

**Supplement 2 to the prospectus regarding  
invitation to subscribe for shares in  
Karolinska Development AB (publ)**

## IMPORTANT INFORMATION

### Information to investors

This document (the “**Supplement to the Prospectus**”) has been prepared by Karolinska Development AB, company registration no. 556707-5048 (“**Karolinska Development**” or the “**Company**”) as a supplement to the prospectus regarding the Directed share issue and admission to trading of shares of series B in Karolinska Development on Nasdaq Stockholm, which was approved and registered with the Swedish Financial Supervisory Authority on 5 July 2019 (the Swedish Financial Supervisory Authority’s reference number 19-13480) and published the same day (the “**Prospectus**”). The Swedish language version of the Supplement to the Prospectus has been approved and registered with the Swedish Financial Supervisory Authority in accordance with Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (1991:980). The approval and registration of the Swedish language version of the Supplement to the Prospectus does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information provided in the Supplement to the Prospectus is accurate or complete. The Supplement to the Prospectus is part of and should be read together with the Prospectus. Definitions set out in the Prospectus also applies to the Supplement to the Prospectus.

The Offer to subscribe for new shares in accordance with the Prospectus is not made to persons domiciled in the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, Switzerland, South Africa or any other jurisdiction where participation requires additional prospectus, registrations or other measures than required by Swedish law. The Prospectus, the Supplement to the Prospectus, the application form and any other documents relating to the Offer may not be distributed in or into any country where such distribution or the Offer requires such additional measures or where such distribution would be in conflict with applicable law or regulation in that country. The new shares which may be issued in connection with the Offer have not been registered and will not be registered in accordance with the US Securities Act of 1933, as amended, or under the applicable securities laws in any country other than Sweden. Any subscription of shares in violation of the above may be deemed invalid.

The Prospectus, the Supplement to the Prospectus and the Offer are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Prospectus, the Supplement to the Prospectus and the Offer. The Supplement to the Prospectus has been prepared in both a Swedish language version and an English language version. In case of any inconsistency between the Swedish language version and the English language version, the Swedish language version shall prevail.

### Forward-looking information

The Supplement to the Prospectus may include forward-looking information. Such information is not a guarantee of future conditions and is subject to unavoidable risks and uncertainties. Forward-looking information may be distinguished by the fact that it does not exclusively refer to historic or current factual circumstances or that it contains such words as “may”, “should”, “expected”, “believed”, “estimated”, “planned”, “being prepared”, “is estimated”, “plans to”, “forecast”, “attempts” or “could” or negations of such terms and other variations thereof or comparative terms. Such forward-looking information reflects the current expectations of the board of directors and executive management of Karolinska Development based on the information available to them at this time and is based on a number of assumptions that are subject to elements of risks and uncertainty that may be beyond the control of the board of directors and the executive management. Actual results may deviate considerably from what is expressed or implied in the forward-looking information. All forward-looking information is based exclusively on the conditions prevailing when it was provided and Karolinska Development and its board of directors have no obligation (and explicitly refute any such obligation) to update or change such forward-looking information, either as a result of new information, new conditions or other factors, other than as required by applicable laws and regulations. Karolinska Development and/or persons who act on its behalf are subject to the reservations in, or referred to in, this section.

### Presentation of financial information

The figures presented in the Supplement to the Prospectus have in certain cases been rounded off, as a consequence of which the tables will not always tally correctly. Unless otherwise stated, all financial figures are stated in Swedish kronor (“**SEK**”). Financial information in the Supplement to the Prospectus has not been audited and/or reviewed by the auditor unless explicitly stated.

# Content

- 2 Supplement to the Prospectus
- 3 Summary
- 5 Risk factors
- 6 Invitation to subscribe for shares in Karolinska Development
- 7 Terms, conditions and instructions
- 9 Karolinska Developments portfolio
- 10 Equity, liabilities and other financial information
- 12 Legal issues and supplementary information
- 14 Addresses

## Indicative timetable

8 July–12 December 2019	Subscription period
20 November 2019	Outcome for the first partial registration of the Offer is announced
26 November 2019	First day of trading of new shares on Nasdaq Stockholm
18 December 2019	Final outcome of the Offer is announced
23 December 2019	First day of trading of new shares on Nasdaq Stockholm

