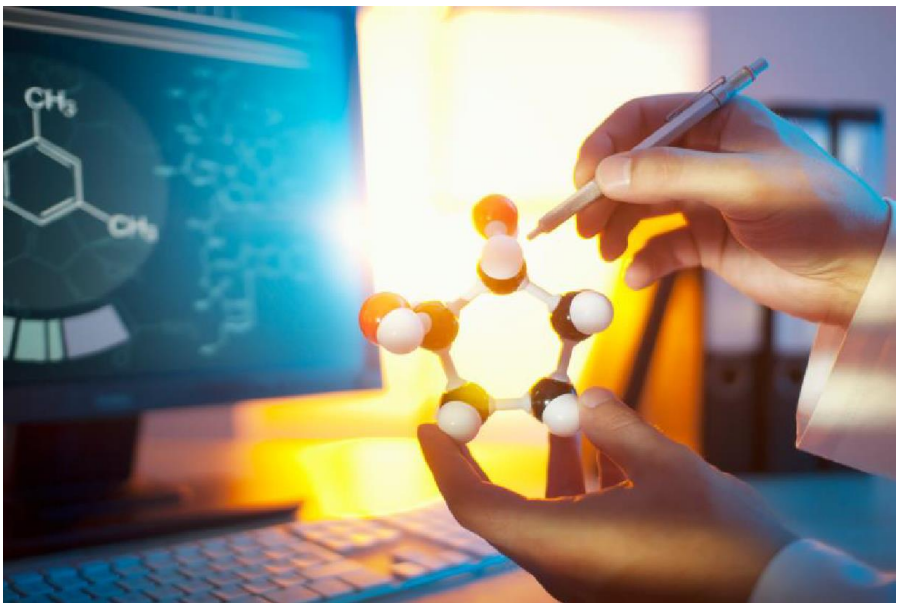
Annual report
2020-07-01 - 2021-06-30
Dextech Medical AB (publ)
Org.nr 556664-6203



DexTech is a Swedish research company specializing in urological oncology, mainly 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 cancer in men in the Western world.

(This text is an in-house translation of the original Annual Report 2020-07-01 - 2021-06-30 in Swedish)

Content: page

The annual report of DexTech Medical AB, org.nr *556664-6203,* consists of the Annual Report and the accompanying financial statements on pages 8-21.

The annual report is published in Swedish and English.

Operating activities

DexTech conducts oncology with the development of new drug candidates primarily for urological oncology, but also for other cancers.
DexTech develops drug candidates based on a carbohydrate in combination with active substances such as 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 conjugated for target-specific treatment of mCRPC, and GuaDex, which is generally specifically tumor cell killing and constitutes technology plateau. *OsteoDex for the treatment of mCRPC is the company's main candidate.*

In June 2020, DexTech's Phase IIb study on the drug candidate ODX for the treatment of skeletal metastatic castration-resistant prostate cancer (mCRPC) was completed, with 2-year follow-up results obtained from the last patients. The follow-up results from the study were very positive and indicate that treatment with ODX may slow down the disease. The results show significantly longer survival in patients who responded to treatment. Treatment was very well tolerated (no serious side effects) and good disease-slowing effect was also seen in the lowest doses. ODX also showed the deceleration and regression of the disease in patients where the disease progressed after treatment with one or more of the other available medications for castration-resistant prostate cancer. DexTech is working towards the company's primary goal, to enter into an agreement with a licensee for the company's 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 case 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 cancer drug market in 2020 was estimated at USD 158 billion (https://www.mordorintelligence.com/industry-reports/cancer-therapy-market). The US dominates the world market by about 49%, and Europe accounts for around 22%. Africa, Asia and Australia together make up just over 16 per cent, Japan makes up just over eight per cent of the world market and Latin America just over four per cent 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 cancer with 103 cases per 100,000 inhabitants.
Around 1.75 million men are estimated to have prostate cancer in the seven largest drug markets, the US, UK, Germany, France, Italy, Spain and Japan. Approximately 20-25%, corresponding to more than 400,000 prostate cancer patients, develops incurable castration-resistant prostate cancer (CRPC) with skeletal metastases (*Reference: The cancer market outlook).*

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

Twenty to 25% of patients develop CRPC, an incurable stage of prostate cancer where approximately 90% have metastases in the skeleton. Patients may have severe 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 can be severe and disabling in the majority of patients, with a pronounced negative effect on quality of life and mobility. Experienced clinicians describe mCRPC as a skeletal disease. Over time, existing treatment lacks efficacy and the patient dies of

his disease. The median survival at mCRPC is only about 1-2 years (Reference: Kirby, M. Characterizing the castration-resistant prostate cancer population: a systematic review, The International Journal of Clinical Practice).

Virtually all patients who die from their prostate cancer, today about one in four patients, have castration-resistant disease. Today, only a few medicines are registered for life-prolonging treatment of castration-resistant prostate cancer: docetaxel (Taxotere) and cabazitaxel (Jevtana), both of which are so-called cytostatics, as well as abirateron (Zytiga), enzalutamide (Xtandi) and Radium-223 (Xofigo). Abirateron and enzalutamide are hormonally active (inhibitors/blockers) while Radium-223 is bound to skeletal areas where daughter tumors (metastases) are localized and emit a local radioactive radiation effect there. These five preparations have been shown to slow down the tumour disease in most patients and prolong survival by the order of 2.5- 5 months.

All have more or less serious side effects and the individual status of the patient determines which treatment can be used. All treatment of mCRPC patients aims to be disease-slowing and palliative where treatment can at best prolong the life of the patient. Each of these medicines has a relatively short duration of action as after a limited period of time all patients' disease becomes resistant to the preparations. No curative medicine is yet in sight and the need for new disease-slowing preparations is great ("unmet need").
Against this background, DexTech has developed a complementary drug candidate that can be used when other medicines fail. Due to the high use of the five life lengthening medicines and the fact that all of them eventually fail, the number of patients who lacks effective treatment is increasing. OsteoDex has shown the potential to be useful for these patients.

