InDex Pharmaceuticals

Annual Report 2022

Interview with Susanne about living with ulcerative colitis

Name: Susanne Brännström, 49 years old
Occupation: Chef
Interests: Gardening, exercise and food
Diagnosis: Ulcerative colitis

WHEN WERE YOU DIAGNOSED WITH ULCERATIVE COLITIS AND HOW WAS IT DISCOVERED?
I was diagnosed in 2006, but I had been having problems with my stomach for quite some time and blamed it on stress at work. When I got blood in my stool, I understood that it wasn't just stress. I lost 5 kg in a week, so after several examinations including colonoscopy, I was diagnosed and started my first cortisone treatment.

DO YOU THINK YOUR DISEASE AFFECTS YOUR QUALITY OF LIFE AND IF SO IN WHAT WAY?
When I'm not in a flare, my disease generally doesn't affect me so much, I can work and like to travel, and it has worked well. When I am in a flare, it has been much more problematic. Then I do not want to be on the road without knowing that I am close to a toilet.

WHAT IS THE WORST THING ABOUT HAVING ULCERATIVE COLITIS?
The worst part is that it's a chronic disease and I have to be medicated for life, and even if I take all my medications, I can get a flare anyway. Then it is difficult with the secondary diseases that ulcerative colitis can cause with joint pain, etc.

HAVE YOU EXPERIENCED LIMITATIONS IN YOUR FAMILY LIFE DUE TO YOUR ILLNESS?
During flares, I have been somewhat confined to the home. One summer I couldn't leave the house for several weeks and that was hard.

WHEN DID YOU HAVE YOUR LAST FLARE AND HOW DID THAT APPEAR?
Three years ago. I had a nagging pain in my stomach that got worse and worse. When I got a fever, I sought medical care, and it was determined that it was a new flare. By then I had been stable for several years so we tried to quit Imurel, but it didn't work.

DO YOU WORRY A LOT ABOUT YOUR ILLNESS?
What worries me the most is that there is a higher risk of cancer when you have ulcerative colitis, but I try not to think about it.

WHAT DO YOU THINK ARE THE MOST IMPORTANT FEATURES OF A GOOD ULCERATIVE COLITIS TREATMENT?
The most important thing about a good medication for ulcerative colitis is that it should be easy to take and give as little side effects as possible.

2022 in brief

- InDex announced on March 13, 2022 that the company is planning for self-commercialisation of the drug candidate cobitolimod in the US with strategic collaborations in other regions, which was also presented on a capital markets day on March 14, 2022.
- InDex announced on April 11, 2022 that CEO Peter Zerhouni decided to leave his position after more than seven years. The company's CFO Johan Giléus was appointed acting CEO while a new CEO was recruited, and he also continued his position as CFO.
- InDex announced on May 2, 2022 that a new senior management team has been appointed.
- InDex announced on July 13, 2022 that a new method of use patent for the drug candidate cobitolimod has been granted by the European Patent Office (EPO). The patent provides additional protection for the use of cobitolimod in the treatment of inflammatory bowel disease.
- InDex announced on August 16, 2022 that the company has received positive feedback from the Japanese regulatory authority, the Pharmaceuticals and Medical Devices Agency (PMDA), regarding the clinical development plan for a future marketing authorization application for cobitolimod, for the treatment of moderate to severe left-sided ulcerative colitis.
- InDex announced on October 10, 2022 that the Board has named Jenny Sundqvist as new CEO. Johan Giléus, who has been acting CEO since April 2022, will continue as CFO in the company. Jenny took over as CEO from January 1, 2023.

CONSOLIDATED FINANCIAL SUMMARY

SEK million	2022	2021	2020	2019	2018
Net sales	–	–	0.0	0.1	0.1
Operating loss	–103.2	–102.9	–57.3	–87.7	–82.0
Result after tax	–100.3	–103.0	–57.4	–87.8	–82.1
Earnings per share before and after dilution, SEK[1]	–0.19	–0.21	–0.24	–0.45	–0.48
Cash flow from operating activities	–129.4	–124.1	–70.6	–85.1	–78.6
Cash and cash equivalents at year-end	344.9	428.4	53.8	126.8	83.0
Number of employees at year-end	6	9	7	7	7

[1] Adjusted for the completed rights issue in February 2021.

FINANCIAL CALENDER

Interim report Q I 2023	May 24, 2023
Annual general meeting	May 24, 2023
Interim report Q II 2023	August 23, 2023
Interim report Q III 2023	November 23, 2023

InDex in brief

InDex is a pharmaceutical development company focusing on immunological diseases where there is a high unmet medical need for new treatment options. The company's lead asset is the drug candidate cobitolimod, which is being evaluated in the phase III program CONCLUDE as a novel treatment of moderate to severe ulcerative colitis – a debilitating, chronic inflammation of the large intestine. InDex has also developed a platform of patent protected discovery stage substances, so called DNA based ImmunoModulatory Sequences (DIMS), with the potential to be used in the treatment of various immunological diseases. InDex is based in Stockholm, Sweden. The company's shares (ticker INDEX) are traded on Nasdaq First North Growth Market Stockholm. Redeye AB is the company's Certified Adviser.

Contents

The following definitions have been used in this annual report – "the company", "the group" or "InDex" for the operations conducted in InDex Pharmaceuticals Holding AB together with the subsidiaries InDex Pharmaceuticals AB and InDex Diagnostics AB.

This is InDex Pharmaceuticals

Improve the lives of patients with immunological diseases through the development of innovative drugs

InDex is a pharmaceutical development company focusing on immunological diseases where there is a high unmet medical need for new treatment options. The company's lead asset is the drug candidate cobitolimod, which is being evaluated in the phase III program CONCLUDE as a novel treatment of moderate to severe ulcerative colitis – a debilitating, chronic inflammation of the large intestine. In addition, InDex has a broad portfolio of other DNA based ImmunoModulatory Sequences (DIMS) in discovery stage, with the potential to be used in the treatment of various immunological diseases. InDex is based in Stockholm, Sweden. The company's shares are traded on Nasdaq First North Growth Market Stockholm.

Cobitolimod is a potential new medication for patients with moderate to severe ulcerative colitis. Ulcerative colitis is a chronic disease caused by inflammation of the large intestine. Today, about two million people in Europe and the United States suffer from ulcerative colitis, a disease that has a major impact on the patient's quality of life. The symptoms are characterized by blood- and mucus mixed diarrhea, frequent stools, pain, fever, weight loss and anemia. Patients also have a significantly elevated risk of developing colon cancer. Most commonly, ulcerative colitis debuts between 15 and 30 years of age and most patients require lifelong medication. Despite the currently available drugs on the market, many patients with ulcerative colitis still suffer from severe symptoms, and current therapies can cause serious side effects. For those patients that do not respond to medical treatment, the last resort is to surgically remove the colon.

Cobitolimod is a local treatment with a novel mechanism of action. It is a so-called Toll-like receptor 9 (TLR9) agonist that can provide an anti-inflammatory effect locally in the large intestine, which may induce mucosal healing and relief of the clinical symptoms in ulcerative colitis. Cobitolimod is administered directly to the inflammed colon using an enema allowing a rapid onset of action without systemic exposure and off-target effects.

Cobitolimod met the primary endpoint in the phase IIb study CONDUCT and demonstrated an outstanding combination of efficacy and safety. Data from four previous completed placebo-controlled clinical trials support the efficacy and safety demonstrated in the CONDUCT study. Given the outstanding combination of efficacy and safety, cobitolimod is now being evaluated in the pivotal phase III program CONCLUDE. Phase III is the final stage of development before application for market approval can be submitted to regulatory authorities.

Based on the sales of recently launched products, as well as the company's proprietary market research and analyses, the global peak annual sales at a successful commercialisation of cobitolimod is estimated by the company to have the potential to reach more than USD 1 billion.

Vision

InDex's vision is to be an innovation driven company focused on bringing drugs from the DIMS platform for immune mediated conditions to market approval, alone or in collaboration with partners, starting with the lead drug candidate cobitolimod.

Mission

InDex's mission is to significantly improve the lives of patients suffering from immunological disorders by providing effective and safe drugs for diseases with high unmet medical needs.

CEO statement

It feels like ages ago when you look back, and it is easy to only focus on the future. Nonetheless, the annual report provides us with an opportunity to look back, reflect and find the learnings that can provide us with additional experience and help us in future decisions. 2022 was a year marked by turmoil in the world forcing us to face events that no one could have wished for and put values to the test. As a company, InDex successfully navigated through a year of changes. Furthermore, we're excited that our CONCLUDE program now is rolled out on a broad front. Even though the ramp up pace hasn't been as fast as we wished for, this is not reflected in the potential and benefits of cobitolimod which remain unchanged. Induction Study 1 will include approximately 440 patients and be conducted at several hundred clinics in 30 countries.

In Q1 2022, we presented the results of a thorough analysis that showed the potential of self-commercialization in the USA. 65% of sales, some US 5 billion, in UC stem from the US making it the key market for this therapeutic area. Given the concentration and location of high prescribers, an agile and relatively small sales force would be able to cover the majority of relevant health care professionals. Regions outside the US are more fragmented and better suited for an established gastrointestinal sales force. Thus, collaborations or out-licensing are options better suited in these areas.

In April 2022, the former CEO Peter Zerhouni decided to leave his position. Johan Giléus, CFO, took on the position as interim CEO and successfully led InDex through the transition.

In Q3 2022, two very important achievements were announced. In July, the European Patent Office (EPO) granted a new use patent for cobitolimod which gives us exclusivity until 2040 with the possibility of up to a 5-year extension after market approval. In August, the company announced the positive feedback from the Japanese regulatory authority, the Pharmaceuticals and Medical Devices Agency (PMDA). Usually, PMDA requires separately Japanese studies prior to starting a phase III program in Japan. Given the excellent and unique safety profile of cobitolimod, InDex's hope was that separate studies would not be needed prior to including Japanese patients in the phase III program CONCLUDE. The PMDA indeed confirmed that they approved of our strategy which is additional testimony to the unique safety profile of cobitolimod.

In Q4 2022, the Board of Directors named me as new CEO. I joined in January 2023 and was impressed by the expertise, diversity and motivation in the team.

If we take a look at what has happened since the closing of 2022, we have had an eventful Q1 2023. In January, we announced an update to the timeline of Induction Study 1 of our phase III program CONCLUDE. At the end of 2023, we will be able to confirm what our overall development timeline will look like. A delay to our first milestone, the dose selection, means that it is now expected in Q4 2023. Several reasons have contributed to this delay, for example lingering covid effects, the Russian invasion of Ukraine and an increasingly competitive environment for clinical studies in UC. It is important to note that the latter is not related to competition in terms of what other products are being tested. Rather it is the fact that our Induction Study 1 is a placebo-controlled study (which is required by regulatory authorities). This means that patients get randomized to either placebo or cobitolimod. Faced with the fact that they could get placebo, a patient may choose not to participate in the trial if they currently have access to an approved advanced treatment, or a trial without placebo. Therein lies the competitiveness. The potential of cobitolimod as an effective product for moderate to severe UC with a unique and exceptional safety profile remains unchanged.

In March 2023, we announced positive results from our PK study in which we tested 500 mg of cobitolimod. A locally acting treatment, and a low systemic exposure is one of the benefits which we would expect of cobitolimod. Therefore, we were delighted to see that the limited systemic uptake is confirmed also for the highest dose ever clinically tested. In addition to being an important safety verification, the study results are required for the future market authorization application to regulatory authorities. Although this was a small and open-label study, and no conclusions and extrapolations can be made with respect to effect, a nice anecdote was that 4 out of 7 patients achieved remission.

We are now looking forward to continuing 2023 at full speed. We see encouraging signs resulting from the action plan put in place to speed up recruitment into our Induction Study 1 of the CONCLUDE program and hope that these measures will results in an improvement to our study pace.

Jenny Sundqvist, CEO

Ulcerative colitis

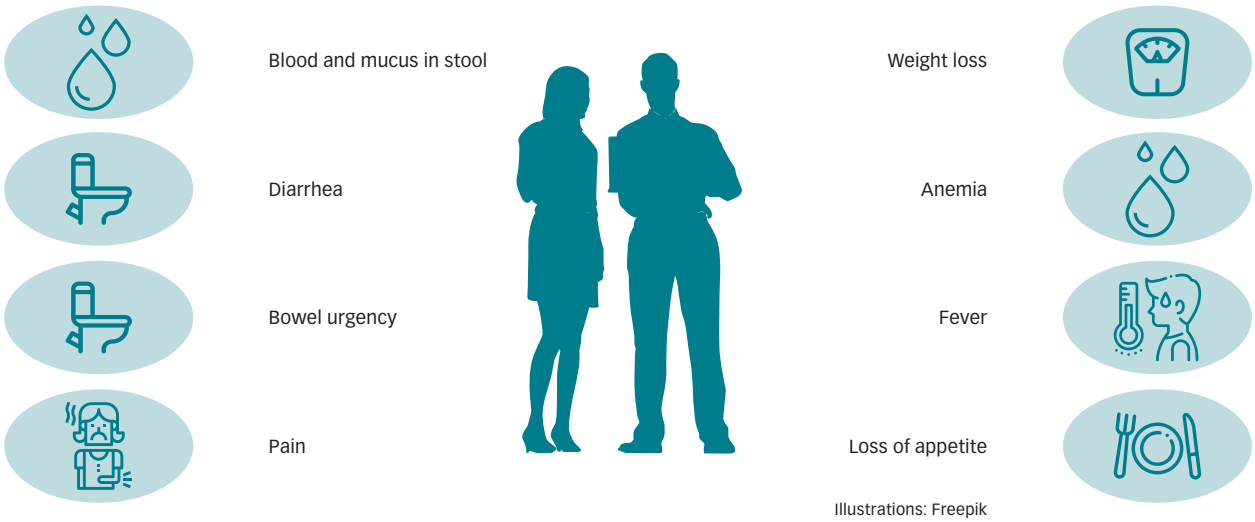
A chronic disease with high unmet medical need for new treatment options

WHAT IS ULCERATIVE COLITIS?
Inflammatory bowel disease ("IBD") refers to chronic inflammation of all or parts of the gastrointestinal tract. The term IBD is commonly used to describe two conditions, ulcerative colitis and Crohn's disease. Ulcerative colitis is limited to the colon and rectum. Crohn's disease can affect any part of the gastrointestinal tract, most commonly the most distal part of the small bowel. Ulcerative colitis causes long-lasting inflammation that gives ulceration in the innermost lining of the colon and rectum, and for many patients it is very debilitating to live with. Ulcerative colitis is characterised by blood- and mucus-mixed diarrhea, frequent stools, pain, fever, weight loss, and anemia. There is no cure for ulcerative colitis and most patients will require lifelong treatment. The disease can, despite lifelong medication, complicate all parts of life and make it impossible to work, as severely affected patients always need to be close to a toilet. Studies show that patients suffering from ulcerative colitis have a significantly lower quality of life than the general population.[1] In addition, patients suffering from ulcerative colitis have a significantly elevated risk of developing colon cancer.[2] Most commonly, ulcerative colitis debuts between 15 and 30 years of age. Typically, the course of ulcerative colitis is intermittent; periods of disease aggravation (relapses) are followed by periods of remission (absence of symptoms). Almost half of the patients are estimated to have active disease at a given time.[3]

HOW COMMON IS ULCERATIVE COLITIS?
Today, about 0.2 percent of the population in developed countries has ulcerative colitis, which corresponds to more than 1 000,000 ulcerative colitis patients in Europe's five largest countries and more than 1,100,000 in the US.[4] Market research studies predict that the prevalence of ulcerative colitis will increase at an annual rate of 0.8 percent.[5] The increasing global burden of ulcerative colitis is already posing societal challenges due to high costs of the disease. Annually, the economic burden, i.e. the overall costs for society, of ulcerative colitis has been estimated to between EUR 12.5 billion and EUR 29.1 billion in Europe and between USD 8.1 billion and USD 14.9 billion in the US.[6] In addition to this, a 2019 systematic literature review estimated the indirect costs of ulcerative colitis per patient and year to be between EUR 1,392 and EUR 2,470, including absence from work, early retirement, and loss of productivity.[7]

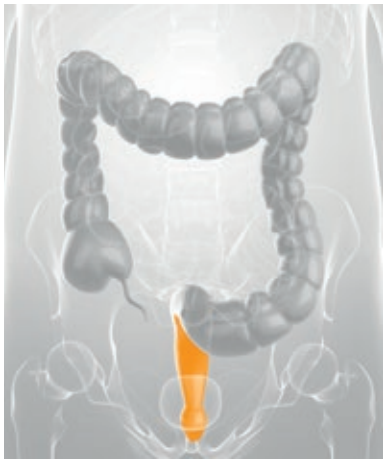
HOW DOES THE SEVERITY OF ULCERATIVE COLITIS VARY?
Ulcerative colitis varies in severity based on the intensity of the symptoms, and is categorised as mild, moderate or severe disease.[8] The extent of the inflammation may also differ and is usually divided into proctitis (only the rectum), left-sided colitis (from the rectum up to the splenic flexure, i.e. the first curve of the colon on the left side of the abdomen) and total colitis, so-called pancolitis (the whole colon). The severity and extent of the inflammation is assessed by the physician looking inside the rectum and colon using an endoscope (endoscopy).

ULCERATIVE COLITIS SYMPTOMS

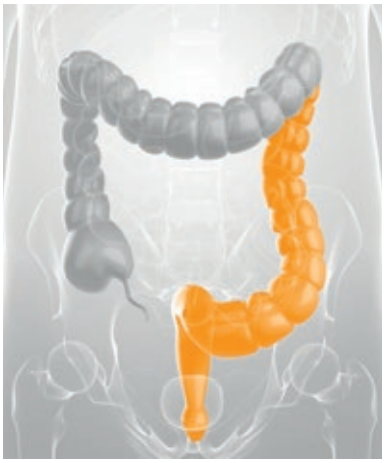


Illustrations: Freepik

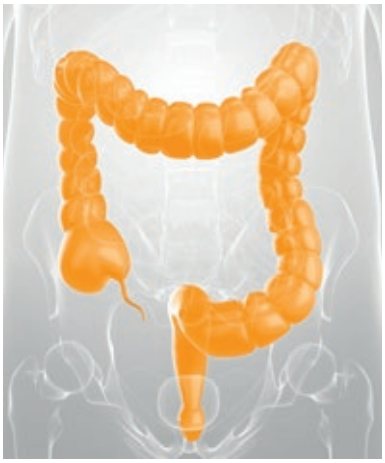
EXTENT OF INFLAMMATION



Proctitis



Left-sided colitis

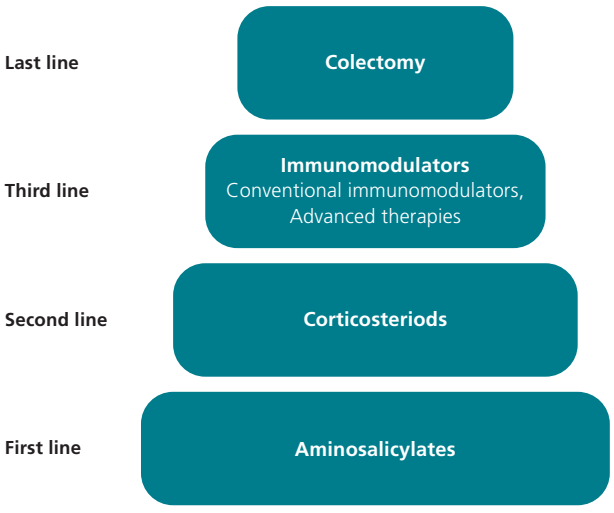


Pancolitis

HOW IS ULCERATIVE COLITIS TREATED TODAY?

