Annual report
2022-07-01 - 2023-06-30
Dextech Medical AB (publ)
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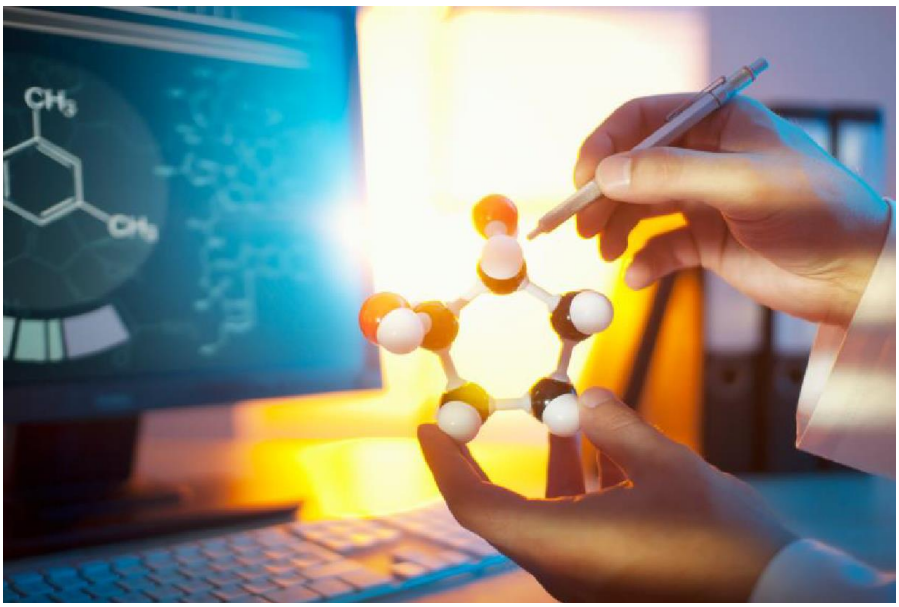


DexTech is a Swedish research company specializing in urological oncology primarily prostate cancer. DexTech develops drug candidates based on a modified carbohydrate molecule in combination with active substances, including generics. The substances have the potential to become new patented drugs that satisfy great needs in urological oncology. The company has a strong clinical foundation with valuable specialist expertise from research laboratory and manufacturing to clinical oncology. Through close international/national research and development cooperation with universities and hospitals, among others, the development of the substances can be carried out cost-effectively. Prostate cancer is the most common form of cancer in men in the Western world.

(This text is an in-house translation of the original Annual Report 2022-07-01 - 2023-06-30 in Swedish)

Content: page

The Annual Report of DexTech Medical AB, org.nr *556664-6203,* consists of the Annual Report and the related financial statements on pages 8-22.

The annual report is published in Swedish and English.

Activities

DexTech conducts operations in oncology with the development of new drug candidates primarily for urological oncology, but also for other cancers.
DexTech develops drug candidates based on a carbohydratemolecule in combination with active substances, including generics. The substances have the potential to become new drugs that satisfy great needs in urological oncology.

DexTech currently has four drug candidates, OsteoDex (ODX) for the treatment of skeletal metastases in castration-resistant prostate cancer (mCRPC), SomaDex for the treatment of acromegaly, neuroendocrine tumors and palliative treatment in advanced prostate cancer**,** PSMA-binding conjugates for target-specific treatment of mCRPC, and GuaDex, which is generally specific tumor cell killing and constitutes technology platform. *OsteoDex for the treatment of mCRPC is the company's main candidate.*

In June 2020, DexTech's Phase IIb study regarding the drug candidate ODX for the treatment of skeletal metastatic mCRPC was completed, as 2-year follow-up results were obtained from the last patients in the study. The follow-up results from the study were very positive and indicate that treatment with ODX can slow down the disease. The results show significantly longer survival for patients who responded to treatment. The treatment was very well tolerated (no serious side effects) and good disease-slowing effect was seen even in the lowest doses. ODX also showed slowing and regression of the disease in patients where the disease progressed after treatment with one or more of the other available medications for mCRPC. DexTech is working towards the company's primary goal, to enter into an agreement with a licensee for drug candidate ODX.

Business concept and business model

DexTech's business concept is to outlicense the drug candidates to the pharmaceutical industry no later than after a Phase II study has been completed. The licenses generate, according to the usual payment model, a one-time payment and then compensation in the event of achieved development goals, so-called milestone compensation and future royalties on sales.
Through close international/national research and development cooperation, including universities and hospitals, the development of the substances can be carried out very cost-effectively.

Cancer market globally

The global market for cancer drugs in 2020 was estimated at USD 158 billion (https://www.mordorintelligence.com/industry-reports/cancer-therapy-market). The U.S. dominates the world market with about 49 percent and Europe makes up about 22 percent. Africa, Asia and Australia together make up just over 16 percent, Japan makes up just over eight percent of the world market and Latin America just over four percent of the world market.

Prostate cancer: Prostate cancer is the most common cancer in men in the Western world with a globally 1.3 million cases in 2018 (https://www.wcrf.org/dietandcancer/cancer-trends/prostate-cancer-statistics). In Sweden, prostate cancer is the most common form of cancer with 103 cases per 100,000 inhabitants.
About 1.75 million men are estimated to have prostate cancer in the seven largest pharmaceutical markets, the United States, the United Kingdom, Germany, France, Italy, Spain and Japan. Approximately 20-25%, corresponding to more than 400,000 patients with prostate cancer, develop incurable CRPC with bone metastases (*Reference: The cancer market outlook*).

OsteoDex main indication, bone metastases in prostate cancer (mCRPC):

Twenty to 25% of patients develop CRPC, an incurable stage of prostate cancer in which approximately 90% have metastases in the bones. Patients may have strong pain due to fractures, compression of vertebrae and other skeletal symptoms. In general, bone pain is the most common form of cancer-related pain and is severe and disabling in the majority of patients, with a pronounced negative effect on quality of life and mobility. The disease stage mCRPC

can be described as a bone disease where the patient dies of his disease due to bone metastasis. Median survival in mCRPC is only about 1 - 2 years (Reference: Kirby, M. Characterising the castration-resistant prostate cancer population: a systematic review, The International Journal of Clinical Practice).

Virtually all patients who die of their prostate cancer, today about one in four patients, have castration-resistant disease. Today, only a few drugs are registered for life-prolonging treatment of castration-resistant metastatic prostate cancer: docetaxel (Taxotere) and cabazitaxel (Jevtana), both of which are so-called cytostatics, as well as abiraterone (Zytiga), enzalutamide (Xtandi) and Radium-223 (Xofigo). Abiraterone and enzalutamide are hormonally active (inhibitors/blockers) while Radium-223 binds to areas of the skeleton where daughter tumours (metastases) are localised and emits a local radioactive radiation effect. Another drug is now approved for the treatment of mCRPC. The medicine, olaparib (Lynparza), is a DNA repair inhibitor. The indication only covers patients with so-called *BRCA1/2*-mutations, i.e., a relatively low proportion of patients. The five main preparations has been shown to slow down the tumour disease in most patients and prolong survival by in the order of 2.5 - 5 months.

All have more or less serious side effects and the patient's individual status determines which treatment can be used. All treatment of mCRPC patients aims to be disease-inhibiting and palliative where the treatment can at best prolong the life of the patient. Each of these drugs has a relatively short duration of action as all patients' disease becomes resistant to the drugs after a limited time. There is still no curative drug in sight and the need for new disease-inhibiting preparations is great ("unmet need").

Against this background, DexTech has developed a complementary drug candidate that can be used when other drugs fail. Due to the large use of the five life-prolonging drugs and the fact that all of them eventually fail, the number of patients without effective treatment is increasing. OsteoDex has shown potential to be used in these patients.

Other potential indications for OsteoDex

The principle of OsteoDex's mechanism of action, targeting of the tumor cell microenvironment, cell uptake via specific uptake mechanism and final cell denaturation, is of general interest as tumor cells generally have a microenvironment that distinguishes them from normal cells. Because of this, the effects of OsteoDex, mainly on breast cancer, lung cancer, and most recently on multiple myeloma, have been studied (preclinical studies). OsteoDex's general anticancer effect has been verified in the studies and shows strong tumor cell-killing properties on all these cancers.

Breast cancer is the most common cancer globally among women with more than 2 million new cases in 2018 (https://www.wcrf.org/dietandcancer/cancer-trends/breast-cancer-statistics). For 2015, 9362 women diagnosed with breast cancer were reported in Sweden (https://www.cancerfonden.se/om-cancer/om-brostcancer). In Western Europe, about 15–20% of breast cancer patients develop advanced disease. In other parts of the world, that proportion is significantly higher due to late diagnosis. The treatment of metastatic breast cancer (Sweden) includes hormonal therapy, chemotherapy, treatment with antibodies and bisphosphonates. The optimal treatment is governed by the characteristics of the individual tumor (*Reference: SweBCG, national guidelines for the treatment of breast cancer*).