## Financial calendar

29 November 2019	Interim report January–September 2019
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# Supplement to the Prospectus

The Supplement to the Prospectus has been prepared by Karolinska Development as a supplement to the Prospectus regarding the Directed share issue and admission to trading of shares of series B in Karolinska Development on Nasdaq Stockholm which was approved and registered with the Swedish Financial Supervisory Authority on 5 July 2019 (the Swedish Financial Supervisory Authority's reference number 19-13480) and published the same day. A prior supplement to the Prospectus was approved and registered with the Swedish Financial Supervisory Authority on 27 September 2019 (the Swedish Financial Supervisory Authority's reference number 19-19091) and published the same day. The Supplement to the Prospectus is part of and should be read together with the Prospectus and the prior supplement Prospectus. Definitions set out in the Prospectus also applies to the Supplement to the Prospectus.

The Supplement to the Prospectus has been prepared due to the Company's announcement on 6 November 2019 that the Company has entered into binding agreements to set-off and repurchase 94 per cent of the outstanding convertible loan.

The Company has further included information regarding significant events and information regarding the Company's updated timetable for the Directed share issue.

The Supplement to the Prospectus has been prepared in accordance with Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (1991:980) and was approved and registered with the Swedish Financial Supervisory Authority on 6 November 2019 (the Swedish Financial Supervisory Authority's reference number 19-22681). The Supplement to the Prospectus has been prepared in both a Swedish language version and an English language version. In case of any inconsistency between the Swedish language version and the English language version, the Swedish language version shall prevail.

## **Right to withdraw**

Investors who, prior to the publication of the Supplement to the Prospectus, have applied or otherwise consented to subscribe for shares in the Offer have the right to withdraw their application or consent within two (2) business days from the publication of the Supplement to the Prospectus, i.e. until 8 November 2019, pursuant to Chapter 2, Section 34 of the Swedish Financial Instruments Trading Act (1991:980). Withdrawal must be made in writing to DNB Bank ASA, filial Sverige, Securities Services & Custody, Regeringsgatan 59, 105 88 Stockholm. Investors who have subscribed for shares through a nominee must contact their nominee regarding withdrawal. Applications that is not withdrawn will remain binding and investors who do not wish to withdraw their application for subscription of shares need not take any action.

The Prospectus, the prior supplement to the Prospectus and the Supplement to the Prospectus are available on the Company's web page (<https://www.karolinskadevelopment.com/en/offering-holders-convertible-20152019>). For full terms and other information regarding the Directed share issue, please refer to the Prospectus and the prior supplement to the Prospectus.

# Summary

The information in the Company's press release published on 6 November 2019 and other relevant information causes the information under section "Summary" item B.7, B.11, D.3 and E.3 on pages 8–9, 12 and 14 in the Prospectus to be replaced or supplemented as below.