The aim of treatment in ulcerative colitis is to induce remission by induction therapy, followed by maintenance therapy to reduce the risk of future relapses. The standard treatment for ulcerative colitis depends on the extent of the disease and how severe the symptoms are. The current first and second line treatment options are aminosalicylates and corticosteroids, respectively. Corticosteroids are generally used to treat active disease in the relapse setting and are not recommended for maintenance treatment due to the risks associated with long-term use. In the significant portion of patients who fail to respond to these first and second line treatments, the addition of immunomodulatory drugs is the next option in order to induce remission. These third line options include conventional immunomodulators such as azathioprine and 6-mercaptopurine, advanced therapies including biological therapies such as TNF-alpha inhibitors, integrin inhibitors and IL12/IL23 inhibitors, JAK inhibitors or S1P receptor modulators. However, these advanced therapies have several limitations in that the effect is often delayed and they are associated with serious side effects. A substantial percentage of patients with moderate to severe ulcerative colitis will not respond to available therapies or will eventually develop tolerance to the treatment. Often, these patients require periods of medium- to long-term hospitalisation. Colectomy, i.e. surgical removal of the colon, is the last option for patients with severe ulcerative colitis who do not respond to medical treatment. It is estimated that approximately 10 percent of patients will eventually require surgery.[9] During colectomy, the small intestine is surgically connected to an opening in the abdominal wall (stoma) through which faecal waste is collected in stoma bags. It can also be achieved by using a part of the small intestine to surgically create an internal pouch that is connected to the anus. Colectomy entails risks such as infections, abdominal pain, infertility and even death. Patients also experience a lower quality of life post-surgery, which is associated with physiological and psychological co-morbidities, high unemployment rates and high rates of sick leave.

CURRENT TREATMENT PARADIGM FOR ULCERATIVE COLITIS



1 Knowles et al. Quality of Life in Inflammatory Bowel Disease: A Systematic Review and Meta-analyses-Part I. Inflamm Bowel Dis. 2018 Mar 19;24(4):742-751.
2 Kobayashi et al, Nat Rev Dis Primers. 2020 Sep 10;6(1):74.
3 The facts about Inflammatory Bowel Diseases, The Crohn's & Colitis Foundation of America (CCFA).
4 "Market research Alira Health 2021" and "Market Research 2021 Effimed Research LLC".
5 Ulcerative Colitis Disease Coverage, Datamonitor Healthcare 2016
6 Cohen RD et al. (2010), Systematic review: the costs of ulcerative colitis in Western countries, Aliment Pharmacol Ther. 31(7):693-707.
7 Constantin, J., Atanasov, P., Wirth, D., & Borsi, A. (2019), Indirect costs associated with ulcerative colitis: a systematic literature review of real-world data. BMC gastroenterology, 19(1), 179.
8 Kobayashi et al, Nat Rev Dis Primers. 2020 Sep 10;6(1):74.
9 Fumery et al. Clinical Gastroenterology and Hepatology 2018;16:343–356.

Cobitolimod

InDex's lead drug candidate

Cobitolimod is a potential new medication for patients with moderate to severe left-sided ulcerative colitis. Many of the current treatment options have problems with serious side effects.[1] In addition, a substantial percentage of the patients with moderate to severe ulcerative colitis does not respond to available therapies or will eventually develop tolerance to the treatment and stop responding. For this patient group there is a high unmet medical need. Cobitolimod is planned to be positioned as an efficacious and safe alternative to the therapies used today for moderate to severe left-sided ulcerative colitis.

HOW DOES COBITOLIMOD WORK?

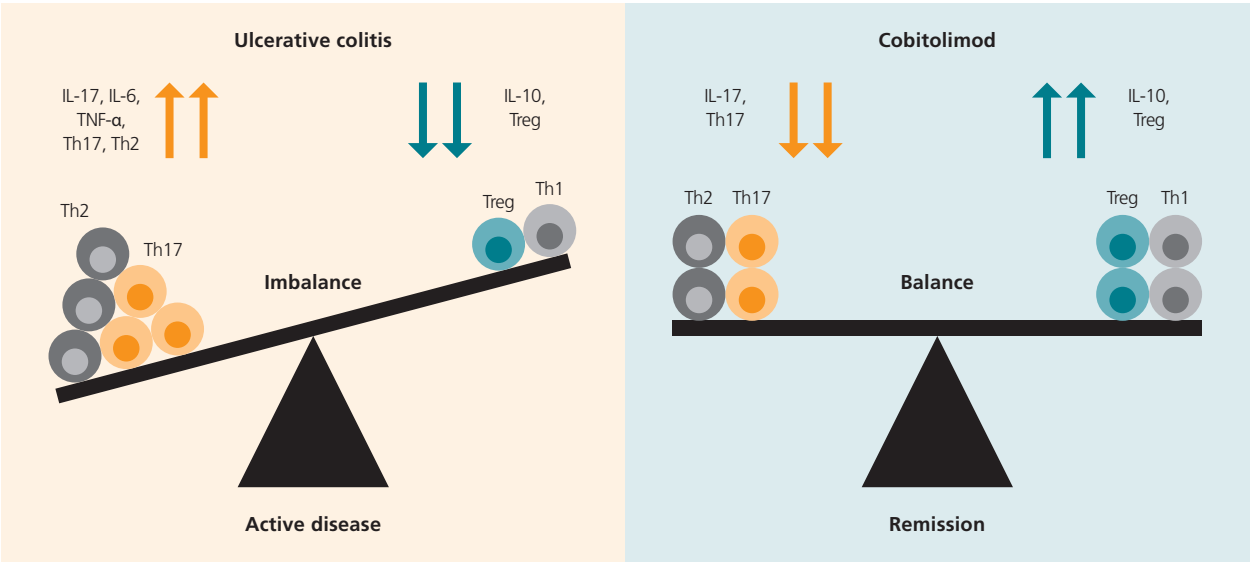
The intestinal mucosa acts as a barrier to the outside world and constitutes an important part of the body's immune system. It is rich in immune cells that protect the body from disease organisms and harmful substances in the intestinal tract. A healthy intestinal mucosa responds to potential threats with a balanced immune response. However, an imbalance in the immune system of the intestinal mucosa can cause a vicious circle where the immune response is amplified and leads to chronic inflammation. In ulcerative colitis, an increased production of the cytokine interleukin (IL)-23 is seen, which stimulates the production of pro-inflammatory cytokines such as IL-1, TNF-alpha and IL-6, as well as IL-17, where IL-17 stimulates additional production of inflammatory mediators. Research has also demonstrated an increased proportion of inflammatory T helper 17 cells (Th17 cells) and Th2 cells, but a reduced number of regulatory T cells (Treg cells), creating an immunological imbalance in the intestinal mucosa.

Cobitolimod has a novel and unique mechanism of action. It is a so-called Toll-like receptor 9 (TLR9) agonist. TLR9 is a receptor that is expressed by certain immune cells and is the immune system's receptor for recognising DNA from bacteria and viruses. Cobitolimod is a synthetically manufactured oligonucleotide which by mimicking microbial DNA binds to TLR9 and can thereby modulate the immune system. Cobitolimod has in both experimental models of ulcerative colitis as well as in patients with ulcerative colitis been able to stimulate immune cells to produce beneficial anti-inflammatory cytokines like IL-10 and increase the number of Treg cells. At the same time cobitolimod decreases the production of inflammatory cytokines such as IL-17 (refer to the figure below). By increasing the number of Treg cells and reducing the number of Th17 cells, cobitolimod helps to restore the balance of the immune system. In this way, cobitolimod can provide a local anti-inflammatory effect, which may lead to healing of the mucosa in the large intestine and relief of the clinical symptoms in ulcerative colitis. A comprehensive scientific paper with these mechanistic data has been published in the medical journal Journal of Chrohn's and Colitis (JCC).[2]

1 Agrawal et al. JAK Inhibitors Safety in Ulcerative Colitis: Practical Implications. Journal of Crohn's and Colitis, 2020, S755–S760 and Holmer et al. Overall and comparative safety of biologic and immunosuppressive therapy in inflammatory bowel diseases, Expert Rev Clin Immunol. 2019 Sep;15(9):969-979.

2 Schmitt H. et al. The TLR9 agonist cobitolimod induces IL10 producing wound healing macrophages and regulatory T cells in ulcerative colitis. Journal of Crohn's and Colitis, 2019 Oct 20:508-24.

MECHANISM OF ACTION



In ulcerative colitis, there is an imbalance in the immune system leading to a chronic inflammation of the colon. Cobitolimod helps to restore the balance in the immune system by reducing the number of inflammatory Th17 cells and increasing the number of regulatory T cells, which reduces the inflammation in the colon.

COBITOLIMOD HAS SHOWN A COMPETITIVE EFFICACY AND AN EXCELLENT SAFETY PROFILE

In previous clinical studies, InDex has shown that cobitolimod, with an excellent safety profile, provides a statistically significant improvement in those endpoints that are most relevant in ulcerative colitis. These endpoints include the most important clinical symptoms such as blood in stool, number of stools and mucosal healing, respectively. A total of 5 placebo-controlled clinical trials, one compassionate use program and a pharmacokinetic study with cobitolimod have been performed, in which a total of 424 patient with IBD have been treated with cobitolimod.

The most recent completed clinical study CONDUCT was a randomised, double-blind, placebo-controlled, exploratory phase IIb study where different doses of cobitolimod were evaluated in patients with moderate to severe left-sided active ulcerative colitis not responding to conventional treatment. The study objective was to identify the most efficacious dose and dose regimen for further development. The study included 213 patients divided into four treatment arms that received different doses of cobitolimod and an arm receiving placebo. The study was conducted at 91 sites in 12 different European countries from June 2017 to August 2019. The primary endpoint of the study was induction of clinical remission at week 6. The study met the primary endpoint and clearly demonstrated that it was the highest dose of cobitolimod, 250 mg x 2, that was the most effective. Clinical remission at week 6 was achieved in 21.4 percent of patients treated with two doses of 250 mg cobitolimod, which was statistically significantly better (p-value = 0.0247) than patients treated with placebo where only 6.8 percent of the patients achieved clinical remission, i.e. a difference (delta) of 14.6 percent. No statistically significant difference was noted between the other doses of cobitolimod and placebo. The results in secondary endpoints also confirm the efficacy of the highest dose. Thus, the CONDUCT study fulfilled its objectives in both the primary and a number of clinically relevant secondary endpoints. In line with previous studies, cobitolimod was well tolerated in all dose groups and no differences in safety profile were noted compared to placebo. The CONDUCT results have been published in the reputable medical journal, The Lancet Gastroenterology & Hepatology which also included a positive independent expert commentary.[3]

3 Atreya et al, Cobitolimod for moderate-to-severe, left-sided ulcerative colitis (CONDUCT): a phase 2b randomised, double-blind, placebo-controlled, dose-ranging induction trial, Lancet Gastroenterol Hepatol, 2020 Dec;5(12):1063-1075.

What are the key benefits of cobitolimod?

1. COMPETITIVE EFFICACY
Cobitolimod has demonstrated a statistically significant, clinically relevant and competitive efficacy in the phase IIb study CONDUCT. The observed effect size is in line with what marketed products and other compounds in phase III development have reported in their clinical studies.

2. EXCELLENT SAFETY PROFILE
Cobitolimod has demonstrated an excellent safety profile to date, with no differences in side effects compared to placebo in phase IIb or in previous clinical studies in which a total of 424 IBD patients have been treated with cobitolimod. This is an important benefit as the existing advanced therapies are associated with increased risks of serious side effects like infections, malignancies, and skin disorders, perforation in the stomach and intestines, and pulmonary embolisms and even death. In market research conducted by InDex in which in total more than 200 physicians and patients participated, the safety profile was one of the most attractive features of cobitolimod in combination with a clinically relevant efficacy.

3. NOVEL MECHANISM OF ACTION
The novel and unique approach behind cobitolimod relies on the mechanism of modulating the body's own immune system via TLR9, to regulate the immunological imbalance caused by the disease. There is no other therapeutic option on the market or in active clinical development for ulcerative colitis based on targeting TLR9. Advantages with a novel and unique mechanism of action include no competition for the specific mechanism of action and the opportunity to address patients that have failed treatments with other mechanisms of action.

4. LOCAL ADMINISTRATION AND LOW DOSING FREQUENCY
Cobitolimod is administered via the rectum as a 50 ml solution using an enema. After administration, the patient is asked to lie down on the side for at least 30 minutes for the solution to cover the left side of the colon, i.e. up to the splenic flexure. This mode of administration allows cobitolimod to come in contact directly with the target cells in the inflamed mucosa, allowing a rapid onset of action without systemic exposure and off-target effects. Patients surveyed viewed the site-specific effect of cobitolimod as a significant advantage. Cobitolimod is designed to be self-administered by the patient at home. To induce remission, cobitolimod is given as two applications over a three-week period and is intended to be given every three weeks as maintenance therapy, in order to reduce the risk of future relapses. Rectal administration is not uncommon in ulcerative colitis treatment in general, but the dosing of cobitolimod (every three weeks) is infrequent compared to other enemas used in ulcerative colitis such as corticosteroids and aminosalicylates which are usually administered daily or several times per week.

5. THERAPY USED IN COMBINATION WITH OTHERS
As other advanced medications for moderate to severe ulcerative colitis are systemically administered and are associated with severe side effects, there is a risk of adverse reactions from combining them. Cobitolimod's unique and local mechanism of action and excellent safety profile means cobitolimod can potentially be used in combination with other advanced therapies to offer treatment to an even broader range of patients with ulcerative colitis. This is viewed as a significant advantage by physicians in market research.

Illustrations: Freepik

Paul Alhadeff, Head of CMC

Interview about the importance of CMC in drug development

Paul Alhadeff holds a position as Head of CMC at InDex since 2012. Paul brings over 33 years of experience of drug development from his previous positions at big pharma companies as well as small biotech companies. He has also been working with contract development and manufacturing as a service provider to industry.

We asked Paul a few questions about his work and why CMC is important.

WHAT DOES CMC MEAN?
The abbreviation CMC stand for Chemistry, Manufacturing and Controls. During development of a pharmaceutical product, CMC includes all activities within chemistry and pharmacy in order to provide the appropriate drug for use in the intended pre-clinical and clinical studies and ultimately for launch and commercial supply.

In practice all drugs include an active component which typically is made by chemical synthesis, purification of natural products, recombinant technology or cell culture fermentation. The task to manufacture and define the active component is an important part of the CMC activities. Following this, the active component has to be presented in a matrix that allows administration to the patient, providing the best possible efficacy for the intended treatment. Hence, pharmaceutical development and manufacturing is also an important part of CMC as well as the material logistics from active component to drug product at end user.

Finally, all analytical methods for both the active component and the formulated drug will be developed and validated to verify the identity and quality.

WHY IS CMC AN IMPORTANT PART OF DRUG DEVELOPMENT?
CMC is under strict regulatory control. It is crucial that we have the right active compound and control of the quality of each batch made. The same is true for the final formulation that will be given to the patient. The composition and quality have to fulfil pre-defined criteria and be monitored adequately.

Worst case, If CMC is not up to standards the data generated could be questioned due to lack of control of the study drug. Furthermore, the studies are conducted over several years and we have to assure a safe and consistent supply over time. If there is a shortage of the study drug it may jeopardize the progress of the study.

AS HEAD OF CMC, WHAT ARE YOUR MAIN TASKS AT INDEX?
As many small development companies in Life Science, InDex has decided not to develop and manufacture the active component or the formulated product in-house. Therefore, InDex is using word leading CDMO´s (Contract Development and Manufacturing Organizations) for development and manufacturing of cobitolimod and the related products.

My main responsibility is vendor oversight and keep the relation with our CDMO´s and plan the development and manufacturing appropriately. In parallel to this I assure that InDex and the CDMO´s fulfill regulatory requirements for the specific clinical stages and ultimately for introducing the drug on the market.

Name: Paul Alhadeff
Title: Head of CMC

For each stage there is a pre-defined format of documentation that is expected to be filed and we work closely with the regulatory and quality departments within InDex to make sure all boxes are ticked at the right time.

WHAT DOES THE CMC WORK FOR COBITOLIMOD LOOK LIKE?
Since cobitolimod is in late development, clinical phase III, there is already a large quantity of information available. Currently we focus on supply of material to the on-going clinical study and preparation for the next stage, introduction to the market. The required quantities of the active compound and the formulated product will be much larger when the drug is on the market and we have to scale up and validate the performance of the manufacturing processes for the materials. It is key that the supply chain is secured already now to be able to meet commercial demands. In addition, we are compiling all information required to guarantee the quality over time e.g. stability at different conditions, behavior during transportation and optimization of packaging material for transportation and use.

WHAT IS THE BEST THING ABOUT WORKING AT INDEX?
To work with a late stage project in a relatively small company make everyone take a lot of responsibility which becomes very stimulating and rewarding in InDex's supportive and result oriented environment.

The phase III program CONCLUDE

COBITOLIMOD IN PHASE III

Given the outstanding combination of efficacy and safety that cobitolimod has demonstrated in previous clinical studies, cobitolimod is now evaluated in the ongoing phase III program CONCLUDE as a novel treatment for patients with moderate to severe left-sided ulcerative colitis. Phase III is the final stage of clinical development before application for market approval by the regulatory authorities. After regulatory approval, applications to payers are made regarding pricing of the drug, after which launch can take place.

