Total	**1,446**				**1,446**

2023 SEK 000	Within 3 month	3–12 month	1–5 years	Over 5 years	Total
Accounts payable	1,323				1,323
Other current liabilities	674				674
Total	**1,997**				**1,997**

Management of capital risks

The Investment Entity's capital management objective is to ensure the Investment Entity's capacity to continue operations, generate reasonable returns for shareholders and provide benefits to other stakeholders. The Investment Entity's policy is to minimize the risks in asset management. In accordance with the Investment Entity's investment guidelines, surplus liquidity is managed externally. The portfolio will maintain an average term of no longer than 1.5 years and invest in fixed income funds or interest-bearing instruments.

Note 17 Pledged assets and contingent liabilities

SEK 000	2024-12-31	2023-12-31
Pledged assets		
Contingent liabilities		
Loan commitment to portfolio company	5,000	–
Investment commitment in portfolio companies	–	8,705
Total pledged assets	**5,000**	**8,705**

Endowment insurance

Individual pension undertakings have been guaranteed in the form of Company-owned endowment insurance policies regarding one previous employee. The Investment Entity (which includes the Parent Company) has no further obligation to cover possible shortfalls in the endowment insurance or to pay any amount in excess of the premiums paid, due to which the Investment Entity considers these pension plans to be defined contribution pension plans. Accordingly, payment of premiums corresponds to final settlement of the undertaking vis-à-vis the employee.

In accordance with IAS 19 and the regulations for defined contribution pension plans, the Investment Entity and the Parent Company therefore report neither assets nor liabilities, with the exception of special payroll contributions, related to these endowment insurance policies.

Note 18 Related parties

Affiliates

The Investment Entity has a related party relationship with its subsidiaries, joint ventures, associated companies and with all the companies that form part of invoX Pharma Group (invoX Pharma is a wholly owned subsidiary of Sino Biopharmaceutical Ltd).

Karolinska Development has rendered services to the portfolio companies in the areas of management, communication, finance and administration, including legal and analytical operations. Prices of services rendered have been market based.

Karolinska Development has a license to use the brand Karolinska, which expires December 2025.

In November 2009, Karolinska Development and the European Investment Fund ("EIF") entered into an agreement whereby EIF invests in parallel with Karolinska Development in portfolio companies. The investments were made through KCIF Co-Investment KB ("KCIF"). KCIF invested in parallel with Karolinska Development at a ratio of 27:73 (KCIF: Karolinska Development) on the condition that certain stated investment criteria were fulfilled. The investors and limited partners in KCIF are EIF, which has committed EUR 12.9 million, and Karolinska Development, which has committed EUR 4.5 million. The amounts are paid to KCIF as needed to make investments, to cover KCIF's expenses, and to pay an annual management fee to KCIF Fund Management AB ("FMAB"), a limited partner responsible for the operation of KCIF. The management fee for the financial year 2024 amounted to SEK 128 thousand (SEK 128 thousand). As of 16 November 2021 liquidation of KCIF has started, whereby existing holdings are to be liquidated in the future and will be distributed to Karolinska Development and EIF.

Since 2023, FMAB is 100 percent owned by Karolinska Development.

Compensation and profit distribution

FMAB is entitled to an annual management fee corresponding to 1 percent of invested capital. In practice, FMAB fulfills its obligations to manage the operations of KCIF by purchasing services from Karolinska Development according to a service agreement. The service agreement entitles Karolinska Development to annual compensation equivalent to what remains of the management fee after deducting FMAB's other expenses and a certain buffer for future expenses in FMAB. Any dividends from KCIF will essentially be distributed as follows. First, EIF and Karolinska Development will receive an amount corresponding to the portion of the committed capital paid to KCIF at the time of the dividend payment and annual interest of 6 percent on this amount. Secondly, 80 percent of the remaining funds will be distributed to EIF and Karolinska Development in proportion to their capital investment.

The remaining 20 percent will be distributed to Karolinska Development. The indirect ownership in the portfolio companies through KCIF holding has been included in Karolinska Development's share of the portfolio companies, Note 32.

	2024				2023			
SEK 000	Sale of services	Interest income	Purchase of service	Interest expenses	Sale of services	Interest income	Purchase of service	Interest expenses
Associate relationship								
Portfolio companies	1,838	5,202			1,923	4,393		
Total	**1,838**	**5,202**	**–**	**–**	**1,923**	**4,393**	**–**	**–**

	2024-12-31		2023-12-31	
SEK 000	Liability to associates	Receivable from associates	Liability to associates	Receivable from associates
Associate relationship				
Portfolio companies	–	99,775	–	75,336
Total	**–**	**99,775**	**–**	**75,336**

Note 19 Significant events after the closing date

Karolinska Development
- No significant events after the closing date.

AnaCardio
- The portfolio company AnaCardio secured SEK 205 million in a series A extension financing round and reported positive results from the first part of a phase 1b/2a study of AC01 in patients with heart failure and reduced ejection fraction. The final part of the study (phase 2a) is expected to start during the first quarter of 2025 (January 2025).
- AnaCardio dosed the first patient in the phase 2a part of the GOAL-HF1 clinical study. The study will evaluate AnaCardio's drug candidate AC01 in patients with heart failure and reduced ejection fraction. Study results from GOAL-HF1 are expected by the end of the year (February 2025).
- AnaCardio was granted patent for its drug candidate AC01 as an inotropic agent in the EU, a type of treatment that can change the force of the hearts contraction (March 2025).

Dilafor
- The portfolio company Dilafor announced that it successfully completed regulatory meetings with the U.S. Food and Drug Administration, FDA, and European Health agencies, regarding the continued development of the company's drug candidate tafoxiparin. The completed meetings marked the end of a comprehensive dialogue with regulatory authorities in the US and EU to reach an alignment between the authorities on designing pivotal clinical phase 3 studies in Europe and the US to evaluate tafoxiparin as a new potential treatment for priming of labor (January 2025).

PharmNovo
- PharmNovo received positive feedback regarding its most advanced drug candidate, PN6047, in a pre-IND meeting with the FDA. The meeting aimed to provide guidance on the design of the company's planned Phase 2a clinical trial for the treatment of peripheral neuropathy and allodynia (March 2025).

Promimic
- Promimic published positive results showing a reduction of bacterial growth on the company's implant surface HAnano Surface. The results are published in the Journal of Functional Biomaterials (February 2025).

Note 20 Parent Company's accounting policies

Parent Company's accounting policies
The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Council's recommendation RFR 2 "Accounting for legal entities". Statements from the Swedish Financial Reporting Council, UFR 7 and 9, are also applied. Application of RFR 2 means that the parent company must apply all IFRS approved by the EU as far as this is possible within the framework of the Annual Accounts Act and the Insurance Act and take into account the connection between accounting and taxation. The principles described in note 1 regarding investment companies are also applied to the parent company, unless otherwise stated below.