Lung cancer is divided into two main groups; non-small cell lung cancer (NSCLC) and small cell lung cancer. About 80 percent of all lung cancer cases are NSCLC, which in turn is divided into several subgroups. Globally, more than 1.5 million people fall ill with lung cancer every year, and the vast majority of these die from it. The lack of active and well-tolerable drugs is striking. There is currently no curative treatment for metastatic lung cancer and the need for new active drugs is therefore very great.

Multiple myeloma (MM). MM is a type of blood cancer that starts from plasma cells in the bone marrow with simultaneous destruction of bone through interaction with osteoclasts (similar to mCRPC). The disease is generally incurable and is currently treated with a number of drugs, mainly with derivatives of Thalidomide (Lenalidomide, Pomalidomide) which is immunomodulatory treatment, Bortezomib, a so-called proteasome inhibitor, and dexamethasone, which is a type of cortisone preparation. Sometimes bone marrow transplantation is also done. Melphalan is a cytostatic agent (chemotherapy) that is part of the treatment arsenal. Most patients relapse and need new treatment. The drugs for MM often have severe side effects.

The global incidence of MM in 2020 was 160,000 cases, with a mortality rate of 106,000. (https://pubmed.ncbi.nlm.nih.gov/32335971/). The global market value in 2020 was approximately USD 20 billion with a forecast value in 2026 of USD 31 billion (https://www.fortunebusinessinsights.com/multiple-myeloma-market-102693).

DexTech's technology platform and drug candidates

DexTech uses modified clinical dextran (a drug used since the 1950s) as the backbone in designs of new drug candidates (GuaDex). GuaDex binds to tumour cells, is taken up and kills them (denatures). Other substances can be linked to GuaDex, whereby the properties can be changed so that the intended effect is enhanced, while side effects can be minimized (lower toxicity). The biological half-life (degradation time) can be modulated and made more favourable depending on the application. The platform is protected by patents including 3 additional applied for/approved patent families (see page 7). DexTech's technology platform can also be outlicensed for other specific applications. Outlicensing of the technology platform can be done to several different pharmaceutical companies, which creates new business opportunities for DexTech. The technology platform can be likened to a "Lego box" with multiple possibilities to build new molecules. The pipeline includes several substances with different properties and application areas that broaden DexTech's business opportunities.

The company's lead candidate*, OsteoDex*, for the treatment of bone metastases in mCRPC, has after clinical studies been shown to have a clinically tumoricidal effect and concomitantly with potent inhibition of osteoclasts (bone degrading bone cells).

Clinical studies OsteoDex

Phase1. Following promising preclinical results with OsteoDex, a clinical phase I/IIa study was started in February 2012. The primary objective was to study tolerability and possible side effects. The study was conducted at the University Hospitals in Umeå and Lund and at Södersjukhuset in Stockholm.

The study included 28 mCRPC patients divided into 7 dose groups, four patients in each dose group and with increasing dose.

The result shows that OsteoDex has low toxicity and high tolerability. Only minor side effects have been noted. In the highest dose group, a strong effect on bone markers is noted in two of the four patients. Bone markers often reflect the course of the tumour disease. The results are a clear indication that OsteoDex at the appropriate dose has the expected effect.

Harrison Clinical Research-Synteract has been DexTech's CRO (Clinical Research Organization, study monitoring etc., GCP, good clinical practice) during the study.

The results from DexTech's phase I study regarding OsteoDex treatment of mCRPC form the basis for the now completed phase II study.

Phase 2. The original study protocol, ID, ODX-002, was approved by the Swedish and Danish Medical Products Agencies in October 2014 (a placebo-controlled randomized multicenter phase II study) regarding OsteoDex for the treatment of castration-resistant prostate cancer with bone metastases (CRPC). On October 27, 2015, DexTech decided to change the study design and to give all study patients active substance (OsteoDex). This is a result of discussions with the Medical Products Agency in Uppsala and advice from "BigPharma". The study design was changed to active treatment for all patients. DexTech was thus able to gain faster knowledge of the tumor-inhibiting effect in relation to dose, the effect parameter requested by prospective licensees. DexTech also heeded the patients' requests for access to active substance and thus avoid risking randomization to the placebo group. The decision on approval of the new study protocol with ID ODX-003, was given by the Medical Products Agency in Uppsala on 28/2 2016.

The primary purpose of the phase II study was to document the effect of OsteoDex in the treatment of CRPC. The study included 55 well-defined mCRPC patients. Patients were divided between three treatment arms (blinded distribution, 3 ascending dose levels of OsteoDex). The treatment was given for 5 months with OsteoDex given every two weeks. The study was conducted in Sweden (Norrlands University Hospital in Umeå, Södersjukhuset in Stockholm and University Hospital in Örebro), in Finland (Tampere University Hospital), in Estonia (East Tallinn Central Hospital and Tartu University Hospital) and in Latvia (Riga East University Hospital and Daugavpils Regional Hospital). The first patient received their first treatment in September 2016 at Södersjukhuset in Stockholm.

In connection with the above-mentioned changes, the company chose to change the study organization by recruiting Crown-CRO Oy as GCP responsible (good clinical practice) for the OsteoDex study. Crown-CRO Oy specialises in oncology studies in the Nordic and Baltic countries. Crown-CRO Oy replaced the company's previous partner SynteractHCR.

In June 2018, the last patients in DexTech's phase IIb study for OsteoDex were completed. The work then focused on the completion of the formal study report.

In early October 2018, DexTech was able to present the first results from the completed phase IIb study for Osteodex. The results meet the primary objective of the protocol.

Parts of the results, previously announced, were presented at the BioEurope conference in Copenhagen in November 2018 and received with great interest.

In December 2018, the complete CRO report from the phase IIb study for Osteodex was completed. Fifty-one percent of patients completed treatment (5 months, dose every two weeks). Of these, 52% showed stable disease (improved/unchanged) in bone metastasis. 35% of patients who completed treatment experienced reduced tumour burden in bone. The majority of the patients who had reduced tumour burden in the skeleton had been treated with, and no longer responded to, two or more of the currently available drugs (docetaxel, cabazitaxel, abiraterone, enzalutamide, radium-223 dichloride). This finding is of great importance for the continued clinical development of OsteoDex as the patient group in question represents a significant so-called "unmet need". The results show that OsteoDex has a significant inhibitory effect on the vicious cycle in the skeleton, i.e. the biological process that drives this disease and thus also to shortened survival. More than 50% of patients showed markedly decreased levels of markers related to bone metabolism and particularly marked reductions were noted in 67% of patients for the marker CTX reflecting bone degradation. The effect on this marker as well as other markers related to skeletal metastasis reflects the biological effect of the OsteoDex molecule. Tolerating was strikingly good with only few side effects. No patients had to discontinue treatment due to adverse events and no OsteoDex-related serious adverse events (SAEs) were noted. The three dose arms in the protocol show equivalent treatment effect. The interpretation is that even the lower doses are sufficient to saturate the metastatic areas of the skeleton. The results meet well the primary objective of the protocol.

In June 2020, DexTech's Phase IIb study was completed with 2-year follow-up results received from the last patients (24 months follow-up after the last dose).

The Phase IIb study's primary endpoints regarding markers of bone metabolism had been well achieved. A clear majority of patients showed reduction in their skeletal markers in blood from the given treatment with OsteoDex. The treatment was very well tolerated (few and mild side effects) and good disease-inhibiting effect was seen even in the

lowest doses. Slowing and reversal of the disease was also seen in patients whose disease progressed after treatment with several of the other available medications for castration-resistant prostate cancer.

In the Phase IIb study's secondary endpoints, there is overall survival, which was evaluated through 24 months follow-up after completion of treatment.

The follow-up results from the study were very positive and show that OsteoDex treatment can slow down the disease. The results showed significantly longer survival for patients who responded to treatment with a median survival longer than 27 months, compared to other patients, with median survival of 14 months (statistical significance, p <0.05). Survival 2 years after baseline was 65% for responders with disease slowing or stabilisation, compared to 28% for other patients (significance, p < 0.05). The study in its entirety is now published in the European Journal of Cancer (European Journal of Cancer 181 (2023) 198e207)
The continued clinical development of OsteoDex will be carried out by or together with a prospective licensee.

Other drug candidates;

- ***SomaDex*** for the treatment of acromegaly, neuroendocrine tumors and palliative treatment in advanced prostate cancer. SomaDex is a drug candidate, based on an endogenous hormone, somatostatin for the treatment of acromegaly, neuroendocrine tumors and palliative treatment in advanced prostate cancer. SomaDex has undergone a clinical Phase I study (in Sweden/Finland) and a Phase II pilot study in Mexico. The studies showed that SomaDex has few and mild side effects (Phase I) and has a palliative effect (palliative) in advanced prostate cancer (pilot study).