Section B – Information regarding the issuer		
B.7	Selected historical financial information	<p><b>Significant events after 30 June 2019</b></p> <p>The section "Significant events after 30 June 2019", which replaced the section "Significant events after the 2019 interim report for January–March was published", on page 8 is supplemented as follows:</p> <p>Karolinska Development announced during October and November that:</p> <p>The subscription period in the Directed share issue to the holders of the Company's convertible loan has been extended on several occasions and now ends on 12 December 2019.</p> <p>Sino Biopharma, Paradigm Capital Value Fund SICAV ("<b>Paradigm Capital SICAV</b>"), Paradigm Capital Value LP ("<b>Paradigm Capital LP</b>"), Europäische Marketing und Finanzmanagement AG ("<b>Europäische Marketing und Finanzmanagement</b>") and Stiftet för Främjande &amp; Utveckling ("<b>Karolinska Institutet</b>"), which jointly own 95.7 per cent of the convertible loan, have committed to participate in the Directed share issue corresponding to 87.5 per cent of the convertible loan including accrued interest until 30 June 2019, with the reservation that Sino Biopharma's voting rights must not exceed 49 per cent after the Directed share issue.</p> <p>Furthermore, Karolinska Institutet and Sino Biopharma's subscription commitment are no longer contingent upon holders of minimum 95 per cent of convertible loan subscribes in the Directed share issue.</p> <p>Sino Biopharma has furthermore committed to divest no more than SEK 61.6 million of its convertible loan of which they are not eligible for set-off in the Directed share issue, as a consequence of the restriction that their voting share must not exceed 49 per cent, to a third party (the "<b>Remaining convertible loan</b>"). Sino Biopharma also commits to ensure that this third party subscribes for series B shares through set-off of the Remaining convertible loan during the subscription period of the Directed share issue. Sino Biopharma has also, within its subscription undertaking, committed to set-off at least SEK 59.2 million of the convertible loan in connection with the third party subscribing for shares, thus allowing Sino Biopharma to subscribe for additional shares without its holding of votes exceed 49 per cent of the votes in the Company. The entire convertible loan of Sino Biopharma will thus be a set-off within the Directed share issue.</p> <p>The Company has also within the above mentioned investment agreement agreed to repurchase convertibles from Paradigm Capital SICAV, Paradigm Capital LP and Europäische Marketing und Finanzmanagement for a total amount of SEK 30.7 million, including interest until 12 September 2019. The payment will consist of 1,050,000 shares in OssDsign, 27 per cent of a long-term receivable of Stiftelsen Industrifonden, which derives from the sale of shares in Oncopeptides AB, with a value corresponding to approx. SEK 15 million and SEK 4.1 million referring to the net amount of 27 per cent of an earnout from Stiftelsen Industrifonden due to a sale of shares in Oncopeptides AB. The remaining part of Paradigm Capital SICAV, Paradigm Capital LP and the Europäische Marketing Und Finanzmanagement's convertibles, corresponding to SEK 8.0 million including interest until 31 December 2019, will be repaid in accordance with the terms of the convertibles on 31 December 2019. Repurchased convertibles will be deregistered by the Company as soon as possible after the Company receives the repurchased convertibles. As such, in total 94.2 per cent of the convertible loan has been committed to extinguishment through conversion or repurchase.</p>

Summary

<p><b>B.7</b></p>	<p><i>Selected historical financial information, cont.</i></p>	<p>Aprea Therapeutics, Inc. (“<b>Aprea Therapeutics</b>”) has closed its initial public offering of 6,516,667 shares of Aprea Therapeutics’s common stock at a price to the public of USD 15 per share, which includes the exercise in full by the underwriters of their option to purchase an additional 850,000 shares of Aprea Therapeutics common stock. Aprea Therapeutics received total gross proceeds, before deducting underwriting discounts, commissions and other offering expenses, of approx. USD 97.75 million. The Company has signed a customary lock up agreement, preventing a sale of the shares it holds in Aprea Therapeutics during a 180 days period calculated from the end of the offer period.</p> <p>OssDsign AB, has been granted 510(k) clearance by the US Food and Drug Administration (FDA) to market OssDsign Cranial PSI Accessories in the US. The cleared products are a set of 3D-printed, patient specific accessory devices designed to support and expand clinical use of OssDsign’s patient specific cranioplasty implant already cleared by the FDA.</p> <p>The Company has divested its indirect holding, through KDev Investments and KCIF Co-Investment Fund, in the portfolio company Asarina Pharma AB.</p>
<p><b>B.11</b></p>	<p><i>Working capital</i></p>	<p><i>The third to six sentences in the first section is to be replaced as below:</i></p> <p>The Company’s need for additional working capital appears partly on 29 November 2019 for payment of the final balance of the credit facility of maximum SEK 24 million, and on 31 December 2019 for repayment of the convertible loan of SEK 484 million. The total shortage of working capital, including costs for operating the business and commitments regarding follow-on investments in the portfolio companies, amounts to approx. SEK 533 million. The Company is dependent on the fact that as large part of the convertible loan as possible is set-off in the Offer and as of the date of the Prospectus there are binding subscription commitments of SEK 346 million, Sino Biopharma’s commitment to divest approx. SEK 61.6 million of its convertible loan for subscription in the Offer and the Company’s commitment to repurchase SEK 30.7 million, including interest up until 12 September 2019, of the outstanding convertible loan.</p> <p><i>The first and second sentence in the second section is to be replaced as below:</i></p> <p>The Company’s working capital requirement for the next 12 months in addition to repayment of the convertible loan but including repayment of a credit facility of SEK 24 million amounts to about SEK 49 million. The Company is intensely working on a number of alternatives to finance the outstanding capital requirement after the Directed share issue has been completed. The short-term financing is currently expected to be construed either as a share issue and/or as a short-term credit facility.</p>