This means, among other things, that the following accounting principles have been applied:

Subsidiary
Shares in subsidiaries are reported at fair value through profit or loss in the parent company's financial reports. Dividends are reported as income when these have been determined by the general meeting.

Associated companies and joint ventures
Shares in associated companies and joint ventures are reported at fair value through profit or loss in the parent company's financial reports. Dividends are reported as income when these have been determined by the general meeting.

Other long-term securities
Shares in other long-term securities holdings are reported at fair value through profit or loss in the parent company's financial reports.

Change in fair value of shares in portfolio companies
The company reports holdings in subsidiaries, joint ventures, associated companies and other long-term securities holdings at fair value through profit or loss. If holdings in subsidiaries, joint ventures, associated companies or other long-term securities holdings have a lower or higher value than the acquisition value on the balance sheet date, the holding is valued at fair value.

Note 21 Information on the Parent Company

Karolinska Development AB (publ), Corporate Identity Number 556707-5048, is a Swedish limited liability company with its registered office in Solna.

Subsequent notes relate to the Parent Company.

Note 22 Revenue distribution

Services rendered are comprised of invoiced services provided to portfolio companies in Sweden. These services consist of management, communication, finance and administration, including legal and analytical operations.

SEK 000	2024	2023
Other revenue	1,838	2,014
Total revenue	**1,838**	**2,014**

Note 23 Change in fair value of shares in portfolio companies

SEK 000	2024	2023
Change in fair value of shares in subsidiaries	3,040	-43,286
Change in fair value of shares in joint ventures and associated companies	-17,178	31,744
Change in fair value of other long-term securities holdings	15,717	26,727
Total	**1,579**	**15,185**

Note 24 Interest income on loans to portfolio companeis

SEK 000	2024	2023
Interest income from loans to portfolio companies	5,202	–
Summa	**5,202**	–

1) Interest income on loans to portfolio companies is reported as of 2024 as a separate item in operating profit/loss, previus year in financial net. Other interest income is reported in Net financial items.

Note 25 Change in fair value of other financial assets and liabilities

SEK 000	2024	2023
Change in fair value av other financial assets and liabilities	15,443	8,891
Total	**15,443**	**8,891**

Note 26 Other external expenses

Auditor fees

SEK 000	2024	2023
EY		
Audit services	1,493	1,684
Audit related services	–	52
Total	**1,493**	**1,736**

Auditor fees refer to the auditor's remuneration for the statutory audit. The work includes the examination of the annual report and accounting records, the administration by the Board and the CEO, and fees for auditing advice in connection with the audit assignment. Audit related services primarily relate to quality assurance services other than the statutory audit.

Note 27 Leases

The Parent Company has chosen to finance premises through leases. The parent company applies the exemption rule in RFR 2 and recognises lease payments as a cost on a straight-line basis over the lease term. Expensed leasing payments and future contractual leasing payments are indicated below.

SEK 000	2024	2023
Expensed leasing payments during the period	997	798
Future leasing payments		
Within one year	1,063	803
Between one year and five years	1,063	1,995
Total future leasing payments	**2,126**	**2,798**

Note 28 Employees and personnel costs

See Note 5 for further information.

Average number of employees

	2024			2023		
Full-time equivalent	Number	Of whom women	Of whom men	Number	Of whom women	Of whom men
Investment Entity	8	50%	50%	8	50%	50%
Total	**8**	**50%**	**50%**	**8**	**50%**	**50%**

Employee benefits

SEK 000	2024	2023
Salaries and remuneration	13,899	12,636
Social security costs/payroll tax	4,831	5,246
Pension costs	2,924	2,870
Total	**21,654**	**20,752**

Costs for redundant personnel will be added with a total of KSEK 2,701 for 2024.

Salaries and other remuneration distributed between Board members, etc. and other employees

	2024		2023	
SEK 000	Board and CEO	Other employees	Board and CEO	Other employees
Salaries and remuneration	4,483	9,416	4,448	8,188
Pension costs	992	1,932	963	1,907
Total	**5,475**	**11,348**	**5,411**	**10,095**

Note 29 Interest income and similar income

SEK 000	2024	2023
Interest income on loans to portfolio companies	–	4 391
Interest income, other	1,162	2,853
Fair value change in short-term investments	–	1,593
Total	**1,162**	**8,837**

Note 30 Taxes

SEK 000	%	2024	%	2023
Profit before tax		-8,062		5,234
Income tax expense at applicable rate in the Parent Company	20.6%	1,661	20.6%	-1,078
Tax effect of				
Non-deductible expenses		-93		-103
Tax-exempt income		8		13
Fair value change, non-taxable		3,507		4,960
Increase in tax losses carried forward without corresponding capitalization of deferred tax		-5,082		-3,792
Recognized tax	**0.0%**	**0**	**0.0%**	**0**

Unrecognized deferred tax assets

Deductible temporary differences and tax losses carried forward for which deferred tax assets have not been recognized through profit or loss or the balance sheet mainly refer to the deficits incurred in the Parent Company. Any future gains on the sale of business-related shares and participations in the portfolio companies are tax-exempt profits. Deferred tax assets have not been recognized for these deficits as it is unlikely that Karolinska Development AB will be able to offset the amounts against future taxable profits, despite that there is no time limit on the tax losses carried forward. Unrecognized deferred tax assets for Karolinska Development as of 31 December 2024 amounted to SEK 187,886 thousand (182,804), and SEK 0 thousand (SEK 0 thousand) refers to the tax effect of deficits that are restricted by Group contributions and mergers.

Note 31 Shares in subsidiaries

SEK 000	2024	2023
Accumulated book value		
At the beginning of the year	629,367	588,798
Reclassification from joint ventures	–	28,951
Investments during the year	36,167	54,879
Fair value measurement through profit or loss	3,040	-43,261
Closing balance, book value	**668,574**	**629,367**

Specification of holdings in subsidiaries

	Total holding		Book value in Parent Company	
SEK 000	**2024-12-31**	**2023-12-31**	**2024-12-31**	**2023-12-31**
Modus Therapeutics	66.2%	66.2%	42,962	41,295
Umecrine Cognition AB	72.6%	72.6%	625,612	588,072
KCIF Fund Management AB	100%	100%	0	0
KD Incentive AB	100%	100%	0	0
Total book value			**668,574**	**629,367**

Investments in subsidiaries

SEK 000	2024	2023
Modus Therapeutics Holding AB	–	23,508
Umecrine Cognition AB	36,167	31,373
Total investments	**36,167**	**54,881**