PHASE III DESIGN

Based on guidance from FDA and EMA, InDex is conducting a sequential phase III program with two induction studies and a maintenance study with patients that have responded to cobitolimod as induction therapy. The phase III program will form the basis for application of market approval by confirming the overall efficacy and safety of cobitolimod in a sufficiently large sample of patients with moderate to severe, left-sided ulcerative colitis with an inadequate response or failure to tolerate conventional therapy, or advanced treatments such as biological therapy or JAK inhibitors.

Induction Study 1 of the CONCLUDE program is a randomised, double-blind, placebo-controlled induction study that will include 440 patients at several hundred clinics and be conducted in over 30 countries in Europe, the Americas and the Asia-Pacific region. The study has been designed in consultation with both the US and European regulatory authorities, the FDA and EMA respectively. The primary endpoint is clinical remission at week 6, which is the same primary endpoint as used in the successful phase IIb study CONDUCT.

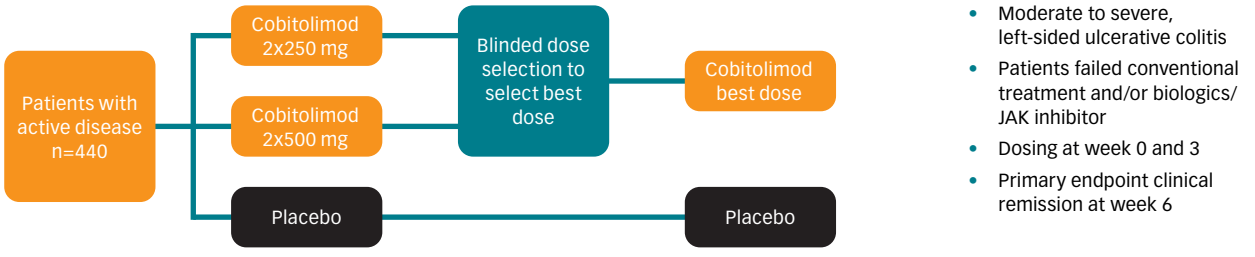
Apart from the dosing 250 mg x 2, which was the highest dose and the one that showed the best efficacy in the phase IIb study CONDUCT, the phase III study will also evaluate a higher dose, 500 mg x 2, in an adaptive design. This higher dose has the potential to provide an even better efficacy than what was observed in the CONDUCT study.

When 30% of the participants in the study have been randomised and have eligible data for the primary endpoint, an analysis will be performed in a blinded fashion to select the best dose of 250 mg and 500 mg cobitolimod and the other dose will be dropped. The analysis will be conducted by a so-called DMC (Data Monitoring Committe) consisting of experts in the field, who will, based on pre-specified criteria, recommend which dose to continue with. To maintain the integrity of the phase III study, the analysis will be completely blinded to InDex, who will only receive information on which dose out of 250 mg and 500 mg cobitolimod that the DMC has recommended. Following the blinded interim analysis, the additional patients to be randomised into the study will receive only the selected dose of cobitolimod or placebo. The outcome of the dose selection are expected Q4 2023.

Patients responding to cobitolimod in the induction study will be eligible to continue in a maintenance study, where each patient will be treated with either cobitolimod or placebo once every three weeks for an additional 46 weeks.

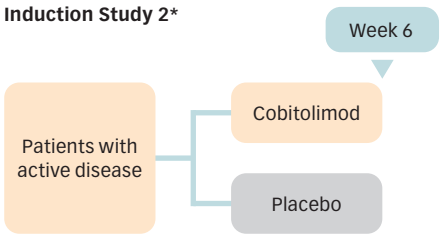
InDex has entered into an agreement for services with the leading global clinical research organisation (CRO) Parexel Biotech for Induction Study 1 and its part of the Maintenance Study in the phase III program. Parexel Biotech has considerable experience managing phase III studies in inflammatory bowel disease, and was the CRO that InDex successfully collaborated with in the phase IIb study CONDUCT. The participants in the study will receive treatment with cobitolimod or placebo in a double-blinded fashion. This means that neither the participant, nor the doctor giving the treatment or the study personnel, the CRO personnel or InDex know which treatment is administered. All study drugs will be identical in

PHASE III DESIGN
Induction Study 1 – adaptive design (ongoing)

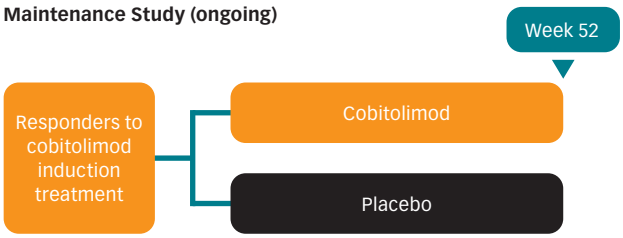


- Moderate to severe, left-sided ulcerative colitis
- Patients failed conventional treatment and/or biologics/ JAK inhibitor
- Dosing at week 0 and 3
- Primary endpoint clinical remission at week 6

Induction Study 2*



Maintenance Study (ongoing)



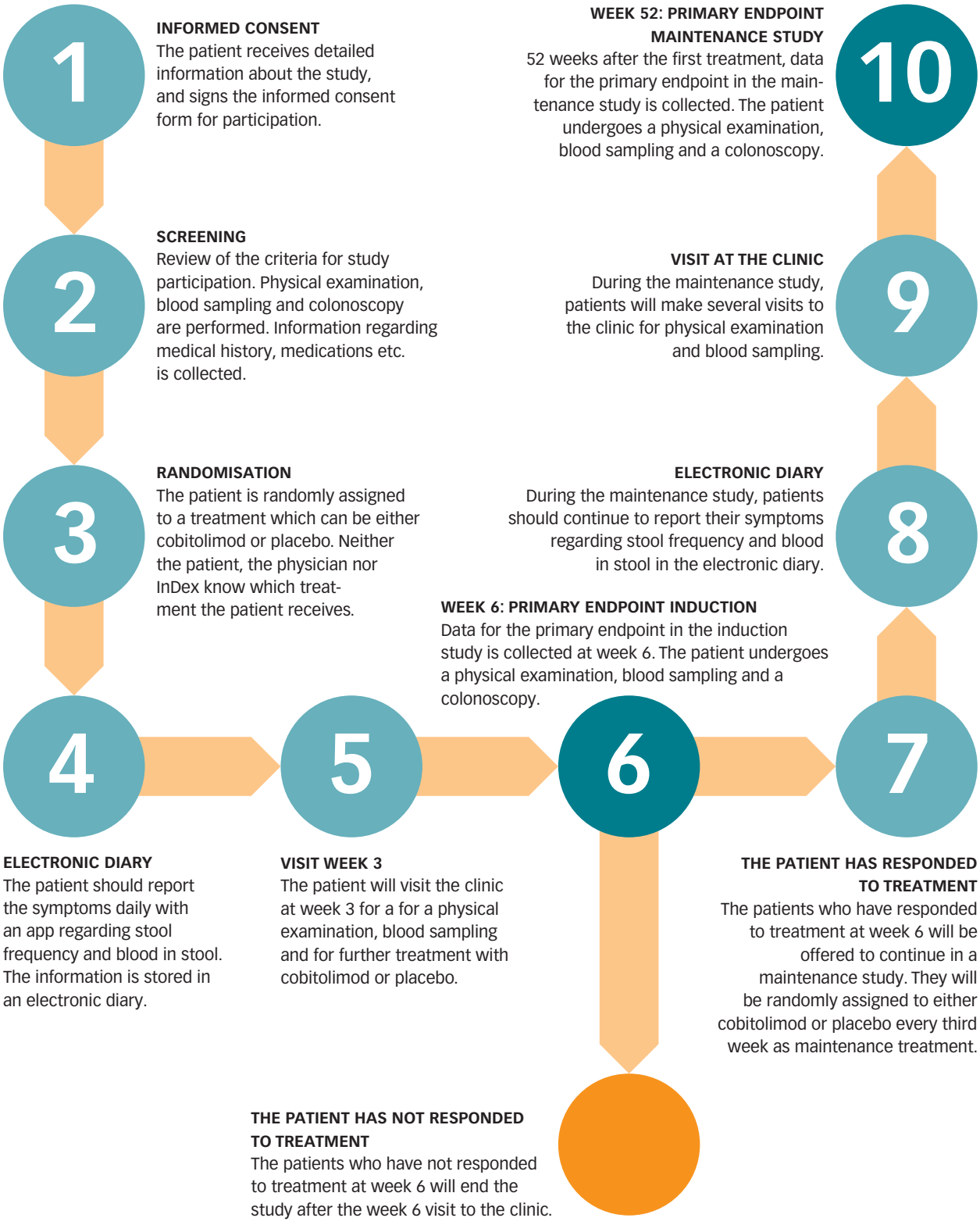
** Induction Study 2 is planned to be initiated upon a positive result in Induction Study 1.*

appearance, packaging and labelling. The study will remain blinded until all data have been confirmed and "clean file" has been prepared. Only then will the results be compiled by treatment group.

Professor Raja Atreya of the University of Erlangen-Nürnberg in Germany is the principal investigator of the study, and Professor Walter Reinisch at the Medical University of Vienna is the Medical Advisor in the study.

Upon a positive read-out of Induction Study 1, InDex plans to initiate Induction Study 2 with the selected dose. The sequential design enables reading out the outcome of the first induction study before the next study is started, which will reduce the development risk of the program. The results of the first induction study will constitute a significant value inflection point and the remaining program can be optimised accordingly.

THE PATIENT JOURNEY IN THE CONCLUDE STUDY



Charlotte Hedin – investigator in the phase III program CONCLUDE

Charlotte Hedin is a gastroenterologist at the Karolinska University Hospital in Solna, as well as research group leader at the Department of Medicine Solna at Karolinska Institutet. Her research is, among other things, about investigating the molecular and nutritional pathways that underpin mucosal healing of the intestine in inflammatory bowel disease. Charlotte is one of the investigators in Induction Study 1 of the ongoing phase III program CONCLUDE with cobitolimod and we took the opportunity to ask Charlotte a few questions about her work and the medical need in ulcerative colitis today.

HOW WOULD YOU DESCRIBE THAT THE QUALITY OF LIFE OF PATIENTS WITH MODERATE TO SEVERE ULCERATIVE COLITIS IS AFFECTED?

It varies a lot depending on whether the patient is in a flare or not, as ulcerative colitis is a disease that comes and goes in flares. During the good periods, the quality of life is more or less as usual. However, when patients go into a flare, everything changes. They get bloody diarrhea, frequent toilet visits, and they may feel a rush to go to the toilet. They may have problems with not reaching the toilet on time, faecal incontinence, which affects everything in life such as work, housework, social activities, etc. Some patients are also affected by their illness at night, which results in poor sleep, low energy and fatigue. Ulcerative colitis often affects individuals at a young age with a lot of responsibility in life such as work and school, and where these symptoms can have major consequences on the quality of life.

WHAT ARE THE GREATEST MEDICAL NEEDS IN ULCERATIVE COLITIS TODAY?

There are quite a few medications available for ulcerative colitis. It is very gratifying when you manage to get a patient into remission, and see that the patient can have a good life. However, not all patients respond to available medications, and we cannot predict which patients will respond and which will not, but we have to guess. A patient may respond well to a treatment. Then you may meet another patient who looks similar in his disease, but for this patient the medication does not work at all. This means that for some patients it can take time to find a drug that works, which is frustrating both for patients and physicians. There is a great need for new medications for patients who do not respond to existing options. There is also a great need to be able to predict which patients will respond to which therapies, so-called personalized medicine.

APPROXIMATELY HOW MANY PATIENTS WITH ULCERATIVE COLITIS DO YOU TREAT PER YEAR AT THE CLINIC?

Our clinic at Karolinska treats about 4000 patients per year, where about half have Crohn's disease and half have ulcerative colitis. Our patient population consists of the sickest patients, as we are a highly specialized clinic. The patients we meet have often tried many different medications before they come to us.

WHAT IS YOUR EXPERIENCE OF PARTICIPATING IN CLINICAL STUDIES?

At Karolinska, we have a very active research portfolio that includes many clinical studies, which we think is important. A large proportion of our patients have tried many drugs that do not work, so being able to offer new therapies before they are on the market is key. I personally think it's a lot of fun to be involved in clinical studies and to work with a trial in a structured way. Participating in clinical studies also provides the opportunity to create networks with other researchers working on the same study, both within and outside of Sweden. I feel that we get good support from the pharmaceutical companies that run the studies, e.g. when we need to discuss difficult cases in the study.

ACCORDING TO YOUR EXPERIENCE, HOW IS THE GENERAL ATTITUDE OF PATIENTS TOWARDS PARTICIPATING IN A CLINICAL STUDY?

There are patients who are very interested in clinical studies as they have not responded to existing drugs. This is a motivating factor for participation in studies. However, a clinical study is not for everyone. It takes a lot of time and effort from the patient, as it sometimes means an increased number of visits and examinations and more frequent control via sampling. If the patient lives far away from the clinic or has a lot at work, it can be difficult. However, some patients appreciate the increased contact with the healthcare system and increased contact with our research nurses. We have 3 research nurses who are very experienced and take really good care of our patients, and many of our patients appreciate that contact very much.

WHAT MADE YOU DECIDE TO PARTICIPATE AS AN INVESTIGATOR IN CONCLUDE?

We receive many requests for participation in studies, and we consider a number of criteria before making a decision. Do we have the right patients at the clinic to be able to recruit patients for the study. In addition, we must not take on too many competing studies. We also think it is an advantage to work with medications that will soon be on the market. If patients respond well in the study, they can then have access to the drug on the market within a not too long period of time.

CAN YOU BRIEFLY DESCRIBE YOUR RESEARCH IN IBD AND WHAT YOU HOPE IT WILL LEAD TO?

Here in Karolinska's IBD research group, we have a broad research portfolio. We have a collaboration with Karolinska Institutet, which has a lab where they analyse samples from IBD patients with a focus on the intestinal healing process, to investigate which key factors are important for the intestine to heal. We also look at how the immune cells are affected by different drugs. We at the Gastroenterology Unit at the Karolinska University Hospital participate in many national research projects, where we, among other things, investigate biomarkers with the aim to predict which patients respond to which therapies. This takes place within an organisation called SOIBD - The Swedish Organisation for the study of Inflammatory Bowel Diseases.

We also conduct research projects regarding patients' quality of life, to find out more about which factors that affect patients' quality of life the most. Patients with IBD have an increased risk of intestinal cancer, and we also have research projects with the aim of preventing and better detecting IBD-associated cancer.


Läkare

Margareth Jorvid, Head of Regulatory Affairs

Interview about the successful interactions with PMDA

During the first half of 2022, InDex had a consultation meeting with the Japanese regulatory authority, the Pharmaceuticals and Medical Devices Agency (PMDA), regarding the clinical development plan for cobitolimod in Japan. We asked Margareth Jorvid, Head of Regulatory Affairs at InDex, about the interaction with PMDA and why it is important.

WHAT IS PMDA AND WHY IS IT IMPORTANT FOR INDEX TO GET FEEDBACK FROM PMDA?

PMDA is the reviewing and approving authority for pharmaceuticals and medical devices in Japan. Like the EMA in Europe and the FDA in the US, it is possible to have a dialogue with PMDA and discuss important issues for the development of a drug.

Japan is a large pharmaceutical market and ulcerative colitis is also in this country a serious disease that affects and complicates everyday life for many patients. The PMDA traditionally requires that before Japanese patients can be included in a phase III program, which is the last clinical studies required before a drug can be approved by the authorities, studies in Japanese patients must be conducted to ensure that the pharmacokinetics (how a drug is absorbed and degraded in the body) are the same. Since cobitolimod acts locally in the colon and the systemic uptake is very low, which probably contributes to the good safety profile, it was important for InDex to discuss our view of the clinical development plan for cobitolimod in Japan with the PMDA.

WHAT ARE THE PREPARATIONS FOR A MEETING WITH THE PMDA?

A dialogue with the PMDA is a relatively long process (8-9 months) and requires careful preparation. It is also important to work together with a local regulatory knowledgeable organization in Japan, as many documents need to be translated into Japanese and the contacts with the PMDA are facilitated. Since the start of the pandemic, meetings with the PMDA are no longer physically held in Japan, but digitally with a simultaneous interpreter between English and Japanese. During the last quarter of 2021, we planned and prepared the questions that we wanted to discuss with the PMDA. In January 2022, we had a first pre-consultation meeting with the authority and were then able to write a so-called Briefing document, with questions and information about cobitolimod and how the clinical development is planned for Japan. Before the second pre-consultation meeting in April, we submitted and PMDA reviewed our Briefing document. We received valuable comments on the work to finalize the documentation before the full-consultation meeting in June 2022.

WHAT FEEDBACK DID INDEX RECEIVE FROM THE PMDA ON THE CLINICAL DEVELOPMENT PLAN FOR COBITOLIMOD?

The PMDA has accepted that we can enroll Japanese patients in the second global induction study in the phase III cobitolimod program without conducting specific Japanese studies prior to study initiation.

The phase III program for cobitolimod for the treatment of moderate to severe ulcerative colitis consists of two sequential global induction studies and one maintenance study in patients who have responded to cobitolimod as induction therapy. The purpose of the consultative meeting with the PMDA was to obtain their views on cobitolimod's development plan for Japan, with the aim of being able to include Japanese patients in the second induction study, which is planned to be initiated upon a positive result in the first induction study. According to the response from the PMDA, no further studies need to be performed before Japanese patients can be included in the global phase III study. In addition, the PMDA stated an overall acceptance of the pre-clinical data package as well as the study design of the phase III program. Pharmacokinetic data for cobitolimod in Japanese patients must be collected before applying for market approval but can be completed during the remaining phase III program.

HOW WAS THE RESPONSE FROM PMDA BENEFICIAL TO INDEX?

The response from PMDA is important as Japanese patients can be included in the planned global clinical program, and thus an application for market approval in Japan can be made much earlier than if separate clinical studies in Japan were required. It also shows that PMDA sees a potential for cobitolimod and a need for new treatment options that can help more patients with moderate to severe ulcerative colitis return to a normal life. In addition, the positive feedback from PMDA is advantageous for discussions with potential candidates for strategic collaborations in Japan.