**Section D – Risks**

<p><b>D.3</b></p>	<p><i>Main risk related to the securities offered</i></p>	<p>The principal risks related to the shares and the Offer includes, among other, the following risks.</p> <ul style="list-style-type: none"> <li>● Unsecured subscription undertakings – The Company has received binding subscription undertakings for subscription up to 74.2 per cent of the Directed share issue. Sino Biopharma has furthermore committed to divest part of its convertible loan to a third party for subscription in the Offer, corresponding to 13.2 per cent of the Directed share issue. The subscription undertakings are not secured by pledge, escrow or similar arrangements. Consequently, there is a risk that one or more convertible holders will not fulfil their respective commitments. If the above-mentioned undertakings are not fulfilled, it may adversely affect the Company’s ability to successfully complete the Directed share issue.</li> </ul>
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**Section E – Offer**

<p><b>E.3</b></p>	<p><i>Terms and conditions of the Offer</i></p>	<p><i>The third section is replaced as follows:</i></p> <p><b>Subscription period:</b> The period commencing on 8 July 2019 up and until 12 December 2019. The board of directors may prolong the subscription period.</p>
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# Risk factors

*The information in the Company's press release published on 6 November 2019 causes parts of the section "Risk factors" on page 21 in the Prospectus to be replaced as below.*

## **Risks associated with shares and the Offer**

### Unsecured subscription undertakings

The Company has received binding subscription undertakings for subscription up to 74.2 per cent of the Directed share issue. Sino Biopharma has furthermore committed to divest part of its convertible loan to a third party for subscription in the Offer, corresponding to 13.2 per cent of the Directed share issue. The subscription undertakings are not secured by pledge, escrow or similar arrangements. Consequently, there is a risk that one or more convertible holders will not fulfill their respective commitments. If the above-mentioned undertakings are not fulfilled, it may adversely affect the Company's ability to successfully complete the Directed share issue.

# Invitation to subscribe for shares in Karolinska Development

*The information in the Company's press releases published on 6 November 2019 and other relevant information causes parts of the section "Invitation to subscribe for shares in Karolinska Development" on page 23 in the Prospectus to be replaced as below.*

*The eighth sentence of the second paragraph is replaced as follows:*

Subscription and payment by set-off shall be made during the period commencing on 8 July 2019 up and until 12 December 2019.

*The first sentence of the fifth paragraph is replaced as follows:*

The Company has received written binding subscription undertakings from the Company's convertible holders amounting to approx. SEK 346 million corresponding to approx. 74.2 per cent of the Directed share issue. Sino Biopharma has furthermore committed to divest part of its convertible loan to a third party for subscription in the Offer, corresponding to 13.2 per cent of the Directed share issue and the Company has committed to repurchase 6.7 per cent of the convertible loan.



# Terms, conditions and instructions

*Parts of the section “Terms, conditions and instructions” on pages 25–26 in the Prospectus to be replaced as below.*

## Subscription period for the Offer

The subscription period for the Offer commences on 8 July 2019. The Offer can be accepted up and until 17.00 on 12 December 2019. The board of directors of Karolinska Development reserves the right to extend the subscription period. An extension will be disclosed by the Company by way of a press release no later than 12 December 2019. Subscriptions are binding.

## Partial registration of subscription

The Offer will be partially registered at the Swedish Companies Registration Office through two partial registrations. Subscriptions arriving prior to the end of the respective partial registration date will be registered in the respective period.

## Subscription

Holders of convertibles in Karolinska Development whose convertibles are owner registered with Euroclear Sweden AB (“Euroclear”) and who wishes to accept the Offer shall under the period commencing on 8 July 2019 up and until 12 December 2019 sign and submit a correctly completed application form as designated herein to:

DNB Bank ASA, filial Sverige  
Securities Services & Custody  
105 88 STOCKHOLM

The application form shall be submitted in the enclosed return envelope in good time before the last day of the subscription period in order to reach DNB Markets (“DNB Markets”) prior to 17.00 on 15 November and 12 December 2019 respectively, for registration in the first or the second partial registration. The VP-account (Sw. *VP-konto*) and current holding in Karolinska Development is shown on the pre-printed application form sent out in connection with the information letter to the convertible holders in Karolinska Development whose convertibles were direct registered with Euroclear on 3 July 2019.