Other potential indications for OsteoDex

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

Breast cancer is the globally most common cancer 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, approximately 15–20% of breast cancer patients develop advanced breast cancer. 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 controlled by the characteristics of the individual tumour (*Reference: SweBCG, national guidelines for the treatment of breast cancer*).

Lung cancer is divided into two main groups: non-small cell lung cancer and small cell lung cancer. Approximately 80 percent of all lung cancer cases are non-small cell lung cancer (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 them die from it. The lack of active and well-tolerable medicines is glaring. There is currently no curative (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 derived from plasma cells in the bone marrow with the simultaneous destruction of bones through interaction with osteoclasts (similar to mCRPC). The disease is generally incurable and is currently treated with several medicines, mainly with derivatives of Thalidomide (Lenalidomide, Pomalidomide) which is immunomodulatory treatment, Bortezomib, a so-called proteasome inhibitor, and dexamethasone, which is a kind of cortisone preparation. Sometimes bone marrow transplantation is also performed. Previously, Melphalan was often used as a type of chemotherapy (chemotherapy). Most patients relapse and need new treatment. The drugs against 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 since the 1950s) as a backbone in the designs of new drug candidates (GuaDex). GuaDex binds to tumor cells, is absorbed and kills tumor cells (denaturing). Other substances may be linked to GuaDex, whereby the properties may be altered to enhance the intended effect, while minimizing side effects (lower toxicity i.e. 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/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 made to several different pharmaceutical companies, creating new business opportunities for DexTech. The technology platform can be likened to a "Lego box" with multiple possibilities to build new molecules. The pipeline contains several substances with different properties and application areas that broaden DexTech's business opportunities.

The company's main candidate, *OsteoDex*, for the treatment of skeletal metastases at mCRPC, has been shown to have a clinical tumour-killing effect after clinical studies and at the same time with potent inhibition of osteoclasts (bone-degrading bone cells).

Clinical Studies OsteoDex

Phase 1. After promising preclinical results with OsteoDex, a phase I/IIa clinical trial was started in February 2012. The primary goal was to study tolerability and possible side effects. The study was a multicenter study conducted at The University Hospitals in Umeå and Lund and at Södersjukhuset in Stockholm.

The study involved 28 CRPC patients divided into 7 dose groups. Four patients in each dose group and with an increasing dose.

The results show that OsteoDex has low toxicity with high tolerability. Only minor side effects have been noted. In the highest dose group, a strong effect on so-called bone markers is noted in two of the four patients in total. Bone markers often reflect the course of the tumor 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 of DexTech's Phase I study on OsteoDex treatment of castration-resistant prostate cancer form the basis of the completed Phase II study.

Phase 2. The original study protocol with ID ODX-002, was approved by the Swedish and Danish Medicines Agency in October 2014 (a placebo-controlled randomized phase II multicenter study) for OsteoDex for the treatment of castration-resistant prostate cancer with skeletal metastases (CRPC). On October 27, 2015, DexTech decided to change the study design and to give all study patients active substance (OsteoDex). This is as 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 more rapidly gain knowledge of the tumor-braking effect in relation to dose, the power parameter requested by prospective licensees. DexTech also responded to patients' requests for access to active substance and thus avoid risking randomization to the placebo group. The decision to approve 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 efficacy of OsteoDex in the treatment of CRPC. The study included the 55 well-defined CRPC patients. The patients are divided between three branches of treatment (blinded distribution, 3 increasing dose levels of OsteoDex). Treatment continued for 5 months and the OsteoDex treatment was given provided every two weeks. The study was conducted in Sweden (Norrland University Hospital in Umeå, Södersjukhuset in Stockholm and University Hospital in Örebro), in Finland (Tampere University Hospital), in Estonia (East Tallin Central Hospital and Tartu University Hospital) and in Latvia (Riga East University Hospital and Daugavpils Regional Hospital). The first patient received his first treatment in September 2016 at Södersjukhuset in Stockholm.

In connection with these 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 specializes in oncology studies in the Nordic and Baltic countries. Crown-CRO Oy replaces the company's former partner SynteractHCR.

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

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

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

In December 2018, the full 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 skeletal metastasisation. 35% of patients who completed treatment received reduced tumour burden in the skeleton. Prior to recruitment to the study, the majority of patients receiving reduced bone tumour burden had been treated with, and no longer responded to, two or more of the drugs currently available (docetaxel, cabazitaxel, abirateron, 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 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 reduced levels of markers related to bone metabolism and particularly marked reduction was noted in 67% of patients for 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. Tolerability was remarkably good with only few side effects. No patients had to discontinue treatment due to side effects and no drug related serious adverse events (SAEs) related serious adverse events (SAEs) could be noted. The three dose arms in the protocol exhibit an equivalent treatment effect. The interpretation is that even the lower doses are sufficient to saturate the metastasis areas of the skeleton. The results meet the primary objective of the protocol.

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

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

The deceleration and regression of the disease was also seen in patients where the disease progressed after treatment with several of the other available medications for castration-resistant prostate cancer.

In phase IIb of the secondary endpoints of the study there is total survival studied through 24 months of follow-up after stopping treatment.

The follow-up results from the study were very positive and show thatOsteoDextreatment can slow down the disease. The results show the significantly longer survival of 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 patients who responded to treatment, with deceleration or stabilization of the disease, compared to 28% for other patients (significance, $p < 0.05$).
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 a body-specific hormone, somatostatin for the treatment of acromegaly, neuroendocrine tumors and palliative treatment in advanced prostate cancer. SomaDex has undergone a phase I clinical 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* is 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 Conjugate:*** For target-specific treatment of mCRPC that overexpresses PSMA (prostate specific membrane antigen). The association is based on the platform, GuaDex.

