

Karolinska Development's portfolio company OssDsign enters USD 4 billion bone graft market by acquiring Sirakoss Ltd

STOCKHOLM, SWEDEN – November 4, 2020. Karolinska Development AB (Nasdaq Stockholm: KDEV) announces today that its portfolio company OssDsign has acquired the bone graft substitute company Sirakoss Ltd. The acquisition, which is expected to immediately provide OssDsign with a five times larger addressable market, is partly financed by a heavily over-subscribed directed share issue of approximately SEK 65 million before transaction costs. A large number of Swedish and international investors took part in the issue.

OssDsign is a Swedish medtech company dedicated to creating regenerative implants for improved healing of bone defects. OssDsign provides neurosurgeons and reconstructive plastic surgeons around the world with an expanding range of innovative implant solutions for improved patient outcomes.

Sirakoss Ltd is a privately held Scottish company that has developed Osteo³ ZP Putty, a nanosynthetic bone graft substitute designed to provide surgeons with an easy-to-use, advanced solution for treating skeletal defects including spine and trauma bone grafting procedures. Sirakoss has been preparing for a commercial launch of Osteo³ ZP Putty since the product received FDA clearance in June 2020, and OssDsign intends to start commercial activities around the product in the US market for spinal fusion immediately following the acquisition.

The acquisition is judged to provide OssDsign with a five times larger addressable market. OssDsign expects to see revenue from Osteo³ ZP Putty during the second half of 2021 following approval processes in US hospitals where the company already is present with its existing implants for cranial reconstruction. Over time, bone graft is expected to represent a substantial percentage of OssDsign's turnover.

According to market data from Millenium Research Group, the global bone graft substitute market is projected to be worth USD 4 billion in 2021. This market is characterized by high growth, with an 8% CAGR and gross margins reaching above 90%.

“OssDsign's acquisition of Sirakoss is an important step forward in establishing a strong foothold in the rapidly growing global market for bone repair solutions. The strong interest shown for the directed share issue reflects the confidence of prominent investors in our portfolio company's ability to create substantial value for both patients and shareholders, and we are looking forward to follow and support its continued endeavors,” said Viktor Drvota, CEO of Karolinska Development.

OssDsign acquires all outstanding Sirakoss shares in an all-cash transaction, which is subject to customary closing conditions. The purchase price of USD 11 million, not including agreed milestone and royalty payments, is divided into three cash instalments, with the first USD 5 million payment to be financed by the directed share issue in OssDsign.

The subscription price in the directed share issue amounts to SEK 14.70 per share, corresponding to a discount of approximately 10 percent in relation to the closing price on Nasdaq First North Growth Market on November 3, 2020. The directed issue entails a dilution of 20 percent of the number of shares and votes in the company.

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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 ten 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