

# **ANNUAL REPORT**

**2023-01-01--2023-12-31**

for

**Umecrine Cognition AB**  
**556698-3655**

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**The annual report includes:**

Board of Director's report  
Income statement  
Balance sheet  
Report changes in Shareholders equity  
Supplementary disclosures

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## ANNUAL REPORT FOR UMECRINE COGNITION AB

The Board of Directors and the Managing Director's annual report for the financial year 2023-01-01--2023-12-31.  
The annual accounts is prepared in SEK.

### BOARD OF DIRECTORS REPORT

#### Business Concept & Overview

The company, based in Umeå municipality, conducts medical research and development of drugs for the treatment of neuropsychiatric and neurocognitive complications. Operations are based on the discoveries made by the company's scientific founder, Professor Torbjörn Bäckström and consist in focusing on the effect of stress hormones on the brain via the inhibitory GABA-system to develop new therapies for the pharmaceutical industry.

#### Ownership conditions

		Percentage
Karolinska Development AB	556707-5048	72,6%
Fort Knox Förvaring	556680-2392	9,3%
Umecrine AB	556582-0684	6,0%
Partnerinvest Övre Norrland AB	556771-4331	3,9%
Other		8,2%
		<b>100%</b>

#### Important events during the financial year

On January 3, 2023, the company announced new preclinical results together with Dr. Vicente Felipo in Valencia, Spain, which shows that the company's clinical drug candidate golexanolone has a positive effect on fatigue, anxiety, depression and certain cognitive and motor changes in a preclinical model of Parkinson's disease.

On January 9-12, Umecrine Cognition participated in JP Morgan's Annual Healthcare Conference in San Francisco with the aim of initiate and further develop contacts for future collaborations and commercialization of the company's prioritized development projects. In connection with this meeting, many important contacts were made with pharmaceutical companies with the potential to become future partners for golexanolone / Umecrine Cognition.

On January 17, the company received Orphan Drug Designation (ODD) from the US FDA.

In 2023, the company's phase 2 study on PBC (primary biliary cholangitis) patients with simultaneous symptoms of severe fatigue and impaired cognitive function ("central fatigue") initiated. The first patient in the study's Part A was randomized on April 17 in Hungary and since then further centers have also been added in the UK. During the fourth quarter of the year, the plan was finalized to under Q1/2024 finish Part A.

During 2023, the company has financed its operations via convertible loans that were directed to existing shareholders on two occasions. In March, the first financing round of the business was carried out through a convertible loan with associated options. In total, the convertible loan brought in SEK 31.6 million to finance the ongoing phase 2 study of golexanolone in PBC and patients with severe fatigue and impaired cognitive function. The offer to participate in the convertible loan was addressed to all shareholders. The main investors were Karolinska Development AB (SEK 15 million), AB Ility (SEK 10 million) and Ribbskottet AB (SEK 5 million). In addition to this, SEK 1.6 million was added from other existing shareholders.

An additional financing round was completed in November with the same terms as in Q1. On this occasion, the company's main owners Karolinska Development (SEK 15 million), Ribbskottet AB (SEK 10 million) and AB Ility (SEK 5 million) participated with a total of SEK 30 million. In addition to this, SEK 0.4 million was added from other existing shareholders who participated in the convertible loan.

Furthermore, activities focused on the commercialization of golexanolone as well as alternative capitalization of the business have been carried out throughout the year. In addition to JPM 2023 in January, the company has also participated in Bio Europe in Basel (March 20-22), Bio Convention US in Boston (5-8 June) and BioEurope in Munich (6-8 November).

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Throughout the year 2023, meetings have been held with a large number of pharmaceutical companies with an interest in partnering within the indication as well as unusual liver diseases (PBC) and neurodegenerative diseases (PD).

Umecrine Cognition held its annual general meeting on Wednesday, June 14, 2023 at Setterwalls Advokatbyrå's office at Sturegatan 10 in Stockholm.

During the current year, the company's prioritized development projects have been driven forward. Within PBC, the company has initiated a phase 1/2a study, but in parallel also carried out complementary mechanistic studies in collaboration with Prof Vicente Felipo, Valencia in Spain. The pre-clinical studies have been carried out in animal models for both PBC and Parkinson's disease and have documented effects that have provided scientific support for golexanolone in both indications. Data from the collaboration has generated data that was presented at both the European Liver Congress (EASL) in Vienna June 21-24 and at the World Parkinson Congress (WPC) in Barcelona 4-7 July as well as in scientific publications.

