

## **Year-end Report - January-December 2021**

**STOCKHOLM – 25 February 2022. Karolinska Development AB (Nasdaq Stockholm: KDEV) today publishes its Year-end Report - January-December 2021. The full report is available on the Company's website.**

“We saw a strong performance by many of our portfolio companies during the fourth quarter and completed the successful divestment of Forendo Pharma. A new rights issue that will enable us to accelerate our value creation was completed after the quarter-end, and we also welcomed highly skilled new colleagues to our investment team. The strength of Karolinska Development’s business strategy is becoming increasingly clear, and we look forward to continuing to assist in the development of ground-breaking medical innovations.”, says Viktor Drvota, CEO, Karolinska Development.

### **Significant events during the fourth quarter**

- The portfolio company OssDsign has received an expanded marketing authorization from the U.S. Food and Drug Administration (FDA) for the company's patient-specific cranial implant product OssDsign Cranial PSI. The approval underlines that OssDsign's patented calcium phosphate composition has osteoconductive properties inducing resorption and formation of new bone tissue (October 2021).
- The portfolio company Umecrine Cognition has entered a collaboration with Professor Trevor G Smart and his research group at University College London. The collaboration will involve molecular analysis and behavioral studies of Umecrine Cognition's most advanced drug candidate, golexanolone (October 2021).
- The portfolio company AnaCardio has strengthened its organization in preparation for the initiation of a phase 1b/2a study of its drug candidate AC01 in patients with heart failure. Anacardio has recently recruited Patrik Strömberg as its new CEO. He holds a PhD in biochemistry from Karolinska Institutet, an MBA from the Department of Business Administration at Stockholm University and has many years of experience in drug development and business development from leading positions within AstraZeneca and Sobi (October 2021).
- The portfolio company Dilafor, a drug development company focusing on the development of tafoxiparin for obstetric indications, has enrolled the first patient in a clinical Phase 2a study with tafoxiparin in pregnant women diagnosed with preeclampsia (October 2021).
- The portfolio company Umecrine Cognition has presented new scientific results showing that the innate neurosteroid allopregnanolone plays an important role in the development of cognitive symptoms observed in patients with primary biliary cholangitis (PBC). Since Umecrine Cognition’s drug candidate golexanolone could potentially impact allopregnanolone the company has, based on the novel clinical results and other supportive data, initiated preparations for a Phase 2 clinical study in PBC (November 2021).
- The portfolio company Modus Therapeutics has received approval from the regulatory authorities in the Netherlands to carry out a clinical Phase 1b-study with sevuparin, a potential new treatment of sepsis/septic shock (November 2021).
- Karolinska Development announces that the global pharmaceutical company Organon is acquiring its portfolio company Forendo Pharma. Forendo Pharma's shareholders will receive an initial payment of USD 75 million (approximate SEK 652 million) and are entitled to additional future payments totalling USD 870 million (approximate SEK 7,560 million) upon

the achievement of certain development, registration and commercial milestones pertaining to Forendo Pharma's drug candidates. The total purchase price, if all milestones are met, amounts to USD 945 million. Karolinska Development estimates the risk-adjusted net present value (rNPV) of future cash flows, including the initial payment, from the transaction at SEK 114 million, with a positive effect on net profit of SEK 70 million and a consequential increase in the portfolio company's fair value of SEK 70 million in the third quarter 2021. The completion of the transaction was subject to review by competition authorities and other customary conditions but was closed in December 2021 with an initial up-front payment. The transaction was in 2021 one of the largest in the Nordic biotechnology sector (November and December 2021).

- The portfolio company Modus Therapeutics has dosed the first subject in a phase 1b study of sevuparin. The drug candidate is being developed as a potential treatment for sepsis/septic shock, a serious and often fatal condition (December 2021).
- The Board of Directors of Karolinska Development proposed in December 2021 a rights issue of approximately SEK 491 million and convened an Extraordinary General Meeting in January 2022. The Extraordinary General Meeting, which was held on 12 January 2022, has decided 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 was to finance the continued development of existing investments, new investments, and general corporate purposes.
- The terms in the Rights Issue constituted 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 was 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, Director Tse Ping resigned from his position at the Extraordinary General Meeting and Philip Duong was elected as a new Board member for the period until the next Annual 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 (December 2021).

## **Significant post-period events**

- The portfolio company Svenska Vaccinfabriken has appointed Richard Bethell as new CEO. He will assume the position immediately. Richard Bethell holds a D.Phil in Biological Chemistry from the University of Oxford, has thirty years of experience in the biopharmaceutical industry and has worked primarily in the development of new products for the treatment and prophylaxis of infectious diseases (January 2022).
- The Portfolio company Umeocrine Cognition has presented results from a preclinical study showing that the drug candidate golexanolone has a suppressive effect on neuroinflammation in the cerebellum, leading to the cessation of disease-related motor disturbances. The study further enhances understanding of golexanolone's mechanism of action and highlights its potential to treat symptoms related to movement and coordination. The study was carried out in collaboration with Dr Vincente Felipo at the Laboratory of Neurobiology, Centro de Investigación Príncipe Felipe, Valencia (January 2022).
- At the Extraordinary General Meeting of Karolinska Development held on January 12, 2022, the following resolutions were passed: Election of a new member of the Board of Directors,

approval of the Board of Directors' resolution to issue shares with preferential rights for existing shareholders and amendment of the articles of association (January 2022).