Whereof non-cash investments in subsidiaries

SEK 000	2024	2023
Accrued interest		
Modus Therapeutics Holding AB	–	1,508
Umecrine Cognition AB	2,668	1,374
Total non-cash investments	**2,668**	**2,882**

Note 32 Shares in joint ventures and associated companies

SEK 000	2024	2023
Accumulated book value		
At the beginning of the year	313,762	304,588
Investments during the year	6,482	8,140
Reclassification to shares in subsidiaries	–	-28,951
Reclassification to other long-term securities holding	-45,140	–
Divestments during the year	-4,086	-1 763
Fair value measurement through profit or loss	-17,178	31,748
Closing balance, book value	**253,840**	**313,762**

Specification of holdings in associated companies

	Total holding	Fully diluted[1)]	Total holding	Book value in Parent Company	
SEK 000	2024-12-31		2023-12-31	2024-12-31	2023-12-31
KDev Investments AB[2)]	90.1%		90.1%	218,267	234,435
Aprea Therapeutics Inc	1.1%	1.1%	1.6%		
Biosergen AB	0.4%	0.4%	1.8%		
Dilafor AB	28.7%	28.7%	29.3%		
Modus Therapeutics Holding AB	7.7%	7.7%	7.7%		
Promimic AB	12.3%	12.3%	12.5%		
Total book value				**218,267**	**234,435**

1) Ownership with full dilution according to current investment plans.
2) Karolinska Development owns 90.1 percent (90.1 percent) of KDev Investments, which in turn owns the shares in the portfolio companies.

Specification of holdings in associated companies

	Total holding	Fully diluted[1)]	Total holding	Book value in Parent Company	
SEK 000	2024-12-31		2023-12-31	2024-12-31	2023-12-31
AnaCardio Holding AB (reclassified to Other long-term securities holdings)	–	–	20.7%	–	45,140
Henlez ApS (divested)	–	–	13.5%	–	5,557
SVF Vaccines AB	32.7%	32.7%	34.2%	26,364	21,007
KCIF Co-Investment Fund KB	26.0%		26.0%	9,209	7,623
OssDsign AB	0.5%	0.5%	0.5%		
Total book value				**35,573**	**79,327**

1) Ownership with full dilution according to current investment plans.

Investments in joint ventures and associated companies

SEK 000	2024	2023
Henlez ApS	1,125	–
SVF Vaccines AB	5,357	8,140
Total investments in joint ventures and associated companies	**6,482**	**8,140**

Whereof non-cash investments in joint ventures and associated companies

SEK 000	2024	2023
Accrued interest		
SVF Vaccines AB	1,357	640
Total non-cash investments	**1,357**	**640**

Note 33 Other long-term securities holdings

SEK 000	2024	2023
Accumulated book value		
At the beginning of the year	157,269	90,609
Investments during the year	19,348	39,936
Reclassification from associated companies	45,140	–
Divestments during the year	-39,111	–
Fair value measurement through profit or loss	15,717	26,722
Closing balance, book value	**198,363**	**157,269**

Specification of holdings in other long-term securities

	Totalt holding		Book value in Parent Company	
Namne	**2024-12-31**	**2023-12-31**	**2024-12-31**	**2023-12-31**
AnaCardio AB	12.5%	–	60,628	–
BOOST Pharma ApS	10.0%	–	4,931	–
Dilafor AB	2.7%	2.2%	45,876	40,298
OssDsign AB	4.6%	9.4%	44,720	73,088
PharmNovo AB	20.0%	13.1%	35,177	33,664
Promimic AB	1.7%	1.7%	7,031	10,219
Total book value			**198,363**	**157,269**

Whereof non-cash investments in other long-term securities holdings

SEK 000	2024	2023
Reclassification from associated companies	45,140	–
Accrued interest	1,220	871
Fair value measurement through profit or loss	15,717	26,722
Total non-cash investments	**62,077**	**27,593**

Note 34 Parent Company's holdings in subsidiaries, joint ventures and associated companies

Company	Registered office	Corporate Identity Number	Number of shares	Equity, SEK 000	Profit/loss, SEK 000
Karolinska Development					
KD Incentive AB	Solna	556745-7675	100,000	150	0
KCIF Fund Management AB	Solna	556777-9219	100,000	222	0
Modus Therapeutics Holding AB	Stockholm	556851-9523	23,801,390	2,137	-15,545
SVF Vaccines AB	Stockholm	559001-9823	275	180	-8,206
Umecrine Cognition AB	Umeå	556698-3655	10,777,564	-48,779	-70,751
KCIF Co-Investment Fund KB	Solna	969744-8810	26	35,388	6,083
OssDsign AB	Uppsala	556841-7546	461,184	214,061	-35,987
KDev Investments AB	Solna	556880-1608	2,249,962	574,056	-26,336
Aprea Therapeutics Inc	Boston	7312119	59,034	221,511[1)]	-101,575[2)]
Biosergen AB	Stockholm	559304-1295	901,334	11,705[1)]	-16,955[2)]
Dilafor AB	Stockholm	556642-1045	403,970	6,164	-26,489
Modus Therapeutics Holding AB	Stockholm	556851-9523	2,752,516	2,137	-15,545
Promimic AB	Mölndal	556657-7754	2,323,920	69,914	-12,550

1) As of 30 September 2024
2) As of 1 January – 30 September 2024

Note 35 Other financial assets

Other financial assets, non-current

SEK 000	2024-12-31	2023-12-31
Receivable earn-out agreement Forendo Pharma Oy, see also note 10	71,271	57,443
Receivable earn-out agreement Oncopeptides, see also note 10	–	0
Total	**71,271**	**57,443**

Other financial assets, current

SEK 000	2024-12-31	2023-12-31
Receivable earn-out agreement Forendo Pharma Oy, see also note 10	11,084	10,386
Total	**11,084**	**10,386**

Note 36 Other current receivables and prepaid expenses and accrued income

Other current receivables

SEK 000	2024-12-31	2023-12-31
Receivables from sold shares	1,700	–
Tax assets	700	673
Total	**2,400**	**673**

Prepaid expenses and accrued income

SEK 000	2024-12-31	2023-12-31
Rents	375	–
Insurance premiums	323	310
Other	453	485
Total	**1,151**	**795**

Not 37 Proposed appropriation of the profit of the Parent Company

SEK	2024-12-31
Retained loss	-1,491,868,018
Share premium reserve	2,735,903,004
Net profit/loss for the year	-8,062,109
Total	**1,235,972,877**

The Board of Directors proposes that profits brought forward be appropriated as follows:

Share premium reserve	2,735,903,004
Retained loss	-1,499,930,127
Balanseras i ny räkning	**1,235,972,877**

Note 38 Other financial liabilities

SEK 000	2024-12-31	2023-12-31
Liability earn-out payment regarding Aprea Therapeutics, see also note 14	100	130
Total	**100**	**130**

Note 39 Accrued expenses and prepaid income

SEK 000	2024-12-31	2023-12-31
Salaries and remuneration to personnel	5,803	3,345
Remuneration to Board of Directors	864	460
Auditor and consulting fees	577	767
Payroll tax and accrued pension costs	1,331	1,318
Social security costs	1,000	458
Other	25	25
Total	**9,599**	**6,373**

Note 40 Related parties

Affiliates

The Parent Company has a related party relationship with its subsidiaries, joint ventures, associated companies, other long-term securities holdings and the companies in the invoX Pharma Ltd Group (Sino Biopharmaceutical Ltd).

