

Karolinska Development's portfolio company Umecrine Cognition raises capital through a successful share issue

STOCKHOLM, SWEDEN – July 14, 2021. Karolinska Development AB (Nasdaq Stockholm: KDEV) announces today that 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 totaling SEK 66.9 million into shares in Umecrine Cognition at the same subscription price as in the new share issue.

Umecrine Cognition is developing golexanolone, a drug candidate with a completely new type of mechanism of action targeting the GABA_A receptor in the brain. The drug candidate acts by attenuating the incorrect activation of the receptor that can occur in a number of cognitive and psychiatric diseases, thus restoring normal nerve signaling. Positive results from a phase 2 study of golexanolone in patients with hepatic encephalopathy, published in the highly regarded scientific journal *Journal of Hepatology*, justify the initiation of late clinical phase studies and the expansion of the development program to other disease areas.

Through the share issue, Umecrine Cognition will receive SEK 35.1 million to be used for the continued clinical development of golexanolone and preparatory activities for a planned application for an IPO on Nasdaq First Growth Market during the fourth quarter of 2021.

"Over the past year, Umecrine Cognition has made great strides in the development of golexanolone. The publication of the positive phase 2 results in the *Journal of Hepatology* constitutes a clear stamp of quality and forms a solid basis for the design of the continued clinical development program. The great interest in participating in the company's new share issue and Karolinska Development's conversion of loans into shares gives the company an excellent financial position to forcefully continue its value creation prior to the planned IPO," comments Karolinska Development's CEO Viktor Drvota.

Liver encephalopathy (HE) is a neuropsychiatric and neurocognitive condition that occurs in acute and chronic liver damage with underlying liver failure. The disease is serious and affects up to 1 percent of the population in the United States and the European Union, and about a quarter of patients who develop HE die within five years. In addition to individual suffering, HE is associated with significant costs to society. Every year, 180,000–290,000 patients are cared for in hospitals in the United States due to complications caused by HE.

Following the new share issue and conversion of loans into shares, Karolinska Development's ownership interest in Umecrine Cognition amounts to 72.59 percent.

Vator Securities has acted as financial advisor to Umecrine Cognition in connection with the share issue.

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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.