Owners should check that the pre-printed information on the application forms is correct.

Additional application forms for subscription and payment through set-off can be obtained by phone (+46 8 473 48 50), alternatively downloaded from the Company’s and DNB Markets’ web pages ([www.karolinskadevelopment.com](http://www.karolinskadevelopment.com) and [www.dnb.se/emission](http://www.dnb.se/emission)). Please note that nominee convertible holders shall submit the application for subscription and payment by set-off through their nominee, in accordance with the nominee’s instructions.

Incomplete or incorrectly completed application forms may be disregarded. Application forms which are sent by post should be sent in good time before the last day of the subscription period.

## Disclosure of the result of the Offer

The result of the Offer for the first partial registration in the Offer is expected to occur on 20 November 2019, with disclosure of the final result to occur around 18 December 2019.

## Delivery of shares

The shares will be delivered when the Directed share issue has been registered with the Swedish Companies Registration Office, which is estimated to occur on 25 November 2019 for the first partial registration, and 20 December 2019 for partial registration 2.

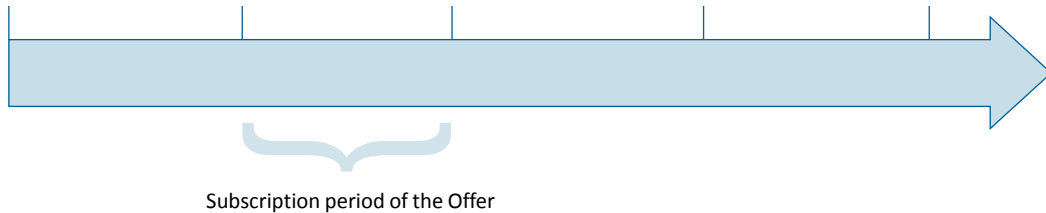
### Miscellaneous

The Company's shares of series B are traded on Nasdaq Stockholm. The new shares of series B will be traded on Nasdaq Stockholm as well after the Directed share issue has been registered by the Swedish Companies Registration Office. The first day of trading is expected to commence on 26 November 2019

for the first partial registration, and 23 December 2019 for the second partial registration. The new shares qualify for dividend on the first record day for dividend after the new shares have been registered by the Swedish Companies Registration Office and have been recorded in the share registry kept by Euroclear.

#### Overall time schedule for the Offer

<b>5 July 2019:</b>	<b>8 July 2019:</b>	<b>12 December 2019:</b>	<b>18 December 2019:</b>	<b>Around 23 December 2019:</b>
– Prospectus is published – Information letter and application form is distributed to the holders of convertibles	– Subscription period commences	– Subscription period ends	– Final outcome of the Offer is published	– The new shares are admitted to trading on Nasdaq Stockholm