Karolinska Development has rendered services to portfolio companies on technical studies and administration. The prices of these services rendered are market based.

	2024				2023			
SEK 000	Sale of services	Interest income	Purchase of services	Interest expenses	Sale of services	Interest income	Purchase of services	Interest expenses
Associate relationship								
Subsidiaries	92	2,668			88	2 882		
Joint ventures and associated companies	1,216	1,358			1,262	640		
Other long-term securities holdings	529	1,176			572	871		
Total	**1,838**	**5,202**	–	–	**1,923**	**4,393**	**–**	**–**

	2024-12-31		2023-12-31	
SEK 000	Liability to associate	Receivable from associate	Liability to associate	Receivable from associate
Associate relationship				
Subsidiaries		82,666		44,960
Joint ventures and associated companies		17,006		10,000
Other long-term securities holdings		103		17,036
Total	–	**99,775**	**–**	**71,996**

Signing of the annual financial statements

The Board of Directors and CEO hereby certify that the annual report has been prepared according to the Annual Accounts Act and RFR 2 and provides a true and fair view of the Company´s financial position and results and that the administration report provides a true and fair overview of the Company´s operations, financial position and results, and that it describes significant risks and uncertainties facing the Company. The Board of Directors and CEO hereby certify that the Investment Entity report has been prepared according to the International Financial Reporting Standards (IFRS), as adopted by the EU, and provides a true and fair overview of the Investment Entity's financial position and results, and that the administration report for the Investment Entity provides a true and fair overview of the Investment Entity's operations, financial position and results, and that it describes significant risks and uncertainties facing the Investment Entity.

The annual report and the Investment Entity report have been approved for presentation by the Board, and signed by all, on 18 March 2025. The Investment Entity's and Parent Company's income statements and balance sheets will be presented for adoption by the Annual General Meeting of shareholders on 15 May 2025.

Benjamin Toogood
Chairman

Anna Lefevre Skjöldebrand
Board member

Philip Duong
Board member

Will Zeng
Board member

Viktor Drvota
CEO

Our Auditor's Report was presented on 20 March 2025

Ernst & Young AB

Oskar Wall
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Karolinska Development AB (publ), corporate identity number 556707-5048

Report on the annual accounts for the parent company and the financial statements for the investment entity

Opinions

We have audited the annual accounts for the parent company and the financial statements for the investment entity of Karolinska Development AB (publ) for the year 2024. The annual accounts for the parent company and the financial statements for the investment entity are included on pages 35-81 this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The financial statement for the investment entity have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the investment entity as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the financial statement.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the investment entity.

Our opinions in this report on the annual accounts for the parent company and the financial statement for the investment entity are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the investment entity in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and financial statements of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and financial statements as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of shares in unlisted portfolio companies

Description

Carrying value for shares in portfolio companies, amounted to 1 121MSEK as per 31 December 2024, corresponding to 90% of the Investment entity and parent entity's (hereafter collectively mentioned as Company) total assets. 1 026 mkr of total investments are unlisted shares.

The valuation of shares in portfolio companies is based on the International Private Equity, Venture Capital Valuation Guidelines (IPEV) and IFRS 13 Fair Value Measurement.

The Company has classified its shares in unlisted portfolio companies to fair value level 3 as defined by IFRS 13, which means that fair value is based on models where significant data is based on non-observable data or low market activity.

The process of valuation of unlisted shares in portfolio companies requires management assessment. Changes in ownership strategy, the development of the portfolio companies and ownership shares have consequences for the method of valuing these shares and thus the carrying amount. As changes in these judgements affect the carrying amount, we have considered this as a particular important area in the audit.

Information related to the Company's principles for accounting for shares in portfolio companies is described in Note 1 on pages 54-56 and in Note 16 on pages 68-73 there is a detailed description of the valuation and classification of shares in portfolio companies.

How our audit addressed this key audit matter

In our audit we have gained an understanding of the valuation process and the key controls in this process. We have verified the Company's ownership in the portfolio companies, latest transactions that are base for valuation av several investments by the Company. For those investments valued through discounted cashflow model we used valuation specialist for review of underlying model and reviewed booked amount resulting from this model. We have evaluated both Company's competence and competence of external specialists representing the Company.

We have also carried out measures to gain an understanding of the portfolio companies' development and its possible impact on their valuation.

We reviewed internal models regarding calculation of fair value and tested that the valuation methodology is in accordance with the International Private Equity, Venture Capital Valuation Guidelines (IPEV) and IFRS 13 Fair Value Measurement.

We have assessed the information presented in annual report.

Other Information than the annual accounts for the parent company and the financial statement for the investment entity

This document also contains other information than the annual accounts and financial statement and is found on pages 1-34 and 86-95. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts for the parent company and the financial statement for the investment entity accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts for the parent company and the financial statement for the investment entity, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts for the parent company and the financial statement for the investment entity. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts for the parent company and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the financial statements for investment entity, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts for the parent company and the financial statement for the investment entity and that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts for the parent company and financial statement for the investment entity, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts for the parent company and the financial statement for the investment entity as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts for the parent company and the financial statement for the investment entity, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts for the parent company and the financial statement for the investment entity. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the parent company and investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual for the parent company and the financial statement for the investment entity or, if such disclosures are inadequate, to modify our opinion about the annual accounts for the parent company and the financial statement for the investment entity. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts for the parent company and the financial statement for the investment entity, including the disclosures, and whether the annual accounts for the parent company and the financial statement for the investment entity represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts for the parent company and the financial statement for the investment entity, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts for the parent company and the financial statement for the investment entity, we have also audited the administration of the Board of Directors and the Managing Director of Karolinska Development AB (publ) for the year 2024 and the proposed appropriations of the company's loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the investment entity in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the investment entity's type of operations, size and risks place on the size of the parent company's and the investment entity's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts for the parent company and the financial statement for the investment entity, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts for the parent company and the financial statement for the investment entity in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Karolinska Development AB (publ) for the financial year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Karolinska Development AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts for the parent company and the financial statements for the investment entity.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the financial statement of financial performance, financial position, changes in equity and cash flow.