Positive PK study with cobitolimod

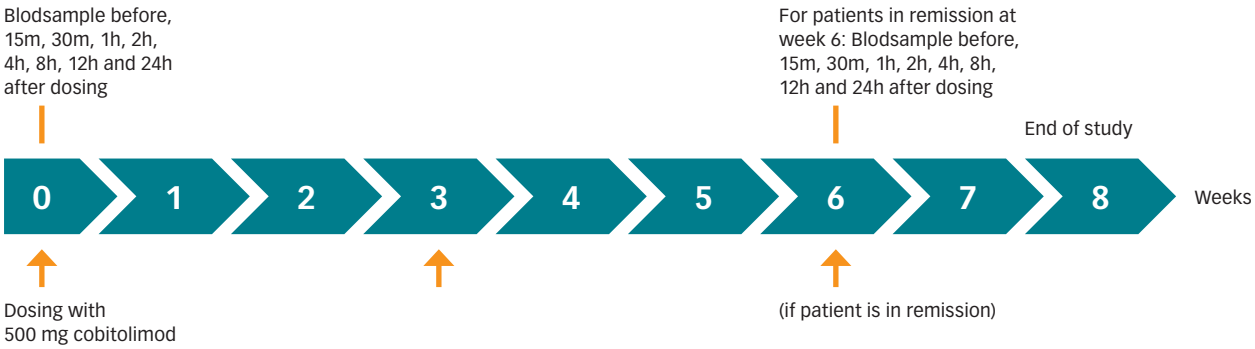
In parallel with the global phase III program CONCLUDE, InDex has recently completed a clinical pharmacokinetic study (PK study) with cobitolimod in Sweden. One of the potential advantages of a locally acting treatment in the colon is low systemic exposure, and the aim of the PK study was to confirm that the systemic uptake of cobitolimod in local treatment of colonic inflammation is limited, also for doses of 500 mg cobitolimod.

The study results included PK data from 7 patients with moderate to severe ulcerative colitis treated with doses of 500 mg of cobitolimod administered rectally. Plasma concentrations of cobitolimod were first measured after administration of 500 mg cobitolimod in all the 7 patients during a flare. The patients were then treated with a second dose of 500 mg cobitolimod at week 3, after which the degree of clinical remission was evaluated at week 6. Even though it was a small-scale open-label study, it was encouraging that 4 out of 7 patients achieved clinical remission at week 6. A second PK-analysis was conducted after these patients had received a third dose of 500 mg cobitolimod. This analysis aimed to investigate the systemic uptake of cobitolimod also in patients with remission.

The results showed a limited systemic uptake following the 500 mg cobitolimod dose both for patients in a flare and in remission, with the majority of patients having undetectable levels of cobitolimod in the plasma after 8 hours. This is the first time patients have been treated with doses of 500 mg, and in line with previous studies cobitolimod was well tolerated. No serious adverse events were reported in the study.

The positive results will support future regulatory applications for marketing approval.

PK-STUDY DESIGN



Challanges with existing treatments for moderate to severe ulcerative colitis

A substantial percentage of patients with moderate to severe ulcerative colitis will not respond to or cannot tolerate available therapies. Often, these patients require periods of medium- to long-term hospitalisation, and there is an enduring high unmet medical need for new treatment options. Some of the challenges with current third-line therapies are set out below.

Limited efficacy – Although the medical management of ulcerative colitis has changed significantly since the introduction of biological therapies 20 years ago, a significant proportion of patients do not respond to these therapies or will eventually develop tolerance and thus stop responding. For example, TNF-alpha inhibitors have long-term therapeutic effects in only about 30 percent of patients.[1] The approved JAK-inhibitors, tofacitinib and filgotinib (only approved in Europe) and the only approved S1PR-modulator, ozanimod, did not show a better efficacy in their phase III programs than the marketed biological drugs.[2] The JAK inhibitor upadacitinib has shown a slightly better effect in its phase III studies, but is associated with an increased risk of serious side effects, see section below.[3]

Serious side effects – Conventional immunomodulators such as 6-mercaptopurine, azathioprine, methotrexate or ciclosporine have been used extensively in the past but are used less frequently nowadays in view of their side-effect profile and toxicity issues in prolonged treatment regimens and at high doses.[4] TNF-alpha inhibitors affect the patient's immune system and patients face increased risk of developing serious side-effects such as infections, cancer and skin diseases.[5] The integrin inhibitor vedolizumab, the IL12/IL23 inhibitor ustekinumab, and the S1PR modulator ozanimod are also associated with an increased risk of serious side effects such as infections, hypersensitivity reactions and joint pain for vedolizumab, infections, hypersensitivity reactions and malignancies for ustekinumab and infections, cardiac effects and elevated liver enzymes for ozanimod.[6] Finally, JAK-inhibitors are associated with serious side effects such as serious infections, cancer, immune system problems and perforation in the stomach or intestine, pulmonary embolism, serious cardiovascular effects and even death.[7] FDA updated its safety warnings for JAK inhibitors in September 2021, restricting all use to patients who do not respond to or cannot tolerate TNF-alpha inhibitors.[8] The EMA has also imposed restrictions on the use of JAK inhibitors due to the risk of serious side effects, which means that many patient groups should only use JAK inhibitors if there are no other treatment options available.[9]

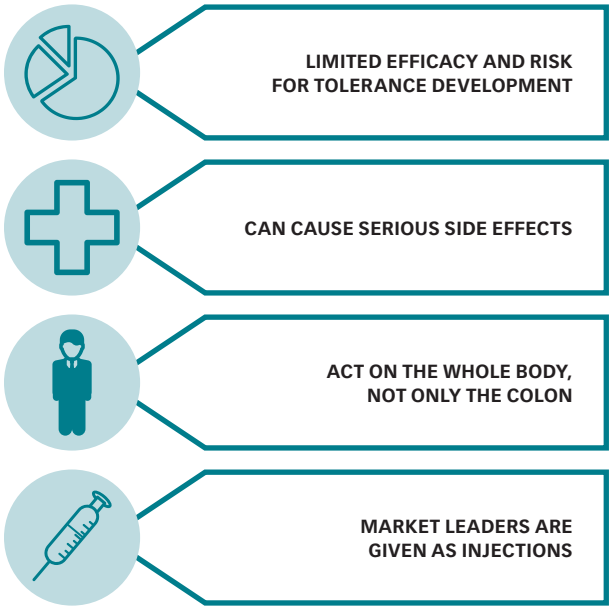
SAFETY CONCERNS WITH CURRENT DRUG CLASSES

Drug class	Safety profile
TNF-alfa inhibitors	Infections, cancer, skin diseases
Integrin inhibitors	Infections, hypersensitivity reactions, joint pain
JAK inhibitors	Infections, cancer, immune system problems, perforation in the stomach or intestines, pulmonary embolism, death
IL23 inhibitors	Infections, hypersensitivity reactions, malignancies
S1PR-modulator	Infections, cardiac effects, elevated liver enzymes

Act on the whole body – The systemic administration of the current advanced therapies for moderate to severe ulcerative colitis can cause off-target effects, compared to locally administered therapies given directly to the inflamed colon avoiding systemic exposure. In addition, current market-leading products require injections at home or at the clinic.

NEW THERAPIES IN LATE STAGE CLINICAL DEVELOPMENT

There are several other companies conducting drug development in IBD. Many of the substances in late stage development for moderate to severe ulcerative colitis are new variants of JAK inhibitors (i.e. the same mechanism of action as tofacitinib), IL-23 inhibitors (i.e. similar mechanism of action as ustekinumab) or S1PR-modulators (same mechanism of action as ozanimod). Cobitolimod is one of few substances in phase III for moderate to severe ulcerative colitis with a completely new and unique mechanism of action. Several of the compounds in development for moderate to severe ulcerative colitis are acting systemically and can cause serious side effects, in contrast to cobitolimod which has a local effect and an excellent safety profile.



Shortcomings with current advanced therapies for moderate to severe ulcerative colitis.

Icons: Freepik

1 Altwegg R et al. TNF Blocking Therapies and Immunomonitoring in Patients with Inflammatory Bowel Disease. Hindawi Publishing Corporation, Mediators of Inflammatory Bowel Disease. Hindawi Publishing Corporation, Mediators of Inflammation, Vol. 2014, Artikel-ID 172821.

2 Sandborn WJ et al, Tofacitinib as Induction and Maintenance Therapy for Ulcerative Colitis. N Engl J Med. 2017 Aug 3;377(5):496-7. + Feagan BG et al. Filgotinib as induction and maintenance therapy for ulcerative colitis (SELECTION): a phase 2b/3 double-blind, randomised, placebo-controlled trial. Lancet 2021; 397: 2372–84 + Sandborn WJ et al, Ozanimod as Induction and Maintenance Therapy for Ulcerative Colitis. N Engl J Med 2021;385:1280-91.

3 https://news.abbvie.com/news/press-releases

4 Mowat C, et al (2011) Gut 60:571-607.

5 Macaluso FS, Renna S, Orlando A, Cottone M. Expert Opin Biol Ther. 2017 Feb;17(2):175-184.

6 https://www.accessdata.fda.gov/drugsatfda_docs/label/2019/761044s003lbl.pdf and https://www.accessdata.fda.gov/drugsatfda_docs/label/2014/125476s000lbl.pdf and https://www.accessdata.fda.gov/drugsatfda_docs/label/2020/209899s000lbl.pdf

7 Agrawal et al. JAK Inhibitors Safety in Ulcerative Colitis: Practical Implications. Journal of Crohn's and Colitis, 2020, S755–S760.

8 https://www.fda.gov/drugs/drug-safety-and-availability/fda-requireswarnings-about-increased-risk-serious-heart-related-events-cancerblood-clots-and-death

9 https://www.ema.europa.eu/en/medicines/human/referrals/janus-kinase-inhibitors-jaki

Market potential and commercialisation strategy for cobitolimod

LARGE AND GROWING MARKET FOR THE TREATMENT OF ULCERATIVE COLITIS

The total global annual sales of pharmaceuticals for ulcerative colitis were estimated in 2020 to be approximately USD 7.5 billion with an annual average growth of 10% the last four years.[1] The market for ulcerative colitis is expected to grow by about 6% annually to reach 11-12 billion USD by 2026.[1] Advanced therapies for moderate to severe ulcerative colitis represent the largest market segment in terms of value, and is estimated to account for at least 85% of the total market.[2]

COBITOLIMOD'S MARKET POTENTIAL

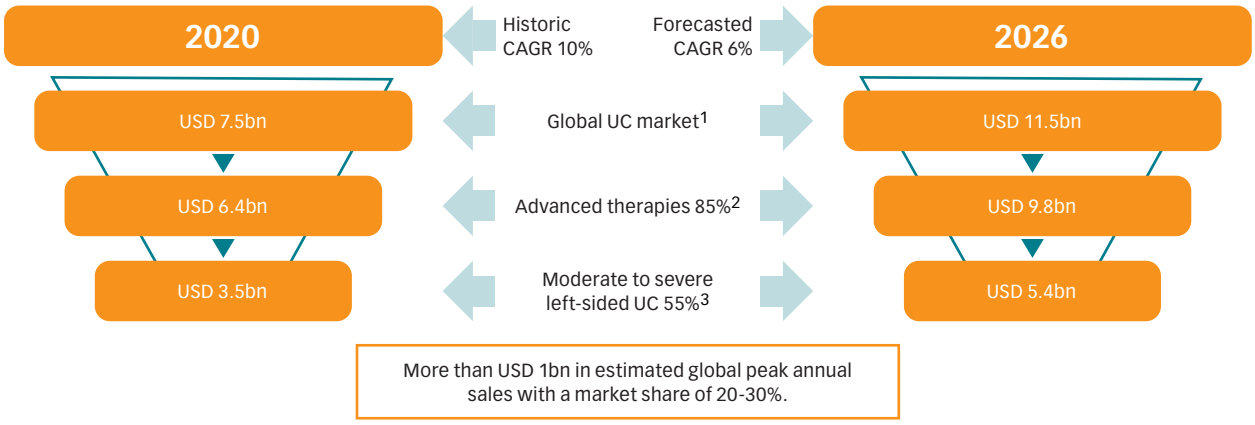
Cobitolimod's target product profile has been evaluated in several primary market research studies, demonstrating that cobitolimod has strong potential to be positioned as the first treatment option for patients with moderate to severe left-sided ulcerative colitis, that do not respond to conventional treatments. InDex estimates, see figure below, that the current market segment for moderate to severe left-sided ulcerative colitis amount to approximately USD 3.5 billion and is expected to grow to more than USD 5 billion by 2026. InDex estimates that cobitolimod can reach a market share of 20-30%, corresponding to global peak annual sales of more than USD 1 billion.

COMMERCIALISATION STRATEGY FOR COBITOLIMOD

InDex has together with external experts analysed the commercialisation options for cobitolimod in the US and Europe. The US market accounts for approximately 65% of the total market for ulcerative colitis.[1] The conclusion is that the market potential, the required commercial footprint, and the profitability profile in the US respectively are well suited for self-commercialisation by a focused commercial organisation to be built closer to launch.

The fragmented European market, as well as other regions, offer attractive opportunities to enter strategic collaborations as cobitolimod advances towards launch.

1 Rami Al-Horani et al Nat Rev Drug Discov. 2022 Jan;21(1):15-16
2 Market Research 2021 Effimed Research LLC.
3 Rutgeerts et al. N Engl J Med 2005;353:2462, Sandborn et al. Gastroenterology 2012;142:257, Sandborn et al. Gastroenterology 2014;146:85, Feagan et al. N Engl J Med 2013;369:699, Sandborn et al .N Engl J Med 2017;376:1723, Sandborn et al N Engl J Med 2019;381:1201, Atreya et al. JCC 2016;10:1294, Sandborn et al. N Engl J Med 2021;385:1280.



Estimated market potential for cobitolimod in moderate to severe left-sided ulcerative colitis.

DIMS compounds under development

InDex has, besides cobitolimod, a preclinical portfolio of more than 150 DNA-based ImmunoModulatory Sequences (DIMS). The DIMS candidates are oligonucleotides that differ in sequence and length but are all TLR9 agonists. DIMS mimic bacterial DNA, without being harmful, and stimulate immune cells to produce beneficial anti-inflammatory cytokines that will help to dampen inflammation. This opens opportunities for the treatment of different inflammatory conditions, in which the immune responses are imbalanced. To capitalise on the historical investments in the DIMS portfolio and to take advantage of the expertise and experience built up during the development of cobitolimod in ulcerative colitis, InDex is testing a selected number of DIMS candidates in models of other inflammatory diseases. Positive signals have been observed, and InDex has the option to further develop these assets in-house or in collaboration with potential partners.

Patents

InDex's policy is to protect its own proprietary position by seeking patent protection related to the company's proprietary technology. The company's patent portfolio covers use of cobitolimod in the treatment of various inflammatory diseases, as well as composition of matter patents for other DIMS compounds and their methods of use. InDex reviews the patent portfolio regularly together with company's external patent attorneys and makes strategic decision when needed.

The use of cobitolimod in treatment of patients afflicted with an inflammatory condition, such as ulcerative colitis, and that have a history of steroid use is covered by two granted patent families. This portfolio provides a broad method of use patent protection in the US, Europe, Japan, Canada, and Australia until at least 2026, with the possibility of up to five years term extension after marketing approval. Furthermore, the use of cobitolimod for treatment of active ulcerative colitis in a patient that is refractory or responds insufficiently or is intolerant to anti-inflammatory therapy, with or without history of steroid use, is covered by patent family. This patent family has been granted in the US, Europe, Japan and Canada and is being prosecuted in Hong Kong and as a so called divisional patent in Europe. It will protect cobitolimod until 2032 with the possibility of up to five years term extension after marketing approval.

Another patent family which protects the use of certain dosage regimens of cobitolimod for treating inflammatory bowel disease has been filed in the US, Europe, Japan, Canada, Australia, China, Korea, Brazil, Russia, and Hong Kong. The dosage includes the 250 mg dose which was successful in the phase IIb study CONDUCT. The patent has already been granted in the US and Russia. The patent will provide an exclusivity period until 2038, with the possibility of up to 5 years term extension after market approval.

A new patent family was filed in view of the findings arising from the results of the phase IIb clinical trial CONDUCT relating to the treatment of patients who have not been subject to colonic cleaning prior to treatment with cobitolimod. This application has been entered into the national phase in Australia, Brazil, Canada, China, Hong Kong, Europe, Japan, Korea, Russia and the US. This new patent family constitutes a valuable complement to our robust intellectual property portfolio for cobitolimod and has already been granted in Europe and Hong Kong. The patent will provide an exclusivity period until 2040, with the possibility of up to 5 years term extension after market approval.

In addition, further patent applications have been filed or are contemplated in the light of advances in the formulation and clinical development of cobitolimod, to provide exclusivity beyond the term of InDex's already granted patents. The further patent applications filed would potentially provide protection until 2042 if granted. Cobitolimod will also be subject to data protection as a new chemical entity for ten years from marketing approval in Europe, eight years in Japan and five years in the US.

GRANTED COBITOLIMOD PATENTS IN IBD

Patent family	Geographic area	Granted	Expire*
Modulating responsiveness to steroids WO2007004979	US/EP/JP	EP1904077	2026-06-30
		EP2179737	2026-06-30
		US8148341	2027-05-31
		US8569257	2026-06-30
		JP5208734	2026-06-30
		JP5886699	2026-06-30
Immunostimulatory method WO2007004977	US/EP/JP/ AUS/CA	EP1901759	2026-06-29
		EP2269622	2026-06-29
		EP2380584	2026-06-29
		US8258107	2027-05-31
		US8592390	2026-06-29
		JP5074392	2026-06-29
		JP5945176	2026-06-29
		AUS2006266503	2026-06-29
		AUS2012200661	2026-06-29
		CA 2612162	2026-06-29
Method for prevention of colectomy WO2013076262	US/EP/ JP/CA/HK	EP2782602	2032-11-23
		US9492516	2032-11-23
		US9795627	2032-11-23
		JP6193248	2032-11-23
		CA2892203	2032-11-23
New Therapy WO2018206711	US/EP/JP/ CA/AUS/ CN/KR/HK/ BR/RU	US11166975	2038-05-20
		RU201935630	2038-05-09
Oligonucleotide-based therapy for Ulcerative Colitis WO2021037764	US/EP/JP/ CA/AUS/ CN/KR/HK/ BR/RU	EP3947685	2040-08-21
		HK40059650	2040-08-21

** Supplementary Protection Certificate (SPC) or Patent Term Extension (PTE) is not included and may give up to five years extension in Europe and the US.*

Organisation

InDex has a small number of employees with core competences and cooperates with experienced consultants within different areas of the development process. The development plans are drafted in close cooperation with key opinion leaders such as clinicians and scientists together with other experts such as Clinical Research Organisations (CROs) and Contract Manufacturing Organisations (CMOs), as well as through scientific advice from regulatory authorities and pricing authorities. InDex is using a so-called outsourcing model for its preclinical, clinical and pharmaceutical development work. Such a model provides a high degree of flexibility and utilises employees and other resources in a cost-efficient way. InDex is selecting the most suitable CROs and CMOs to conduct trials and manufacturing of study drugs under the supervision of InDex.

