

Interim Report - January-September 2022

STOCKHOLM – 18 November 2022. Karolinska Development AB (Nasdaq Stockholm: KDEV) today publishes its Interim Report - January-September 2022. The full report is available on the Company's website.

“The ability of our portfolio companies, AnaCardio and Umeocrine Cognition, to complete funding rounds for SEK 150 million and SEK 41 million, respectively – given the prevailing gloomy market climate – is a sign of strength and underlines the innovative excellence of their development projects”, says Viktor Drvota, CEO, Karolinska Development.

Significant events during the third quarter

- Karolinska Development has completed the previously announced investment in PharmNovo, thereby including it among its portfolio companies. As of July 4, Karolinska Development’s investment portfolio consists of ten companies (July 2022).
- The portfolio company Promimic announced that they and the US-based company Danco Medical formed a joint venture for the Processing of Medical Implants in the US market. The strategic initiative is expected to have a major impact on Promimic’s growth and profitability as early as next year (July 2022).
- The Board of Directors of the portfolio company Umeocrine Cognition has recruited Anders Karlsson as the new CEO. He succeeds Magnus Doverskog, who moves on to a position as Chief Scientific Officer in the company. The recruitment aims to strengthen and broaden the management team with additional competence in business development and commercialization for the next phase in the company’s development. Anders Karlsson took over as CEO on 1st of September 2022 (August 2022).
- The portfolio company PharmNovo has initiated the clinical phase 1 program with PN-6047, a candidate drug developed as a potential treatment of nerve pain (August 2022).
- The portfolio company Modus Therapeutics’ collaborator Imperial College, London has included the first patient in the phase 1 clinical study SEVUSMART, which aims to evaluate the drug candidate sevuparin in pediatric patients with severe malaria (September 2022).
- Karolinska Development announced that the company has recruited Hans Christopher “HC” Toll to the position of Chief Financial Officer. He joined the company on October 1, 2022, and succeeded Per Aniansson, who has transitioned into a full-time position as Investment Director (September 2022).
- The portfolio company AnaCardio has completed a series A investment round of SEK 150 million from a group of long-term and reputable investors, including Flerie Invest, Industrifonden and 3B Health Ventures. The successful financing means a clear external validation of the potential of the company’s drug candidate AC01, which will shortly be evaluated in a clinical phase 1b/2a study in patients with heart failure (September 2022).
- The portfolio company Umeocrine Cognition has secured funding of SEK 41 million for the start of a Phase 2 study of the drug candidate golexanolone in primary biliary cholangitis (PBC), a condition that occurs when the bile ducts in the liver are slowly destroyed. The financing is being implemented as a convertible loan with attached share options. Karolinska Development is investing SEK 15 million as part of an investor consortium that includes, among others, AB Ility. The dilutive effect of the transaction resulted in a negative earnings effect of SEK 49 million (7.7%) for Karolinska Development in the third quarter of 2022 (September 2022).

- The portfolio company Modus Therapeutics has completed the recruitment to its clinical phase 1b study of sevuparin, where the company's lead asset sevuparin is being evaluated in a model of sepsis and septic shock, preparing for the first patient studies in sepsis (September 2022).
- The portfolio company Umecrine Cognition has presented new preclinical results that provide further support for the company's most advanced drug candidate golexanolone in the treatment of the rare autoimmune disease primary biliary cholangitis (PBC). Study data show that golexanolone has a significant positive effect on extreme fatigue in a validated test model. Umecrine Cognition plans to initiate a phase 2 clinical trial of golexanolone in patients suffering from PBC in the near future (September 2022).

Significant post-period events

- Karolinska Development announced its participation in a seed financing of Henlez, a privately owned Danish company focusing on a development project directed towards the chronic dermatological condition hidradenitis suppurativa. The global market for treatments of hidradenitis suppurativa is projected to reach USD 1.8 billion by 2028 (October 2022).

Financial update

- The net profit/loss for the third quarter was SEK -46.6 million (SEK -1.2 million in the third quarter of 2021). Earnings per share totaled SEK -0.17. (SEK -0.01 in the third quarter of 2021). Net profit/loss for the period January – September 2022 amounted to SEK -98.1 (190.3) million.
- The result of the Change in fair value of shares in portfolio companies for the third quarter amounted to SEK -50.3 million (SEK 27.5 in the third quarter of 2021). The result is largely due to the dilutive effect of the financing round in Umecrine Cognition but also the downturn in share price in the listed holdings which is owned directly and indirectly via KDev Investments. The dilutive effect of the transaction in Umecrine Cognition has resulted in a negative earnings effect of SEK 49 million. The result of the Change in fair value of shares in portfolio companies for the period January – September 2022 amounted to SEK -91.4 (240.0) million.
- The total fair value of the portfolio was SEK 1,283.4 million at the end of September 2022, corresponding to an increase of SEK 9.1 million from SEK 1,274.2 million at the end of the previous quarter. The net portfolio fair value at that time was SEK 953.0 million, corresponding to an increase of SEK 11.3 million from SEK 941.7 million at the end of the previous quarter. The increase is mainly the net effect of investments during the quarter and the dilutive effect in Umecrine Cognition in connection with the downturn in share price of the listed holdings.
- Net asset value amounted to SEK 1,237.7 million, per share SEK 4.6, at the end of September 2022 (SEK 995.2 million, per share SEK 5.7 at the end of September 2021).
- Net sales totaled SEK 0.5 million during the third quarter of 2022 (SEK 0.5 million during the third quarter of 2021). Net sales for the period January – September 2022 totaled SEK 1.7 (1.7) million.
- Karolinska Development invested a total of SEK 61.8 million in portfolio companies during the third quarter of 2022. Third quarter investments in portfolio companies by Karolinska Development and other specialized life sciences investors totaled SEK 180.6 million.
- Cash and cash equivalents (including short-term investments) decreased by SEK 66.9 million during the third quarter, totaling SEK 207.0 million on 30 September 2022.

KAROLINSKA DEVELOPMENT

The Interim Report for Karolinska Development AB for the period January-September 2022 is available as a PDF at 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 has established 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