**Summary over the years**

(KSEK)	2023	2022	2021 8 mon	2020/2021	2019/2020
Profit/loss after financial items	-42 986 413	-46 885 774	-26 413 181	-10 932 560	-31 549 092
Balance sheet total	143 006 313	119 569 124	74 873 798	58 666 608	52 102 294
Financial strenght (%) <sup>(1)</sup>	15,4%	54,3%	82,6%	79,3%	51,1%

<sup>(1)</sup> Adjusted equity/assets. Adjusted equity refers to shareholders' equity plus untaxed reserves less deferred tax liabilities.

**Significant events after the financial year**

During the beginning of 2024, the Company has finalized Part A of the ongoing clinical study on PBC and patients with severe fatigue and reduced cognitive function (central fatigue). The internal safety committee has evaluated this data which confirmed both safety and the treatment dose in the continued study. Part B will include 84 patients and is estimated to be completed in early 2025.

Furthermore, the work has continued to find future partners for Umecrine Cognition's development project within PBC and Parkinson's disease. During the first quarter of the year, the company has successfully participated in both JPM 2024 in San Francisco on January 8-11 and in BioEurope Spring in Barcelona (March 18-20).

**Company's future development**

The company works regularly to find a commercial partnership to drive its development projects further to phase 3 and commercialization. In parallel with this, the company has for the past eighteen months financed prioritized ongoing development projects via convertible loans in Umecrine Cognition, mainly aimed at a consortium of investors to a value of approx. SEK 100 million. Furthermore, since September 2022, the company has unused guarantees from the current principal owner regarding the implementation of the ongoing clinical study within PBC, which is expected to be completed in H1/2025.

The Board of Directors looks at the Company's existing and forecasted cash flows on a regular basis to ensure that the Company has the funds and resources required to conduct the business in the strategic direction decided upon by the Board. It is the board's opinion that the company has financing for the operation of the business for the next twelve months through existing guarantees.

**Proposed Appropriation of Profits/ Loss (SEK)**

At the disposal of the Annual General Meeting are the following earnings

Other capital contributed	244 918 193
Balance carried forward	-280 465 074
Year result	-42 986 413
	<u><u>-78 533 294</u></u>

The Board of Directors proposes as follows

retained earnings to be carried forward	-78 533 294
	<u><u>-78 533 294</u></u>

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## REPORT CHANGES IN SHAREHOLDERS EQUITY (KSEK)

	<i>Restricted equity</i>		<i>Non-restricted equity</i>				<b>Total equity</b>
	Share capital	Appropriation-fund	Share premium reserve	Reverse Convertible	Net profit or loss brought forward	Profit/loss for the year	
					0		
<b>Opening balance per 1 Jan 2022</b>	<b>505</b>	<b>50 000</b>	<b>244 918</b>	<b>0</b>	<b>-207 166</b>	<b>-26 413</b>	<b>61 844</b>
Appropriation of free capital					-26 413	26 413	0
Net profit/loss of the year						-46 886	-46 886
Appreciationfund		50 000					50 000
<b>Total transactions with the owners</b>	<b>0</b>	<b>50 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50 000</b>
<b>Closing balance per 31 Dec 2022</b>	<b>505</b>	<b>100 000</b>	<b>244 918</b>	<b>0</b>	<b>-233 579</b>	<b>-46 886</b>	<b>64 958</b>

The share capital 504.809 is divided in 14.847.326 shares ratio 0,034 SEK per share.

	<i>Restricted equity</i>		<i>Non-restricted equity</i>				<b>Total equity</b>
	Share capital	Appropriation-fund	Share premium reserve	Reverse Convertible	Net profit or loss brought forward	Profit/loss for the year	
<b>Opening balance per 1 Jan 2023</b>	<b>505</b>	<b>100 000</b>	<b>244 918</b>	<b>0</b>	<b>-233 579</b>	<b>-46 886</b>	<b>46 513</b>
Appropriation of free capital					-46 886	46 886	0
Net profit/loss of the year						-42 986	-42 986
Appreciationfund							0
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing balance per 31 December 2023</b>	<b>505</b>	<b>100 000</b>	<b>244 918</b>	<b>0</b>	<b>-280 465</b>	<b>-42 986</b>	<b>21 972</b>

The share capital 504.809 is divided in 14.847.326 shares ratio 0,034 SEK per share.

A valuation has been made of the company's intellectual property rights, IPR's which was reported during the fiscal year 2018 / 2019. The reported conclusions are based on external valuations that have been performed and which indicate an assessed value of the company's intangible assets directed by the company's clinical studies. During the fiscal years 2019/2020 and 2020/2021, reassessments of the company's clinical studies were performed, showing that there is no reason to believe that the earlier assessment of surplus values of the company's IPR's reached in 2018 is no longer valid.