As of December 31, 2022 InDex had six full time employees. Four of the employees have Ph.D. degrees in immunology, inflammation and clinical pharmacology. InDex has established cooperation with about ten qualified consultants each specialised in different areas, such as regulatory affairs, statistics, medicine, preclinical, manufacturing, business development, finance, accounting, HR and quality assurance in order to ensure that the necessary competences and experiences are covered. InDex has a very diversified team, both in terms of age, gender and nationalities. The management involves all members of the team, regardless of employment status, to create a well-functioning team to meet the company's objectives.

InDex's management and the Board have together large and documented highly qualified international experience in the pharmaceutical industry. This covers the vast majority of the functions involved in the process to develop and commercialise new and innovative drugs.

ADVISORY BOARDS

InDex has a long-standing and well-developed network of key opinion leaders and has established both a North American and a European advisory board. These advisory boards bolster the strong InDex team, ensure the clinical relevance of InDex's studies, support increased awareness of cobitolimod and allow outreach for wide patient recruitment. Several key opinion leaders are also involved in the development of the design of InDex's clinical studies, and are involved in the conduct of the phase III program.

The InDex team

The share

InDex Pharmaceuticals Holding AB's share is listed on Nasdaq First North Growth Market Stockholm since October 11, 2016 under the ticker symbol INDEX and with the ISIN code SE0008966295. The share is included in the Health Care segment.

SHARE PRICE DEVELOPMENT AND TURNOVER OF SHARES
The share price as of December 30, 2022, was SEK 0.85, which corresponded to a market cap of SEK 453 million. The highest share price paid on Nasdaq First North Growth Market Stockholm during 2022 was SEK 1.82 and the lowest share price paid was SEK 0.84. During 2022, 79,662,027 shares were traded on Nasdaq First North Growth Market Stockholm corresponding to a value of SEK 96 million.

RIGHTS ISSUE IN 2021
The Swedish Companies Registration Office recorded the completed rights issue of 443,906,375 new shares on February 11, 2021.

The subscription price was set to SEK 1.20. InDex received approximately SEK 488 million after deduction of the transaction related costs for financial and legal services and for costs for registration and practical management.

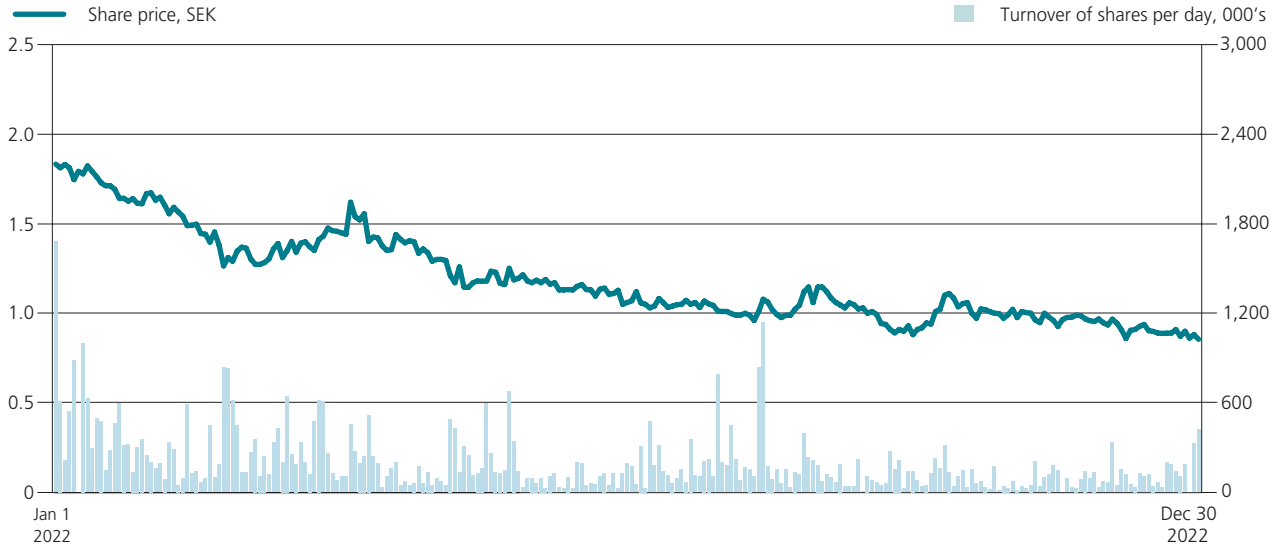
SHAREHOLDERS
InDex had as of December 30, 2022, 5,154 shareholders according to Euroclear. The 15 largest shareholders in InDex held approximately 61.7 percent of the capital and the votes.

CERTIFIED ADVISER
According to the rules of Nasdaq First North Growth Market Stockholm a listed company needs to appoint a Certified Adviser to conduct certain surveillance tasks. Redeye AB is the company's Certified Adviser.

LARGEST SHAREHOLDERS AS OF DECEMBER 30, 2022

	Number of shares	Percentage of capital and votes
Linc AB	69,920,567	13.1
HBM Healthcare Investments	52,916,667	9.9
Fjärde AP-fonden	52,314,074	9.8
Handelsbanken Funds	24,872,696	4.7
SEB-Stiftelsen	19,047,617	3.6
Avanza Pension	18,849,971	3.5
SEB Life International	18,420,717	3.5
Stiftelsen Industrifonden	12,865,296	2.4
Nordnet Pensionsförsäkring	11,825,715	2.2
Swedbank försäkring AB	10,401,960	2.0
S-E-Bankens Utvecklingsstiftelse	10,000,000	1.9
Staffan Rasjö	9,740,355	1.8
Ulti AB	7,000,000	1.3
Ponderus Invest AB	5,719,085	1.1
Försäkringsbolaget Skandia	4,731,846	0.9
Other	204,061,084	38.3
Total	**532,687,650**	**100.0**

SHARE PRICE AND TURNOVER OF SHARES



The traded volume was extremely high during three days. These are therefore provided separately and thus not included in the graph.
January 11, 2022 – 7,343,068 shares,
November 17, 2022 – 13,163,629 shares,
December 28, 2022 – 7,884,096 shares.

OWNERSHIP STRUCTURE BY SIZE OF HOLDINGS AS OF DECEMBER 30, 2022

Holding	Number of shareholders	Number of shares	Percentage of capital and votes
1-500	845	151,003	0.0
501-1,000	529	414,252	0.1
1,001-5,000	1,263	3,616,656	0.7
5,001-10,000	776	5,832,715	1.1
10,001-15,000	365	4,634,302	0.9
15,001-20,000	262	4,754,838	0.9
20,001-	1,114	513,283,884	96.3
Total	**5,154**	**532,687,650**	**100.0**

DEVELOPMENT OF SHARE CAPITAL

Date	Transaction	Change in share capital	Total share capital	Number of new shares	Total number of shares	Paid in amount
Jun 27, 2016	Inception of the company	500,000	500,000	500,000	500,000	500,000
Sep 7, 2016	Split of shares	–	500,000	45,500,000	50,000,000	–
Sep 7, 2016	Share issue in-kind	601,345	1,101,345	60,134,466	110,134,466	–
Sep 7, 2016	Reduction of number of shares	–500,000	601,345	–50,000,000	60,134,466	–
Sep 7, 2016	Share issue	–	601,345	2	60,134,468	–
Sep 8, 2016	Reversed split of shares	–	601,345	–30,067,234	30,067,234	–
Oct 6, 2016	Share issue for pref. shares	52,685	654,030	2,634,279	32,701,513	52,685
Oct 6, 2016	Share issue	560,479	1,214,509	28,023,969	60,725,482	235,401,340
Oct 12, 2016	Share issue	14,305	1,228,814	715,250	61,440,732	6,008,100
Oct 25, 2016	Share issue	17,969	1,246,783	898,421	62,339,153	7,546,736
Nov 14, 2016	Share issue	1,895	1,248,678	94,725	62,433,878	795,690
Dec 29, 2016	Share issue in-kind	1,300	1,249,978	65,015	62,498,893	–
Jan 13, 2017	Share issue	591	1,250,569	29,540	62,528,433	248,136
Oct 23, 2018	Share issue	125,057	1,375,626	6,252,842	68,781,275	37,642,109
Sep 23, 2019	Share issue	275,125	1,650,751	13,756,255	82,537,530	96,018,660
Oct 10, 2019	Share issue	124,874	1,775,625	6,243,745	88,781,275	43,581,340
Feb 11, 2021	Share issue	8,878,127	10,653,753	443,906,375	532,687,650	532,687,650

Board of directors, senior management and auditors

PROF. WENCHE ROLFSEN
Chairman since 2011.
Born: 1952.
Current assignments: Chairman of BioArctic. Board member of Cinclus Pharma Holding. In addition, partner in Serendipity Partners.
Experience: Managerial positions at Pharmacia and Quintiles. Board member of several listed companies. Former associate Professor in Pharmacology at Uppsala University.
Holdings: Direct holdings of 113,400 shares, indirect holdings of 487,344 shares.

KARIN BERNADOTTE AF WISBORG
Board member since 2022.
Born: 1963.
Current assignments: –.
Experience: Senior management positions at MSD, such as responsible for the Balkan region and before that responsible for Public Affairs in Europe & Canada and CEO of MSD Sweden. Master of Science in Pharmacy.
Holdings: –.

MARLENE FORSELL
Board member since 2020.
Born: 1976.
Current assignments: Board member of Nobia, STG Group, Kambi Group, Lime Technologies and Addsecure.
Experience: CFO for Swedish Match, 2013-2018 and from 2004 in several leading financial positions at the same company. Advisor within M&A at EY. MSc in Economics at Stockholm School of Economics.
Holdings: –.

ANNA-KAIJA GRÖNBLAD
Board member since 2022.
Born: 1968.
Current assignments: –.
Experience: Several senior positions in Sweden and the Nordics/Baltics and CEO of Sanofi Sweden. Works today as Chief Commercial Officer at BioArctic. MSc in Economics from Uppsala University.
Holdings: Direct holdings of 50,000 shares.

PROF. ULI HACKSELL
Board member since 2016.
Born: 1950.
Current assignments: Chairman of Medivir and Annexin Pharmaceuticals. Board member of Active Biotech and Synact Pharma.
Experience: CEO and chairman of Cerecor, CEO of ACADIA Pharmaceuticals and managerial positions at Astra. Professor in organic chemistry at Uppsala University.
Holdings: Direct holdings of 408,000 shares.

DR. LENNART HANSSON
Board member since 2011.
Born: 1956.
Current assignments: Chairman of Cinclus Pharma Holding, Sixera Pharma and Ignitus. Board member of Medivir.
Experience: Former head of Life Science investments at Industrifonden, CEO of Arexis and managerial positions at AstraZeneca, Biovitrum and KabiGen. PhD in genetic from Umeå University.
Holdings: Indirect holdings of 432,000 shares.

All board members are independent in relation to InDex, InDex's management and InDex's major shareholders.

JENNY SUNDQVIST
CEO since January 1, 2023.
Born: 1971.
Current assignments: –.
Experience: Extensive experience of research organizations and marketing of approved medicines. Previously been Chief Commercial Officer at Isofol Medical, portfolio manager for AstraZeneca's global oncology research and global market manager for AstraZeneca's asthma product Symbicort. BSc in International Trade & Finance from Louisiana State University and an MBA from McCombs School of Business.
Holdings: Direct holding of 1,930,700 employee stock options (LTIP 2022) since January 2, 2023.

JOHAN GILÉUS
Chief Financial Officer (CFO) since 2017. Deputy CEO since January 2023.
Born: 1965.
Current assignments: Board member of Gileus Consulting and Gileus Invest.
Experience: Former Partner at Deloitte focusing on M&A, financial reporting and stock market issues as well as former board member and chairman of the audit committee in Haldex and BHG Group. Studies in business administration at Stockholm University.
Holdings: Direct holdings of 240,000 shares, 133,333 warrants (LTIP 2020), 772,300 employee stock options (LTIP 2021) and 772,300 employee stock options (LTIP 2022).

DR. CHARLOTTE ADMYRE
Chief Scientific Officer (CSO) since May 2022.
Born: 1979.
Current assignments: –.
Experience: More than 15 years of experience from InDex where she has held several key positions within research and development, business development and investor relations. PhD in Immunology and a Master of Biomedicine from the Karolinska Institutet
Holdings: Direct holdings of 9,036 shares, 58,333 warrants (LTIP 2020), 338,000 employee stock options (LTIP 2021) and 772,300 employee stock options (LTIP 2022).

DR. EVA ARLANDER
Chief Development Officer (CDO) since May 2022.
Born: 1964.
Current assignments: –.
Experience: Extensive experience from the pharmaceutical industry and has held senior positions at e.g. AstraZeneca, Medivir and Affibody with a main focus on clinical development. Department head at the Medical Products Agency. Pharmacist and holds a PhD in clinical pharmacology from the Karolinska Institutet.
Holdings: Direct holdings of 772,300 employee stock options (LTIP 2022).

AUDITORS
PricewaterhouseCoopers AB with the authorised auditor Magnus Lagerberg as public accountant in charge since 2017.

Note: The years refer to InDex Pharmaceuticals AB as applicable.

Holdings per December 30, 2022.

Directors' report

InDex Pharmaceuticals Holding AB (publ) Corp. Reg. No. 559067-6820

The Board and the CEO of InDex Pharmaceuticals Holding AB hereby issue the annual report and the consolidated financial statements for 2022.

INTRODUCTION

This annual report includes the group ("the group", "the company" or "InDex"), i.e. InDex Pharmaceuticals Holding AB, Corp. Reg. No 559067-6820, the subsidiaries InDex Pharmaceuticals AB, Corp. Reg. No. 556704-5140 and InDex Diagnostics AB, Corp. Reg. No. 556602-2751. The employees are employed, and the consultants are engaged, in the parent company or the subsidiary InDex Pharmaceuticals AB depending on the type of work performed. Invoicing of services between the group companies is based on utilisation. Revenues and direct costs for the diagnostic services (the diagnostic test DiBiCol) have been accounted for in InDex Diagnostics AB until September 30, 2020, when the diagnostic services were terminated. The company's share is traded on Nasdaq First North Growth Market Stockholm since October 11, 2016. Redeye AB is the company's Certified Adviser. The operations are conducted at Karolinska Institutet campus, with postal address Berzelius väg 13, 171 65 Solna.

BUSINESS OVERVIEW

InDex is a pharmaceutical development company focusing on immunological diseases where there is a high unmet medical need for new treatment options. The company's lead asset is the drug candidate cobitolimod, which is being evaluated in the phase III program CONCLUDE as a novel treatment of moderate to severe ulcerative colitis – a debilitating, chronic inflammation of the large intestine.

In addition, InDex has a broad portfolio of other DNA based ImmunoModulatory Sequences (DIMS) in discovery stage, with the potential to be used in the treatment of various immunological diseases.

Ulcerative colitis is a chronic disease caused by inflammation of the colon. The symptoms are characterized by blood- and mucus-mixed diarrhea, frequent stools, pain, fever, weight loss and anemia. Despite the currently available drugs on the market, many patients with ulcerative colitis still suffer from severe symptoms. For those patients that do not respond to medical treatment, the last resort is to surgically remove the colon.

InDex's clinical studies have shown that cobitolimod has a competitive efficacy and a more favorable safety profile than what has been reported for the currently approved advanced drugs. Sales of advanced treatments of ulcerative colitis amount to more than USD 6 billion a year.

Cobitolimod has a novel type of mechanism of action. It is a so-called Toll-like receptor 9 (TLR9) agonist that can provide an anti-inflammatory effect locally in the colon, which may induce mucosal healing and relief of the clinical symptoms in ulcerative colitis.

In 2019 InDex reported positive results from the phase IIb study CONDUCT with cobitolimod. CONDUCT was a dose optimisation study with the objective to identify the most efficacious dose to move forward in development. The study met the primary endpoint clinical remission with a superior efficacy of 15 percent (delta) for patients treated with the highest dose of cobitolimod compared to placebo. Cobitolimod was well tolerated at all dose levels and no differences in the safety profile were observed compared to placebo. CONDUCT was a randomised, double blind, placebo-controlled study including 213 patients with left-sided moderate to severe active ulcerative colitis at 91 sites in 12 countries. The patients were divided into four treatment arms who received different doses of cobitolimod and one arm who received placebo.

InDex has already in previous clinical trials shown that cobitolimod has a very favorable safety profile and has statistically significant effects on those endpoints that are most relevant in this disease, both from a regulatory and clinical perspective. These endpoints include the key clinical symptoms such as blood in stool, number of stools, and mucosal healing, respectively.

Given the outstanding combination of efficacy and safety, cobitolimod is now being evaluated in the pivotal Induction Study 1 of the CONCLUDE phase III program. Phase III includes the last clinical studies required before application for market approval can be submitted to regulatory authorities.

Based on regulatory guidance InDex is conducting a sequential phase III program with two induction studies and a maintenance study with patients that have responded to cobitolimod as induction therapy. Induction Study 1 of the phase III program CONCLUDE will include 440 patients. The first patient was enrolled in the study end of 2021. Induction Study 1 is a randomised, double-blind, placebo-controlled, global phase III study to evaluate cobitolimod as a novel treatment for patients with moderate to severe left-sided ulcerative colitis. The primary endpoint will be clinical remission at week 6. Apart from the dosing 250 mg x 2, which

was the highest dose and the one that showed the best efficacy in the phase IIb study CONDUCT, the phase III study will also evaluate a higher dose, 500 mg x 2, in an adaptive study design. This higher dose has the potential to provide an even better efficacy than what was observed in the phase IIb study.

When approximately 30% of the participants in the study have been randomised and have data for the primary endpoint, a dose selection will be performed in a blinded fashion to select the best dose of cobitolimod and the other dose will be dropped. InDex will have no access to efficacy data at this milestone. Following the blinded dose selection, the additional patients to be randomised into the study will receive only the selected dose of cobitolimod or placebo. The outcome of the dose selection is expected to be available Q4 2023. Patients responding to cobitolimod in the induction study will be eligible to continue in a maintenance study, where each patient under 46 additional weeks will be treated with either cobitolimod or placebo.