- ***CatDex/ GuaDex:*** *GuaDex* constitutes the so-called technology platform and is a charge-modified dextran molecule with tumor-toxic properties (kills tumor cells) and is a development of CatDex

- ***PSMA-binding conjugates:*** For the target-specific treatment of mCRPC that overexpresses PSMA (prostate specific membrane antigen). The association is based on the platform, GuaDex.

SomaDex

Somatostatin is an endogenous hormone with many effects on humans. One effect is the action of a natural "shutdown hormone", i.e. can turn off the secretion of growth factors (proteins that stimulate growth) and various hormones, such as growth hormone in acromegaly (disease due to pituitary tumor). Several tumour types express somatostatin receptors (somatostatin receptor proteins) including certain pituitary tumours, neuroendocrine tumours and prostate cancer. For these reasons, somatostatin is of interest in the treatment of hormone-producing neuroendocrine tumors, growth hormone-producing pituitary tumors (acromegaly) and for the palliative treatment of prostate cancer. Natural somatostatin is unstable (breaks down rapidly in the body) and therefore has very limited clinical usefulness. Synthetic somatostatin analogues are today established drugs in the treatment of neuroendocrine tumors and acromegaly (Sandostatin®, Novartis).

With DexTech's technology platform, natural somatostatin has stabilized (SomaDex) and obtained a new half-life of about 37 hours, compared to about 3 minutes for natural somatostatin. This, together with the preservation of somatostatin's biological properties in SomaDex, provides high clinical usefulness. There is currently no synthetic somatostatin with the same properties as natural somatostatin.

Results from a pilot clinical study in mCRPC patients with SomaDex monotherapy, show a significant relief of symptoms and with improved quality of life (EORTC QLQ-C30, quality of life questionnaire). Only minor side effects were noted.

SomaDex was outlicensed to TechSphere Corp. (Mexican pharmaceutical company) in 2009. DexTech withdrew the project in 2012 when TechSphere could not fulfill its part in the license agreement (further development of SomaDex).

The SomaDex project is currently dormant.

Platform development, CatDex to GuaDex

CatDex is an electrostatically modified dextran molecule. In a pilot study in patients with bladder cancer (1997), it was shown that CatDex accumulated with high preference in the tumor tissue (tumor cell specific) through its positive electrostatic charge (patent 1, 1998). CatDex has since been further developed (GuaDex, patent 2 2008) to have, in addition to tumor cell specificity, strong tumor cell-killing properties. GuaDex is today the technology platform for new designs/projects.

PSMA binding compound

With the help of the company's technology platform, DexTech has developed a new PSMA-binding compound. The new substance has unique properties in that it has multiple PSMA-binding parts and can carry a larger load of cell-killing substances than has been possible with PSMA-specific molecules produced so far. The production of the new substance can be relatively easily adapted to the company's GMP platform (i.e. manufacturing approved for clinical use). The current patent application complements and strengthens the company's other patents.

In June 2016, DexTech filed a patent application for important innovation regarding companion diagnostics and target-specific treatment of prostate cancer.

It is well known that prostate cancer cells on their surface overexpress the protein PSMA (prostate-specific membrane antigen, i.e. that PSMA is present in greater quantity on the surface of the tumor cell). Extensive international research activity is underway to produce molecules that can bind specifically to PSMA and thus be used as carriers of cancer cell-killing substances (radioactive isotopes, cytostatics, etc.) for so-called target-specific treatment of prostate cancer.
In June 2016, DexTech filed a patent application and an international patent application (so-called .PCT application in 2017. Patent is now approved and granted in Europe (2020). The patents are valid until 2038.
In 2022, Novartis launched 177Lu-PSMA-617 for the treatment of mCRPC (177Lu is a radioactive isotope).

Authorised medicines for mCRPC

The competition for DexTech consists of other pharmaceutical companies with the same business model as DexTech, i.e. which involves outlicensing no later than after completion of the phase 2 study.

The pharmaceutical industry's portfolio for the development of drugs for prostate cancer is large with more than 400 candidates under active development. For patients with CRPC who have bone metastases, docetaxel (*Taxotere*, Sanofi) is the first choice for chemotherapy. Docetaxel and cabazitaxel *(Jevtana*) had total sales in 2016 of € 537 million (this figure also includes the treatment of other cancers). Docetaxel, like most cytostatic drugs, has many and severe side effects. Since Taxotere's patent protection expired in 2010, the drug has dropped sharply in sales to generics.

More new products have come to the market during this decade, including abiraterone (*Zytiga, J*anssen). Zytiga is highly priced in the US, approximately SEK 260,000 per treatment. The pricing in Sweden initially meant that many regions did not use Zytiga, which underlines the importance of having a price that market principals, such as county councils in Sweden, can accept. Currently, Zytiga is used by most regions. In 2017, Zytiga achieved global sales of approx. $2.5 billion. The indication for this medicinal product is both pre-chemo (pre-docetaxel) and post-chemo (after docetaxel).

Jevtana (Sanofi), was approved for use in the United States in June 2010 and in Europe in January 2011. In 2017, total sales of Jevtana amounted to EUR 386 million. The indication for this drug is post-chemo (after Taxotere).

Another new drug is Bayer's product *Xofigo*, which is a radioactive substance (Radium-223) active against CRPC. Bayer bought Xofigo from Norwegian Algeta in 2009 for USD 800 million and later the entire company for USD 2.9 billion. The product was approved by the FDA in May 2013 and the EMA in December 2013. Xofigo is priced on par with Zytiga and had sales of approx. €1 billion for 2017. The indication for this medicinal product is to be used both before and after chemotherapy (i.e. docetaxel).

Medivation/Astellas Pharma has launched *Xtandi* for the treatment of CRPC. In August 2012, Xtandi was approved for sale in the United States and in June 2013, the drug was approved for sale in Europe. In 2017, total sales amounted to USD 2.6 billion. The indication for this medicinal product is both pre-chemo (pre-docetaxel/Taxotere) and post-chemo (after docetaxel/Taxotere).

In 2010, Dendreon launched *Provenge* on the US market after approval by the FDA. The treatment is expensive and costs USD 93,000 per treatment. In September 2013, Provenge was also approved for sale in the EU. In 2014, total sales of the drug amounted to USD 300 million. Provenge is an immunotherapy in which patients' white blood cells are treated with the medicine to make them immunologically more potent. After that, they are reintroduced to the patient intravenously. The indication for this drug is pre-chemo (pre-Taxotere). In 2017, Dendreon Pharmaceuticals sold provenge to Chinese Sanpower for 774 million Euros.

Zometa (Novartis) is used in prostate cancer with bone metastases to delay skeletal events. Zometa belongs to the group of bisphosphonates that have their greatest application in the treatment of osteoporosis (osteoporosis). Zometa had annual global sales of approximately $1.5 billion in 2010 and 2011. In 2013, sales amounted to USD 600 million, a large decrease in sales as the preparation's patent expired and made free for generics. Zometa is the leading bisphosphonate medicine in the indication prostate cancer with bone metastases, CRPC. Zometa has no effect on tumour disease but delays skeletal events known as SRE, such as fractures.
1 Sales figures come from each company unless otherwise stated.

Market potential, OsteoDex mCRPC excluding other indications

The potential for OsteoDex is great as all life-prolonging drugs against mCRPC lose their effect over time and therefore the need for new active drugs is great. OsteoDex has been shown to have a good effect even on patients who have failed existing treatment.

The value of the five life-prolonging drugs' annual sales in 2018 (ref: annual reports for each company, Taxotere (docetaxel)/Jevtana, Zytiga, Xtandi, Xofigo) amounted to approximately USD 10 billion. This also includes the treatment of other cancers with docetaxel but highlights the size of the mCRPC market for active preparations. The market is estimated at approximately USD 13 billion in 2024. The growth is expected to be primarily driven by the increased incidence of prostate cancer together with the launch of drugs against the disease.

There is a great need for new drugs that can prolong life while relatively maintaining quality of life for patients with CRPC. Today, there are only a few drugs registered for this purpose. All have more or less serious side effects and the patient's individual status determines which treatment can be used. Each of these drugs has a relatively short duration of action as the disease becomes resistant to the preparations after a limited time and thus needs to be replaced by one of the other preparations. Against this background, DexTech is developing a complementary rather than a competing drug. Each of these drugs currently has, or is expected to achieve, sales of over USD 1 billion

annually, so-called block-busters. The CRPC market is expected to continue to grow in the future due to an increasingly aging population.