An amount of SEK 50 million, which is well within the scope of the assessed value, is reported for intangible assets and the corresponding amount has been reported as a revaluation fund under equity, ie the company's restricted equity is increased by SEK 50 million as of April 30, 2021.

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**INCOME STATEMENT**  
(SEK)

		<b>2023-01-01</b>	<b>2022-01-01</b>
		<b>2023-12-31</b>	<b>2022-12-31</b>
<b>Operating income</b>			
Net turnover		0	0
Other income		43 861	34 050
		<b>43 861</b>	<b>34 050</b>
<b>Operating expenses</b>			
Development costs		-29 569 400	-36 254 731
Other external costs		-3 793 677	-5 374 883
Personnel costs	1	-6 764 605	-4 611 266
Depreciation of tangible and intangible assets	3	-47 429	-56 915
Loss on disposal of assets	4	-10 822	0
Other external costs		0	0
		<b>-40 142 072</b>	<b>-46 263 745</b>
<b>Operating profit/loss</b>			
<b>Result from financial items</b>			
Interest income		710 380	118 059
Interest expense		-3 554 721	-740 088
		-2 844 341	-622 029
		<b>-42 986 413</b>	<b>-46 885 774</b>
<b>Results after financial items</b>			
		<b>-42 986 413</b>	<b>-46 885 774</b>
<b>Net profit/loss for the year</b>			
		<b>-42 986 413</b>	<b>-46 885 774</b>

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<b>BALANCE SHEET</b>		<b>2023-12-31</b>	<b>2022-12-31</b>
(SEK)			
<b>ASSETS</b>			
<b>Fixed assets</b>			0
<b>Intangible assets</b>			
Capitalized expenditure for research	2	100 000 000	100 000 000
		<b>100 000 000</b>	<b>100 000 000</b>
<b>Tangible assets</b>			0
Equipment, tools, fixtures and fittings	3	0	58 251
		<b>0</b>	<b>58 251</b>
<b>Financial assets</b>			
Shares in group companies	4	50 000	50 000
Other securities held as fixed assets	5	1 000	1 000
		<b>51 000</b>	<b>51 000</b>
<b>Total fixed assets</b>		<b>100 051 000</b>	<b>100 109 251</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable		0	0
Income tax receivable		269 918	269 918
Other receivables		538 033	412 465
Prepaid expenses and accrued income		684 637	644 696
		<b>1 492 588</b>	<b>1 327 079</b>
<b>Cash and bank balances</b>		<b>41 462 725</b>	<b>18 132 794</b>
<b>Total current assets</b>		<b>42 955 313</b>	<b>19 459 873</b>
<b>TOTAL ASSETS</b>		<b>143 006 313</b>	<b>119 569 124</b>

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<b>BALANCE SHEET</b>	<b>Not</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders equity</b>			
<b>Restricted equity</b>			
Share capital (12.279.208 shares)		504 809	504 809
Appreciation fund		100 000 000	100 000 000
		<b>100 504 809</b>	<b>100 504 809</b>
<b>Non-restricted equity</b>			
Share premium reserve		244 918 193	244 918 193
Profit or loss brought forward		-280 465 074	-233 579 299
Profit/loss this year		-42 986 413	-46 885 774
		<b>-78 533 294</b>	<b>-35 546 880</b>
<b>Total equity</b>		<b>21 971 515</b>	<b>64 957 929</b>
<b>Onther long term liabilities</b>			
Long term liabilities	6	10 581 000	10 581 000
Convertible loan		102 856 058	40 764 914
		<b>113 437 058</b>	<b>51 345 914</b>
<b>Current liabilities</b>			
Accounts payable - trade		1 704 704	1 045 087
Other current liabilities		373 200	209 858
Accrued expenses and deferred income		5 519 836	2 010 336
		<b>7 597 740</b>	<b>3 265 281</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>143 006 313</b>	<b>119 569 124</b>