InDex has entered into an agreement for services with the leading global clinical research organisation (CRO) Parexel Biotech for Induction Study 1 and its part of the Maintenance Study in the CONCLUDE program. Parexel Biotech has considerable experience managing phase III studies in inflammatory bowel disease. Parexel Biotech was the CRO that InDex successfully collaborated with in the phase IIb study CONDUCT.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- InDex announced on March 13, 2022 that the company is planning for self-commercialisation of the drug candidate cobitolimod in the US with strategic collaborations in other regions, which was also presented at a capital markets day on March 14, 2022.
- InDex announced on April 11, 2022 that CEO Peter Zerhouni decided to leave his position after more than seven years. The company's CFO Johan Giléus was appointed acting CEO while a new CEO was recruited, and he also continued his position as CFO.
- InDex announced on May 2, 2022 that a new senior management team has been appointed.
- InDex announced on July 13, 2022 that a new method of use patent for the drug candidate cobitolimod has been granted by the European Patent Office (EPO). The patent provides additional protection for the use of cobitolimod in the treatment of inflammatory bowel disease.
- InDex announced on October 10, 2022 that the Board has named Jenny Sundqvist as new CEO. Johan Giléus, who has been acting CEO since April 2022, will continue as CFO in the company. Jenny took over as CEO from January 1, 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- InDex announced on January 27, 2023 an update in the timing of the dose selection in Induction Study 1 of the ongoing phase III program CONCLUDE with the drug candidate cobitolimod. The outcome of the dose selection is expected to be available Q4 2023. At that point in time InDex will have finalised the assessments of consequences on the overall development timeline including topline results of Induction Study 1 in the CONCLUDE program.

OTHER EVENTS

- InDex participated with a booth at Digestive Disease Week (DDW) May 21-24, 2022 in San Diego to inform about cobitolimod and the phase III study CONCLUDE. DDW is the premier medical congress in the world in gastroenterology.
- The annual general meeting in InDex Pharmaceuticals Holding AB was held on June 1, 2022. Board members Wenche Rolfsen (also chairman), Marlene Forsell, Uli Hacksell and Lennart Hansson were re-elected, and Karin Bernadotte af Wisborg and Anna-Kaija Grönblad were elected as new ordinary board members for the time until the end of the next annual general meeting. The annual general meeting also resolved, in accordance with the board of directors' proposal, on the implementation of a long-term incentive program by way of granting employee stock options to senior executives and other key persons of the group.
- InDex announced on August 16, 2022 that the company has received positive feedback from the Japanese regulatory authority, the Pharmaceuticals and Medical Devices Agency (PMDA), regarding the clinical development plan for a future marketing authorisation application for the company's TLR9 agonist cobitolimod, for the treatment of moderate to severe left-sided ulcerative colitis. The PMDA has accepted that InDex may enrol Japanese ulcerative colitis patients in the second global phase III induction study, without performing specific Japanese studies prior to study start.
- InDex participated with a booth at the United European Gastroenterology Week (UEGW) October 8-11, 2022 in Vienna to inform about cobitolimod and the phase III program CONCLUDE. UEGW is the largest scientific meeting for gastroenterologists in Europe.

CORPORATE STRUCTURE

InDex Pharmaceuticals Holding AB was incepted on December 14, 2015, and was registered with the Swedish Companies Registration Office on June 27, 2016. At an Extraordinary General Meeting held on August 25, 2016, it was resolved, and on September 7, 2016 an issue for non-cash consideration was registered at the Swedish Companies Registration Office, whereby the shareholders of InDex Pharmaceuticals AB transferred 99.76 percent (on December 31, 2022 99.99 percent have been transferred) of the shares in the company in exchange for new shares in the new parent company, InDex Pharmaceuticals Holding AB. The intention is that also the remaining shares in InDex Pharmaceuticals AB will be exchanged for shares in the parent company. With the support of valuations provided by two independent external parties, the Board attributed the shares in InDex Pharmaceuticals AB a total value of SEK 247.0 million, out of which the shares held by the parent company were reported in the balance sheet at the same value, as the remaining shares will be transferred alternatively compulsory acquired. A debt of SEK 0.0 million to the minority shareholders has therefore been reported as of December 31, 2022.

The Board has concluded that the restructuring described above has not in itself changed the business or the shareholder structure, why the consolidated financial statements have been prepared in accordance with the guidelines for acquisition under common control. In short this means that the consolidated financial statements are prepared as if InDex Pharmaceuticals AB is the acquiring company in the consolidated financial statements and, therefore, the assets and liabilities are reported at historical values. This further means that the comparative periods for InDex can be presented in the financial report for InDex where InDex Pharmaceuticals AB was the legal parent.

FINANCIAL DEVELOPMENT

CONSOLIDATED FINANCIAL SUMMARY

SEK million	2022	2021	2020	2019	2018
Net sales	–	–	0.0	0.1	0.1
Operating loss	–103.2	–102.9	–57.3	–87.7	–82.0
Result after tax	–100.3	–103.0	–57.4	–87.8	–82.1
Earnings per share before and after dilution, SEK[1]	–0.19	–0.21	–0.24	–0.45	–0.48
Cash flow from operating activities	–129.4	–124.1	–70.6	–85.1	–78.6
Cash and cash equivalents at the year-end	344.9	428.4	53.8	126.8	83.0
Weighted average number of shares (thousands)[1]	532,688	483,365	236,750	197,001	169,846
Number of shares at the year-end (thousands)[1]	532,688	532,688	236,750	236,750	183,417

[1] Adjusted for the completed rights issue in February 2021.

Because of the nature of the business operations, there may be large fluctuations between different periods.

Group

Net sales for the period January to December 2022 amounted to SEK 0.0 (0.0) million. The net sales in 2020 were related to the sale of DiBiCol test kits up to September 30, 2020. Sale of DiBiCol test kits was then terminated.

Other operating income SEK 47.9 (12.7) million refers to grants received from Vinnova and foreign exchange gains of SEK 46.7 (12.3) million related to cash and cash equivalents in foreign currency. InDex purchased during the second quarter 2021 USD to be used for future payments related to signed contracts denominated in USD.

Operating expenses for the period amounted to SEK 151.1 (115.6) million. The increase is attributable to, as expected, higher costs for the Induction Study 1 of the CONCLUDE phase III program.

The operating expenses during the period refer primarily to costs for phase III and general operating expenses. In September 2022 the current lease contract was prolonged.

Costs for the personnel during the reporting period amounted to SEK 13.2 (12.3) million. The increase is partly related to general salary increases.

InDex has during the period accrued interest income of SEK 3.0 (0.0) million related to cash and cash equivalents in foreign currency.

Cash and cash equivalents as of December 31, 2022 amounted to SEK 344.9 million, which is SEK 83.5 million lower than as of December 31, 2021.

Parent company

The net sales amounted to SEK 10.7 (10.2) million during the period January to December 2022 and consisted of invoicing of group wide expenses to InDex Pharmaceuticals AB.

The operating expenses amounted during the reporting period to SEK 16.8 (17.6) million and consisted of personnel expenses for employees in the parent company and other operating expenses relating to the administration of InDex.

To reset the equity in the subsidiary InDex Pharmaceuticals AB, InDex Pharmaceuticals Holding AB provided during 2022 a shareholder contribution of in total SEK 0.1 (200) million. A write-down of shares in subsidiaries were made simultaneously.

FINANCIAL SUMMARY AFTER THE REPORTING PERIOD

Russia's invasion of Ukraine may still impact the health care system and the global economy. It is at present difficult to assess the wider impact of these factors. The Board, however, assess that there is no impact on the company's financial position as of December 31, 2022, due to events after the reporting period.

THE BOARD OF DIRECTORS AND CEO

The Board in InDex Pharmaceuticals Holding AB was elected at the Annual General Meeting on June 1, 2022, and consists of the chairman Wenche Rolfsen, Karin Bernadotte af Wisborg, Marlene Forsell, Anna-Kaija Grönblad, Uli Hacksell and Lennart Hansson.

Peter Zerhouni was CEO until April 11, 2022 when Johan Giléus was appointed acting CEO. Jenny Sundqvist is CEO since January 1, 2023.

RISKS AND UNCERTAINTIES

The business of the company can be affected by a number of risk factors. The ambition of the group is to establish a group wide risk management program that focuses on minimising potential negative effects on InDex's profit. The Board is ultimately responsible for identifying, managing and monitoring InDex's risks. The policy for identifying, management and monitoring of financial risks is decided by the Board and is subject to annual revisions. The Board has delegated the daily work regarding risk management to the CEO, who has delegated to the CFO. The Board may decide on temporary exemptions from the policy. There is no guarantee that InDex's research and development will result in commercial success. There is no guarantee that InDex will develop products that can be patented, that granted patents can be retained, that future inventions will lead to patents, or that granted patents will provide sufficient protection for InDex's products. There is no guarantee that InDex obtains necessary approvals to conduct the clinical trials that InDex would like to implement, or that the clinical trials conducted by InDex, independently or in collaboration with partners, will demonstrate sufficient safety and efficacy to obtain necessary regulatory approvals or that the trials will lead to drugs that can be sold on the market. It cannot be excluded that the regulatory approval process will require increased documentation and thereby increased costs and delays in projects or lead to projects being shut down. Increased development costs and longer development time may mean that the risks of a project increase and that the compound's potential to successfully reach the commercial stage decreases or that the time for patent protected sales is reduced. For more information see page 70-73.

EXPECTED FUTURE DEVELOPMENT

The Board is reviewing the forecasted cash flow on an ongoing basis to determine InDex's capital requirements and resources required to conduct the business activities in accordance with the strategic direction decided by the Board.

It is the assessment of the Board that InDex has enough capital to finance all financial commitments InDex has for the coming 12-month period.

InDex provides no financial forecast or similar forward-looking statement.

NON-FINANCIAL INFORMATION

Employees

The number of employees at the end of the year was 6 (9) and the number of people closely associated with InDex through consultancy arrangements amount to 12 (10).

Environment

InDex is a small company and is therefore procuring services such as production of substance, drug production and preclinical and clinical trials services. InDex is cooperating with well-known partners with rigorous oversight of permits, quality assurance and environmental obligations.

Annual General Meeting in the parent company

The Annual General Meeting of InDex Pharmaceuticals Holding AB will be held on May 24, 2023 at 5:00 p.m. (CET) at Setterwalls Advokatbyrå, Sturegatan 10 in Stockholm. Shareholders who wish to attend the Annual General Meeting must be recorded in the share register maintained by Euroclear Sweden AB on May 15, 2023. Shareholders who wish to attend the Annual General Meeting shall also give notice of attendance no later than May 15, 2023 at 5:00 p.m. (CET) by email to info@indexpharma.com or under postal address: InDex Pharmaceuticals Holding AB, Berzelius väg 13, 171 65 Solna. The notice shall contain name, address and number of shares represented. If applicable, the number of assistants (maximum 2) shall be provided. Shareholders that are represented by proxy shall provide the proxy to the agent. The proxy shall be provided to the company prior to the Annual General Meeting using the above-mentioned postal address. If the proxy is provided by a legal person a certified company certificate shall be attached.

PROPOSED DISTRIBUTION OF EARNINGS

THE FOLLOWING RETAINED EARNINGS ARE AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING

SEK	
Retained earnings	532,840,755
Net result	–6,105,936
	526,734,819
The Board's suggestion to be carried forward	**526,734,819**

THE BOARD'S OPINION REGARDING THE SUGGESTED DISTRIBUTION AND DIVIDEND POLICY

The Board does not propose a dividend for 2022. The Board has no intention to propose a dividend until InDex can forecast long term profit and sustainable positive cash flow.

Regarding the parent company's and the group's result and financial position the reader is referred to the pages overleaf presenting the statement of total comprehensive income, balance sheet, statement of changes in equity, cash flow and associated notes. All amounts are presented in thousands of SEK unless stated otherwise.

Consolidated statement of total comprehensive income

SEKk	Note	2022	2021	2020
Revenues				
Net sales	5	–	–	35
Other income	8	47,887	12,720	380
Total revenues		**47,887**	**12,720**	**415**
Operating expenses				
Raw material and consumables		–10,287	–14,383	–16,021
Other external expenses	6, 7	–126,530	–87,737	–30,990
Personnel costs	7	–13,231	–12,258	–9,561
Depreciations/amortisations of fixed assets and right-of-use assets	14, 15	–1,066	–1,252	–1,192
Total expenses		**–151,114**	**–115,630**	**–57,764**
Operating loss		**–103,227**	**–102,910**	**–57,349**
Result from financial investments				
Financial income	9	3,013	–	46
Financial expenses	9	–120	–133	–115
Financial items – net		**2,893**	**–133**	**–69**
Earnings before tax		**–100,333**	**–103,043**	**–57,418**
Taxes for the period	10	–	–	–
LOSS FOR THE PERIOD		**–100,333**	**–103,043**	**–57,418**
Earnings per share, attributable to the shareholders of the parent company:				
Earnings per share, before and after dilution, SEK[1]		–0.19	–0.21	–0.24

[1] Adjusted for the completed rights issue in February 2021.

In the group there are no items reported in other comprehensive income. So total comprehensive income is consistent with profit/loss for the period. The profit/loss for the period and total comprehensive income are entirely attributable to the shareholders of the parent company.

The notes on pages 38 to 54 are an integrated part of these consolidated financial statements.

Consolidated balance sheet

SEKk	Note	December 31, 2022	December 31, 2021	December 31, 2020
ASSETS				
Fixed assets				
Tangible fixed assets				
Equipment, tools and installations	14	454	639	818
Total tangible fixed assets		**454**	**639**	**818**
Right-of-use assets	15	**3,535**	**1,520**	**2,593**
Financial assets				
Other financial assets	16	1	1	1
Total financial assets		**1**	**1**	**1**
Total fixed assets		**3,990**	**2,160**	**3,412**
Current assets				
Current receivables				
Accounts receivable	17	–	–	–
Other current receivables	18	2,129	2,400	907
Prepaid expenses and accrued income	19	286	12,187	3,031
Cash and cash equivalents	20	344,931	428,449	53,834
Total current receivables		**347,346**	**443,036**	**57,772**
Total current assets		**347,346**	**443,036**	**57,772**
TOTAL ASSETS		**351,336**	**445,196**	**61,184**
EQUITY AND LIABILITIES				
Equity	21			
Share capital		10,654	10,654	1,776
Additional paid in capital		863,686	863,433	384,557
Retained earnings (including profit/loss for the year)		–540,381	–440,048	–337,005
Total equity attributable to the shareholders of the parent company		**333,959**	**434,039**	**49,328**
Provisions				
Other provisions		16	116	–
Total provisions		**16**	**116**	**–**
Liabilities				
Non-current liabilities				
Non-current lease liabilities	15	2,626	475	1,578
Total non-current liabilities		**2,626**	**475**	**1,578**
Current liabilities				
Current lease liabilities	15	626	807	763
Account payables		6,561	4,497	3,023
Other current liabilities	23	689	1,693	852
Accrued expenses and prepaid income	24	6,859	3,569	5,640
Total current liabilities		**14,735**	**10,566**	**10,278**
Total liabilities		**17,361**	**11,041**	**11,856**
TOTAL EQUITY AND LIABILITIES		**351,336**	**445,196**	**61,184**

The notes on pages 38 to 54 are an integrated part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to the shareholders of the parent company			
SEKk	Share capital	Additional paid in capital	Retained earnings, including loss for the year	Total equity
Opening balance January 1, 2020	**1,776**	**384,314**	**–279,587**	**106,503**
Profit/loss for the period equal to total comprehensive income	–	–	–57,418	–57,418
Total comprehensive income for the year	**–**	**–**	**–57,418**	**–57,418**
Transactions with shareholders of the parent company:				
Issue of warrants	–	243	–	243
Total transactions with shareholders of the parent company	**–**	**243**	**–**	**243**
Closing balance December 31, 2020	**1,776**	**384,557**	**–337,005**	**49,328**
Opening balance January 1, 2021	**1,776**	**384,557**	**–337,005**	**49,328**
Profit/loss for the period equal to total comprehensive income	–	–	–103,043	–103,043
Total comprehensive income for the year	**–**	**–**	**–103,043**	**–103,043**
Transactions with shareholders of the parent company:				
Issue of shares	8,878	523,809	–	532,687
Transaction costs	–	–45,192	–	–45,192
Value of the employees' employment	–	258	–	258
Total transactions with shareholders of the parent company	**8,878**	**478,875**	**–**	**487,753**
Closing balance December 31, 2021	**10,654**	**863,433**	**–440,048**	**434,039**
Opening balance January 1, 2022	**10,654**	**863,433**	**–440,048**	**434,039**
Profit/loss for the period equal to total comprehensive income	–	–	–100,333	–100,333
Total comprehensive income for the year	**–**	**–**	**–100,333**	**–100,333**
Transactions with shareholders of the parent company:				
Issue of shares	–	–	–	–
Transaction costs	–	–	–	–
Value of the employees' employment	–	253	–	253
Total transactions with shareholders of the parent company	**–**	**253**	**–**	**253**
Closing balance December 31, 2022	**10,654**	**863,686**	**–540,381**	**333,959**

Consolidated cash flow

SEKk	Note	2022	2021	2020
Operating activities				
Operating result		–103,227	–102,910	–57,349
Adjustment for non-cash items:				
Depreciations/amortisations		1,066	1,252	1,192
Interest paid and received		2,893	–133	–70
Income tax paid		–	–	–
Other adjustments		–46,517	–11,907	–
Cash flow from operating activities before changes in working capital		**–145,783**	**–113,698**	**–56,227**
Cash flow in working capital				
Decrease/increase of current receivables		12,172	–10,648	–2,117
Decrease/increase of current liabilities		4,169	288	–12,306
Cash flow from changes in working capital		**16,341**	**–10,360**	**–14,423**
Cash flow from operating activities		**–129,442**	**–124,058**	**–70,650**
Investing activities				
Investments in tangible assets		–	–	–909
Cash flow from investment activities		**–**	**–**	**–909**
Financing activities				
Amortisation of lease liabilities	15, 27	–818	–1,103	–1,639
Issue of shares, net after transaction costs	21	–	487,495	–
Issue of warrants	7	–	–	242
Cash flow from financing activities		**–818**	**486,392**	**–1,397**
Cash flow for the period		**–130,260**	**362,334**	**–72,956**
Decrease/increase of cash and cash equivalents				
Cash and cash equivalents at the beginning of the year		428,449	53,834	126,790
Currency translation difference in cash and cash equivalents		46,742	12,281	–
Cash and cash equivalents at the end of the year		**344,931**	**428,449**	**53,834**

The notes on pages 38 to 54 are an integrated part of these consolidated financial statements.