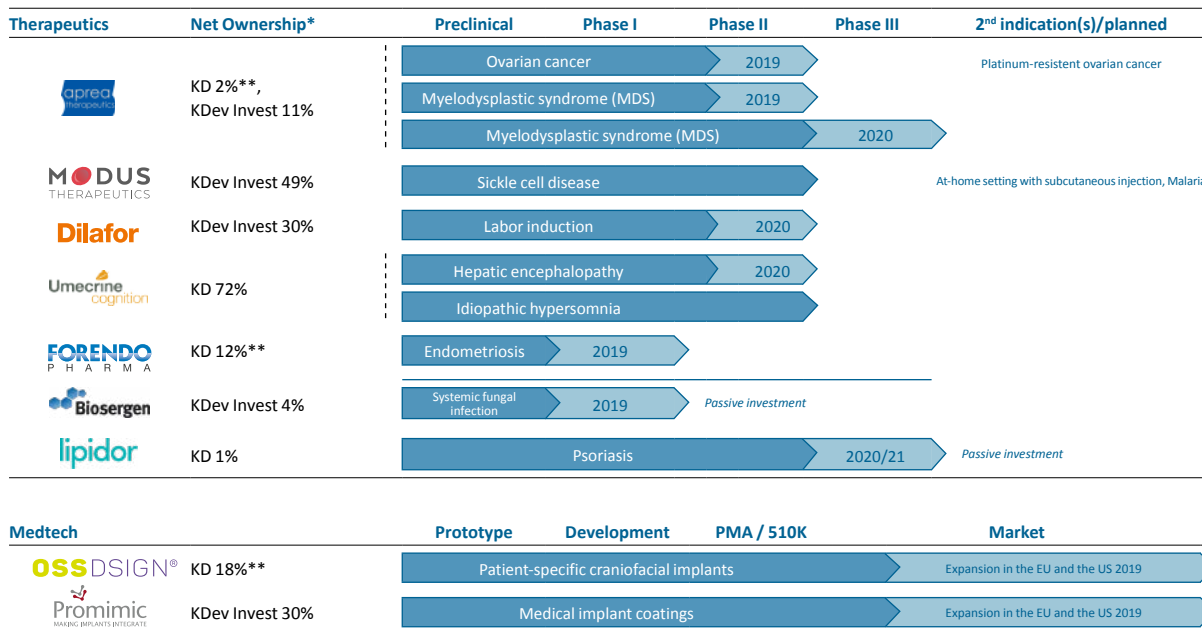


# Karolinska Developments portfolio

Parts of the section “Karolinska Development’s portfolio” in the Prospectus to be replaced or supplemented as below.

The diagram on page 39 in the Prospectus is replaced with the diagram below.

## Our current portfolio — significant value-inflection during 2019/2020



KD: Karolinska Development

KDev Invest: KDev Investments

\* Fully diluted ownership based on current investment plans

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



The section “Aprea Therapeutics AB” – “Recent progress” on page 40 is supplemented with the following:

Aprea Therapeutics shares have been admitted to trading on The Nasdaq Global Select Market in the United States.

The section “OssDsign AB” – “Recent progress” on page 45 is supplemented with the following:

OssDsign has been granted clearance to market OssDsign Cranial PSI Accessories in the US.

The section “Asarina Pharma AB” on page 47 is no longer applicable after the sale of all shares in Asarina Pharma AB by the Company.

# Equity, liabilities and other financial information

*The information in the press release published on 6 November 2019 and other relevant information causes parts of the section "Equity, liabilities and other financial information" on page 61 and 63 in the Prospectus to be replaced as below.*

## **Working capital statement**

*The third to six sentences in the first section is to be replaced as below:*

The Company's need for additional working capital appears partly on 29 November 2019 for payment of the final balance of the credit facility of maximum SEK 24 million, and on 31 December 2019 for repayment of the convertible loan of SEK 484 million. The total shortage of working capital, including costs for operating the business and commitments regarding follow-on investments in the portfolio companies, amounts to approx. SEK 533 million. The Company is dependent on the fact that as large part of the convertible loan as possible is set-off in the Offer and as of the date of the Prospectus there are binding subscription commitments of SEK 346 million, Sino Biopharma's commitment to divest approx. SEK 61.6 million of its convertible loan for subscription in the Offer and the Company's commitment to repurchase SEK 30.7 million, including interest up until 12 September 2019, of the outstanding convertible loan.

*The first and second sentence in the second section is to be replaced as below:*

The Company's working capital requirement for the next 12 months in addition to repayment of the convertible loan but including repayment of a credit facility of SEK 24 million amounts to about SEK 49 million. The Company is intensely working on a number of alternatives to finance the outstanding capital requirement after the Directed share issue has been completed. The short-term financing is currently expected to be construed either as a share issue and/or as a short-term credit facility.

## **Significant events after 30 June 2019**

*The section "Significant events after 30 June 2019", which replaced the section "Significant events after the 2019 interim report for January–March was published", on page 63 is supplemented as following:*

Karolinska Development announced during October and November that:

The subscription period in the Directed share issue to the holders of the Company's convertible loan has been extended on several occasions and now ends on 12 December 2019.