## Cashflow

	<b>2023</b>	<b>2022</b>
	<b>Jan-Dec</b>	<b>Jan-Dec</b>
Profit/Loss before taxes	-40 142 072	-46 263 745
Depreciation	47 429	56 915
Interest received	710 380	118 059
Interest paid	-322 744	-740 088
<b>Cashflow from operating activities before changes in operating capital</b>	<b>-39 707 007</b>	<b>-46 828 859</b>
<b>Cashflows from changes in operating capital</b>		
Changes in accounts receivable	-165 509	637 908
Changes in trade payables	659 617	216 398
Changes in other current liabilities	21 767 095	599 788
<b>Cashflow from operating activities</b>	<b>-17 445 804</b>	<b>1 454 094</b>
Investments	10 821	0
Cashflow from investing activities	10 821	0
Reverse Convertible	40 764 914	40 764 914
New shares	0	
Cashflow from financing activities	40 764 914	40 764 914
<b>Cashflow for the year</b>	<b>23 329 931</b>	<b>-4 609 851</b>
Cash, Opening balance	18 132 794	22 742 645
Cashflow for the year	23 329 931	-4 609 851
<b>Cash, Closing balance</b>	<b>41 462 725</b>	<b>18 132 794</b>

## TILLÄGGSUPPLYSNINGAR

### Allmän information

Umecrine Cognition AB med organisationsnummer 556698-3655 är ett aktiebolag registrerat i Sverige med säte i Umeå. Adressen till huvudkontoret är Fogdevreten 2, 171 65 Solna. Företagets verksamhet omfattar forskning-, utveckling-, försäljnings- och licensieringsverksamhet inom läkemedelsområdet.

### Redovisningsprinciper och värderingsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning*

#### Intäkter

Sådana intäkter som relaterar till Bolagets kärnverksamhet (t ex knutna till patent, licenser, och liknande, i enlighet med avtal skrivna med extdern part) redovisas som Nettointäkter. Övriga intäkter (t ex knutna till valutakursdifferenser, erhållna bidrag...), redovisas som "Övriga intäkter", vilka i sin tur redovisas nettade mot "Övriga kostnader".

#### Kostnader

Utvecklingskostnader som hör till den internt upparbetade tillgången kostnadsförs direkt i samband med att de uppstår enligt

#### Utländsk valuta

Företagets redovisningsvaluta är svenska kronor (SEK).

#### Omräkning av poster i utländsk valuta

Vid varje balansdag räknas monetära poster i utländsk valuta om till balansdagens kurs. Icke-monetära poster, som värderas till historiskt anskaffningsvärde i en utländsk valuta, räknas inte om. Valutakursdifferenser redovisas i rörelseresultatet eller som finansiell post utifrån den underliggande affärshändelsen, i den period de uppstår, med undantag för transaktioner som utgör säkring och som uppfyller villkoren för säkringsredovisning av kassaflöden eller av nettoinvesteringar.

79,30% ##

#### Inkomstskatter

Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

#### Aktuell skatt

Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

#### Uppskjuten skatt

befinner sig i en situation där det råder osäkerhet kring huruvida de skattemässiga underskotten kommer att kunna nyttjas mot

#### Immateriella tillgångar

Till immateriella tillgångar hör patent, varumärken, licenser och andra rättigheter och avser internt upparbetade immateriella tillgångar.

Immateriella tillgångar skrivs av från det datum då de är tillgängliga för användning. Så länge utveckling av tillgång pågår så sker ingen avskrivning.

#### Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde efter avdrag för ackumulerade avskrivningar och eventuella nedskrivningar.

Anskaffningsvärdet består av inköpspriset och utgifter som är direkt hänförliga till förvärvet för att bringa den på plats och i skick att användas. Tillkommande utgifter inkluderas endast i tillgången eller redovisas som en separat tillgång, när det är sannolikt att framtida ekonomiska fördelar som är förknippade med posten kommer att tillfalla företaget och att anskaffningsvärdet för densamma kan mätas på ett tillförlitligt sätt. Alla övriga kostnader för reparationer och underhåll samt tillkommande utgifter redovisas i resultaträkningen i den period då de uppkommer.

Då skillnaden i förbrukningen av en materiell anläggningstillgångs betydande komponenter bedöms vara väsentlig, delas tillgången upp på dessa komponenter.

Avskrivningar på materiella anläggningstillgångar kostnadsförs så att tillgångens anskaffningsvärde skrivs av linjärt över dess bedömda nyttjandeperiod. Om en tillgång har delats upp på olika komponenter skrivs respektive komponent av separat över dess nyttjandeperiod. Avskrivning påbörjas år den materiella anläggningstillgången kan tas i bruk. Materiella anläggningstillgångars nyttjandeperioder uppskattas till:

Inventarier, verktyg och installationer

5 år

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**Cash and cash equivalents**

Cash and cash equivalents include cash and available balances with banks and other credit institutions as well as other short-term liquid investments that can easily be converted into cash and are subject to an insignificant risk of value fluctuations. To be classified as cash and cash equivalents, the term may not exceed three months from the time of acquisition.