The great potential and interest in the CRPC market was confirmed, for example, in 2014 when Bayer acquired Algeta for a purchase price of USD 2.9 billion and annual sales figures for existing active CRPC drugs (so-called blockbusters).

GMP Manufacturing

DexTech has developed a GMP-approved (good manufacturing practice) manufacturing process for its drug candidates.

DexTech can present to prospective licensees a complete manufacturing method from bulk solution to finished vials all under GMP conditions.

Another advantage of the production of OsteoDex is the low cost of raw materials (API = active pharmaceutical ingredient). Overall, a "simple" manufacturing at low cost is a competitive advantage that will have a positive effect on sales volumes and sales margins in a future market.

Patent

DexTech's inventions are protected by patents that give the Company exclusive exclusive rights. In other words, DexTech owns all patents and patent applications filed since the Company was formed in 2004. Patent applications are filed in countries where there is advanced pharmaceutical research and development, as well as in those countries that constitute larger markets for pharmaceutical products. The patents usually run for 20 years, but can in some cases be extended for pharmaceuticals by up to 2 years Through active management of the Company's patent portfolio, DexTech strives for strong protection of future pharmaceutical products. This is further strengthened by the fact that the Company's total assets and rights are protected through clear agreements, strong patents and a wise handling of the knowledge published.

DexTech's patent portfolio comprises four patent families containing approved patents and patent applications that provide good protection to the Company's drug candidates and the Company's technology platform. The portfolio has a relevant geographical spread for DexTech. The Company's four patent families/patent applications are strongly related, and each patent family is therefore relevant for all of the Company's drug candidates as well as for the platform, GuaDex.

DexTech's patent portfolio is an important asset for the Company and an extensive patent portfolio prevents competitors from infringing the Company's patented areas. Patents provide market exclusivity for the duration of patents. The absence of patents or patents that do not sufficiently protect the Company's operations from competition risk impairing the opportunities to obtain license agreements, which could negatively impair both profitability and the Company's value. The company's patent portfolio is managed by the patent office BOCO, Helsinki, Finland.

Patent family 1 - filed in 1999

Patent family 1 describes how the positively charged substance, CatDex, is selectively enriched in the tumor tissue, i.e. selectively relatively normal tissue.

Patent family 1 includes approved patents in Australia, Canada, the United States, and Europe (registered in Belgium, Switzerland, Germany, France, the United Kingdom, Italy, and Sweden). The patent was valid until October 12, 2019.

Patent family 2 filed in 2008

Patent family 2, the GuaDex patent, a further development of patent family 1, describes its tumor cell killing properties against a variety of tumors, tumor cell cultures.

Patent family 2 includes approved patents in China, Finland, Israel, usa, Mexico, Canada, Japan and Europe (registered in Switzerland, Germany, France UK, Italy and Sweden). The patent is valid until March 6, 2028.

Patent family 3 - filed in 2008

Patent family 3, the OsteoDex patent, is a GuaDex molecule with an additional component, a bisphosphonate, which has selectivity for the skeleton i.e. where the metastasis is located.

Patent family 3 includes approved patents in China, Japan, Canada, Israel, Mexico, Brazil and Europe (registered in Switzerland, Germany, France UK, Italy and Sweden). The patents are valid until April 7, 2028.

Patent family 4 - filed in 2016

In June 2016, DexTech filed a patent application for an important innovation (patent family 4) regarding companion diagnostics and target-specific treatment of prostate cancer, PSMA. This application was approved for patents in Finland in June 2018. In the autumn of 2017, DexTech filed an international patent application (so-called .PCT application). The application is approved and a patent is granted in Europe. The patents are valid until 2038.

Management report

The Board of Directors and the CEO of Dextech Medical AB (DexTech), org.nr. 556664-6203, with its registered office in Stockholm, may hereby submit annual reports for the financial year 2022-07-01 – 2023-06-30. The company is a public company.

General information about the business

DexTech Medical develops drug candidates with application in urological oncology, primarily prostate cancer. Operations commenced on August 9, 2004 and the Company was listed on Spotlight Stock Market on June 19, 2014. The company has a strong clinical foundation with valuable specialist expertise, from research laboratory and manufacturing to clinical oncology. Research and development is conducted cost-effectively through collaborations in a global network.

DexTech currently has four drug candidates, OsteoDex for the treatment of skeletal metastases in castration-resistant prostate cancer (mCRPC), SomaDex for the treatment of acromegaly, neuroendocrine tumors and palliative treatment in advanced prostate cancer**,** PSMA-binding conjugates for target-specific treatment of mCRPC, and GuaDex, which is generally specific tumor cell killing and constitutes technology plate form. *OsteoDex for the treatment of mCRPC is the company's main candidate.* Patents/patent applications for the drug candidates are available in several key markets.

Significant events during the financial year and after the financial year 2022/2023

The clinical myeloma study with the Company's drug candidate OsteoDex is progressing according to plan. On August 10, 2022, the Swedish Medical Products Agency approved and granted the application for a phase 1 study regarding OsteoDex's effect on patients with multiple myeloma. The study will include 20 patients and be conducted at 5 hospital centres in Sweden and Norway. The study is expected to be completed in Q4 2024.

Our previous preclinical studies regarding the effect of OsteoDex on various myeloma cell cultures show unequivocally a strong tumour cell killing effect. Even compared to Melphalan, which is a proven standard preparation for the treatment of multiple myeloma (MM), OsteoDex's effect is strikingly strong. Given the similarity in the disease process in the skeleton between MM and mCRPC and existing clinical experiences, we have reason to be optimistic about the MM study's potential to result in proof of concept.

No significant events have occurred after the end of the financial year.

Business

Through licensing deals with strategic partners in the form of major pharmaceutical companies, DexTech is looking for partners who assume financial and operational responsibility for the continued clinical development. The licenses generate, according to the usual payment model, a one-time payment and then compensation in the event of achieved development goals, so-called milestone compensation and future royalties on sales. Such partners have financial resources, experience of major clinical studies and established contacts with registration authorities. These partners will also in the future be responsible for the manufacture, marketing and sale of the registered medicines that may result from the development work. The value of a licensing deal after a phase IIb study where the results show treatment effect that affects the patient's survival is considered to be significant.

The timing of signing cooperation agreements with pharmaceutical companies is a business decision that is determined by costs, risk, competence needs and the value that another step under own management would add. Such cooperation agreements ensure that the projects are provided with knowledge and resources from large pharmaceutical companies at an early stage, and DexTech avoids tying excessive resources into a single project. It is in the Company's own interest to work without compromising on safety to minimize the time until the launch of drugs.

Overarching objectives

- To ensure OsteoDex's continued clinical development through partnerships during the financial year 2023/2024
- To conduct the ongoing clinical "proof of concept" multiple myeloma study (short study showing the relevance of the preparation with a limited number of patients), which is expected to be completed in Q4 2024.
- Developing CatDex/GuaDex for new indications

The company's primary goal is to enter into an agreement with a licensee regarding OsteoDex. The stakeholders for OsteoDex consist of large organizations, which causes an inertia regarding the time aspect of the negotiation process. This inertia, together with the large values to be negotiated and regulated legally by both parties, means that it is a time-consuming work that must be done before a license agreement is in place.

Prospects

DexTech's main drug candidate OsteoDex has a unique dual mode of action, tumor-specific denaturation and inhibition of bone-resorbing cells (osteoclasts). OsteoDex has been studied in a clinical phase II study with good results. There are significant similarities between bone metastases from mCRPC and Multiple Myeloma, such as growth site, bone breakdown and stimulation from osteoclasts.

These similarities have motivated DexTech's studies of OsteoDex's effects on Multiple Myeloma. In extensive preclinical studies conducted at Karolinska Institutet in Stockholm, the company has shown that OsteoDex has a very pronounced tumor cell-killing effect, which has been demonstrated on various Multiple Myeloma cell lines. OsteoDex shows strong efficacy even at low concentrations. Even compared to Melphalan, which is a proven standard preparation for the treatment of multiple myeloma (MM), OsteoDex's effect is strikingly strong.

The project is now being developed into clinical research and a formal protocol is being prepared. On August 10, 2022, the Swedish Medical Products Agency approved and granted the application for a phase 1 study regarding OsteoDex's effect on patients with multiple myeloma. The study will include 20 patients and be conducted at 3 hospital centers in Sweden. The study is expected to be completed in Q4 2024.

The intention is that the study will provide "proof of concept" and thereby further verify OsteoDex's value as a potential cancer drug. The market for the new indication is estimated to be twice as large as that for mCRPC. The rights issue 2021 finances the Multiple Myeloma study and ensures continued operation until the end of 2024.

The continued clinical development of OsteoDex will be carried out by, or together with, a prospective licensee.