- Karolinska Development publishes a prospectus which has been approved and registered by the Swedish Financial Supervisory Authority due to the upcoming rights issue (January 2022).
- The portfolio company AnaCardio has completed a fundraising of SEK 33 million comprised of a convertible loan. Karolinska Development participated in this important funding, which enables AnaCardio to proceed with the clinical development plans for the company's lead asset AC01 (February 2022).
- Karolinska Development AB announces definitive outcome in rights issue. Karolinska Development's rights issue with preferential rights for shareholders is completed. The rights issue was subscribed to 76.9 percent and Karolinska Development has received SEK 378 million before transaction costs and set-off of loans. The issue proceeds will finance the continued development of existing investments, new investments, and general corporate purposes. In total, the rights issue was subscribed to 76.9 percent, of which 74.5 percent was subscribed with subscription rights and 2.4 percent without the support of subscription rights. No guarantee undertakings were claimed. Karolinska Development directs gratefulness to existing shareholders for their participation in the rights issue and at the same time welcomes a number of new shareholders, including Swedbank Robur Microcap and Nyenburgh Holding B.V.

The subscription price in the rights issue was SEK 4.00 per share. Through the rights issue, the share capital in Karolinska Development increases by SEK 944,121.85, through the issue of 1,052,163 shares of class A and 93,360,022 shares of class B, to a total of SEK 2,700,775.94 allocated to 270,077,594 shares, of which 2,555,261 shares are of class A and 267,522,333 shares are of class B (February 2022).

## Financial update

### Fourth quarter

- The net profit/loss for the fourth quarter was SEK -19.5 million (SEK 85.9 million in the fourth quarter of 2020). Earnings per share totalled SEK -0.1. (SEK 0.49 in the fourth quarter of 2020).
- The result of the Change in fair value of shares in portfolio companies for the fourth quarter amounted to SEK -16.8 million (SEK 73.8 in the fourth quarter of 2020). The result is largely due to a downturn in share price of in the listed holding Aprea Therapeutics, which is owned indirectly via KDevl Investments.
- The total fair value of the portfolio was SEK 1,293.1 million at the end of December 2021, corresponding to a decrease of SEK 147.5 million from SEK 1,440.6 million at the end of the previous quarter. The net portfolio fair value at that time was SEK 950.2 million, corresponding to a decrease of SEK 125.3 million from SEK 1,075.5 million at the end of the previous quarter. The decrease is mainly an effect of the divestment of the portfolio company Forendo Pharma during the fourth quarter.
- Net asset value amounted to SEK 978.0 million, per share SEK 5.6, at the end of December 2021 (SEK 805.8 million, per share SEK 4.6 at the end of December 2020).
- Net sales totalled SEK 0.5 million during the fourth quarter of 2021 (SEK 0.4 million during the fourth quarter of 2020).
- Karolinska Development and other specialised life science investors made no investments in the portfolio companies during the fourth quarter.
- Cash and cash equivalents (including short-term investments) increased by SEK 47.1 million during the fourth quarter, totalling SEK 92.4 million on 31 December 2021. During the fourth

quarter, Karolinska Development received an initial payment from the sale of Forendo Pharma.

## Full Year

- The full-year net profit/loss was SEK 170.8 million (SEK -207.5 million in 2020). Earnings per share totalled SEK 0.97 (SEK -1.18 in 2020).
- The full-year result for the change in the fair value of the portfolio amounted to SEK 223.2 million (SEK -215.4 million during 2020).
- The total fair value of the portfolio was SEK 1,293.1 million at the end of December 2021, an increase from SEK 933.2 million at the corresponding date in 2020. The net portfolio fair value was SEK 950.2 million, an increase by SEK 179.9 million from SEK 770.3 million at the corresponding date in 2020.
- Net asset value amounted to SEK 978.0 million, per share SEK 5.6, at the end of December 2021 (SEK 805.8 million, per share SEK 4.6 at the end of December 2020).
- Revenue totalled SEK 2.2 million for the full year of 2021 (SEK 2.7 million in 2020).
- Karolinska Development invested a total of SEK 69.2 (40.0) million in its portfolio companies during the full year. Full-year investments in the portfolio companies by Karolinska Development and other specialised life sciences investors totalled SEK 455.5 (146.5) million.
- Karolinska Development's cash compensation for divestments of portfolio companies during the full year amounted to SEK 56.4 (101.9) million.
- Cash and cash equivalents (including short-term investments) increased by SEK 16.5 million during the full year, totalling SEK 92.4 (75.9) million on 31 December 2021.
- The Board does not propose any dividend for the financial year 2021.

*The Interim Report for Karolinska Development AB for the period January-December 2021 is available as a PDF at [www.karolinskadevelopment.com](http://www.karolinskadevelopment.com).*

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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

Karolinska Development has established a portfolio of nine 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](http://www.karolinskadevelopment.com)