**Important estimates and assessments**

In preparing this annual report and applying K3, the company has not identified any significant assessments or estimates that entail a significant risk of significant adjustments in the reported values of assets and liabilities during the next financial year.

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**Note 1 Number of employees, salaries, other remunerations and social costs**

Average number of employees	2023		2022	
	Number of employees	Of whom men	Number of employees	Of whom men
	2	2	2	2
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

  

Remuneration and other benefits	2023		2024	
	Salaries and other remunerations	Salaries and other remunerations	Soc costs (of which pension expenses)	Soc costs (of which pension expenses)
	4 574 811	2 312 968 (1 125 846)	2 461 046	1 349 779 (515 169)
<b>Board and CEO 2022</b>	Board fee/salary	Pension	Consultancy fees	Total
Viktor Drvota, chairman	-	-	-	0
Torbjörn Bäckström	100 000	-	-	100 000
Bruce Scharschmidt	100 000	-	-	100 000
Thomas Blackburn	100 000	-	-	100 000
John Öhd	-	-	-	0
Anders Karlsson, CEO	645 120	227 660	-	872 780
Magnus Doverskog, CEO up to Aug	1 515 926	287 509	-	1 803 435
	<b>2 461 046</b>	<b>515 169</b>	<b>0</b>	<b>2 976 215</b>
<b>Board and CEO 2023</b>	Boardfee/salary	Pension	Consultancy fees	Total
Viktor Drvota, chairman	-	-	-	0
Torbjörn Bäckström	150 000	-	-	150 000
Bruce Scharschmidt	150 000	-	-	150 000
Thomas Blackburn	150 000	-	-	150 000
John Öhd	-	-	-	0
Anders Karlsson, CEO	1 956 880	683 076	-	2 639 956
	<b>2 406 880</b>	<b>683 076</b>	<b>0</b>	<b>3 089 956</b>

**Not 2 Capitalized expenditure for research**

	2023-12-31	2022-12-31
Opening balance	100 000 000	50 000 000
Acquisitions/ disposals	0	50 000 000
<b>Closing balance</b>	<b>100 000 000</b>	<b>100 000 000</b>

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**Note 3 Equipment, tools, fixtures and fittings**

	<b>2023-12-31</b>	<b>2022-12-31</b>
Opening balance	377 923	377 923
Acquisitions	0	0
Sales/disposals	0	0
<b>Closing balance</b>	<b>377 923</b>	<b>377 923</b>
Depreciation according to plan, Opening balance	-319 672	-262 757
Sales/disposals	-10 822	0
This years depreciations according to plan	-47 429	-56 915
<b>Accumulated depreciation carried forward according to plan</b>	<b>-377 923</b>	<b>-319 672</b>
<b>Closing balance, residual value</b>	<b>0</b>	<b>58 251</b>

**Note 4 Group assets**

			<b>2023-12-31</b>	<b>2022-12-31</b>
UC Research AB 559156-8166	10	5 000	50 000	50 000
Owner shares 100%				
<b>Closing balance</b>			<b>50 000</b>	<b>50 000</b>
According to Årl 7 kap 3 § no consern annualreport has been made.				

**Note 5 Other securities held as fixed assets**

			<b>2023-12-31</b>	<b>2022-12-31</b>
Value paper	Nom.värde	Antal		
LFF Service AB 556197-9211	100	1	1 000	1 000
Owner shares 0,33%				
<b>Closing balance</b>			<b>1 000</b>	<b>1 000</b>

The shares in LFF Service AB, are pledged with a pre-emption for Läkemedelsföreningens Service AB to acquire the share for its nominal value (SEK1 000) if Umecrine Cognition AB terminates the shareholder's agreement

**Note 6 Long term liabilities**

	<b>2023-12-31</b>	<b>2022-12-31</b>
Opening balance	10 581 000	10 581 000
Change in Liabilities during the year	0	0
Amortization for the year	0	0
<b>Closing balance</b>	<b>10 581 000</b>	<b>10 581 000</b>

Except from the LLF share (note 3) the company has no pledged assets of liabilities.

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Solna, den dag som framgår av vår elektroniska underskrift

Viktor Drvota  
Chairman of the Board

Anders Karlsson  
Chief executive officer (CEO)

Torbjörn Bäckström  
Board member

Bruce Scharschmidt  
Board member

Thomas Blackburn  
Board member

John Öhd  
Board member

Our audit report has been submitted as of the date indicated by my electronic signature.

PricewaterhouseCoopers AB

Tobias Strähle  
Authorized Public Accountant