Financial position and future capital requirements

Until today, DexTech has mainly been financed by current shareholders. From its inception in 2004, the company has raised SEK 119 million in equity. In addition, capital has been received from the Signe and Olof Wallenius Foundation of SEK 350 thousand. In addition to these direct capital injections, SEK 2.6 million has been obtained through an out-licensing of SomaDex in 2009 and in addition, many hours have been invested in the various substances through DexTech's extensive national and international network. In addition to a large network in Sweden, the company also has an extensive international network that contributes to cost-effective research and development. Work is often carried out as academic exchange projects such as postgraduate studies, leading to a doctoral degree for the student.

Going concern

Research and development of new drugs is a capital-intensive business and, as stated in the income statement, the Company has no revenues. The rights issue in 2021 ensured continued operation until the end of 2024. The goal is for license revenues to finance operations accordingly.

Shares

The DexTech share was listed on Spotlight Stock Market on June 19, 2014. Trading takes place under the designation DEX.

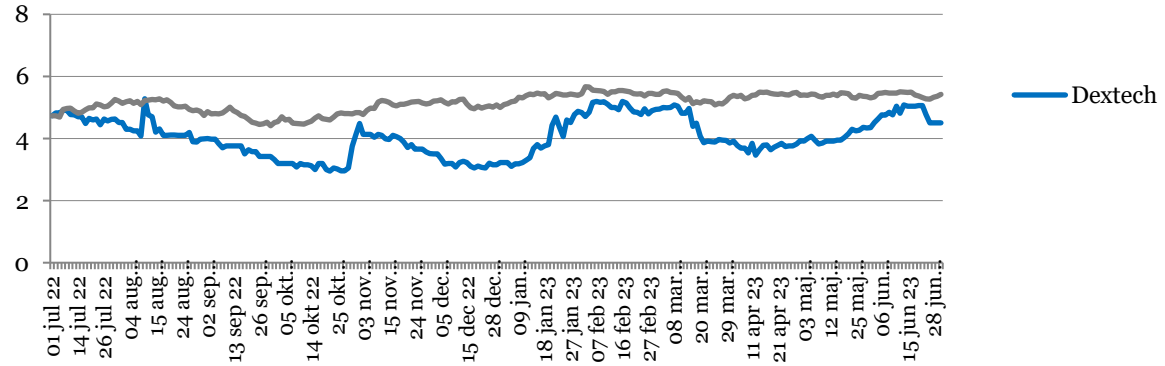
The number of shares outstanding at the beginning of the interim period was 14,920,478. After the rights issue, the number of shares increased by 3,565,379 shares and the number of shares at the end of the interim period thus amounted to 18,485,857.

Implemented incentive program

At the Annual General Meeting of DexTech AB on October 28, 2022, it was resolved to introduce an incentive program ("TO 2022/2025") for pre-selected key employees ("Option holders") that gave the Option Holders the opportunity to subscribe for warrants in DexTech for the market value of a directed issue. The Board of Directors of DexTech decided on the allocation of TO 2022/2025. The subscription price for the warrants in the directed issue was set in accordance with the terms and conditions at SEK 0.13 per warrant. Option holders have the right, during the period from and including 25 November 2025 up to and including 9 December 2025, or the earlier day that follows from the complete terms and conditions, for each warrant to call for subscription of one (1) new share in the company at a subscription price of SEK 25. Amounts in excess of the quota value shall be added to the free share premium fund. As a result of TO 2022/2025, the number of shares at full exercise will increase by 200,000 shares. Based on the Company's current share capital, this corresponds to a dilution of not more than approximately one percent of the shares and votes. The increase in the Company's share capital may, upon full exercise of the warrants, amount to a maximum of SEK 9,000. Reservations are made for such recalculations as a result of issues, etc. that can be made according to the terms of the warrants.

At the end of the financial year, the share price for DexTech Medical was SEK 4.50 and the reported equity per share was SEK 1.86. The market value amounted to SEK 83.19 million. The number of shareholders was 1,212.

Development of share price per share during the financial year 2022/2023



OMX Stockholm PI is an index that weighs together the value of all shares listed on the Stockholm Stock Exchange and shows an overall picture of the development on the stock exchange.

Owner table as of 30 June 2022

Name	Number of shares	Share of votes and capital (%)
Svante Wadman (including related parties)	3 969 369	21,47
Anders R Holmberg	1 573 227	8,51
Sten Nilsson	1 432 724	7,75
Donald Ericsson Real Estate VI AB	1 124 750	6,08
Gösta Lundgren (including related parties)	1 101 341	5,96
Hans Andersson (including related parties)	1 035 848	5,60
Mats Ragnarsson Holmberg	429 656	2,32
Peter Kanekrans	383 329	2,07
Lennart Meurling	287 462	1,56
Other	7 148 151	38,67
Total	**18 485 857**	**100,00**

Liquidity guarantor

The company has appointed Sedermera Fondkommission as liquidity provider (market maker) for its share in connection with the listing on Spotlight Stock Market. The purpose is to promote good liquidity in the share and ensure a low spread between the bid and ask price in ongoing trading. According to the agreement, Sedermera will ensure a spread between the bid and ask price of a maximum of 6 percent. On the buy and sell side, Sedermera will subsequently secure a volume corresponding to approximately SEK 5,000. The commitment was initiated in connection with the Company's listing on Spotlight Stock Market.

Share capital development

Year	Event	Quota value	Increase in the number of shares	Increase in equity capital	Total number of shares	Total share capital	Paid including premium	Company value pre money
2004	Formation	100	1 000	100 000	1 000	100 000	100 000	0
2006	Rights issue	100	1 100	110 000	2 100	210 000	860 000	781 818
2006	Rights issue	100	234	23 400	2 334	233 400	750 000	6 730 769
2007	Rights issue	100	123	12 300	2 457	245 700	2 500 000	47 439 024
2010	Share split (100:1)	1	243 243	-	245 700	245 700	-	-
2010	Rights issue	1	6 143	6 143	251 843	251 843	2 500 201	99 999 900
2011	Rights issue	1	25 185	25 185	277 028	277 028	8 499 939	84 997 027
2013	Rights issue	1	5 540	5 540	282 568	282 568	1 994 400	99 730 080
2014	Bonus issue	1,8	-	226 054	282 568	508 622	-	-
2014	Share split 40:1	0,045	11 020 152	-	11 302 720	508 622	-	-
2014	Rights issue	0,045	2 860 000	128 700	14 162 720	637 322	30 030 000	118 678 560
2016	Rights issue	0,045	590 113	26 555	14 752 833	663 877	15 342 938	368 230 720
2019	Rights issue	0,045	167 645	7 544	14 920 478	671 422	10 058 700	885 169 980
2021	Rights issue	0,045	3 565 379	160 442	18 485 857	831 864	46 349 927	193 966 214

Related party transactions

Apart from remuneration and issuance of warrants to Board members Andreas Segerros and Peter Benson as well as remuneration to the CEO and CFO, there are no related party transactions to report.

Significant risks and uncertainties

Several risk factors could adversely affect the operations of DexTech. It is therefore of great importance to consider relevant risks alongside DexTech's growth opportunities. The following describes risk factors in no order and without claiming to be comprehensive.

Industry and company-related risks

Limited historical revenue

DexTech was founded in 2004 and has since conducted research and development with the aim of developing drug candidates that in clinical studies will be developed into approved drugs. The company has not yet, either

individually or through partners, launched any drug on the market and has no recurring revenue. The company has not conducted sales or generated any sales revenue from approved drugs. The limited revenues the Company has had so far come from a license agreement that the Company has withdrawn.

DexTech is dependent on a positive outcome of the clinical studies that the Company conducts or intends to conduct as well as approval from authorities before sales of the drug candidates can begin. There is a risk that DexTech's drug candidates do not show sufficiently positive properties in the clinical studies and/or that approval from authorities does not materialize. If this is the case, there is a risk of no future launch of drugs and loss of revenue.

Clinical studies

Before a medicine can be placed on the market, safety and efficacy in human use must be ensured for each individual indication, as demonstrated by pre-clinical studies in animals and clinical studies in humans. The pharmaceutical industry in general and clinical studies in particular are associated with great uncertainty and risks regarding delays and results in the studies. Outcomes from preclinical studies are not always consistent with the results achieved in clinical studies. Results from early clinical studies are also not always consistent with results in more extensive studies. If DexTech or its partners cannot, through clinical studies, sufficiently demonstrate that a drug is safe and effective, the Company may be adversely affected, which may lead to no approvals from authorities and thus non-commercialization as well as reduced or missing cash flow. There is a risk that the partners conducting the clinical studies will not be able to maintain the clinical and regulatory quality required for future regulatory approval. There is also a risk that the authorities do not find that the clinical study(s) on which an application for regulatory approval is based are sufficient.