Sino Biopharma, Paradigm Capital SICAV, Paradigm Capital LP, Europäische Marketing und Finanzmanagement and Karolinska Institutet, which jointly own 95.7 per cent of the convertible loan, have committed to participate in the Directed share issue corresponding to 87.5 per cent of the convertible loan including accrued interest until 30 June 2019, with the reservation that Sino Biopharma's voting rights must not exceed 49 per cent after the Directed share issue.

Furthermore, Karolinska Institutet and Sino Biopharma's subscription commitment are no longer contingent upon holders of minimum 95 per cent of convertible loan subscribes in the Directed share issue.

Sino Biopharma has furthermore committed to divest no more than SEK 61.6 million of its convertible loan of which they are not eligible for set-off in the Directed share issue, as a consequence of the restriction that their voting share must not exceed 49 per cent, to a third party (Remaining convertible loan). Sino Biopharma also commits to ensure that this third party subscribes for series B shares through set-off of the Remaining convertible loan during the subscription period of the Directed share issue. Sino Biopharma has also, within its subscription undertaking, committed to set-off at least SEK 59.2 million of the convertible loan in connection with the third party subscribing for shares, thus allowing Sino Biopharma to subscribe for additional shares without its holding of votes exceed 49 per cent of the votes in the Company. The entire convertible loan of Sino Biopharma will thus be a set-off within the Directed share issue.

The Company has also within the above mentioned investment agreement agreed to repurchase convertibles from Paradigm Capital SICAV, Paradigm Capital LP and Europäische Marketing Und Finanzmanagement for a total amount of SEK 30.7 million, including interest until 12 September 2019. The payment will consist of 1,050,000 shares in OssDesign, 27 per cent of a long-term receivable of Stiftelsen Industrifonden, which derives from the sale of shares in Oncopeptides AB, with a value corresponding to approx. SEK 15 million and SEK 4.1 million referring to the net amount of 27 per cent of an earnout from Stiftelsen Industrifonden due to a sale of shares in Oncopeptides AB. The remaining part of Paradigm Capital SICAV, Paradigm Capital LP and the Europäische Marketing Und Finanzmanagement's convertibles, corresponding to SEK 8.0 million including inter-

est until 31 December 2019, will be repaid in accordance with the terms of the convertibles on 31 December 2019. Repurchased convertibles will be deregistered by the Company as soon as possible after the Company receives the repurchased convertibles. As such, in total 94.2 per cent of the convertible loan has been committed to extinguishment through conversion or repurchase.

Aprea Therapeutics has closed its initial public offering of 6,516,667 shares of Aprea Therapeutics's common stock at a price to the public of USD 15 per share, which includes the exercise in full by the underwriters of their option to purchase an additional 850,000 shares of Aprea Therapeutics common stock. Aprea Therapeutics received total gross proceeds, before deducting underwriting discounts, commissions and other offering expenses, of approx. USD 97.75 million. The Company has signed a customary lock up agreement, preventing a sale of the shares it holds in Aprea Therapeutics during a 180 days period calculated from the end of the offer period.

OssDsign AB has been granted 510(k) clearance by the US Food and Drug Administration (FDA) to market OssDsign Cranial PSI Accessories in the US. The cleared products are a set of 3D-printed, patient specific accessory devices designed to support and expand clinical use of OssDsign's patient specific cranioplasty implant already cleared by the FDA.

The Company has divested its indirect holding, through KDev Investments and KCIF Co-Investment Fund, in the portfolio company Asarina Pharma AB.

# Legal issues and supplementary information

*The information in the Company's press release published on 6 November 2019 causes parts of the section "Legal issues and supplementary information" on page 84 in the Prospectus to be replaced as below.*

## **Subscription undertakings and repurchases of convertibles**

The Company has received written binding subscription undertakings from the Company's larger convertible holders. According to the subscription undertakings, the subscribed shares shall be paid by set-off of the undersigned's convertibles. No compensation is paid for these subscription undertakings.

Sino Biopharma, Paradigm Capital SICAV, Paradigm Capital LP, Europäische Marketing und Finanzmanagement and Karolinska Institutet, which jointly own 95.7 per cent of the convertible loan, have committed to participate in the Directed share issue corresponding to 87.5 per cent of the convertible loan including accrued interest until 30 June 2019, with the reservation that Sino Biopharma's voting rights must not exceed 49 per cent after the Directed share issue.