Notes to the consolidated statements

NOTE 1 GENERAL INFORMATION

InDex Pharmaceuticals Holding AB (publ) Corp. Reg. No. 559067-6820 is a registered limited liability corporation in Sweden with its registered office in Stockholm. The address to the head office is Berzelius väg 13, Solna. InDex Pharmaceuticals Holding AB, and its subsidiaries InDex Pharmaceuticals AB and InDex Diagnostics AB ("InDex", "the company" or "the group"), operations constitute research, clinical trials, development of technology and commercialisation of scientific discoveries within in the field of biomedicine.

The Board approved the annual report on March 27, 2023.

All amounts are presented in thousands of SEK (SEKk) unless stated otherwise.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently for all periods presented. The consolidated financial statements present InDex Pharmaceuticals Holding AB (publ) and its subsidiaries.

i) Basis of preparation for the reports

The consolidated financial statements for InDex Pharmaceuticals Holding AB were prepared in accordance with the *Swedish Annual Accounts Act*, RFR 1 *Supplementary Accounting Rules for Groups, International Financial Reporting Standards* (IFRS) and interpretations from *IFRS Interpretations Committee* (IFRS IC) as adopted by the EU.

The consolidated financial statements have been prepared using the cost method.

The preparation of financial statements compliant in accordance with IFRS requires the use of certain critical accounting estimates. In addition, the management must make certain assessments when applying the group's accounting policies. Those areas that involve a high degree of assessment, that are complex or such areas where assumptions and estimates are of material importance for the consolidated financial statements are presented in note 4.

ii) New and revised standards not yet adopted by the group

A few amendments of the current standards and interpretations came into effect for financial periods beginning on January 1, 2022, or later. None of these have had a material impact on the financial statements of the group during the current year nor are these expected to have a material impact on any future financial periods or transactions.

A number of new standards and interpretations that came into effect for financial periods beginning on or after January 1, 2023, have not been applied in the preparation of this financial report. No standards that are in issue but not yet effective are assessed to have a significant impact when adopted.

2.1 CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

Subsidiaries are all companies in which the group has a controlling interest. The group controls a company when it is exposed to, or entitled to, variable returns from its holding in the company and has the ability to affect those returns through its control over the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling interest is transferred to the group. They are excluded from the consolidated financial statements from the date on which the controlling interest ceases.

Intercompany transactions, balance sheet items and unrealised gains and losses on transactions between group companies are eliminated.

2.2 SEGMENT REPORTING

InDex's chief operating decision maker is the CEO, since the CEO is primarily responsible for allocating resources and evaluating results. The assessment of the group's operating segments is based on the financial information reported to the CEO. The financial information reported to the CEO, to support the allocation of resources and assessment of the group's results, pertains to the group as a whole. The group conducts pharmaceutical development, and the operations currently consist entirely of research and development of pharmaceuticals for immunological diseases. Against this background, the assessment is that InDex conducts joint development activities within the group and therefore has one business segment, which is the group as a whole.

2.3 TRANSLATION OF FOREIGN CURRENCY

(i) Functional and presentation currency

The functional currency of the various entities in the group is the local currency, as this has been defined as the currency that is used in the primary economic environment in which each entity mainly operates. The Swedish krona (SEK) is used in the consolidated financial statements and is the functional currency of the parent company and the presentation currency of the group.

(ii) Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Exchange rate gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the closing-day rate are recognised through profit or loss in the statement of comprehensive income.

Exchange rate gains and losses attributable to cash and cash equivalents are recognised as financial income or expenses in the statement of comprehensive income.

2.4 REVENUE RECOGNITION

The group sells services in the form of research or analysis assignments on an ongoing basis. The contracts are normally

classified as a distinct performance obligation. Revenue from the services provided is recognised in the accounting period in which they are rendered. No sale of services has occurred during 2021 and 2022.

A receivable is recognised when the services are completed as this is the point in time when the consideration is unconditional (meaning only the passage of time is required before payment of that consideration is due).

2.5 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Grants received before the conditions for recognition as income have been met are recognised as a liability.

The group's grants consist in their entirety of grants to cover costs. Grants to cover costs are accrued and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.6 CURRENT AND DEFERRED TAX

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to offset those temporary differences and losses.

The group has large tax loss carry-forwards and the current assessment is that the tax loss carry-forwards will not be utilised against taxable profits in a foreseeable future.

2.7 LEASES

The group's leases essentially pertain to an office space.

The leases are recognised as right-of-use assets and a corresponding lease liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between amortisation of the liability and finance cost. The finance cost is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is subsequently amortised over the shorter of the useful life of the asset and the lease term on a straight-line basis. The lease has a fixed initial term of three years with an option to extend or terminate the contract.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of the following lease payments:

- fixed payments and
- variable lease payments dependent on an index.

The lease payments are discounted using the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the initial measurement of the lease liability and
- payments made on or before the point in time when the leased asset is made available to the lessee.

Lease payments attributable to short-term leases and low-value leases are recognised over the lease term on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value leases essentially pertain to office equipment.

Options to extend or terminate leases

Options to extend or terminate leases are included in the group's lease contracts for offices. These terms are used to maximise operational flexibility in terms of managing contracts. Options to extend or terminate leases are included in the asset and the liability where it is reasonably certain they will be exercised.

2.8 TANGIBLE FIXED ASSETS

Tangible fixed assets include equipment, tools, fixtures and fittings. Tangible fixed assets are recognised at cost less depreciation. Cost includes expenses directly attributable to the acquisition of the asset.

Subsequent costs are added to the carrying amount of the asset or recognised as a separate asset, whichever is the most appropriate, only when it is probable that the future economic benefits embodied in the asset will flow to the group and the cost of the asset can be measured reliably. The carrying amount of the part that is replaced is derecognised. All other repairs and maintenance are recognised as costs in the statement of comprehensive income in the period in which they occur.

In order to allocate their cost down to the residual value over the estimated useful life, assets are depreciated on a straight-line basis as follows.

- Equipment, tools, fixtures and fittings 5 years

The residual values and useful lives of the assets are reviewed at the end of every reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and recognised net in other operating income/other operating expenses in the statement of comprehensive income.

2.9 INTANGIBLE ASSETS

Research and development

InDex is a pharmaceutical development company focused on immunological diseases. All expenses directly attributable to the development and testing of identifiable and unique products controlled by InDex are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product or process so that it will be available for use,
- InDex's intention is to complete the product and to use or sell it,
- there is an ability to use or sell the product,
- it can be demonstrated how the product will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and

- the expenditure attributable to the product during its development can be reliably measured.

The overall risk in ongoing development projects is high. Risk includes safety and efficacy-related risks that can arise in clinical trials, regulatory risks related to applications for the approval of clinical trials and marketing authorisation, and IP risks related to the approval of patent applications and maintaining patents. All development is therefore considered research, since development processes do not meet the criteria listed above. On December 31, 2022 and in the comparative periods, no development costs had been recognised as intangible assets in the balance sheet since none of the above criteria for capitalisation were considered met for any of the pharmaceutical development projects conducted by the group. Research costs are expensed as incurred. Development costs expensed in prior periods are not recognised as assets in subsequent periods.

2.10 IMPAIRMENT OF NON-FINANCIAL ASSETS
Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

2.11 FINANCIAL INSTRUMENTS
The group's financial assets and liabilities consist of other long-term receivables, accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable, other liabilities and accrued costs.

(i) Initial recognition
Financial assets and liabilities are recognised when the group becomes a party to the financial instrument's contractual conditions. The purchase or sale of financial assets and liabilities is recognised on the trade date, i.e. the date on which the group commits to buy or sell the asset.

At initial recognition, a financial asset or a liability is measured at its fair value plus in the case of a financial asset or a liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability, such as fees and commissions. Transaction costs for financial assets and liabilities measured at fair value through profit or loss are expensed in the statement of comprehensive income.

(ii) Financial assets – Classification and measurement
The group classifies and measures its financial assets in the categories amortised cost and fair value through profit or loss. The classification of investments in debt instruments depends on the group's business model for managing financial assets and the contractual terms for the cash flows of the assets.

Financial assets measured at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses recognised (see Impairment of financial assets below). The group's financial assets that are measured at amortised cost consist of accounts receivable, other receivables, accrued income and cash and cash equivalents.

Financial assets measured at fair value through profit or loss
Financial assets measured at fair value through profit or loss are financial assets held for sale. These are also measured at fair value in subsequent periods and the change in fair value is recognised in the statement of comprehensive income. Financial assets measured at fair value are treated as other non-current receivables.

(iii) Financial liabilities – Classification and measurement
Financial liabilities measured at amortised cost
After initial recognition, the group's financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities consist of account payables, other current liabilities and accrued expenses.

(iv) Derecognition of financial assets and financial liabilities
Financial assets are derecognised when the rights to the cash flows from the instrument have expired or been transferred and the group has transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognised when the contractual obligations have been fulfilled or otherwise extinguished. Since the terms of a financial liability are renegotiated and not derecognised, a gain or loss is recognised in the statement of comprehensive income and the gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

(v) Impairment of financial assets
Assets measured at amortised cost
The group determines the future expected credit losses attributable to assets measured at amortised cost. The group recognises a loss allowance for such expected credit losses at the end of each reporting period. For accounts receivable, the group applies the simplified approach to loss allowances, meaning that the allowance will correspond to the expected loss over the life of a receivable. To measure the expected credit losses, accounts receivables are grouped on the basis of shared credit risk characteristics and days past due. The group uses forward-looking variables to determine expected credit losses. Expected credit losses are treated as other operating expenses in the consolidated statement of comprehensive income.

2.12 ACCOUNTS RECEIVABLE
Accounts receivable are amounts due from customers for services sold and performed in the ordinary course of business. Accounts receivables are classified as current assets. Accounts receivables are initially recognised at the transaction price. The group holds the accounts receivable with the objective to collect the contractual cash flows. Accounts receivables are therefore measured at amortised cost in subsequent accounting periods using the effective interest method.

2.13 CASH AND CASH EQUIVALENTS
Cash and cash equivalents include bank balances in both the balance sheet and the cash flow statement.

2.14 SHARE CAPITAL
Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognised in equity, net of tax, as a deduction from the issue proceeds.

2.15 ACCOUNT PAYABLES
Account payables are financial instruments and pertain to obligations to pay for goods and services acquired from suppliers in the ordinary course of business. Account payables are classified as current liabilities if payment is due within 12 months. If not, they are recognised as long-term liabilities.

Account payables are initially measured at fair value and thereafter at amortised cost using the effective interest method.

2.16 EMPLOYEE BENEFITS
(i) Short-term employee benefits
Liabilities for salaries and benefits, including non-monetary benefits and paid absence, that are expected to be settled within 12 months after the end of the financial year, are recognised as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The cost is recognised in the statement of comprehensive income as the services are provided by the employees. The liability is recognised as an obligation to provide employee benefits in the consolidated balance sheet.

(ii) Pension obligations
The group has only defined contribution pension plans. A defined contribution pension plan is a pension plan for which the company pays fixed contribution to a separate legal entity. The group has no legal or constructive obligations to pay further contributions if the legal entity does not have sufficient assets to pay all employee benefits relating to employee service in the current or previous periods. The contributions are recognised as personnel costs in the statement of comprehensive income when they fall due for payment.

(iii) Share-based payments
The group has share-based payment programs where the company receives services from the employees as a compensation via the group's equity instruments. Information regarding these programs can be found in note 7.

Employee stock options program
Fair value of the employment that entitles the employees to be granted options through InDex employee stock option program is accounted for as personnel costs with a corresponding increase of equity in accordance with IFRS 2. The total amount to be expensed is based on the fair value per grant date based on the Black&Scholes model.

The total amount is accounted for over the vesting period. At the end of each reporting period the group assesses how many shares that is expected to be vested. Any potential deviations compared to the original assessment will be accounted for in the consolidated statements of total comprehensive income with a corresponding effect on equity.

Social security costs attributable to the value of the potential taxable benefit related to granted employee stock options are expensed in line with the vesting period. The value is calculated based on the fair value of the vested options at the end of the reporting period, which is in line with UFR 7.

2.17 EARNINGS PER SHARE
(i) Earnings per share before dilution
Earnings per share before dilution is calculated by dividing:
- the result attributable to shareholders of the parent company, excluding dividends attributable to preference shares
- by a weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued and excluding treasury shares.

(ii) Earnings per share after dilution
To calculate the earnings per share after dilution, the amounts used to calculate the earnings per share before dilution are adjusted by taking into account:
- The after-tax effect of dividends and interest expenses associated with potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all potential ordinary shares.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The group's activities expose it to a variety of financial risks: different market risks, credit risk, liquidity risk and refinancing risk. The group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The objective of the group's financial operations is to:

- ensure that the group is able to fulfill its payment obligations,
- manage financial risks,
- ensure access to the required financing, and
- optimize the group's net financial income/expense.

It is the Board who is ultimately responsible for exposure, management and monitoring of InDex risks. The framework applicable to exposure, management and follow-up of financial risks is established by the Board and audited annually. The Board has delegated the responsibility for the daily risk management to the CEO, who in turn has delegated to the CFO. The Board can decide on temporary departures from the established framework.

(i) Market risk

Foreign exchange risk

The group operates in Sweden as well as internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily in relation to the euro (EUR) and US dollars (USD). Foreign exchange risks arise from future transactions, primarily payment outflows, and recognised assets and liabilities in a currency that is not the company's functional currency, known as transaction exposure. The group's exposure to foreign exchange risk is medium-high as a number of transactions in foreign currency occur. Therefore, the group does not currently use derivative instruments, such as currency swaps, to manage currency risk. The group has however purchased foreign currency (USD) for future payments of accounts payable in USD.

In InDex, foreign exchange risk mainly arises from cross border transactions, where pricing and invoicing is done in EUR and USD. Sensitivity in earnings regarding changes in exchange rates arises mainly in EUR and USD. Significant balance sheet items in foreign currency are found in accounts payable. Accounts payable in foreign currency amounts to SEK 5,122k (December 31, 2021: SEK 3,347k, December 31, 2020: SEK 1,293k). According to its financial policy, the group can reduce its transaction exposure by using derivative instruments in the form of forward contracts, swaps and currency options. As of December 31, 2022, and for all comparative periods, there were no outstanding derivative instruments, only cash and cash equivalents in foreign currency.

Sensitivity analysis – transaction exposure

The group is primarily exposed to changes in the exchange rate for EUR and USD. Sensitivity in earnings relating to changes in exchange rates arises mainly through accounts payable in EUR and USD within the group. If the Swedish krona had weakened/strengthened by 1 percent in relation to the EUR and USD as applicable, with all other variables constant, the recalculated profit after tax for the financial year 2022 would have been SEK 976k (2021: SEK 998k, 2020: SEK 400k) lower/higher mostly as a result of gains/losses on translation of accounts payable. This calculation does not include the impact of cash and cash equivalents in foreign currencies.

(ii) Credit risk

Credit risk is managed at group level. Credit risk arises from bank balances and credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The group's accounts receivables are low during all periods, as drug development has not yet been commercialised, which is why credit risk linked to accounts receivable is considered low. In order to limit credit risk, an analysis is made of each central counterparty. The counterparty's financial situation is also continuously monitored to identify warning signals at an early stage.

(iii) Liquidity risk

Through careful liquidity management, the group ensures that sufficient liquid funds are available to meet the needs of the ongoing operations. At the same time, the group ensures that there is sufficient cash and cash equivalents so that debt payments can be made when they fall due. Management monitors rolling forecasts of the group's liquidity requirements based on expected cash flows.

(iv) Refinancing risk

Refinancing risk is defined as the risk that difficulties arise in refinancing the company, that financing cannot be obtained, or that it can only be obtained at increased costs. Both the size and the timing of the group's potential future capital requirements depend on a number of factors, including the possibility of entering into cooperation or licensing agreements and the progress made in research and development projects. There is a risk that the required financing of the business is not available at the right time and at a reasonable cost.

New share issues have been carried out to secure the financing of research and development projects. The risk is limited by the group continuously evaluating various financing solutions. The table below analyses the group's financial liabilities broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows. Future cash flows in foreign currency have been calculated on the basis of the exchange rate prevailing at the balance sheet date.

THE GROUP'S FINANCIAL LIABILITIES ON DECEMBER 31, 2020

On December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Lease liabilities	268	805	1,073	447	–	2,593	2,341
Accounts payable	3,023	–	–	–	–	3,023	3,023
Other liabilities	852	–	–	–	–	852	852
Accrued expenses	5,640	–	–	–	–	5,640	5,640
Total	**9,783**	**805**	**1,073**	**447**	**–**	**12,108**	**11,856**

THE GROUP'S FINANCIAL LIABILITIES ON DECEMBER 31, 2021

On December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Lease liabilities	268	805	447	–	–	1,520	1,282
Accounts payable	4,497	–	–	–	–	4,497	4,497
Other liabilities	1,693	–	–	–	–	1,693	1,693
Accrued expenses	3,569	–	–	–	–	3,569	3,569
Total	**10,027**	**805**	**447**	**–**	**–**	**11,279**	**11,041**

THE GROUP'S FINANCIAL LIABILITIES ON DECEMBER 31, 2022

On December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Lease liabilities	295	885	2,359	492	–	4,031	3,252
Accounts payable	6,561	–	–	–	–	6,561	6,561
Other liabilities	689	–	–	–	–	689	689
Accrued expenses	6,859	–	–	–	–	6,859	6,859
Total	**14,404**	**885**	**2,359**	**492**	**–**	**18,140**	**17,361**

3.2 FAIR VALUE ESTIMATION AND DISCLOSURE

The carrying amounts of the group's financial assets and liabilities are deemed to be a reasonable estimate of the fair value as they relate to current receivables and liabilities, thus the discounting effect is immaterial.

3.3 CAPITAL MANAGEMENT

The group's goal regarding capital structure is to ensure the group's ability to continue its operations, so that it can continue to generate a reasonable return to the shareholders and benefit other stakeholders and to maintain an optimal capital structure to keep the cost of capital down. For InDex, the ability to forecast future cash outflows is of utmost importance paired with the ability to ensure that new capital is procured well in advance of additional capital requirements. At this stage, the group is currently not following a specific measure to assess the return to shareholders. InDex's return capacity is dependent on the quality and value of research results generated. The value and quality of the research and development business is evaluated on an ongoing basis by management and the Board.

NOTE 4 IMPORTANT ESTIMATIONS AND ASSUMPTIONS

The group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely correspond to the actual results. The assumptions and other sources of estimation uncertainty where there is a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next financial year are outlined below.

(i) Accrued costs for clinical trials
At each balance sheet date, management estimates the proportion of the coming milestone payments that have been accrued. The accrual for accrued costs is based on external parameters coupled with management's estimate of percentage of completion.