SomaDex

Somatostatin is a body-specific hormone with many effects on humans. One effect is action such as a natural "shut-off hormone", i.e. can turn off secretion of growth factors (proteins that stimulate growth) and various hormones such as growth hormone in acromegaly (pituitary tumor disease). Several tumor types express somatostatin receptors (recipient proteins for somatostatin) and including some pituitary tumors, neuroendocrine tumors, 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 in the palliative treatment of prostate cancer. Natural somatostatin is unstable (breaks down rapidly in the body) and therefore has very limited clinical usability. Synthetic somatostatin analogues are currently 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 approximately 37 hours compared to about 3 minutes for natural somatostatin. This, together with the fact that the biological properties of somatostatin have been preserved in SomaDex, provide high clinical usability. There is currently no synthetic somatostatin with the same properties as natural somatostatin.

Results from a clinical pilot study in CRPC patients with SomaDex as monotherapy, show a significant relief of symptoms and with improved function and 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) 2009. DexTech withdrew the project in 2012 when TechSphere was unable to fulfil its part in the license agreement (further development of SomaDex).

The SomaDex project is currently dormant.

Development of the platform, CatDex to GuaDex

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

PSMA-binding association

In June 2016, DexTech filed a patent application for important innovations 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. psma is present in greater quantities 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 the so-called target-specific treatment of prostate cancer. Such molecules (including antibodies to PSMA) have been produced in several laboratories but still present challenges in terms of production for clinical use, durability, patent protection, regulatory requirements, etc.

DexTech has now, with the help of the company's technology platform, developed a new PSMA-binding association. The new substance has unique properties in that it has multiple PSMA-binding parts and can carry more loads of cell-killing substances than has been possible with hitherto produced PSMA-specific molecules. The production of the new substance can relatively easily be 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. DexTech intends to seek a development partner for the new drug candidate's pre-clinical/clinical development.

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 autumn 2017, DexTech filed an international patent application (so-called.PCT application). Patents are now approved and granted in Europe (2020). The application is approved, and a patent has been granted in Europe. The patents are valid until 2038.

Approved medicines for mCRPC

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

The pharmaceutical industry's portfolio for the development of medicines for prostate cancer is large with more than 400 candidates in active development. For patients with CRPC who have skeletal metastases, docetaxel *(Taxotere,*Sanofi) is the first choice in chemotherapy. Docetaxel and cabazitaxel (*Jevtana*) had a total sales in 2016 of € 537 million (the figure also includes the treatment of other cancers). Like most cytostatics, Docetaxel 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 market this decade, including abirateron (*Zytiga*,Janssen). Zytiga is highly priced in the US, about SEK 260,000 per treatment. Pricing in Sweden initially meant that many regions did not use Zytiga, which underlines the importance of having a price that the market principals, such as county councils in Sweden, can accept. At present, Zytiga is used by most regions. In 2017, Zytiga achieved global sales of approximately $2.5 billion. The indication for this medicine is both pre-chemo (before docetaxel) and post-chemo (after docetaxel).

Jevtana (Sanofi), was approved for sale 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 medicine 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 Company 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 EMA in December 2013. Xofigo is priced on a par with Zytiga and had a sales of approx. 1 billion Euro for 2017. The indication for this medicine 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 medicine is both pre-chemo (before docetaxel/Taxotere) as well as post-chemo (after docetaxel/Taxotere).

In 2010, Dendreon launched *Provenge* on the U.S. market after fda approval. 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 totaled $300 million. Provenge is an immunotherapy in which patients' white blood cells are treated with the drug to make them immunologically more potent. They are then reintroduced to the patient intravenously. The indication for this medicine is pre-chemo (before Taxotere). In 2017, Dendreon Pharmaceuticals sold Provenge to Chinese Sanpower for EUR 774 million.

Zometa (Novartis) is used in prostate cancer with skeletal metastases to delay skeletal events. Zometa belongs to the pharmaceutical group bisphosphonates, which have their greatest use in the treatment of osteoporosis (osteoporosis). Zometa had annual global sales of approximately $1.5 billion in 2010 and 2011. In 2013, sales totaled $600 million, a big drop in sales as the drug's patents expired and made free for generics. Zometa is the leading bisphosphonate drug in the indication prostate cancer with skeletal metastases, CRPC. Zometa has no effect on the tumor disease but delays skeletal events such as SRE, such as fractures.

1 The 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-extending medicines for mCRPC lose their effect over time and hence the need for new active drugs is great. OsteoDex has also been shown to have a good effect on patients who have failed existing treatment.

The value of the annual sales of the five life-extending medicines in 2018 (ref: annual reports for each company, Taxotere (docetaxel)/Jevtana, Zytiga, Xtandi, Xofigo) amounted to approximately USD 10 billion. It 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. Growth is expected to be driven primarily by the increased incidence of prostate cancer along with the launch of anti-disease drugs.

There is a great need for new medicines that can extend life with relatively maintained quality of life for patients with CRPC. Today, there are only a few medicines registered for this purpose. All have more or less serious side effects and the individual status of the patient determines which treatment can be used. Each of these medicinal products has a relatively short duration of action when the disease becomes resistant to the preparations after a limited period of 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 ageing population.

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

GMP Manufacturing

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

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

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

Marketing

As part of a deliberate strategy to prepare for future licensing deals, DexTech has informed a large number of pharmaceutical companies about its operations i.e. disclosed non-confidential information. This in turn has resulted in a number of confidentiality agreements where detailed and confidential information has been shared about OsteoDex. Today, the development of OsteoDex is followed by several large pharmaceutical companies that have requested confidential information. The Board of Directors believes that the strategy provides good conditions in the work to achieve a license agreement with a future license partner.