Furthermore, Karolinska Institutet and Sino Biopharma's subscription commitment are no longer contingent upon holders of minimum 95 per cent of convertible loan subscribes in the Directed share issue.

Sino Biopharma has furthermore committed to divest no more than SEK 61.6 million of its convertible loan of which they are not eligible for set-off in the Directed share issue, as a consequence of the restriction that their voting share must not exceed 49 per cent, to a third party (Remaining convertible loan). Sino Biopharma also commits to ensure that this third party subscribes for series B shares through set-off of the Remaining convertible loan during the subscription period of the Directed share issue. Sino Biopharma has also, within its subscription undertaking, committed to set-off at least SEK 59.2 million of the convertible loan in connection with the third party subscribing for shares, thus allowing Sino Biopharma to subscribe for additional shares without its holding of votes exceed 49 per cent of the votes in the Company. The entire convertible loan of Sino Biopharma will thus be a set-off within the Directed share issue.

Of Sino Biopharma's total subscription commitment, approx. SEK 265.1 million of the convertible loan will be set-off against series B shares in the Company, which will be part-registered with the Swedish Companies Registration Office and delivered to Sino Biopharma around 25 November 2019. Paradigm Capital SICAV, Paradigm Capital LP, Europäische Marketing und Finanzmanagement, Karolinska Institutet and other holders of the convertible loan that accepts the Offer no later than 15 November 2019, will also receive the shares around 25 November 2019, through the way of partial registration with the Swedish Companies Registration Office.

Sino Biopharma, and the third party acquiring the Remaining convertible loan, will as agreed set-off the Remaining convertible loan no later than 12 December 2019 and the series B shares will be delivered by the Company around 20 December 2019. Other holders of the convertible loan who have accepted the Offer after 15 November 2019 but not later than 12 December 2019, will also receive the shares around 20 December 2019 through a final partial registration of the Directed share issue at the Swedish Companies Registration Office.

The Company has also within the above mentioned investment agreement agreed to repurchase convertibles from Paradigm Capital SICAV, Paradigm Capital LP and Europäische Marketing Und Finanzmanagement for a total amount of SEK 30.7 million, including interest until 12 September 2019. The payment will consist of 1,050,000 shares in OssDesign, 27 per cent of a long-term receivable of Stiftelsen Industrifonden, which derives from the sale of shares in Oncopeptides AB, with a value corresponding to approx. SEK 15 million and SEK 4.1 million referring to the net amount of 27 per cent of an earnout from Stiftelsen Industrifonden due to a sale of shares in Oncopeptides AB. The remaining part of Paradigm Capital SICAV, Paradigm Capital LP and the Europäische Marketing Und Finanzmanagement's convertibles, corresponding to SEK 8.0 million including interest until 31 December 2019, will be repaid in accordance with the terms of the convertibles on 31 December 2019. Repurchased convertibles will be deregistered by the Company as soon as possible after the Company receives the repurchased convertibles. As such, in total 94.2 per cent of the convertible loan has been committed to extinguishment through conversion or repurchase.

The subscription undertakings are not secured by pledge, escrow or other similar arrangements. Hence there is a risk that one or several parties will not, fully or partly, fulfill their commitment. The subscription undertakings were made in connection to the board of director's resolution of the Directed share issue during May – June 2019 and in November 2019.

<b>Name</b>	<b>Subscription undertaking (SEK)</b>	<b>% of the Directed share issue</b>	<b>Address</b>
Sino Biopharmaceutical Limited	324,219,434	69.65 <sup>1)</sup>	Flat/Room 4109, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
Stift För Främjande & Utveckling	4,652,692	1.00	Humlegårdsgatan 11, 114 46 Stockholm
Paradigm Capital Value Fund SICAV	5,227,727	1.12	20, rue de la poste, L-2346 Luxembourg, Luxembourg
Paradigm Capital Value LP	3,364,955	0.72	251 Little Falls Drive, Wilmington, Delaware 19808, United States
Europäische Marketing Und Finanzmanagement Ag	8,165,072	1.75	Valentinskamp 47, D-20355 Hamburg

1) Sino Biopharma has further committed to divest SEK 61.6 million of its convertible loan to a third party for subscription in the Offer.

# Addresses

## **The Company**

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