Side effects

There is a risk that patients who either participate in clinical studies with DexTech's drug candidates or otherwise come into contact with DexTech's drug candidates will suffer side effects. The consequences of such potential side effects may delay or stop further product development and limit or prevent the commercial use of the products, thereby affecting DexTech's sales, earnings and financial position. Another consequence is that DexTech may be sued by patients who may suffer side effects, whereby DexTech may be liable for damages.

Partners

DexTech has collaborations with a number of partners. There is a risk that one or more of these choose to break off their cooperation with the Company, which could have a negative impact on the business. There is also a risk that DexTech's partners do not fully meet the quality requirements set by the Company. Similarly, the establishment of new partners may be more costly and/or take longer than the Company estimates.

Financing needs and capital

DexTech's initiated and planned clinical studies and development work entail significant costs and the Company has no recurring revenue so far. There is a risk that the Company will not succeed in generating substantial and recurring revenue, which is why there is a risk that the Company will not achieve positive results in the future. Any delays regarding clinical studies may result in cash flow being generated later than planned. At the end of 2021, DexTech carried out a rights issue that ensures continued operation until the end of 2024. The goal is for license revenues to finance operations accordingly. The future capital requirement is also affected by whether DexTech can achieve partnership/co-financing. DexTech may need to raise additional capital in the future depending on how much revenue the Company manages to generate in relation to its cost base. There is a risk that DexTech cannot raise additional capital, achieve partnerships or other co-financing or that such financing cannot be obtained on, for existing shareholders, favorable terms. This may mean that development is temporarily stopped or that DexTech is forced to run the business at a slower pace than desired, which can lead to delayed or missing commercialization and revenue. This may have a negative impact on the Company's operations.

Manufacturers and suppliers

The company collaborates with suppliers and manufacturers. There is a risk that one or more of these choose to break off their cooperation with the Company, which could have a negative impact on the business. There is also a risk that current and/or future suppliers and manufacturers do not fully meet the quality requirements set by the Company or otherwise fully meet their commitments to DexTech. In its operations, the company is to some extent dependent on cooperating with other parties both for the development of products and for the commercialization thereof. If existing collaborations work unsatisfactorily or are terminated, the Company may be forced to seek out other partners, which may be more costly and/or take longer than the Company estimates. Such a scenario may have a negative impact on the Company's operations and earnings.

Collaborations and outlicensing

DexTech is and will continue to be dependent on being able to find a licensing partner to conduct larger clinical studies and/or in the marketing and sale of pharmaceuticals. In addition to the opportunities that exist for traditional out-licensing, DexTech's management evaluates different types of innovative forms of collaboration with major pharmaceutical companies and/or CRO partners. There is a risk that no agreements or collaborations are reached or that such agreements cannot be reached on such favourable terms as the Company wishes or that partners do not fulfil their commitments successfully. Failure to enter a collaboration agreement or partners who do not succeed in their work to successfully market for pharmaceuticals, may lead to reduced or lost revenue for DexTech.

In connection with a licensing agreement, one-time payments, milestone payments and royalties are expected on future sales. Anticipated milestone payments may be frozen for disputed reasons, or because milestones are not met. Anticipated volume targets may be delayed or not materialised, whereby royalties may be delayed or not paid at all.

Government permits and registration

In order to produce, market and sell medicines, authorisation must be obtained and registered with the relevant authority in each market, such as the Food and Drug Administration ("FDA") in the USA and the European Medicines Agency ("EMA") in Europe. In the event that DexTech or its potential partners fail to obtain the necessary permits and registrations from authorities, the Company may be negatively affected in the form of reduced or lost revenue. The rules and interpretations that currently apply may change in the future, which may affect the Company's ability to meet the requirements of various authorities. Permits and registrations may be withdrawn after the Company or its partners have received them. Thus, changes in rules and interpretations as well as revocations of permits and registrations may also constitute future risk factors. In summary, government decisions may adversely affect DexTech's opportunities for revenue and the Company's financial position.

Key personnel, employees and consultants

DexTech's key personnel, employees and consultants have extensive expertise and long experience in the Company's business area. A loss of one or more persons may have negative consequences for the Company's operations and earnings. It is not possible to fully protect against unauthorized dissemination of information, which entails a risk that competitors will gain access to and benefit from the know-how developed by DexTech, which could be detrimental to the Company.

Competitors

There is fierce competition in the pharmaceutical industry. There are many companies, universities and research institutions engaged in research and development of medicines. Thus, there are several potential competitors to DexTech and its future partners. Some of the Company's competitors are multinational companies with large financial resources. If a competitor succeeds in developing and launching an effective and safe drug within the Company's business area, this may entail risks in the form of impaired sales opportunities. Furthermore, companies with global operations that currently work with related areas may decide to establish themselves within the Company's business area. Increased competition may have negative sales and earnings effects for the Company in the future.

Patents and other intellectual property rights

DexTech is partly dependent on the ability to obtain and defend patents, other intellectual property rights and specific knowledge. Patent protection for medical and biotechnology companies can be uncertain and cover complex legal and technical issues. Patents usually have to be applied for and maintained in several different jurisdictions. Patents, which constitute an important part of DexTech's assets, have a limited lifespan.

There is a risk that existing and/or future patent portfolio and other intellectual property rights held by the Company will not constitute adequate commercial protection. If DexTech is forced to defend its patent rights against a competitor, this may entail significant costs, which may adversely affect DexTech's business, earnings and financial position. Furthermore, there is always a risk in the type of business that the Company conducts that DexTech may make or is alleged to infringe patents held by third parties. Other parties' patents may also limit the possibilities for one or more of the Company's future partners to freely use the drug or production method concerned. Nor can it be ruled out that new patents in the field or new discoveries may affect the business. The uncertainty associated with patent protection makes the outcome of such disputes difficult to predict. Negative outcomes of disputes concerning intellectual property rights may lead to loss of protection, prohibition to continue to use the relevant right or obligation to pay damages. The possibility of concluding important cooperation agreements may also be impaired. In addition, the costs of a possible dispute, even in the event of a favourable outcome for DexTech, may be significant, which could adversely affect the Company's earnings and financial position. The above could entail difficulties or delays in the commercialisation of future medicines and thus also difficulties in generating revenue.

DexTech is also to some extent dependent on know-how and trade secrets, which are not protected by legislation in the same way as intellectual property rights. The company uses confidentiality agreements and thereby strives for far-reaching protection for sensitive information. However, it is not possible to fully protect against unauthorised dissemination of information, which entails a risk that competitors will gain access to and benefit from the know-how developed by DexTech, which could be detrimental to DexTech.

Development costs

In parallel with preclinical and clinical studies, DexTech will continue to conduct research and development regarding primarily drugs in urological oncology. Time and cost aspects in this area can be difficult to determine precisely in advance. This entails a risk that the research and development work may be more costly and time-consuming than planned.

Product liability

Considering the nature of the business, it is relevant to consider DexTech's product liability, which (regardless of the origin of the technology) arises when the Company develops and commercializes products. At each planned clinical study, the company will need to review the insurance coverage and there will most probably, at each planned

study, there will be limitations on the scope of the insurance coverage and its monetary limits. There is therefore a risk that the Company's insurance coverage cannot fully cover any future legal requirements, which could adversely affect DexTech's operations and earnings. There is also a risk that appropriate insurance may not be obtained or obtained at an acceptable premium.

Economic development

DexTech's operations in drug development are affected by external factors such as supply and demand for pharmaceuticals, global economic developments, inflation, and interest rate changes, which among other things affects the willingness to invest among potential licensing partners. This can have a negative impact on, among other things, operating expenses, selling prices and stock valuation.

Currency risk

Parts of DexTech's costs are paid in different international currencies and part of DexTech's future sales revenue and expenses may be in international currencies. Exchange rates may change materially, which could adversely affect the Company's costs and future revenues.

Political risk

In its research and development work, through collaborations, the company operates in a large number of different countries and intends to conduct global sales of pharmaceuticals together with, or through, partners. Risks may arise from changes in laws, taxes, duties, exchange rates and other conditions for foreign companies. DexTech is also affected by political and economic uncertainties in these countries. The company may also be adversely affected by any domestic policy decisions. The above may have negative consequences for the Company's operations and results.

Pricing of medicines

DexTech's business model includes out-licensing of pharmaceuticals. In the event that pricing of pharmaceuticals generally falls, there is a risk that this may negatively affect DexTech's earnings opportunities. In some countries, pricing for many types of medicines is determined at government level. In the event of a launch of pharmaceuticals, pricing may be regulated by authorities in several countries. The lower the pricing a drug receives, the worse the revenue opportunities for DexTech. Thus, there is a risk that the pricing of drugs developed by DexTech may be lower than what the Board of DexTech estimates.