Patent

DexTech's inventions are protected by patents granting the Company exclusive exclusive rights. In other words, DexTech owns all patents and patent applications filed since the Company was founded in 2004. Patent applications are filed in countries where pharmaceutical research and development is progressing, as well as in those countries that make up major markets for pharmaceutical products. The patents usually run for 20 years, but in some cases can be extended 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 collective assets and rights are protected through clear agreements, strong patents and a wise management 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 as well as 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 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. The patents provide market exclusivity over the life of the patents. Non-patents or patents that do not sufficiently protect the Company's operations from competition risk impairing the chances of obtaining licensing 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 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, usa, and Europe (registered in Belgium, Switzerland, Germany, France, United Kingdom, Italy and Sweden). The patent was valid until 12 October 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 6 March 2028.

Patent family 3 - filed 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, The United Kingdom, Italy and Sweden). The patents are valid until 7 April 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 autumn 2017, DexTech filed an international patent application (so-called.PCT application). The application is approved and a patent has been granted in Europe. The patents are valid until 2038.

Management report

The Board of Directors and ceo of Dextech Medical AB (DexTech), org.nr. 556664-6203, with its registered office in Stockholm, may hereby issue the annual report for the financial year 2020-07-01 – 2021-06-30. The company is a public company.

General

DexTech Medical develops drug candidates with application in urological oncology, mainly prostate cancer. Operations began 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 conjugate for target-specific treatment of mCRPC, and GuaDex, which is generally specifically tumor cell killing and constitutes technology plateau. *OsteoDex for the treatment of mCRPC is the company's main candidate.* Patents/patent applications for drug candidates are available in several key markets

Significant events during the financial year 2020/2021

DexTech announced on February 1, 2021 that it had expanded its preclinical program by also including the study of osteodex's effect on Multiple Myeloma, (MM), in vitro, cell cultures. MM is a malignant tumor disease of the bone marrow, which causes skeletal breakdown. MM is an incurable disease where a number of different treatments are used to slow down the process. The treatments often have severe side effects. The company sees OsteoDex as very promising for the treatment of MM based on its mechanism of action and mild side effects.

In conclusion, a potent treatment effect is visible, even at low concentrations of OsteoDex. Efficacy at low concentration is an important result in in vitro testing and indicates possible efficacy in vivo (in living organism). The observed cell-killing effect is superior to the compared substance, Melphalan, which is one of the standard preparations in the treatment of MM.

Business

Through licensing deals with strategic partners in the form of major pharmaceutical companies, DexTech seeks 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 case of achieved development goals, so-called milestone compensation and future royalties on sales. Such partners have financial resources, experience in major clinical studies and established contacts with registration authorities. These partners will also be responsible in the future 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 affecting patient survival is considered significant.

The time for signing cooperation agreements with pharmaceutical companies is a business decision that is determined by costs, risk, skills needs and the value that another step in-house would add. Such cooperation agreements ensure that projects are brought to the knowledge and resources of large pharmaceutical companies at an early stage and DexTech avoids tying excessive resources in a single project. It is in the Company's own interest to work without sacrificing safety to minimize the time until the launch of medicines.

Overall objectives

- To ensure OsteoDex's continued clinical development through partnerships during the financial year 2021/2022
- To conduct a clinical “proof of concept” multiple myeloma study during the financial year 2021/2022 (short study showing the relevance of the preparation with a limited number of patients)
- Continuing preclinical development of PSMA-Dex
- Developing CatDex/GuaDex for new indications
- Verifying/developing broadened indication for OsteDex for breast and lung cancer

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

Prospects

The continued clinical development of OsteoDex will be carried out by or together with a prospective licensee. The Rights Issue 2019 ensures continued operation until the end of 2022. The proceeds from the issue are mainly used to finance license negotiations and to secure the company's continued research and development work.

DexTech's main drug candidate OsteoDex has a unique dual mode of action, tumor-specific denaturing and inhibition of bone-absorbing cells (osteoclasts). OsteoDex has been studied in a phase II clinical 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 justified 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 significant tumor cell killing effect demonstrated on various Multiple Myeloma tumor cell lines. OsteoDex shows strong efficacy at low concentrations. The project will now be developed further into clinical research and a formal protocol is being prepared. The study is planned to be conducted at approximately five hospital centers in Scandinavia and involve approximately 20 selected patients with Multiple Myeloma. The aim is for the study to provide possible proof of concept and thus further verify OsteoDex's high value as a potential cancer drug. The market for the new indication is estimated to be twice that of mCRPC.

Financial position and future capital needs

DexTech has until today been mainly financed by current shareholders. Since its inception in 2004, the company has raised SEK 73 million in equity. In addition, capital has been received from 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 outlicensing 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 education, which leads to a PhD for the student.

Continued operations (Going concern)

Research and development of new medicines is a capital intensive business and, as shown in the income statement, the Company has no revenue. The Rights Issue 2019 ensured continued operation until the end of 2022. The aim is for licensing revenues to finance operations accordingly.

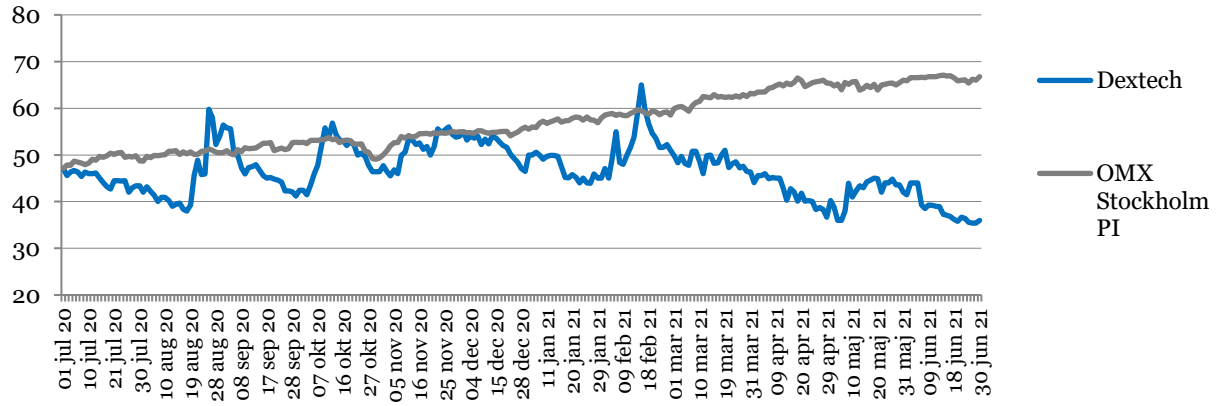
The new study described above under the perspective of the future will be financed through a directed share issue. Details of the new share issue will be presented when the preparatory work for the study is completed, which is expected to be completed in the second half of 2021.

