

Year-end Report - January-December 2023

STOCKHOLM – 16 February 2024. Karolinska Development AB (Nasdaq Stockholm: KDEV) today publishes its Year-end Report - January-December 2023. The full report is available on the Company's website.

“2023 has been a year of positive development for our portfolio companies, with both OssDsign’s and Promimic’s share prices rising. PharmNovo, Modus Therapeutics and Biosergen have, meanwhile, presented promising phase 1 results, while Umecrine Cognition and AnaCardio have both begun enrolling patients in their phase 2 studies. Umecrine Cognition also obtained an orphan drug designation – which is very important from a commercial viewpoint. To summarise, the entire portfolio has shown positive development despite the harsh financial climate, paving the way for commercial success going forward”, says Viktor Drvota, CEO, Karolinska Development.

Significant events during the fourth quarter

- The portfolio company PharmNovo successfully completed its clinical phase 1 study with PN6047, a drug candidate developed as a potential treatment for neuropathic pain. The results from the study show that PN6047 is safe and well-tolerated at doses predicted to have clinically relevant effects. Furthermore, PN6047 seems to offer a different safety profile compared to conventional opioids (October 2023).
- The portfolio company Modus Therapeutics decided to carry out a rights issue that raised SEK 19.4 million before issue costs. The capital injection will primarily be used to finance the company's continued operations and an expansion of the clinical development program for the drug candidate sevuparin to the area of anemia in chronic kidney disease (November 2023).
- The portfolio company Umecrine Cognition conducted a capital raise, implemented as a convertible loan with attached share options, for the continued development of its drug candidate golexanolone. Karolinska Development participates as part of an investor consortium in the financing round that brings Umecrine Cognition a total of SEK 30.4 million (November 2023).
- The portfolio company Umecrine Cognition presented positive results from a study of the company’s drug candidate golexanolone in a preclinical model of PBC-like symptomology and neuroinflammation. The results indicate a normalizing effect on cognitive symptoms, such as fatigue, motor impairments, neuroinflammation, and neural signaling. The results are published in the November issue of the internationally renowned journal *Liver International* (November 2023).
- The portfolio company PharmNovo announced that its drug candidate PN6047 will be evaluated as a potential treatment for opioid withdrawal syndrome. The U.S. National Institute of Drug Abuse, NIDA, has funded a collaboration project to investigate PN6047, a novel and highly selective Delta Opioid Receptor Agonist (DORA), in a preclinical model (December 2023).
- The portfolio company OssDsign announced that they expect revenues for the fourth quarter of 2023 to exceed market expectations. Preliminary total revenues for the period October - November amount to SEK 25.2 million, mainly attributable to a continued strong market performance of the company's orthobiologic franchise and some extraordinary orders from a large hospital system (December 2023).

Significant post-period events

- The portfolio company OssDsign reported positive data from the clinical study TOP FUSION. Top-line results show a 93% spinal fusion rate at 12 months as assessed with CT by independent radiological review after surgery with the novel nanosynthetic bone graft OssDsign Catalyst (January 2024).
- The portfolio company AnaCardio received the second tranche of SEK 50 million, completing the previously announced Series A investment round totaling SEK 150 million. The financing will fund the continued development of the company's drug candidate AC01, including the ongoing clinical phase 1b/2a study in heart failure patients (January 2024).

Financial update

Fourth quarter

- The net profit/loss for the fourth quarter was SEK -1.9 million (SEK 10.0 million in the fourth quarter of 2022). Earnings per share totaled SEK 0.00 (SEK 0.04 in the fourth quarter of 2022).
- The result of the Change in fair value of shares in portfolio companies for the fourth quarter amounted to SEK 6.6 million (SEK 15.3 million in the fourth quarter of 2022). The result is largely due to the upturn in share price in the listed holdings OssDsign and Promimic which is partially offset by the downturn in share price in Modus Therapeutics and the dilutive effect of the transaction in Umeocrine Cognition in connection to their capital rise.
- The total fair value of the portfolio was SEK 1,440.3 million at the end of December 2023, corresponding to an increase of SEK 48.1 million from SEK 1,392.2 million at the end of the previous quarter. The net portfolio fair value at the end of December 2023 was SEK 1,100.4 million, corresponding to an increase of SEK 48.2 million from SEK 1,052.2 million at the end of the previous quarter. The increase is mainly the effect of investments during the quarter, upturn in share price of listed holdings but partially offset by the dilutive effect of the transaction in Umeocrine Cognition in connection to their capital rise.
- Net asset value amounted to SEK 1,253.4 million, per share SEK 4.6, at the end of December 2023 (SEK 1,249.1 million, per share SEK 4.6 at the end of December 2022).
- Net sales totaled SEK 0.5 million during the fourth quarter of 2023 (SEK 0.6 million during the fourth quarter of 2022).
- Karolinska Development invested a total of SEK 41.6 million in portfolio companies during the fourth quarter of 2023 (SEK 15.6 million in the fourth quarter of 2022). Fourth quarter 2023 investments in portfolio companies by Karolinska Development and other specialized life sciences investors totaled SEK 125.3 million (SEK 122.5 million in the fourth quarter of 2022).
- Cash and cash equivalents (including short-term investments) decreased by SEK 44.7 million during the fourth quarter, totaling SEK 85.3 million on 31 December 2023 (SEK 189.8 million on 31 December 2022).

Full Year

- The full-year net profit/loss was SEK 5.4 million (SEK -88.1 million in 2022). Earnings per share totalled SEK 0.02 (SEK -0.34 in 2022).
- The full-year result for the change in the fair value of the portfolio amounted to SEK 15.2 million (SEK -76.1 million during 2022).
- The total fair value of the portfolio was SEK 1,440.3 million at the end of December 2023, an increase from SEK 1,312.5 million at the corresponding date in 2022. The net portfolio fair value was SEK 1,100.4 million, an increase by SEK 116.4 million from SEK 984.0 million at the corresponding date in 2022.

KAROLINSKA DEVELOPMENT

- Net asset value amounted to SEK 1,253.4 million, per share SEK 4.6, at the end of December 2023 (SEK 1,249.1 million, per share SEK 4.6 at the end of December 2022).
- Revenue totalled SEK 2.0 million for the full year of 2023 (SEK 2.3 million in 2022).
- Karolinska Development invested a total of SEK 103.0 (110.3) 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 394.5 (464.9) million.
- Karolinska Development's cash compensation from earn-out agreements regarding divested portfolio companies amounted to SEK 19.3 (5.4) million during the year.
- Cash and cash equivalents (including short-term investments) decreased by SEK 104.5 million during the full year, totalling SEK 85.3 (189.8) million on 31 December 2023.
- The Board does not propose any dividend for the financial year 2023.

The Year-end Report for Karolinska Development AB for the period January-December 2023 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