Ernst & Young AB, was appointed auditor of Karolinska Development AB by the general meeting of the shareholders on the 16 May 2024 and has been the company's auditor since the 20 May 2015.

Stockholm 20 March 2025
Ernst & Young AB

Oskar Wall
Authorized Public Accountant

Corporate Governance Report for 2024

This Corporate Governance Report has been prepared in accordance with the Swedish Code of Corporate Governance and the Swedish Annual Accounts Act.

Corporate Governance at Karolinska Development

Application of the Swedish Code of Corporate Governance

Karolinska Development complies with the Swedish Code of Corporate Governance (the Code). Following the resignation of the Chairman of the Board, Hans Wigzell, on 11 December 2024, the Company does not, as of this date, meet the Code's requirement that at least two of the Board members must be independent in relation to major shareholders in the Company.

Information on the Company's website

On its website, the Company has a special section for corporate governance issues under the section Corporate Governance, https://www.karolinskadevelopment.com/en/corporate-governance

General meetings

Under the Swedish Companies Act, the general meeting is the Company's highest decision-making body. At the annual general meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues such as the adoption of income statements and balance sheets, appropriation of the Company's profits or losses, resolutions to release the members of the board of directors and the chief executive officer from liability for the preceding financial year, the appointment of members of the board of directors and auditor and remuneration for the board of directors and the auditor.

Besides the annual general meeting, extraordinary general meetings may be convened. In accordance with the articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by posting the notice to the meeting on the Company's website. An announcement shall simultaneously be placed in Svenska Dagbladet with information that the meeting has been convened. Minutes from the general meetings are published on Karolinska Development's web page.

Shareholders who want to participate in shareholders' meetings and vote according to the number of shares they hold, shall be entered in the share register in accordance with Aktiebolagslagen (the Swedish Companies Act), as well as notify the company at latest on the day which is specified in the notice to the meeting. Shareholders may attend general meetings in person or through a proxy and may also be accompanied by up to two assistants.

Composition of the Board and its' functions, etc.

The board of directors is the highest decision-making body after the general meeting. The board of directors' responsibility is regulated in the Swedish Companies Act, the Swedish Annual Accounts Act, the Company's articles of association, directions given by the general meeting and the procedure for the board of directors of the Company adopted by the board of directors. In addition, the board of directors shall comply with the Swedish Corporate Governance Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

Pursuant to the Swedish Companies Act, the board of directors is responsible for the Company's organization and the administration of the Company's affairs. Furthermore, the board of directors shall continuously assess the Company's and the group's financial situation, as well as see to that the Company's organization is formed in a way that the accounting, management of funds and the Company's financial conditions are controlled in a secure manner.

The assignments of the board of directors include, inter alia, to set objectives and strategies, see to that there are effective systems for follow-up and control of the Company's operations, and see to that there is a satisfactory control of the Company's compliance with laws and other regulations applicable to the Company's operations. The assignments of the board of directors also include to see to that required ethical guidelines are set for the Company's conduct and to see to that the Company's disclosure of information is characterized by transparency and is correct, relevant and reliable. In addition, the assignments of the board of directors include appointing, evaluating and if necessary, removing the chief executive officer.

Members of the board of directors are appointed annually by the annual general meeting for the period until the end of the next annual general meeting.

According to the Articles of Association, the general meeting shall appoint no less than three and no more than nine directors. Deputies shall not be appointed. At the annual general meeting 2024 five board members were appointed. During the year one board member has resigned and has not been replaced.

Regulations regarding the appointment and dismissal of directors and amendments to the Articles of Association

The Articles of Association contain no special regulations regarding the appointment and dismissal of directors and no special regulations regarding amendments to the Articles of Association.

Authorization to the Board to issue new shares or acquire its own shares

The Annual General Meeting 2024 authorized the board of directors to issue on one or several occasions without pre-emption rights for the shareholders new shares of series B up to a maximum of twenty percent of the share capital.

The Annual General Meeting also authorized the Board to decide on transfer of earlier acquired shares of series B amounting to 244,285.

Holdings of ten percent or more of the votes

There is one holding that represents more than one tenth of the voting rights for all shares in Karolinska Development, invoX Pharma Ltd with 43.93 percent of the votes (47.67 percent of the shares).

The chief executive officer

The chief executive officer reports to the board of directors. The chief executive officer's responsibility is governed by the Swedish Companies Act, the Swedish Annual Accounts Act, the Company's articles of association, directions given by the general meeting, the instruction for the chief executive officer and other internal directions and guiding principles adopted by the board of directors. In addition, the chief executive officer shall comply with the Swedish Corporate Governance Code and Nasdaq Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

According to the Swedish Companies Act, the chief executive officer shall handle the day-to-day management pursuant to the board of directors' guidelines and instructions. In addition, the chief executive officer shall take any measures necessary in order for the Company's accounts to be maintained pursuant to law and that the management of funds is conducted in an appropriate manner. The division of work between the board of directors and the chief executive officer is described in the instruction for the chief executive officer.

The chief executive officer shall administrate the operative management and execute the resolutions passed by the board of directors. The chief executive officer shall control and supervise that the matters to be dealt with by the board of directors according to applicable legislation, the articles of association and internal instructions are presented to the board of directors, and shall continuously keep the chairman of the board of directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other event, circumstances or condition that cannot be assumed to be irrelevant to the board of directors or the shareholders.

Nomination Committee

The nomination committee shall carry out its duties in accordance with the Swedish Corporate Governance Code. The nomination committee's main duties are to propose candidates for the positions as chairman of the board of directors and other members of the board of directors, as well as to propose fees and other remuneration to each member of the board of directors. The nomination committee is also to make proposals on the election of and remuneration to the auditor.

The five largest owners by voting rights, as set forth in the share register kept by Euroclear Sweden AB as of the last banking day August 2024, have the right each to appoint one member of the Nomination Committee for the Annual General Meeting 2025. The members of the Nomination Committee have elected the chairman of the Nomination Committee among themselves. The Nomination Committee consists of: Yan Cheng (Chairman), appointed by Worldwide International Investments Ltd; Jack Li, appointed by invoX Pharma Ltd; Jan Dworsky, appointed by Swedbank Robur Microcap fond; Hans Wigzell, appointed by Insamlingsstiftelsen för främjande och utveckling av medicinsk forskning vid KI; Peter Markborn, appointed by Styviken Invest AS.

If a member of the Nomination Committee resigns or is prevented from pursuing his/her assignment, the shareholder that has appointed that member shall appoint a new member. In the event that the shareholding in the Company is materially changed, before the Nomination Committee has completed its assignment, the Nomination Committee may decide to change the composition of the Nomination Committee, as determined by the Nomination Committee (considering the principles applicable for the appointment of the Nomination Committee). No fees shall be paid to the members of the Nomination Committee. Out of pocket expenses shall be reimbursed by the Company.