Share

The DexTech share was listed on Spotlight Stock Market on June 19, 2014. Trading is under the designation DEX. The number of outstanding shares at the beginning and end of the financial year amounted to 14,920,478.

At the end of the financial year, the share price for DexTech Medical was SEK 35.40 and the reported equity per share was SEK 0.47 after dilution from the rights issue. The market value amounted to SEK 528 million. The number of shareholders was 1,147.

Development of share price per share during the financial year 2020/2021



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 developments on the stock exchange.

Owner table as of June 30, 2021

Name	Number of shares	Share of votes and capital (%)
Svante Wadman	3 969 369	26,60
Anders R Holmberg	1 563 227	10,48
Sten Nilsson	1 432 724	9,60
Donald Ericsson Fastigheter VI AB	1 124 750	7,54
Gösta Lundgren (including related parties)	1 101 341	7,38
Hans Andersson (including related parties)	1 035 848	6,94
Mats Ragnarsson Holmberg	430 000	2,88
Peter Kanekrans	383 329	2,57
Lennart Meurling	287 462	1,93
Other	3 592 428	24,08
Total	**14 920 478**	**100,00**

Liquidity guarantor

The Company has appointed Sedermera Fondkommission as the market maker for its share in connection with the listing on Spotlight Stock Market. The aim is to promote good liquidity in the share and ensure a low spread between the buy and sell price in the current trading. According to the agreement, Sedermera will ensure a spread between the purchase and sell price of a maximum of 6 percent. On the buy and sell side, Sedermera shall ensure a volume equivalent 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 number of shares	Increase in share 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	Right issue	100	1 100	110 000	2 100	210 000	860 000	781 818
2006	Right issue	100	234	23 400	2 334	233 400	750 000	6 730 769
2007	Right issue	100	123	12 300	2 457	245 700	2 500 000	47 439 024
2010	Stock split (100:1)	1	243 243	-	245 700	245 700	-	-
2010	Right issue	1	6 143	6 143	251 843	251 843	2 500 201	99 999 900
2011	Right issue	1	25 185	25 185	277 028	277 028	8 499 939	84 997 027
2013	Right issue	1	5 540	5 540	282 568	282 568	1 994 400	99 730 080
2014	Right issue	1,8	-	226 054	282 568	508 622	-	-
2014	Stock split 40:1	0,045	11 020 152	-	11 302 720	508 622	-	-
2014	Right issue	0,045	2 860 000	128 700	14 162 720	637 322	30 030 000	118 678 560
2016	Right issue	0,045	590 113	26 555	14 752 833	663 877	15 342 938	368 230 720
2019	Right issue	0,045	167 645	7 544	14 920 478	671 422	10 058 700	885 169 980

Related party transactions

In addition to salary to the CEO and fees to the CFO, there are no related party transactions to report.

Significant risks and uncertainties

Several risk factors can have a negative impact on the business of DexTech. It is therefore of great importance to consider relevant risks alongside DexTech's growth opportunities. The following are risk factors without order and without any claim to be comprehensive.

Industry and company-related risks

Limited historical revenues

DexTech was founded in 2004 and has since then conducted research and development with the aim of developing drug candidates that in clinical studies will develop into approved drugs. The company has not yet, individually or through partners, launched any drug on the market and lacks recurring revenues. The company has not conducted sales or generated any sales revenue from approved drugs. The limited revenue the Company has had so far comes 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 and approval from authorities before the sale of the drug candidates can begin. There is a risk that

DexTech's drug candidates do not exhibit sufficiently positive properties in the clinical studies and/or that there is no regulatory approval. If this is the case, it poses a risk of non-future launch of medicines and loss of revenue.

Clinical studies

Before a medicinal product can be placed on the market, safety and efficacy in the treatment of humans must be ensured for each individual indication, as demonstrated by preclinical studies carried out in animals and clinical studies in humans. The pharmaceutical industry in general and clinical studies in particular are associated with high uncertainty and risks regarding delays and results in the studies. Outcomes from preclinical studies do not always correspond to the results achieved in clinical studies. Results from early clinical studies are also not always consistent with results in more comprehensive 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 result in non-approvals from authorities and thus non-commercialization and reduced or lost 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 will 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 encounter DexTech's drug candidates will experience side effects. The consequences of such potential side effects may delay or stop the continued development of products and limit or prevent the commercial use of the products, thereby affecting DexTech's turnover, results and financial position. Another consequence is that DexTech may be sued by patients who may experience side effects, with DexTech potentially being liable for damages.

Partners

DexTech has partnerships with a number of partners. There is a risk that one or more of these will choose to break their cooperation with the Company, which could have a negative impact on the business. There is also a risk that DexTech's partners will 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 calculates.

Financing needs and capital

DexTech's started and planned clinical studies and development work entail significant costs and the Company has so far no recurring revenue. There is a risk that the Company will not be able to generate substantial and recurring revenues, which is why there is a risk that the Company will not achieve positive results in the future. Any delays in clinical studies may result in cash flow being generated later than planned. During the summer of 2019, DexTech has completed a rights issue that ensures continued operation until the end of 2022. The aim is for licensing 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 mass. There is a risk that DexTech will not be able to raise additional capital, achieve partnerships or other co-financing, or that such financing cannot be obtained on favourable terms, for existing shareholders. This may cause development to be temporarily halted or DexTech to operate at a lower pace than desired, which may lead to delayed or non-commercialization and revenue. This may negatively affect the Company's operations.