Equity-related risks

Price variations and liquidity

There is a risk that the share price will undergo large fluctuations in connection with an introduction on a marketplace. Price variations can arise from large changes in buying and selling volumes. Price fluctuations may adversely affect the Company's share price. Any operational setbacks could have a negative impact on the Company's valuation. The liquidity of the share affects the ability to trade in the share at the desired time.

Psychological factors

The stock market in general and DexTech's share in particular may be affected by psychological factors. The company's share may be affected in the same way as all other shares that are continuously traded on different lists. Psychological factors and their effects on the share price are in many cases difficult to predict and may have a negative impact on DexTech's share price.

Dividend

DexTech has so far not paid any dividend. DexTech is in a development phase and any surplus is planned to be invested in the Company's development. There is a risk that any future cash flows will fall below the Company's capital requirements or decisions on future dividends will not be made.

Share sales from major shareholders, the Board of Directors and senior executives

Board members, senior executives and major shareholders holding shares in the Company view their shareholdings as a long-term investment. There is a risk that board members, senior executives and/or current shareholders who have previously signed lock-up agreements divest part or all of their holdings in the Company. This may adversely affect the Company's share price. Currently, there are no lock-up agreements.

Marketplace

DexTech is listed on Spotlight Stock Market. Spotlight Stock Market is a subsidiary company of ATS Finans AB, which is a securities company under the supervision of the Swedish Financial Supervisory Authority. Spotlight Stock Market operates a trading platform (MTF). Shares listed on Spotlight Stock Market are not subject to as extensive regulations as shares admitted to trading on regulated markets. Spotlight Stock Market has its own regulatory system, which is adapted for smaller companies and growth companies, to promote good investor protection. As a result of differences in the scope of the various regulations, an investment in shares traded on Spotlight Stock Market may be riskier than an investment in shares traded on a regulated market.

Organization

The Board consists of Chairman Andreas Segerros and members Per Asplund, Peter Benson, Rolf Eriksson and Svante Wadman. The CEO is Anders R Holmberg.

Key persons

Sten Nilsson, (b.1948), MD, PhD, professor of oncology, is an internationally recognized authority in urological oncology. He has extensive experience in the design and implementation of early clinical studies, such as Algeta's Radium-223 studies, which subsequently led to the approval of a new drug, Xofigo.
Anders R Holmberg (b.1951), PhD and chemical engineer, is a specialist in glycosylation chemistry with> 30 years of experience in this field including process development.
Marcela Márquez (born 1960), Professor of Biotechnology.

Executive Board
Sten Nilsson, Board member
Anders R Holmberg, Board member
The Executive Board was formed in 2023 and is tasked with supporting the Board in medical matters.

Scientific Advisory Board

DexTech has a large national and international network that contributes to cost-effective research and development.

Lennart Meurling, Associate Professor in Organic Chemistry. Meurling has over 30 years of experience in senior positions in the pharmaceutical industry as well as pharmaceutical control in healthcare. Meurling has been a shareholder in DexTech since 2006.

Marcela Márquez, Professor of Biotechnology. Marcela Márquez is married to Anders R Holmberg.

Ulf Lerner, PhD, professor. Lerner is a leading specialist in bone and bone disease (Oral Cell Biology, Umeå University, Centre for Bone and Arthritis Research, Institute of Medicine, University of Gothenburg).

Meir Wilchek, professor, Chemistry & Biophysics, The Weizmann Institute of Science, Israel. Wilcheck is scientific advisor to DexTech.

Networks and collaborations

In addition to a large network in Sweden, the Company also has an extensive international network that contributes to cost-effective research and development. Work is often carried out as academic exchange projects e.g. postgraduate education leading to a doctoral degree for the student.

Europe

- Helsinki University Hospital, Finland
- European Institute of Oncology, Milan, Italy
- Atlantic Bone Screen, Nantes, France
- Ångströmlab. Uppsala University, Sweden
- Pharmaplus Consultancy, The Netherlands
- University Trás-os-Montes och Alto Douro, Vila Real, Portugal

Middle East/Asia

- King Feisal Research Center, Ryijad, Saudi Arabia
- The Weizmann Institute of Science, Israel
- Shandong University Hospital, Shandong, China
- Beijing University, Beijing, China

North America

- Memorial Sloan-Kettering Cancer Center (MSKCC), New York, USA
- UANL, Monterrey, Mexiko
- UDEM/Mougerza Hospitals, Monterrey, Mexiko
- TechSphere Corp. Mexico City, Mexico

South America

- Ipiranga University Hospital, Sao Paolo, Brazil

For the conduct of the phase I/IIa study, Harrison Clinical Research, HCR, was hired as a CRO company. For the phase IIb study, the Company has engaged SynteractHCR Inc as a CRO company until 2015. With the change in the study design at the beginning of 2016, Crown-CRO Oy was hired as GCP responsible (good clinical practice) for the OsteoDex study. For the production of substances for the implementation of the studies, the Company has engaged Biovian Ltd, Turku, Finland.

Financial overview

Crowns	*2022-07-01 2023-06-30*	*2021-07-01 2022-06-30*	*2020-07-01 2021-06-30*	*2019-07-01 2020-06-30*	*2018-07-01 2019-06-30*
Net sales	–	–	-	-	–
Profit after net financial items	-4 590 427	-5 269 669	-6 075 224	-7 713 785	-8 355 606
Earnings per share	-0,25	-0,31	-0,41	-0,52	-0,57
Cash and cash equivalents	25 235 567	35 472 553	3 456 700	6 091 442	11 283
Balansomslutning	35 031 477	39 589 447	7 233 610	13 343 751	22 430 879
Equity ratio %	98	98	97	98	93
Cash flow from operating activities	-1 552 179	-2 000 088	-1 999 767	-2 260 873	-1 672 791
Cash flow from investing activities	-8 710 807	-3 115 500	-634 975	-596 336	-2 263 921
Cash flow from financing activities	26 000	37 131 441	-	8 937 368	300 000
Cash flow for the year	-10 236 986	32 015 853	-2 634 742	6 080 159	-3 636 712

Proposal for appropriation of earnings

The Board of Directors proposes that standing earnings available:

Share Premium reserve	105 195 317
Retained earnings	-76 334 705
Profit/loss for the year	-4 590 427
	24 270 185

be disposed of in such a way that:

in new count is transferred;	24 270 185
	24 270 185

The result of the company's operations and the financial position at the end of the financial year are otherwise shown in subsequent income statements and balance sheets and related notes.

Income statement

SEK	Note	2022-07-01 2022-06-30	2020-07-01 2021-06-30
Net sales		-	-
Activated work for own account		8 710 807	3 115 500
		8 710 807	**3 115 500**
Operating expenses			
Other external costs		-9 526 986	-4 614 372
Personnel costs	2	-1 058 815	-741 937
Depreciation and write-downs of tangible and intangible fixed assets	3	-3 064 308	-3 028 860
Operating income		**-13 650 109**	**-8 385 169**
Profit from financial items		**-4 939 302**	**-5 269 669**
Interest and similar income		348 875	-
Profit before tax		**-4 590 427**	**-5 269 669**
Tax		**-**	**-**
Profit for the year		**-4 590 427**	**-5 269 669**

Balance sheet

SEK	Note	2023-06-30	2022-06-30
ASSETS			
Fixed assets			
Intangible fixed assets			
Balanced expenditure on research and development and similar works	4	8 966 037	3 175 498
Concessions, patents, licenses, trademarks and similar rights	5	245 167	389 207
		9 211 204	**3 564 705**
Financial fixed assets			
Other long-term securities holdings	6	1 000	1 000
Total fixed assets		**9 212 204**	**3 565 705**
Current assets			
Current receivables			
Other receivables		111 398	203 719
Deferred costs and accrued income		472 308	347 470
		583 706	**551 189**
Cash and bank		25 235 567	35 472 553
Total current assets		**25 819 273**	**36 023 742**
TOTAL ASSETS		**35 031 477**	**39 589 447**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		831 864	831 864
Development fund		9 211 204	3 564 705
		10 043 068	**4 396 569**
Unrestricted equity			
Premium fund		105 195 317	105 195 317
Retained profit or loss		-76 334 705	-65 444 538
Profit for the year		-4 590 427	-5 269 669
		24 270 185	**34 481 110**
Total equity		**34 313 253**	**38 877 679**
Current liabilities			
Accounts payable		146 201	253 427
Other liabilities		23 105	28 105
Accrued costs and deferred income		548 918	430 236
Total liabilities		**718 224**	**711 768**
TOTAL EQUITY AND LIABILITIES		**35 031 477**	**39 589 447**

Report on changes in equity

	Restricted equity			Unrestricted equity		
SEK	Share capital	Develop-ment fund	Premium fund	Retained earnings	Profit/loss for the year	Total equity
Equity 2022-07-01	831 864	3 564 705	105 195 317	-65 444 537	-5 269 669	38 877 679
Transfer of previous year's re-sult				-5 269 669	5 269 669	0
Warrant program				26 000		26 000
Transfer to development fund		5 646 499		-5 646 499		0
Profit for the year					-4 590 427	-4 590 427
Equity 2023-06-30	**831 864**	**9 211 204**	**105 195 317**	**-76 334 705**	**-4 590 427**	**34 313 253**

	Restricted equity			Unrestricted equity		
SEK	Share capital	Develop-ment fund	Premium fund	Retained earnings	Profit/loss for the year	Total equity
Equity 2021-07-01	671 422	3 478 065	68 224 318	-59 282 673	-6 075 224	7 015 908
Transfer of previous year's re-sult				-6 075 224	6 075 224	0
Rights issue*	160 442		36 970 999			37 131 441
Transfer to development fund		86 640		-86 640		0
Profit for the year					-5 269 669	-5 269 669
Equity 2022-06-30	**831 864**	**3 564 705**	**105 195 317**	**-65 444 537**	**-5 269 669**	**38 877 679**

* The line for new issue includes issue costs of SEK 9,218,486.