Board of Directors

Composition of the Board

The Company's Board consists of the following four directors: Ben Toogood (Chairman), Anna Lefevre Skjöldebrand, Philip Duong and Will Zeng. None of the directors are employed by the company.

During the year, Björn Cochlovius, Theresa Tse and Hans Wigzell resigned as board members. Björn Cochlovius resigned at the Annual General Meeting on 16 May 2024; Theresa Tse at the Extraordinary General Meeting on 13 November 2024; Hans Wigzell on 11 December 2024. Will Zeng has been elected as a new board member at the Extraordinary General Meeting on 13 November 2024.

Information on remuneration to Board as determined by the Annual General Meeting, can be found in the annual report under the note 5 "Employees and costs for employees".

Elected directors

Ben Toogood. Chairman since 2024 (board member since 2021). Born 1976. Bachelor of Pharmacy from Rhodes University. MSc. from University of Witwatersrand and Executive MBA from University of Cambridge.

Other appointments: Head Global Business Development, Sino Biopharmaceuticals Limited and CEO invoX Pharma Limited.

Previous assignments: Head Global BD & M&A Sandoz AG, Group New Business Development Executive Aspen Pharmacare Holdings, Vice President Global Business Development Pharmathen SA, International Licensing Executive Niche Generics (Unichem Laboratories) and Regulatory Affairs Merck Generics (Mylan).

Holds 64,001 shares in Karolinska Development.

Anna Lefevre Skjöldebrand. Board member since 2021. Born 1969. Master of Laws from Uppsala University.

Other appointments: CEO Swedish Medtech Service AB.

Current board assignments include: Sweden Medtech4Health AB (Chairwoman) and Swecare.

Prior assignments include i.a.: Head of Legal Swedish Medtech Service AB, Advokat Delphi & Co, Advokat GLS Legal, Jurist Ernst & Young Law, Legal Counsel Front Capital Systems AB.

Prevoius board assignments include i.a.: Dedicare AB, E-hälsomyndigheten, SIS AB, Medtech Europe, St Eriks ögonsjukhus and COCIR, Life Science office of Sweden. She has also been a member of the board in the Board for Public Procurement.

No holdings in Karolinska Development.

Philip Duong. Board member since 2022. Born 1990, Bachelor's degree of Commerce from University of Toronto.

Other appointments, Head of Overseas BD & Alliance at Sino Biopharmaceuticals Limited, member of the Board of Directors at Treadwell Therapuetics.

Previous assignments: Deutsche Bank AG (Hong Kong Branch).

No holdings in Karolinska Development.

Will Zeng[1]**.** Board member since 2024. Born 1993, Bachelor's degree of Economics from the Wharton School of the University of Pennsylvania.

Other appointments include Finance director of CTTQ Pharma Group and special assistant to the Chairman of the Board of Sino Biopharmaceutical.

Previous assignments: Work at Goldman Sachs and Warburg Pincus.

No holding in Karolinska Development.

1 Elected at the Extraordinary General Meeting on 13 November 2024.

2 Chairman from 12 December 2024

Independence requirements

The table below shows which elected directors are considered independent in relation to the Company and its management as well as in relation to the Company's major shareholders, per definitions in the Code.

			Indepent of:	
Name	**Function**	**Elected**	**Company / mgmt.**	**Major holders**
Ben Toogood	chairman[2]	2021	yes	no
Anna Lefevre Skjöldebrand	director	2021	yes	yes
Philip Duong	director	2022	yes	no
Will Zeng	director	2024	yes	no

A major holder means a holder controlling, directly or indirectly, at least ten per cent of the shares or votes.

The Company meets the Code requirement that a majority of the elected directors must be independent in relation to the Company and its management. The Company does not comply with the Code's requirement that a minimum of two of these must be independent in relation to major shareholders.

The Board's work etc.

According to the Rules of procedure, the Board shall normally meet six times per year. During 2024 the Board held 12 meetings. Ben Toogood and Anna Lefevre Skjöldebrand have participated in all meetings. Philip Doung has participated in 9 (out of 12) meetings. Hans Wigzell has participated in 6 (out of 6) meetings. Björn Cochlovius has participated in 3 (out of 4) meetings. Will Zeng has participated in 2 (out of 2) meetings. Theresa Tse has not attended any meeting.

The General Counsel of the company Johan Dighed is the secretary at the board meetings.

The Board annually adopts rules of procedure, an instruction on the delegation of work between the Board and the CEO, and an instruction on financial reporting to the Board. The Board also adopts policies, which constitute a foundation for the Company's internal control systems. These are the Information and Insider Policy, Equal Treatment Policy, Environmental Policy, HR Policy, Code of Ethics, Policy on Pre-Approval of Non-Audit Services by Auditor and Dividend Policy.

The board evaluation of the board work has been conducted through a questionnaire distributed to all directors. The aggregated result of the questionnaire has been distributed to the directors and has been subject to internal discussion. The full result of the evaluation has been submitted to the Nomination Committee.

The board has three committees, an Audit Committee, a Remuneration Committee and an Investment Committee.

Audit Committee

Karolinska Development´s Audit Committee consists of three members: Ben Toogood[3] (Chairman), Anna Lefevre Skjöldebrand and Philip Doung[4], each being independent in relation to the Company and its management.

The audit committee shall, without any other impact on the tasks and responsibilities of the board of directors:

- monitor the Company's financial reporting; and provide recommendations and suggestions to ensure the reliability of the reporting;
- in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management;
- remain informed regarding the auditing of the group reporting and financial statements; and the conclusions of the Board of Auditors quality control;
- inform the board about the result of the audit and about how the audit contributed to the accuracy of the financial reporting and about the function of the Audit Committee;
- review and monitor the impartiality and independence of the auditor, and in that respect, pay particular attention to non-audit services provided by the auditor; and
- assist in the preparation of proposals to the annual general meeting's resolution regarding election of auditor.

The Audit Committee met 5 times during 2024. Anna Lefevre Skjöldebrand attended all meetings, Björn Cochlovius[5] 3 meetings (out of 3), Ben Toogood 4 meetings (out of 5) and Hans Wigzell[6] 2 meetings (out of 2).

Remuneration Committee

Karolinska Development´s Remuneration Committee consists of three members: Ben Toogood[7] (Chairman), Anna Lefevre Skjöldebrand and Philip Doung[8], each being independent in relation to the Company and its management.

The remunerations committee's main tasks are to:

- prepare the board of directors' decisions on issues concerning principles for salary, remuneration and other terms of employment for the executive management;
- monitor and evaluate programs for variable remuneration for the executive management; and
- monitor and evaluate the application of the guidelines for remuneration to the management that the annual general meeting is legally obliged to decide on, as well as the current remuneration structures and levels in the Company.

