

Interim Report - January-September 2021

STOCKHOLM – 18 November 2021. Karolinska Development AB (Nasdaq Stockholm: KDEV) today publishes its Interim Report - January-September 2021. The full report is available on the Company's website.

“The portfolio companies’ progress and the positive value development of our holdings increases the potential for securing additional financial resources to support Karolinska Development’s development going forward. The latest example of our ability to contribute to value creation is the divestment of Forendo Pharma to the global pharmaceutical company Organon in a deal that could result in up to USD 945 million in proceeds for Forendo Pharma's shareholders.”, says Viktor Drvota, CEO, Karolinska Development.

Significant events during the third quarter

- Karolinska Development announced that the company has sold its entire holding in the listed portfolio company Lipidor AB. In total, the transaction covers 0.95 percent of all outstanding shares in Lipidor and brings in net approximately SEK 4 million in cash to Karolinska Development (July 2021).
- The portfolio company Promimic has received a shared 501(k) clearance from the U.S. Food and Drug Administration (FDA) with the orthopedic company Oncos Surgical. The market clearance concerns the implant product BioGrip® Modular Porous Collars, developed by Onkos Surgical, which has been coated with HAnano Surface in order to treat implant loosening in orthopedic oncology and complex revision surgery (July 2021).
- The portfolio company Umecrine Cognition has carried out a directed new share issue of SEK 35.1 million to broaden the ownership base ahead of a planned IPO and to finance the continued clinical development of the company’s drug candidate golexanolone. At the same time, Karolinska Development has chosen to convert loans totalling SEK 66.9 million into shares in Umecrine Cognition at the same subscription price as in the new share issue (July 2021).
- The portfolio company Modus Therapeutics has completed an oversubscribed issue (113% subscription rate), providing the company SEK 30 million after transaction costs. The newly raised capital will primarily be used to finance the continued clinical development of the company's drug candidate sevuparin for sepsis and septic shock. As the next step in the company’s development, a successful listing of the company's share on Nasdaq First North in Stockholm has been completed with the 22nd of July as the first day of trading (July 2021).
- The portfolio company Aprea Therapeutics has reported positive results from a Phase 2 trial evaluating its drug candidate eprenetapopt with azacitidine for post-transplant maintenance therapy in patients with TP53 mutant myelodysplastic syndromes (MDS) and acute myeloid leukemia (AML). The relapse free survival at 1-year post-transplant was 58% and overall survival was 79% (July 2021).
- The US Food and Drug Administration (FDA) has issued a clinical hold for Aprea Therapeutics clinical program evaluating eprenetapopt with acalabrutinib or venetoclax and rituximab in lymphoid malignancies. The issue means there will be a pause in the patient enrollment until the agency reverses the decision. Aprea Therapeutics intends to work in close dialogue with the FDA to clarify and address the agency's concerns in order to resume activity in the clinical trial program as soon as possible (August 2021).

- The portfolio company OssDsign AB has launched OssDsign Catalyst in the U.S. The product is a synthetic bone graft that stimulates the formation of healthy bone tissue in spinal fusion surgeries. The launch constitutes an important step in the company's strategy to establish itself on the bone graft market in the largest geographic market for medical device innovations (August 2021).

Significant post-period events

- The portfolio company OssDsign has included the first patient to the clinical trial TOP FUSION which aims to evaluate the long-term safety and efficacy of the synthetic bone graft OssDsign Catalyst in patients undergoing spinal fusion surgery (September 2021).
- 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 is subject to review by competition authorities and other customary conditions. The transaction is expected to close in December 2021 (November 2021).

Financial update

- The net profit/loss for the third quarter was SEK -1.2 million (SEK -169.4 million in the third quarter of 2020). Earnings per share totalled SEK -0.01 (SEK -1.0 in the third quarter of 2020). Net profit for the period January – September 2021 amounted to SEK 190.3 (-293.4) million.
- The result of the Change in fair value of shares in portfolio companies for the third quarter amounted to SEK 27.5 million (SEK -173.9 in the third quarter of 2020). The result is largely due to a combination of increased fair value of Forendo Pharma with SEK 70 million and a downturn in share price of in aggregate SEK 15 million in the listed holdings Modus Therapeutics and OssDsign. The fair value was also affected negatively by a decrease of the value of the holding in Umeocrine Cognition because of the effect from the directed new share issue conducted in July 2021. The result of the Change in fair value of shares in portfolio companies for the period January – September 2021 amounted to SEK 240.0 (-289.2) million.
- The total fair value of the portfolio was SEK 1,440.6 million at the end of September 2021, corresponding to an increase of SEK 43.1 million from SEK 1,397.5 million at the end of the previous quarter. The net portfolio fair value at that time was SEK 1,075.5 million, corresponding to an increase of SEK 44.7 million from SEK 1,030.8 million at the end of the previous quarter.
- Net sales totalled SEK 0.5 million during the third quarter of 2021 (SEK 0.4 million during the third quarter of 2020). Net sales for the period January – September 2021 totalled SEK 1.7 (2.1) million.
- Karolinska Development invested a total of SEK 21.1 million in portfolio companies during the third quarter. Third quarter investments in portfolio companies by Karolinska Development and other specialised life sciences investors totalled SEK 106.1 million.
- Cash and cash equivalents increased by SEK 24.5 million during the third quarter, totalling SEK 45.3 million on 30 September 2021. During the third quarter, Karolinska Development utilized a credit facility of SEK 42.5 million.
- The Parent Company equity totalled SEK 990.6 (714.4) million on 30 September 2021

The Interim Report for Karolinska Development AB for the period January-September 2021 is available as a PDF at www.karolinskadevelopment.com.

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TO THE EDITORS

KAROLINSKA DEVELOPMENT

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 established 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