Manufacturers and suppliers

The company has collaborations with suppliers and manufacturers. There is a risk that one or more of these will choose to break 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 will not fully meet the quality requirements set by the Company or otherwise fully meet its commitments to DexTech. The Company's operations depend to some extent on cooperating with other parties both for the development of products and for commercialization thereof. If existing collaborations work unsatisfactory 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 adversely affect the Company's operations and results.

Collaborations and out-licensing

DexTech is and will continue to depend on being able to find a licensing partner to conduct major clinical studies and/or in the marketing and sale of medicines. In addition to the opportunities for traditional outlicensing, DexTech's management evaluates various types of innovative forms of cooperation with major pharmaceutical companies and/or CRO partners. There is a risk that no agreements or collaborations will be reached or that such agreements cannot be reached on such favourable terms as the Company wishes or that partners do not successfully fulfill their commitments. Failure to cooperate or partners who fail in their efforts to successfully market medicines may cause reduced or lost revenue for DexTech.

In connection with a licensing agreement, one-off payments, milestone payments and royalties are expected on future sales. Milestone payments anticipated may be frozen for reasons of dispute, or because milestones are not achieved. Anticipated volume targets may be delayed or missed, thereby delaying or utterly absent royalties.

Government authorisation and registration

In order to produce, market and sell medicines, permits must be obtained and registered with the relevant authority in each market, such as the Food and Drug Administration ("FDA") in the United States 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 adversely affected in the form of reduced or lost revenue. The current rules and interpretations may change in the future, which may affect the Company's ability to meet the requirements of different authorities. Permits and registrations may be withdrawn after the Company or its partners have received these. Thus, changes in rules and interpretations, as well as revoked permits and registrations may also constitute future risk factors. In summary, government decisions may adversely affect DexTech's ability to generate revenue and the Company's financial position.

Key employees, employees and consultants

DexTech's key employees, employees and consultants have extensive expertise and extensive experience in the Company's business area. A loss of one or more persons may have negative consequences for the Company's operations and results. It is not possible to fully protect against unauthorized dissemination of information, which entails a risk that competitors will benefit from 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 the 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 manages to develop and launch an effective and safe drug within the Company's business area, this may entail risks in the form of reduced sales opportunities. Furthermore, companies with global operations that currently work with related areas can 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 biotech companies can be uncertain and include complex legal and technical issues. Patents usually have to be sought and enforced in several different jurisdictions. Patents, which form an important part of DexTech's assets, have a limited lifespan.

There is a risk that existing and/or future patent portfolios 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 incur significant costs, which may adversely affect DexTech's operations, results and financial position. Furthermore, there is always a risk in the type of business that the Company conducts that DexTech may make or allegedly infringe patents held by third parties. Other players' patents may also limit the possibilities for one or more of the Company's future partners to freely use the affected drug or production method. Nor can it be excluded 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 intellectual property disputes may result in loss of protection, prohibition of continuing to use the current right or obligation to pay damages. The possibility of concludeing important cooperation agreements may also be impaired. In addition, the costs of any dispute, even in the event of a favourable outcome for DexTech, could be significant, which could negatively affect the Company's results and financial position. The above could present difficulties or delays in commercialising future medicines and thus also difficulties in generating revenue.

DexTech also depends to some extent on know-how and trade secrets, which are not protected by the law in the same way as intellectual property rights. The company uses confidentiality agreements and thereby seeks far-reaching protection for sensitive information. However, it is not possible to fully protect against the unauthorised dissemination of information, which entails a risk that competitors will benefit from 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 on first and foremost medicines in urological oncology. Time and cost aspects in this area can be difficult to determine in advance with accuracy. This entails a risk that the research and development work may be more costly and time-consuming than planned.

Product liability

Given the nature of the business, it is relevant to take into account 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 likely, at each planned study, be limited in the scope of the insurance cover and its amount limits. There is therefore a risk that the Company's insurance coverage will not be able to fully cover any future legal claims, which could adversely affect DexTech's operations and results. There is also a risk that appropriate insurance cannot be obtained or obtained at an acceptable premium.

Economic development

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

Currency risk

Part of DexTech's costs are paid in various international currencies and part of DexTech's future sales revenues and costs may be incurable in international currencies. Exchange rates may materially change, which could negatively 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 the 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 the licensing of medicines. In the event that drug pricing generally falls, there is a risk that this may adversely affect DexTech's earning opportunities. Pricing for many types of medicines is determined in some countries at government level. At the launch of medicines, pricing may be regulated by authorities in several countries. The lower the pricing a drug receives, the worse the revenue opportunities for DexTech. There is therefore a risk that the pricing of medicines developed by DexTech may be lower than the board of DexTech estimates.

Equity-related risks

Exchange rate fluctuations and liquidity

There is a risk that the share price will undergo large variations in connection with an introduction to a marketplace. Price fluctuations can arise from major changes in purchase and sales volumes. The price variations may negatively affect the Company's share price. Any operational setbacks may 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 stock 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 its effects on the share price are in many cases difficult to predict and may negatively affect DexTech's share price.

Dividend

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

Share sale from major shareholders, board of directors and senior executives

Board members, senior executives and major shareholders who hold shares in the Company see 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 will divest part or all of their holdings in the Company. This may negatively 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 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 a regulatory framework as the shares admitted to trading on regulated markets. Spotlight Stock Market has its own regulatory system, adapted for smaller companies and growth companies, to promote good investor protection. As a result of differences in the scope of the different regulations, a placement in shares traded on Spotlight Stock Market may be riskier than a placement in shares traded on a regulated market.