The Remuneration Committee met 1 time during 2024. Björn Cochlovius, Anna Lefevre Skjöldebrand and Ben Toogood attended the meeting.

Investment Committee

Karolinska Development´s Investment Committee consists of three members: Ben Toogood[9] (Chairman), Anna Lefevre Skjöldebrand and Philip Doung[10], each being independent in relation to the Company and its management.

The main tasks of the Investment Committee are to prepare and analyze investment proposals and submit recommendations to the Board of Directors.

The Investment Committee met 2 times during 2024. Ben Toogood and Anna Lefevre Skjöldebrand attended all meetings. Björn Cochlovius[11] attended 1 meeting (out of 1) and Hans Wigzell[12] 1 meeting (out of 1).

Chief Executive Officer

Viktor Drvota. Appointed as CEO on June 1, 2017, and previously CIO since 2016. Born 1965 M.D, Ph.D. Associate Prof. In Cardiology. Viktor Drvota has over 20 years of Venture Capital experience in Life Science with several investments, significant fundraisings, IPOs and exits. He was responsible for Life Science at SEB Venture Capital 2002 -2016. During his appointment at SEB VC he also served as a Board member in several biotech and Medtech companies such as Arexis AB, SBL Vaccin AB, Nuevolution AS, Index Pharma AB, Scibase AB, Airsonett AB among others. Before joining SEB, Dr Drvota worked as Senior Consultant and Associate Professor in Cardiology at the Karolinska Institutet/hospital, Stockholm. Dr Drvota has experience from preclinical as well as clinical research in drug development and medical devices. Dr Drvota has 36 published research articles. Holdings in Karolinska Development: 209,996 shares.

3 Chairman from 12 December 2024
4 Member from 12 December 2024. No meetings have been held since he was appointed as a member.
5 Was a member until his resignation at the Annual General Meeting on 16 May 2024.
6 Was a member from the Annual General Meeting on 16 May 2024 until his resignation on 11 December 2024.
7 Chairman from 12 December 2024
8 Member from 12 December 2024. No meetings have been held since he was appointed as a member.
9 Chairman from 12 December 2024
10 Member from 12 December 2024. No meetings have been held since he was appointed as a member.
11 Was a member until his resignation at the Annual General Meeting on 16 May 2024.
12 Was a member from the Annual General Meeting on 16 May 2024 until his resignation on 11 December 2024.

The main components of the Company's system for internal control and risk management in relation to financial reporting

Internal control and risk management at Karolinska Development

Internal control is designed to provide reasonable assurance as to the reliability of external financial reporting and compliance with the law, generally accepted accounting principles and rules for listed companies.

The key elements of the Company's system for internal control and risk management related to financial reporting are presented below. The Company's internal control comprises mainly the areas of Control Environment, Risk Assessment, Control Activities, Communications and Monitoring.

Control environment. The control environment constitutes the basis for the internal control. Karolinska Development has a flat organizational structure with a clear division of responsibilities and rights. There is an established system of governing documents in the form of Policies adopted by the board and Instructions adopted by the CEO. Within the framework of overarching policies, they govern decisions, authorization and processes involving purchases, payments and investments. Among these documents, the Valuation Guidelines, governing methods and processes for valuation of the portfolio, should be mentioned. The documentation is centrally accessible to all employees through the Company's internal IT network. The Company has employed personnel responsible for controlling and legal functions, who jointly work towards a well-functioning control environment as one of their specifically stated goals. These governing documents form the basis for how transactions should be handled, recorded and reported.

Risk assessment. The Company works continuously with a structured risk assessment with regard to issues which have an impact on the Company's financial position and result. Special attention is paid to the risk of irregularities and favoritism at the Company's expense. Risk assessment includes inter alia: (i) the existence, at a given date, of an asset or liability, (ii) that a business transaction or an event has occurred during the period and relates to the Company, (iii) that there are no assets, liabilities or business transactions which are not recorded or items for which the necessary information is missing, (iv) that each asset and liability is recorded and valued in accordance with law, generally accepted accounting principles and internal valuation rules; (v) that the business transactions are recorded at the correct amount and that profit and expenses are attributable to the correct period, (vi) that an asset or liability relates to the Company on a specified date and, (vii) that an item is classified and described in accordance with law, generally accepted accounting principles and listing rules.

Control Activities. The financial reporting is subject to control activities aimed at preventing, detecting and correcting errors and discrepancies. These consist of a specified allocation of work, documented and clearly described rules for how business transactions are to be approved as well as their traceability, the application of accounting and valuation principles, analytical monitoring, account reconciliation, monitoring of agreements, board resolutions, policies and certification procedures.

As relates to the portfolio, regular follow-ups are made of planned and implemented investments in terms of whether the companies have met the stipulated targets for further investments. Furthermore, evaluations are made, and priorities set among the companies' projects. Scientific results and business opportunities are both monitored. This is done continuously in regular management meetings.

There is also a monthly analysis of how different activities in portfolio companies affect the valuation of these in the parent company and the consolidated financial statements. Valuation effects are reported to and finally approved by the CFO and the CEO.

Communications. The internal financial reporting complies with stipulated reporting plans. The Company's rules of procedure and the instruction on reporting to the Board include detailed descriptions as to when and what should be reported to and handled by the Board. The Company's CFO, with the support of controllers, is responsible for the financial reporting to the Board, which includes information on the Company's results and financial position. Reporting plans are aimed at ensuring complete, accurate and timely information to the Company's management and the Board.

The Company has quite few employees, all active at the same workplace, which enables quick and accurate internal communication and information.

Monitoring. Internal rules on internal control and risk management are updated at least annually and when necessary. Assessment of compliance is performed on a detailed level. The Audit Committee meets prior to Board meetings where interim reports are to be discussed. The auditors are present at selected meetings of the Audit Committee and meet annually with the directors without anyone from management present.

Specific assessment of the need for internal audit

Karolinska Development has no internal audit function. The Board is of the opinion that there is no need for an internal audit function at present. The reasons are that the Company has relatively few employees, its business is established in only one location, the majority of significant transactions are similar in character and relatively straightforward, and there is a clear internal accountability within the Company.

Solna, February 2025

Board of Directors of Karolinska Development AB

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Karolinska Development AB (publ), corporate identity number 556707-5048

Engagement and responsibility

It is the Board of Directors which is responsible for the corporate governance statement for the year 2024 on pages 86–90 that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement.* This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph in the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 20 March 2025
Ernst & Young AB

Oskar Wall
Authorized Public Accountant

Definitions of Key Terms

Performance Measures as defined under IFRS

After-tax earnings per share
Profit/loss after tax attributable to the Parent Company´s shareholders divided by the weighted average number of shares before and after dilution.

