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## **Karolinska Development AB (publ) proposes a rights issue of approximately SEK 491 million, and publishes a proposal for a new Board member**

STOCKHOLM SWEDEN – December 10, 2021. The Board of Directors of Karolinska Development AB (publ) ("Karolinska Development" or "the Company") has decided, subject to the subsequent approval of the Extraordinary General Meeting, to carry out a rights issue of class A and class B shares with preferential rights for existing shareholders which, if fully subscribed, provides the Company with approximately SEK 491 million before transaction costs (the "Rights Issue"). The purpose of the Rights Issue is to finance the continued development of existing investments, new investments, and general corporate purposes. The terms in the Rights Issue constitutes that ten (10) existing shares (regardless of share class) give the right to subscribe for seven (7) newly issued shares of the same class as the subscription right refers to, at a subscription price of SEK 4.00 per share. The rights issue is secured to 75 percent through subscription commitments and underwriting commitments. To enable the Board and management to participate in the Rights Issue, publication of the year-end report is postponed to February 25, 2022. Furthermore, the Nomination Committee has proposed that Philip Duong is elected as a new Board member for the period until the next Annual General Meeting. Director Tse Ping will resign from his position at the Extraordinary General Meeting. Furthermore, Tse Ping and Hans Wigzell have been appointed Senior Strategic Advisors at Karolinska Development. They will assist with strategic advice to the Company's board and management team.

### **Summary of the Rights Issue**

- The Rights Issue is carried out to finance the continued development of existing investments, new investments, and general corporate purposes.
- Each owner of class A and class B shares in Karolinska Development has a preferential right to subscribe for new shares of the same share class. For each (1) share in the Company held on the record date on January 14, 2022, a subscription right will be received. Ten (10) subscription rights entitle for subscription of seven (7) new shares of the same class as the subscription right refers to. Only shares of class B will be offered to the public.
- The subscription price amounts to SEK 4.00 per share.
- In the case of a fully subscribed Rights Issue, Karolinska Development will receive approximately SEK 491 million before transaction costs.
- The record date for participating in the Rights Issue is January 14, 2022.
- The subscription period runs from January 18 to February 2, 2022.
- Trading in subscription rights of class B is planned to take place on Nasdaq Stockholm from January 18 to January 28, 2022.
- The Board's decision on the Rights Issue is conditional on the Extraordinary General Meeting, which is intended to be held on January 12, 2022, resolving to approve the Rights Issue. Notice to the Extraordinary General Meeting is published in a separate press release in connection with the publication of this press release.
- Through full subscription in the Rights Issue, the Company's share capital will increase by a maximum of SEK 1,227,947.77, corresponding to a maximum of 122,794,777 shares, of which 1,052,163 shares is of class A and 121,742,614 shares of class B, implying a maximum dilution of approximately 41,1 percent.
- The Rights Issue is secured to 75 percent through subscription commitments and underwriting commitments.

- To enable for the Board and management to participate in the Rights Issue, publication of the year-end report is postponed to February 25, 2022.

### **Background and reason**

Karolinska Development is an investment company focusing on life science and offers investors an opportunity to participate in the value creation of several carefully selected companies that are in the forefront of scientific research that develop medical innovations with substantial commercial opportunities. Karolinska Development's management and board assess the selected portfolio companies based on criteria such as inherent risk level in drug or technology development, from both an indication point of view as well as for the specific substance, and the commercial potential from a risk-adjusted perspective. In addition, Karolinska Development offers an active management of the portfolio and good risk diversification in a complex sector, which can be challenging for an investor to achieve on their own.

Investments are mainly made through co-investments together with other leading national and international specialist investors. This facilitates access to a broader capital base, additional expertise within pharmaceutical and medical technology development and commercialisation as well as expanded international networks between potential licensing and business partners. Karolinska Development has a focused but wide portfolio consisting of eight biotech companies, two medtech companies, which are currently between preclinical phase and ongoing phase II studies as well as commercialisation for the medtech products. In November 2021, an agreement was entered into to divest the holding, corresponding to 9.7 per cent, in Forendo Pharma Ltd to Organon & Co (NYSE: OGN). If all milestones are met, the total purchase price for the entire company amounts to 945 MUSD. Karolinska Development estimates the risk-adjusted present value of future cash flows (rNPV) from the transaction, including the initial payment, at 114 MSEK. Karolinska Development intends to continue investing and developing existing portfolio companies as well as identifying and investing in additional attractive research companies. Karolinska Development annually evaluates between about 100 and 200 companies, of which about 20 undergo an even more in-depth review.

Through continued investments in the existing portfolio as well as in new commitments, Karolinska Development's Board of Directors believes that significant shareholder value can be generated for the Company's shareholders and due to this, the Board has resolved on the Rights Issue subject to the subsequent approval of the Extraordinary General Meeting. The net payment of 348 MSEK after issue costs of 18 MSEK and set-off of loans, credits and interest from the main owner invoX Pharma Limited amounting to 125 MSEK, is planned to be used for the following purposes:

- Existing investments, 106 MSEK,
- New investments, 206 MSEK, and
- General business purposes, 36 MSEK

### **Approval at Extraordinary General Meeting**

In order to obtain the General Meeting's approval of the Board's resolution, the Board will convene the shareholders of the Company to an Extraordinary General Meeting. The Extraordinary General Meeting will be held on January 12, 2022. Notice of the Extraordinary General Meeting is published in a separate press release.

