

Karolinska Development's portfolio company OssDsign raises SEK 150 million and makes strategic move to become a pure play orthobiologics company

STOCKHOLM, SWEDEN, September 27, 2023. Karolinska Development AB (Nasdaq Stockholm: KDEV) announces that its portfolio company OssDsign successfully has completed a directed share issue to a value of approximately SEK 150 million. The net proceeds will be used to finance a strategic shift to fully focus its operations on the orthobiologic business in the U.S., in light of the extraordinary commercial performance of its high-margin nanosynthetic bone graft OssDsign Catalyst.

The new strategy announced by OssDsign means that OssDsign will become a pure play orthobiologics company focusing on the nanosynthetic bone graft OssDsign Catalyst, an off-the-shelf product characterized by high scalability and high gross margin. All activities pertaining to the company's patient-specific cranial implant business will be discontinued in a responsible manner by the end of December 2023, resulting in a substantial cost base reduction going forward. In conjunction with the announcement of the strategic shift, OssDsign communicated the financial target to reach sales of SEK 150-200 million in the medium-term, at which point the company also expects to become cash flow positive.

To finance the strategic shift, OssDsign has raised SEK 150 million through a directed issue to a number of reputable institutional investors, including TAMT AB and Linc AB. Karolinska Development is one of the major shareholders in OssDsign and participates with SEK 10 million in the issue.

The net proceeds from the directed issue are intended to be used for continued commercialization and expanding U.S. presence to drive OssDsign Catalyst sales, continued investments in clinical programs to gather further clinical evidence, acceleration of its R&D portfolio based on the orthobiologics platform and investments in scaling, automating and potentially transferring of the production to the U.S.

"In the first six months of 2023, sales of the nanosynthetic bone graft OssDsign Catalyst grew by 453 percent compared to the corresponding period last year, and sales of the product in the U.S. alone are now exceeding the global sales of the company's heritage cranial implant product. With the recent news that the FDA has cleared the synthetic bone graft also for use in the interbody space, it is clear that OssDsign has become a rising star in the orthobiologics space. We support OssDsign's strategic shift to become a pure play orthobiologics company as it has the potential to further strengthen the ability of our portfolio company to deliver value for both patients and shareholders. The high interest shown by leading institutional investors to participate in the financing of this strategic shift underpins that OssDsign is on a very promising trajectory," says Viktor Drvota, CEO, Karolinska Development.

The subscription price per new share in the directed share issue amounted to SEK 5.7 and was determined through an accelerated book-building procedure. Karolinska Development's shareholding in OssDsign AB, including indirect ownership via KCIF Co-Investment Fund, after completion of the directed share issue, amounts to 9.5 percent.

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TO THE EDITORS

About Karolinska Development AB

Karolinska Development AB (Nasdaq Stockholm: KDEV) is a Nordic life sciences investment company. The company focuses on identifying breakthrough medical innovations in the Nordic region that are developed by entrepreneurs and leadership teams. The Company invests in the creation and growth of companies that advance these assets into commercial products that are designed to make a difference to patients' lives while providing an attractive return on investment to shareholders.

Karolinska Development has access to world-class medical innovations at the Karolinska Institutet and other leading universities and research institutes in the Nordic region. The Company aims to build companies around scientists who are leaders in their fields, supported by experienced management teams and advisers, and co-funded by specialist international investors, to provide the greatest chance of success.

Karolinska Development has a portfolio of eleven companies targeting opportunities in innovative treatment for life-threatening or serious debilitating diseases.

The Company is led by an entrepreneurial team of investment professionals with a proven track record as company builders and with access to a strong global network.

For more information, please visit www.karolinskadevelopment.com.