

Karolinska Development increases book value of Umecrine Cognition by SEK 234 million

STOCKHOLM, SWEDEN – December 29, 2020. Karolinska Development AB (Nasdaq Stockholm: KDEV) announces today that the company, based on an external valuation, will increase the book value of its holding in the portfolio company Umecrine Cognition by SEK 234 million. The background is that Umecrine Cognition based on previously communicated positive phase 2a results has now established a plan for the continued clinical development of the drug candidate golexanolone as a potential treatment of liver encephalopathy. The external valuation has been risk-adjusted by Karolinska Development and will preliminarily have a positive effect on earnings for the company of SEK 234 million, corresponding to 1.33 SEK per share, for the fourth quarter of 2020.

Earlier this year, Umecrine Cognition completed a clinical phase 2a study of golexanolone in patients with hepatic encephalopathy, a serious neurological and psychiatric complication in acute and chronic liver damage with underlying cirrhosis. The results showed that the drug candidate was well tolerated, that the safety profile was beneficial and that the pharmacokinetic profile was favorable. One of the efficacy parameters used – a well-established and sensitive form of EEG studies – shows that golexanolone exerts a significant effect on brain signaling, with a correlated positive effect on extreme daytime fatigue. Following continued data analyzes and commercial evaluations, Umecrine Cognition has now established a plan for the continued clinical development of the project.

“Based on the positive phase 2a results for Umecrine Cognition's drug candidate golexanolone and the clinical development plan, we see good opportunities to secure the project's continued financing. Hepatic encephalopathy is a potentially fatal condition that is associated with significant costs to society, which means that the need for targeted treatment is high,” comments Karolinska Development's CEO, Viktor Drvota.

Every year, 180,000–290,000 patients are in need of hospital care in the United States alone due to complications caused by hepatic encephalopathy, and the mortality rate during the first five years after fully developed disease is 22–35%. There is as yet no treatment available that targets the changes in the brain that are thought to be the cause of the disease. Umecrine Cognition's GABA_A receptor modulating steroid antagonist golexanolone is, as far as the company knows, the only targeted drug candidate under development for this serious medical condition. Golexanolone also has potential as a treatment for other CNS diseases associated with extreme daytime fatigue.

Karolinska Development's ownership in Umecrine Cognition amounts to 74%.

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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

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