Organization

The Board consists of Chairman Svante Wadman and members Sten Nilsson, Anders R Holmberg, Per Asplund and Rolf Eriksson. The CEO is Anders R Holmberg.

Key People

Sten Nilsson, (b.1948), MD, PhD, Professor of Oncology, is an internationally recognized authority in urological oncology. He has extensive experience in designing and conducting 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), Med.Dr and chemical engineer, is a specialist in glycosylation chemistry with> 30 years of experience in this field including process development.

Marcela Márquez (b.1960), Professor of Biotechnology.

Scientific advice

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

Lennart Meurling, associate professor of organic chemistry. Meurling has over 30 years of experience in leading positions in the pharmaceutical industry and 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 a 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 that leads to a PhD for the student.

Europe

- Helsinki University Hospital, Finland
- European Institute of Oncology, Milan, Italy
- Atlantic Bone Screen, Nantes, France
- Steam power lab. Uppsala University, Sweden
- Pharmaplus Consultancy, The Netherlands
- University Trás-os-Montes and 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, U.S.
- UANL, Monterrey, Mexico
- UDEM/Mougerza Hospitals, Monterrey, Mexico
- TechSphere Corp. Mexico City, Mexico

South America

- Ipiranga University Hospital, Sao Paolo, Brazil

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

Financial overview

SEK	*2020-07-01 2021-06-30*	*2019-07-01 2020-06-30*	*2018-07-01 2019-06-30*	*2017-07-01 2018-06-30*	*2016-07-01 2017-06-30*
Net sales	–	-	–	–	–
Profit / loss after net financial items	-6 075 224	-7 713 785	-8 355 606	-8 812 519	-7 875 821
Earnings per share	-0,41	-0,52	-0,57	-0,60	-0,60
Cash and cash equivalents	3 456 700	6 091 442	11 283	3 647 994	13 340 544
Total assets	7 233 610	13 343 751	22 430 879	20 763 338	29 738 432
Equity ratio%	97	98	93	96	96
Cash flow from operating activities	-1 999 767	-2 260 873	-1 372 791	-1 158 971	-939 111
Cash flow from investing activities	-634 975	-596 336	-2 263 921	-8 533 579	-8 602 816
Cash flow from financing activities	–	-	–	–	14 527 274
Cash flow for the year	-2 634 742	6 080 159	-3 636 712	-9 692 550	4 985 347

Proposal for appropriation of earnings

The Board of Directors proposes to make available standing earnings:

Share Premium reserve	68 224 318
Profit or loss brought forward	-59 282 673
Profit/loss for the year	-6 075 224
	2 866 421
to be appropriated as follows:	
To be carried forward	2 866 421
	2 866 421

The results 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	**2020-07-01 2021-06-30**	**2019-07-01 2020-06-30**
Net sales		-	-
Activated work for own account		634 975	596 336
		634 975	**596 336**
Operating expenses			
Other external costs		-1 862 525	-1 975 438
Personnel costs	2	-721 310	-718 192
Depreciation and write-downs of tangible and intangible fixed assets	3	-4 126 326	-5 616 348
Operating income		**-6 710 161**	**-8 309 978**
Profit from financial items		**-6 075 186**	**-7 713 642**
Interest and similar costs		-38	-143
Profit before tax		**-6 075 224**	**-7 713 785**
Tax		**-**	**-**
Profit for the year		**-6 075 224**	**-7 713 785**

Balance sheet

SEK	Note	2021-06-30	2020-06-30
ASSETS			
Subscribed but not paid-up capital		**-**	**-**
Fixed assets			
Intangible fixed assets			
Balanced expenditure on research and development and similar works	4	2 935 555	6 458 671
Concessions, patents, licences, trademarks and similar rights	5	542 510	510 745
		3 478 065	**6 969 416**
Financial fixed assets			
Other long-term securities holdings	6	1 000	1 000
Total fixed assets		**3 479 065**	**6 970 416**
Current assets			
Current receivables			
Other receivables		33 360	30 253
Deferred costs and accrued income		264 485	251 640
		297 845	**281 893**
Cash and bank		3 456 700	6 091 442
Total current assets		**3 754 545**	**6 373 335**
TOTAL ASSETS		**7 233 610**	**13 343 751**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		671 422	671 422
New share issue during registration		-	-
Development fund		3 478 065	6 969 416
		4 149 487	**7 640 838**
Unrestricted equity			
Premium fund		68 224 318	68 224 318
Retained profit or loss		-59 282 673	-55 060 239
Profit for the year		-6 075 224	-7 713 785
		2 866 421	**5 450 294**
Total equity		**7 015 908**	**13 091 132**
Current liabilities			
Accounts payable		38 705	73 622
Other liabilities		28 105	28 105
Accrued costs and deferred income		150 892	150 892
Total liabilities		**217 702**	**252 619**
TOTAL EQUITY AND LIABILITIES		**7 233 610**	**13 343 751**

Report on changes in equity

	Restricted equity			Unrestricted equity		
SEK	Share capital	Develop-ment fund	Share premium fund	Retained earnings	Profit/loss for the year	Total equity
Equity 2020-07-01	671 422	6 969 416	68 224 318	-55 060 239	-7 713 785	13 091 132
Transfer of previous year's result				-7 713 785	7 713 785	0
Transfer to development fund		-3 491 351		3 491 351		0
Profit for the year					-6 075 224	-6 075 224
Equity 2021-06-30	**671 422**	**3 478 065**	**68 224 318**	**-59 282 673**	**-6 075 224**	**7 015 908**

	Restricted equity			Unrestricted equity			
SEK	Share capital	Not signed registered capital	Develop-ment fund	Share premium fund	Retained earnings	Profit/loss for the year	Total equity
Equity 2019-07-01	663 877	7 545	10 372 411	68 224 318	-50 107 628	-8 355 606	20 804 917
Transfer of previous year's result					-8 355 606	8 355 606	0
Rights issue*	7 545	-7 545					0
Transfer to development fund			-3 402 995		3 402 995		0
Profit for the year						-7 713 785	-7 713 785
Equity 2020-06-30	**671 422**	**0**	**6 969 416**	**68 224 318**	**-55 060 239**	**-7 713 785**	**13 091 132**