### **Timetable for the Rights Issue**

January 12, 2022	Extraordinary General Meeting
January 12, 2022	Last trading day in the share of class B with the right to receive subscription rights
January 13, 2022	First trading day in the share of class B without the right to receive subscription rights
January 14, 2022	Record Date for participation in the Rights Issue
January 14, 2022	Estimated date for publication of the prospectus
January 18 – 28, 2022	Trading in subscription rights of class B
January 18 – February 2, 2022	Subscription period
February 7, 2022	Estimated day for publication of the outcome of the Rights Issue

### **The Rights Issue in summary**

Existing shareholders hold preferential right to subscribe for new shares in the Company. Each shareholder of the class A and class B has a preferential right to subscribe for new shares of the same class of shares. Each (1) existing share (regardless of the share class) held in the Company on the record date on January 14, 2022, entitles to one (1) subscription right. Ten (10) subscription rights entitle the holder to subscribe for seven (7) newly issued shares of the same share class as the subscription right refers to at a subscription price of SEK 4.00 per share. Only shares of class B will be offered to the public. Shares of class B that are not subscribed by shareholders entitled to subscribe within the framework of the primary preferential right shall be offered to all shareholders for subscription (subsidiary preferential rights). In connection with the transfer of subscription rights (primary preferential rights), the subsidiary preferential rights are also transferred to the new holder of the subscription rights. In addition, investors can also register an interest in subscribing for new shares of class B without primary or subsidiary preferential rights.

Subscription of shares takes place during the period from January 18 to February 2, 2022. Through full subscription in the Rights Issue, the Company will receive approximately SEK 491 million before transaction costs.

### **Shares and share capital**

Through the Rights Issue, the share capital in the Company increases by a maximum of SEK 1,227,947.77, from SEK 1,756,654.09 to SEK 2,984,601.86, by issuing a maximum of 121,742,614 shares of class B and 1,052,163 shares of class A. The number of shares thus increases from 175,665,409 to a maximum of 298,460,186 shares. The 244,285 shares of class B that the Company holds as per the date of this press release do not entitle it to participate in the Rights Issue.

The dilution effect amounts to approximately 41.1 percent, provided that the Rights Issue is fully subscribed.

### **Subscription commitments and underwriting commitments**

The Rights Issue is secured to 75 percent through subscription commitments and underwriting commitments. Subscription commitments is signed by existing and external investors who have agreed on taking over subscription rights to an amount of 48.6 percent of the Rights Issue. 26.4 percent of the

Rights Issue is secured by underwriting commitments. The underwriters will receive a cash compensation of seven (7.0) percent of the guaranteed amount. Further information regarding the parties that have signed underwriting commitments will be available in the prospectus that is intended to be published January 14, 2022.

### **Exemption from the mandatory bid obligation**

invoX Pharma Limited has, by the Swedish Securities Council on December 8, 2021, been granted an exemption from the mandatory bid obligation in order to subscribe for its pro rata share in the Rights Issue (AMN 2021:58).

### **Postponement of publication of the year-end report for 2021**

In order to enable the Board and management to participate in the Rights Issue, the Board has decided to postpone the publication of the year-end report to February 25, 2022. Members of the Board and management have indicated an interest of subscribing shares for approximately SEK 2 million in the Rights Issue.

### **Change in the Company's Board of Directors**

The Company's Nomination Committee has proposed, with the dismissal of the current board member Tse Ping, to elect Philip Doung as a new board member at the Extraordinary General Meeting, which is intended to be held January 12, 2022, for the period until the next Annual General Meeting.

Philip Doung is Head of Investments at Sino Biopharmaceuticals Limited. He previously held the position as Vice President at Deutsche Bank AG (Hong Kong Branch). Doung holds a Bachelor of Economics degree from the University of Toronto. Doung is independent in relation to the Company and the management team. He is, however, not independent to major shareholders in the Company.

Tse Ping and Hans Wigzell have been appointed Senior Strategic Advisors at Karolinska Development. They will assist with strategic advice to the Company's board and management team.

### **Advisors**

In connection with the Rights Issue, Karolinska Development has appointed Erik Penser Bank as financial advisor, and Cirio Advokatbyrå AB as legal advisor.

### **For additional information, please contact:**

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*This information is information that Karolinska Development is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2021-12-10 18:00 CET.*

### **Karolinska Development AB in brief**

Karolinska Development is an investment company that offers investors an opportunity to take part in the value development of several Nordic life science companies. The Company focuses on identifying medical innovations and invests to create, and develop, companies that further develop such innovations into differentiated commercial products, which can make a difference to patients' lives and generate an attractive return for shareholders.

### **Forward-looking information**

This press release contains forward-looking statements, which are subjective estimates and forecasts for the future. The future assessments only apply as of the date they are made and are by their nature,

as well as research and development activities in the field of biotechnology, associated with risks and uncertainty. The actual outcome may deviate significantly from what is described in this press release.

### **IMPORTANT INFORMATION**

The information in this press release does not constitute an offer to acquire, subscribe for or otherwise trade with shares, paid subscribed share, subscription rights or other securities in Karolinska Development. No action has been taken, nor will any actions be taken, to permit an offer to the public in any other jurisdiction than Sweden. An invitation to eligible persons to subscribe for shares in Karolinska Development will only be made through the prospectus which Karolinska Development intends to publish on or around January 14, 2022.

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. In any EEA Member State, other than Sweden, this communication is only addressed to and is only directed at "qualified investors" in that Member State within the meaning of the Prospectus Regulation.

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