Equity per share
Equity divided by the number of shares outstanding at year-end.

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

Alternative Performance Measures

The Company presents certain financial measures in the annual 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.

Net debt
Interest bearing liabilities reduced with interest bearing assets, cash and cash equivalents and short-term investments.

Portfolio companies
Companies operating in life science and are wholly or partially owned by Karolinska Development.

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 year-end.

Capital employed
Total equity and interest-bearing liabilities.

Equity to total assets ratio
Equity divided by total assets.

Return on equity
Profit/loss after financial items divided by equity.

rNPV
(Risk adjusted Net Present Value) is a risk adjusted capital budgeting formula that calculates the present value of the cashflows of a project or potential investment.

Return on capital employed
Profit/loss after financial items divided by capital employed.

Net asset value and net asset value per share
Net Portfolio Fair Value of the total portfolio (SEK 1,120.8 million), cash and cash equivalents (SEK 42.0 million), net of financial assets and financial liabilities (SEK 82.4 million minus SEK 0.1 million). Net asset value per share: the net asset value in relation to the number of shares outstanding, excluded repurchased shares (269,833,309) on the closing date (31 December 2024).

Other definitions

Karolinska Development
Karolinska Development AB (publ.), Corporate Identity Number 556707-5048

Karolinska Institutet
Karolinska Institutet, Corporate Identity Number 202100-2973
Karolinska Institutet is one of the world's leading medical universities and awards the Nobel Prize in Physiology or Medicine.

Fair value
The NASDAQ Stockholm regulations for issuers require companies listed on NASDAQ Stockholm to apply the International Financial Reporting Standards, IFRS, in their consolidated financial statements. The application of company nature to apply so-called fair value in the calculation of the carrying amount of certain assets. These calculations are made on the basis of established principles and are not included in the opening accounts of the Group's legal entity, nor do they affect cash flows.

Karolinska Development applies the accounting principles of fair value according to the International Private Equity and Venture Capital Valuation Guidelines and adheres to the guidance of 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. This takes into account whether the companies have recently been financed or involved with a transaction that includes an independent third party. If there is no valuation available based on a similar transaction, risk adjusted net present value (rNPV) calculations are made of the portfolio companies whose projects are suitable for this type of calculation. In other cases, Karolinska Development's total investment is used as the best estimation of fair value. In one other case, the valuation at the time of the last capital contribution is used.

The part of the Fair Value that is related to the value of Karolinska Development's portfolio companies is named Portfolio Fair Value or Fair Value of the portfolio. 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) decided by the IPEV board that 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 (after potential distribution to Rosetta Capital).

Glossary

Anemia
A condition in which the body has fewer red blood cells than normal. Red blood cells are needed to transport oxygen to all the body's cells.

Antimycotic
Active against fungal growth, antifungal.

Autoimmune (disease)
A condition in which the body's own immune system mistakenly attacks the body's own cells.

Cholestasis
Impaired secretion of bile from the liver to the intestine. This leads to, among other things, impaired uptake of fats and fat-soluble vitamins with symptoms such as fatigue, itching and jaundice.

FDA
The US Food and Drug Administration.

First-in-class
Drugs which use a new and unique mechanism of action to treat a medical condition. These products are innovative and offer new treatment options for patients.

GABA
Gamma aminobutyric acid is the most common inhibitory neurotransmitter in the central nervous system. It is one of the signal substances that moves the information of short-term memory to long-term memory.

Immunotherapy
Treatment that strengthens the immune system's inherent ability to attack foreign or diseased cells.

In vitro
From the Latin "in glass" refers to research or "test tube experiments" in a lab with e.g. cells or proteins.

IND approval
Investigative new drug, permission from the FDA required to start clinical studies on humans.

Liver cirrhosis
Scarring of the liver caused by long-time liver damage, preventing the liver from working properly.

Malignant tumors
Severe tumor.

Monotherapy
Treatment with only one drug.

Mutation
An alteration in the genetic material of a cell of a living organism or a virus, which is more or less permanent and that can be transmitted to the cell's or the virus's descendants.

Neurological diseases
Neurological diseases concern diseases of the brain, brainstem, spinal cord and central nervous system that lead to a deterioration of cognitive (thinking) abilities.

Off the shelf product
Product used in its existing condition, i.e. not specially ordered, customized or specially adapted products.

Orphan Drug Designation
A status given to certain drugs, which show promise in rare diseases affecting a very limited part of the population.

Oxytocin
A peptide hormone secreted in the central nervous system and acting on smooth muscle cells, including those in the uterus. Oxytocin plays an important role in labor and is used as a drug to accelerate slow labor by increasing labor force.

Peptide hormone
Hormone consisting of shorter chains of amino acids.

Pharmacokinetics
The doctrine of drug uptake into, turnover in and elimination from the body, as well as description of drug effects.

Placebo controlled (study)
A clinical study testing a medical therapy in which, in addition to a group of subjects that receives the treatment to be evaluated, a separate control group receives a sham "placebo" treatment which is specifically designed to have no real effect.

Preclinical
Research that indicates that a drug candidate is safe and effective before it can be tested on humans.

Proof-of-concept
Relates to clinical development and typically refers to the demonstration of a drug candidate's desired effect in a patient group, for example by the candidate having a certain effect and safety profile in patients.

Prostaglandins
Short-lived, hormone-like compounds that are fatty acid derivatives and regulate cell activity affecting e.g. blood pressure and smooth muscle control.

Protein
Large molecules built from sequences of amino acids. Proteins are used in many different ways in an organism; they provide structure for cells and tissues, they catalyse chemical reactions in the form of enzymes and they are involved in the signalling in and between cells.

Receptor
A large molecule, usually a protein, which is attached to cell membranes and binds to a target molecule. The target molecule can be a hormone that has a certain effect on the cell to which it binds to.

Sepsis / Septic chock
Life-threatening condition triggered by a dysregulated response to infection, which affects the whole body and prevents important organs from functioning properly.

Small molecule inhibitors
Chemical substance that can usually be taken orally (not antibody or protein) and which inhibits a receptor system, e.g. in cancer cells.

Systemic inflammation
A serious condition in which there is inflammation throughout the whole body.

Toxicity
Toxicity, i.e. the degree to which a chemical substance or a certain mixture of substances can harm an organism.

P510 (k) process
Regulatory process in the United States for obtaining market approval of medical devices.

Publication dates for financial information

Interim Report January – March 2025	30 April 2025
Interim Report January – June 2025	29 August 2025
Interim Report January – September 2025	14 November 2025
Year-end Report January – December 2025	February 2026
Annual Report 2025	March 2026

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