Cash flow statement

	Not	2022-07-01	2021-07-01
SEK	7	**2023-06-30**	**2022-06-30**
The ongoing business			
Profit after financial items		-4 590 427	-5 269 669
Adjustments for items not included in the cash flow, etc.		3 064 308	3 028 860
		-1 526 119	-2 240 809
Paid tax		-	-
Cash flow from operating activities before changes in working capital		-1 526 119	-2 240 809
Cash flow from changes in working capital			
Increase (-) / Decrease (+) of operating receivables		-32 516	-253 345
Increase (+) / Decrease (-) of operating debt		6 456	494 066
Cash flow from operating activities		-1 552 179	-2 000 088
Investment			
Acquisition of intangible fixed assets		-8 710 807	-3 115 500
Cash flow from investing activities		-8 710 807	-3 115 500
Financing activities			
New issue		-	46 349 927
Costs for the right issue		-	-9 218 486
Warrant program		26 000	-
Cash flow from financing activities		26 000	37 131 441
the year's cash flow		**-10 236 986**	**32 015 853**
Cash and cash equivalents at the beginning of the year		35 472 553	3 456 700
Cash and cash equivalents at year-end		**25 235 567**	**35 472 553**

Note

Amount in SEK unless otherwise stated.

Note 1 Accounting principles

General accounting principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and in accordance with the Swedish Accounting Standards Board's general advice BFNAR 2012: 1 annual report, K3. The accounting principles are unchanged compared to previous years.

Intangible assets

Expenditure on research, i.e. planned and systematic applicants for the purpose of obtaining new scientific or technical knowledge and insight are reported as costs when they arise.
When reporting expenditure on development, the capitalization model is applied. This means that expenditure incurred during the development phase is recognized as an asset when all of the following conditions are met:
- It is technically possible to complete the intangible fixed asset so that it can be used or sold.
- The intention is to complete the intangible fixed asset and to use or sell it.
- There are prerequisites for using or selling the intangible fixed assets.
- It is likely that the intangible fixed asset will generate future economic benefits.
- There are necessary and adequate technical, financial and other resources to complete the development and to use or sell the intangible fixed assets.
- The expenses attributable to the intangible fixed asset can be calculated reliably.

Internally accumulated intangible fixed assets are reported at cost less accumulated amortization and impairment losses.
The cost of an internally generated intangible fixed asset consists of all directly attributable expenses (eg materials and wages).

Other intangible assets

Other intangible fixed assets acquired are reported at cost less accumulated depreciation and impairment losses.

Impairment of intangible fixed assets

At each balance sheet date, it is assessed whether there is any indication that an asset's value is lower than its carrying amount. If such an indication exists, the asset's recoverable amount is calculated.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments valued on the basis of acquisition value) in BFNAR 2012: 1.

Accounting in and removal from the balance sheet

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the contractual terms of the instrument. A financial asset is removed from the balance sheet when it the contractual right to the cash flow from the asset has ceased or been regulated. The same applies when the risks and rewards associated with the holding are essentially transferred to another party and the company no longer has control over the financial asset. A financial debt is removed from the balance sheet when the agreed obligation has been fulfilled or terminated.

Valuation of financial assets

Financial assets are valued at acquisition value at initial recognition, including any transaction costs that are directly attributable to the acquisition of the asset.

Income

The inflow of financial benefits that the company has received or will receive on its own account is recognized as revenue. Revenue is measured at the fair value of what has been or will be received, less discounts.

Depreciation

Depreciation is applied on a straight-line basis over the asset's estimated useful life. Depreciation is recognized as an expense in the income statement.

Leasing

All leasing agreements are reported as operational.

Cash Flow Analysis

The cashflow statement is prepared according to indirect method. The reported cash flow only covers transactions that entail receipts or disbursements

Note 2 Employees and personnel costs

	2022-07-01 2023-06-30	2021-07-01 2022-06-30
The average number of employees		
Women	0	0
men	1	1
	1	**1**
Wages, allowances and social costs		
Salaries and other remuneration to the Board and CEO	935 343	627 397
Other social costs	61 766	61 260
	997 109	**688 657**

Note 3 Depreciation and write-downs

Fixed assets are depreciated according to plan over the expected useful life.
The following depreciation percentages apply:

	2022-07-01 2023-06-30	2021-07-01 2022-06-30
Intangible assets		
Concessions, patents, licenses, trademarks and balanced expenses.	20%	20%

Note 4 Balanced expenditure on research and development work and similar work

	2023-06-30	2022-06-30
Accumulated acquisition values		
Accumulated acquisition value at the beginning of the year	54 106 937	51 081 851
Capitalization	8 667 343	3 025 086
Accumulated acquisition values at year-end	**62 774 280**	**54 106 937**
Accumulated depreciation		
Accumulated depreciation at the beginning of the year	-50 931 439	-48 146 296
Depreciations for the year	-2 876 804	-2 785 143
Outgoing accumulated depreciation	**-53 808 243**	**-50 931 439**
Closing balance	**8 966 037**	**3 175 498**

Note 5 Concessions, patents, licenses, trademarks and similar rights

	2023-06-30	2022-06-30
Accumulated acquisition values		
Accumulated acquisition value at the beginning of the year	4 634 199	4 543 785
Purchase	23 328	90 414
Accumulated acquisition values at year-end	**4 657 527**	**4 634 199**
Accumulated depreciation		
Accumulated depreciation at the beginning of the year	-4 244 992	-4 001 275
Depreciations for the year	-167 368	-243 717
Outgoing accumulated depreciation	**-4 412 360**	**-4 244 992**
Closing balance	**245 167**	**389 207**

Note 6 Other long-term securities holdings	**2023-06-30**	**2022-06-30**
Shares in unlisted companies	1 000	1 000
	1 000	**1 000**

Note 7 Additional information for cash flow analysis

	2022-07-01 2023-06-30	**2021-07-01 2022-06-30**
Interest paid and dividends received		
Interest received	274 700	-
Interest paid	-	-
Adjustments for items that are not included in cash flow, etc.		
Depreciation and impairment of assets	3 064 308	3 028 860
	3 064 308	**3 028 860**

Note 8 Significant events after the end of the financial year
No significant events after the end of the financial year can be reported.

Note 9 Definitions

Adjusted equity

The adjusted equity is calculated as the sum of reported equity + 79.4% of the company's untaxed reserves.

Equity per share

Adjusted equity in relation to the number of shares on the balance sheet date.

Cash and cash equivalents

Cash, bank balances and short-term investments with a remaining fixed term of less than three months from the balance sheet date.

Earnings per share

Profit for the year in relation to the average number of shares during the year.

solidity

Adjusted equity in relation to total assets.

Signed electronically. Dating according to our electronic signature

Andreas Segerros Chairman	Per-Olov Asplund	Peter Benson
Rolf Eriksson	Svante Wadman	Anders Holmberg Chief executive officer

Auditor's endorsement

Our audit report has been submitted on the date shown by our electronic signature

KPMG AB

Per Hammar
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Dextech Medical AB, corp. id 556664-6203

Report on the annual accounts

Opinions

We have audited the annual accounts of Dextech Medical AB for the financial year 2022-07-01—2023-06-30. The annual accounts of the company are included on pages 8-22 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of Dextech Medical AB as of 30 June 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Dextech Medical AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.
In preparing the annual accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Dextech Medical AB for the financial year 2022-07-01—2023-06-30 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Dextech Medical AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.
The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Uppsala 20 September 2023

KPMG AB

Per Hammar
Authorized Public Accountant