Cash flow statement

	Note	2020-07-01 2021-06-30	2019-07-01 2020-06-30
Operating activities			
Profit after financial items		-6 075 224	-7 713 785
Adjustments for items not included in cash flow, m.m.	7	4 126 326	5 616 348
		-1 948 898	-2 097 437
Tax paid		-	-
Cash flow from operating activities before changes in working capital		-1 948 898	-2 097 437
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in operating receivables		-15 952	909 907
Increase(+)/Decrease(-) in operating liabilities		-34 917	-1 073 343
Cash flow from operating activities		-1 999 767	-2 260 873
Investment			
Acquisition of intangible fixed assets		-634 975	-596 336
Cash flow from investment activities		-634 975	-596 336
Financing activities			
New share issue		-	9 237 368
Amortization loan		-	-300 000
Cash flow from financing activities		-	8 937 368
Cash flow for the year		**-2 634 742**	**6 080 159**
Cash and cash equivalents at the beginning of the year		6 091 442	11 283
Cash and cash equivalents at year-end		**3 456 700**	**6 091 442**

Notes

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). Depreciation of an intangible fixed asset begins when the asset can be used.

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.

Cash Flow Statement
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

	2020-07-01 2021-06-30	2019-07-01 2020-06-30
Average number of employees		
Women	0	0
Men	1	1
	1	**1**
Salaries, benefits and social costs		
Salaries and other remuneration to the Board of Directors and CEO	600 000	600 000
Other social costs	61 260	61 260
	661 260	**661 260**

Note 3 Depreciation and amortization

Fixed assets are depreciated according to plan over the expected useful life.
The following depreciation percentage is applied:

	2020-07-01 2021-06-30	2019-07-01 2020-06-30
Intangible fixed assets		
Concessions, patents, licences, trademarks and balanced expenditure.	20%	20%

Note 4 Balanced expenditure on research and development and similar work

	2021-06-30	2020-06-30
Accumulated acquisition values		
Accumulated acquisition value at the beginning of the year	50 747 572	50 330 584
Capitalization	334 279	416 988
Accumulated acquisition values at year-end	**51 081 851**	**50 747 572**
Accumulated depreciation		
Accumulated depreciation at the beginning of the year	-44 288 901	-38 949 784
Depreciations for the year	-3 857 395	-5 339 117
Outgoing accumulated depreciation	**-48 146 296**	**-44 288 901**
Closing balance	**2 935 555**	**6 458 671**

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

	2021-06-30	2020-06-30
Accumulated acquisition values		
Accumulated acquisition value at the beginning of the year	4 243 089	4 063 741
Purchase	300 696	179 348
Accumulated acquisition values at year-end	**4 543 785**	**4 243 089**
Accumulated depreciation		
Accumulated depreciation at the beginning of the year	-3 732 344	-3 455 113
Depreciations for the year	-268 931	-277 231
Outgoing accumulated depreciation	**-4 001 275**	**-3 732 344**
Closing balance	**542 510**	**510 745**

Note 6 Other long-term securities holdings	**2021-06-30**	**2020-06-30**
Shares in unlisted companies	1 000	1 000
	1 000	**1 000**

Note 7 Additional information for cash flow statement

	2020-07-01 2021-06-30	**2019-07-01 2020-06-30**
Interest paid and dividends received		
Interest received	-	-
Interest paid	-38	-143
Adjustments for items not included in cash flow, etc.		
Depreciation and amortization of assets	4 126 326	5 616 348
	4 126 326	**5 616 348**

Note 8 Significant events after the end of the financial year

DexTech announced on August 24 that OsteoDex (ODX) pre-clinical results regarding efficacy on multiple myeloma (MM) are so compelling that the company is now beginning planning a clinical proof of concept study(short study with limited number of patients). MM is a form of blood cancer based on plasma cells in the bone marrow that, among other things, causes skeletal degradation similar to skeletal metastases in prostate cancer (CRPC). MM is an incurable cancer where a number of different drugs are used to slow down the progression. Patients eventually become resistant to existing drugs that often have severe side effects.
ODX's unique mechanism of action, together with very mild side effects, makes the preparation a strong candidate for treatment also of MM. The company believes that, given MM's market size and ODX's clear potential against the disease, it is of the highest priority to obtain additional clinical data.
The global market size for MM in 2018 was USD 19.5 billion and is expected to grow to USD 31 billion in 2026 (https://www.fortunebusinessinsights.com/multiple-myeloma-market-102693).
Although the company's main track is ODX-CRPC, supplemented positive ODX-MM results will strengthen the possibilities for a favorable license agreement. The Company will not enter into a license agreement that does not reflect odx's true value. By showing ODX potential even against MM, ODX's true value can be estimated and lead to a favorable license agreement. The financing of the MM study will be through a directed share issue. Details of the new share issue will be presented when the preparatory work for the study is completed, which is expected to be completed in the second half of 2021.

Note 9 Definitions

Equity per share
Adjusted equity in relation to the number of shares at the balance sheet date.
Cash and cash equivalents
Cash, bank balances and short-term investments with the remaining term of the balance are 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 the balance sheet total.

Stockholm, 28 September 2021

Svante Wadman Chairman	Per Asplund	Rolf Eriksson
Sten Nilsson	Anders Holmberg Chief executive officer	

Auditor

Our Auditor's Report was submitted on September 28, 2020

KPMG AB

Per Hammar

Authorized/Approved 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 2020-07-01—2021-06-30. The annual accounts of the company are included on pages 8-21 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 2021 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 2020-07-01—2021-06-30 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 28 September 2021

KPMG AB

Per Hammar
Authorized Public Accountant