(ii) Tax loss carry-forwards
Deferred tax assets related to loss carry-forwards or other future tax deductions are recognised to the extent it is probable that the deduction can be offset against future taxable profits. Since the group does not report positive results no deferred tax asset related to loss carry-forwards has yet been recognised.

(iii) Estimates and assessments linked to development costs
An important assessment in financial reporting refers to the point in time for capitalising pharmaceutical development costs. Based on the accounting policies set out under note 2, no pharmaceutical development costs meet the criteria for capitalisation and have therefore been expensed. Pharmaceutical development costs will be, at the earliest, capitalised after positive results have been achieved in phase III clinical trials or until registration studies have commenced. The reasons being that before that time, it is too uncertain whether the costs will generate future economic benefits and that financing of the asset's completion has not been secured.

NOTE 5 NET SALES

REVENUE
Revenue from external parties that is reported to the CEO is valued in the same way as in the group's statement of comprehensive income. The main revenue stream for the group is sales of research and analysis services on an ongoing basis and is reported as revenue during the period the work was performed.

REVENUE FROM EXTERNAL CLIENTS

	2022	2021	2020
Research and analysis services	–	–	35
Total	**–**	**–**	**35**

REVENUE FROM EXTERNAL CLIENTS ALLOCATED PER COUNTRY BASED ON WHERE THEY ARE LOCATED

	2022	2021	2020
Sweden	–	–	35
Total	**–**	**–**	**35**

All non-current assets, other than financial instruments and deferred tax assets (there are no assets in connection with post-employment benefits or rights under insurance contracts) are located in Sweden.

NOTE 6 FEES AND REMUNERATION TO AUDITORS

	2022	2021	2020
PwC			
– Audit engagement	290	260	265
– Other services	–	10	663
Total	**290**	**270**	**928**

NOTE 7 PERSONNEL COSTS

EMPLOYEE BENEFITS

	2022	2021	2020
Salaries and other benefits	7,547	6,982	5,496
Social security charges	2,473	3,022	2,384
Pension expenses – defined contribution plans	1,829	1,694	1,572
Fees	8,366	7,589	7,845
Total remuneration	**20,215**	**19,287**	**17,297**

REMUNERATION, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

	2022		2021		2020	
	Salary and other benefits	Social security contributions (whereof pension expenses)	Salary and other benefits	Social security contributions (whereof pension expenses)	Salary and other benefits	Social security contributions (whereof pension expenses)
Board of Directors, CEO and other senior executives	3,944	1,423 (347)	4,578	2,583 (1,019)	4,241	2,175 (998)
Other employees	5,193	3,322 (1,482)	3,647	1,727 (675)	2,523	1,245 (574)
Total group	**9,137**	**4,745 (1,829)**	**8,225**	**4,310 (1,694)**	**6,764**	**3,420 (1,572)**

AVERAGE NUMBER OF EMPLOYEES SPLIT BY COUNTRY

	2022		2021		2020	
	At year-end	Whereof men	At year-end	Whereof men	At year-end	Whereof men
Sweden	6	2	9	3	7	1
Total group	**6**	**2**	**9**	**3**	**7**	**1**

SPLIT BY GENDER IN THE GROUP FOR BOARD OF DIRECTORS AND SENIOR EXECUTIVES

	2022		2021		2020	
	At year-end	Whereof men	At year-end	Whereof men	At year-end	Whereof men
Board of Directors	6	2	4	2	6	4
CEO and other senior executives	4	2	4	3	4	3
Total group	**10**	**4**	**8**	**5**	**10**	**7**

REMUNERATION AND OTHER BENEFITS 2022

	Basic salary/ Board remuneration	Variable remuneration	Sharebased payments	Pension expenses	Fees	**Total**
Chairman of the Board – Wenche Rolfsen	479	–	–	–	176	**655**
Member of the Board – Marlene Forsell	231	–	–	–	–	**231**
Member of the Board – Uli Hacksell	231	–	–	–	–	**231**
Member of the Board – Lennart Hansson	231	–	–	–	–	**231**
Member of the Board – Karin Bernadotte af Wisborg	137	–	–	–	–	**137**
Member of the Board – Anna-Kaija Grönblad	137	–	–	–	–	**137**
CEO – Peter Zerhouni (up to April 11, 2022)	2,045	–	83	461	–	**2,589**
Acting CEO/CFO – Johan Giléus	–	–	66	–	2,730	**2,796**
Other senior executives	2,116	–	63	466	1,625	**4,270**
Total group	**5,607**	**–**	**212**	**927**	**4,531**	**11,277**

The group of senior executives includes CSO, CDO and CMO, of which CDO is engaged as consultant.

REMUNERATION AND OTHER BENEFITS 2021

	Basic salary/ Board remuneration	Variable remuneration	Sharebased payments	Pension expenses	Fees	**Total**
Chairman of the Board – Wenche Rolfsen	430	–	–	–	–	**430**
Member of the Board – Marlene Forsell	215	–	–	–	–	**215**
Member of the Board – Uli Hacksell	215	–	–	–	–	**215**
Member of the Board – Lennart Hansson	215	–	–	–	–	**215**
Member of the Board – Yilmaz Mahshid	84	–	–	–	–	**84**
Member of the Board – Stig Lökke Pedersen	84	–	–	–	–	**84**
CEO – Peter Zerhouni	1,830	162	83	620	–	**2,695**
Other senior executives	1,123	60	77	399	3,157	**4,816**
Total group	**4,196**	**222**	**160**	**1,019**	**3,157**	**8,754**

The group of senior executives includes COO, CFO and CMO, of which CFO and CMO are engaged as consultants.

REMUNERATION AND OTHER BENEFITS 2020

	Basic salary/ Board remuneration	Variable remuneration	Sharebased payments	Pension expenses	Fees	**Total**
Chairman of the Board – Wenche Rolfsen	400	–	–	–	–	**400**
Member of the Board – Marlene Forsell	134	–	–	–	–	**134**
Member of the Board – Uli Hacksell	200	–	–	–	–	**200**
Member of the Board – Lennart Hansson	200	–	–	–	–	**200**
Member of the Board – Yilmaz Mahshid	134	–	–	–	–	**134**
Member of the Board – Stig Lökke Pedersen	200	–	–	–	–	**200**
CEO – Peter Zerhouni	1,853	–	–	602	–	**2,455**
Other senior executives	1,120	–	–	396	3,105	**4,621**
Total group	**4,241**	**–**	**–**	**998**	**3,105**	**8,344**

The group of senior executives includes COO, CFO and CMO, of which CFO and CMO are engaged as consultants.

Fees for consultancy work has been paid to Wenche Rolfsen (chairman) during the year, SEK 176k. No other fees for other engagements have been paid to any of the members of the Board during the period.

GUIDELINES

Fees are paid to the chairman and members of the Board in accordance with the decision of the Annual General Meeting. Remuneration to the CEO and other senior executives consists of basic salary, variable remuneration, other benefits, pensions, etc. Where applicable, consulting fees are paid in accordance with agreements. Other senior executives refer to the persons who together with the CEO constitute the management.

The distribution between basic salary and variable remuneration must be in proportion to the manager's responsibility and authority. For the CEO, the variable remuneration is maximized to 30% of the basic salary. For other senior executives, variable remuneration is maximised to two monthly salaries. The variable remuneration is based on the outcome in relation to individually set goals. Pension benefits and other benefits to the CEO and other senior executives are paid as part of the total remuneration.

DEFINED CONTRIBUTION PENSION PLANS

The group only has defined contribution pension plans. Pension cost refers to the cost that has been expensed during the year. The retirement age for the CEO is 65 years. The pension premium shall amount to 32% of the pensionable salary. Pensionable salary means basic salary. For other senior executives, the retirement age is 65 years. The pension agreement states that the pension premium shall be in accordance with ITP. No pension commitments have been made for board members.

SEVERANCE AGREEMENTS

A mutual notice period of 6 months applies between the company and the CEO. There is no severance pay agreements.

There are mutual notice periods of 3-6 months between InDex and other senior executives. There are no severance pay agreements.

WARRANTS

Set out below is a summary of the warrants granted by the group during any of the financial years included in annual report 2022:

TO 2020/2023 (LTIP 2020)
At the Annual General Meeting held on April 20, 2020, it was resolved to issue 3,965,000 warrants, TO 2020/2023. The Board allocated in July 2020 958,388 warrants to employees and other key persons. The price was SEK 0.2522 per warrant according to a valuation based on Black&Scholes. The warrants gave the holder the right to subscribe for one new share in InDex Pharmaceuticals Holding AB at an exercise price of SEK 20 during May-October 2023. All participants acquired the warrants at fair value.

After the completed rights issue the exercise price and the number of shares each warrant represents have been recalculated in accordance with the terms. Recalculated exercise price amounts to SEK 7.804 and for each warrant 2.5627 shares can be subscribed. Remaining warrants have been terminated. Repurchase of 126,112 warrants have been completed in accordance with the applicable terms.

For the comparative periods senior executives held the following number of warrants:

- December 31, 2022 191,666
- December 31, 2021 666,667
- December 31, 2020 666,667

Weighted average remaining contractual life of warrants outstanding at end of period is 0.58 years (2021: 1.58 years, 2020: 2.58 years).

LTIP 2020

	2022		2021		2020	
	Average exercised price per warrant	Warrants	Average exercised price per warrant	Warrants	Average exercised price per warrant	Warrants
Per January 1	7.804	958,388	7.804	958,388	–	–
Granted	–	–	–	–	7.804	958,388
Forfeited	–	–126,112	–	–	–	–
Exercised	–	–	–	–	–	–
Expired	–	–	–	–	–	–
Per December 31	**7.804**	**832,276**	**7.804**	**958,388**	**7.804**	**958,388**

EMPLOYEE STOCK OPTIONS
Set out below is a summary of the employee stock options granted by the group during any of the financial years included in annual report 2022.

TO 2021/2024 (LTIP 2021)
At the Annual General Meeting held on June 3, 2021 it was resolved to issue 7,200,000 employee stock options to transfer to employees and other key persons within InDex. In addition, 2,262,240 warrants were issued to cover potential cash flow effects from social security costs arising from allotted employee stock options. The options alloted during 2021 have a strike price of SEK 4 per share and can be exercised during July-December 2024.

In July 2021 the Board allocated 5,731,800 employee stock options to employees and other key persons free of charge. A total of 13 employees and other key persons were offered and subsequently subscribed for their allotted employee stock options. The employee stock options will vest with 1/3 per year. In October 2021 the Board allocated an additional 676,000 employee stock options to two new employees. The remaining employee stock options will be terminated together with the employee stock options not to be vested.

For the comparative periods senior executives held the following number of warrants:

- December 31, 2022 1,110,300
- December 31, 2021 3,732,800
- December 31, 2020 0

The assessed fair value at grant date of options granted during 2021 (LTIP 2021) was SEK 0.14 and SEK 0.10 per employee stock option respectively. The fair value at grant date has been calculated using the Black&Scholes valuation model, which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

The model inputs for options granted during 2021 include:

- Exercise price: SEK 4.00 (2020, not applicable)
- Grant date: July 6, 2021 and October 26, 2021 respectively (2020, not applicable)
- Expiry date: July 1-December 31, 2024 (2020, not applicable)
- Share price at grant date: SEK 1.48 and SEK 1.38 respectively (2020, not applicable)
- Expected price volatility of the company's shares: 50% (2020, not applicable)
- Expected dividend yield: 0% (2020, not applicable) and
- Risk-free interest rate: 0% (2020, not applicable)

The expected price volatility is based on expected changes to future volatility.

Weighted average remaining contractual life of employee stock options outstanding at end of period is 1.75 years (2021: 2.75 years).

Expenses arising from share-based payment transactions, LTIP 2021
Employee stock option program (LTIP 2021) – SEK 461k (2021 SEK 374k).

LTIP 2021

	2022		2021		2020	
	Average exercised price per option	Employee stock option	Average exercised price per option	Employee stock option	Average exercised price per option	Employee stock option
Per January 1	4.00	6,407,800	–	–	–	–
Granted	–	–	4.00	6,407,800	–	–
Forfeited	–	–2,889,933	–	–	–	–
Exercised	–	–	–	–	–	–
Expired	–	–	–	–	–	–
Per December 31	**4.00**	**3,517,867**	**4.00**	**6,407,800**	**–**	**–**

TO 2022/2025 (LTIP 2022)

At the Annual General Meeting held on June 1, 2022 it was resolved to issue 8,000,000 employee stock options to transfer to employees and other key persons within InDex. In addition, 2,513,600 warrants were issued to cover potential cash flow effects from social security costs arising from allotted employee stock options. The options alloted during 2022 have a strike price of SEK 4 per share and can be exercised during July-December 2025.

In July 2022 the Board allocated 5,500,200 employee stock options to employees and other key persons free of charge. A total of 15 employees and other key persons were offered and subsequently subscribed for their allotted employee stock options. The employee stock options will vest with 1/3 per year. In December 2022 the Board allocated an additional 1,930,700 employee stock options to the incoming CEO, which were subscribed in January 2023. The remaining employee stock options will be terminated together with the employee stock options not to be vested.

For the comparative periods senior executives held the following number of warrants:

- December 31, 2022 3,089,200
- December 31, 2021 0
- December 31, 2020 0

The assessed fair value at grant date of options granted during 2022 (LTIP 2022) was SEK 0.06 per employee stock option.

The fair value at grant date has been calculated using the Black&Scholes valuation model, which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

The model inputs for options granted during 2022 include:

- Exercise price: SEK 4.00 (2021 and 2020, not applicable)
- Grant date: July 5, 2022 (2021 and 2020, not applicable)
- Expiry date: July 1-December 31, 2025 (2021 and 2020, not applicable)
- Share price at grant date: SEK 1.05 (2021 and 2020, not applicable)
- Expected price volatility of the company's shares: 50% (2021 and 2020, not applicable)
- Expected dividend yield: 0% (2021 and 2020, not applicable) and
- Risk-free interest rate: 1.51% (2021 and 2020, not applicable)

The expected price volatility is based on expected changes to future volatility.

Weighted average remaining contractual life of employee stock options outstanding at end of period is 2.75 years.

Expenses arising from share-based payment transactions, LTIP 2022

Employee stock option program (LTIP 2022) – SEK 75k.

LTIP 2022

	2022		2021		2020	
	Average exercised price per option	Employee stock option	Average exercised price per option	Employee stock option	Average exercised price per option	Employee stock option
Per January 1	–	–	–	–	–	–
Granted	4.00	5,500,200	–	–	–	–
Forfeited	–	–676,000	–	–	–	–
Exercised	–	–	–	–	–	–
Expired	–	–	–	–	–	–
Per December 31	**4.00**	**4,824,200**	**–**	**–**	**–**	**–**

NOTE 8 OTHER INCOME

	2022	2021	2020
Government grants	1,146	440	380
Revaluation of cash and cash equivalents in foreign currency at the closing-day rate	46,741	12,280	–
Total	**47,887**	**12,720**	**380**

NOTE 9 FINANCIAL ITEMS

	2022	2021	2020
Interest income	3,013	–	46
Other financial income	–	–	0
Total financial income	**3,013**	**–**	**46**
Interest expense	–120	–133	–113
Exchange rate differences	–	–	–
Other financial expenses	–	–	–2
Total financial expenses	**–120**	**–133**	**–115**
Financial items – net	**2,893**	**–133**	**–69**

NOTE 10 TAXES

	2022	2021	2020
Current tax expense:			
Current tax expense	–	–	–
Adjustments of prior year income tax	–	–	–
Total current tax expense	**–**	**–**	**–**
Deferred tax (note 22)			
Deferred tax on temporary differences	–	–	–
Total deferred tax	**–**	**–**	**–**
Total taxes	**–**	**–**	**–**

The income tax on the group's profit before tax differs from the theoretical amount that would have been obtained when using the Swedish tax rate for the results of the consolidated companies as follows:

	2022	2021	2020
Earnings before tax	**–100,333**	**–103,043**	**–57,418**
Tax as per applicable tax rate for parent company in Sweden (2022 and 2021: 20.6%, 2020: 21.4%)	20,669	21,227	12,287
Tax effects due to:			
Non-taxable income	–	–	–
Non-deductible expenses	–13	–9	–7
Tax effect related to unrecognised tax losses carried forward	–20,656	–21,218	–12,280
Taxes	**–**	**–**	**–**

The weighted average tax rate for the group was 0% (2021: 0%, 2020: 0%).

In 2019, it was decided that the corporate tax rate in Sweden would be reduced in two steps. The corporate tax rate was lowered from 22.0% to 21.4% for fiscal years beginning January 1, 2019, or later. In the next step, the corporate tax rate was further reduced to 20.6% from the fiscal year beginning January 1, 2021.

NOTE 11 EXCHANGE RATE DIFFERENCES - NET

Exchange rate differences have been reported in the statement of comprehensive income as follows:

	2022	2021	2020
Other income – (note 8)	46,741	12,280	–
Other external expenses	–	–	–
Financial items – (note 9)	–	–	–
Total	**46,741**	**12,280**	**–**

NOTE 12 EARNINGS PER SHARE

Earnings per share is calculated by dividing the result after tax with the average number of ordinary shares for the period.

InDex has pending ordinary shares through warrants. The warrants have no dilution effect during 2020, 2021 and 2022 as a conversion to ordinary shares would lead to a lower negative earnings per share.

	2022	2021	2020
Result after tax attributable to the shareholders of the parent company	–100,333	–103,043	–57,418
Total	**–100,333**	**–103,043**	**–57,418**
Weighted average number of shares (thousands)[1]	**532,688**	**483,365**	**236,750**
Earnings per share, SEK	**–0.19**	**–0.21**	**–0.24**

[1] Adjusted for the completed rights issue in February 2021.

NOTE 13 PARTICIPATIONS IN GROUP COMPANIES

The group had the following subsidiaries as of December 31, 2022:

Company	Registered office	Operations	Participations owned by the parent company (%)	Participations owned by the group (%)
InDex Pharmaceuticals AB	Sweden	Drug development	100	100
InDex Diagnostics AB	Sweden	Drug development	–	100

NOTE 14 TANGIBLE FIXED ASSETS

EQUIPMENT, TOOLS AND INSTALLATIONS

Fiscal year 2020	
Opening net book amount	11
Investments	909
Divestments/scrapping	–
Depreciations	–102
Closing net book amount	**818**
Per December 31, 2020	
Acquisition cost	2,038
Accumulated depreciations	–1,220
Net book amount	**818**
Fiscal year 2021	
Opening net book amount	818
Investments	–
Divestments/scrapping	–
Depreciations	–179
Closing net book amount	**639**
Per December 31, 2021	
Acquisition cost	2,038
Accumulated depreciations	–1,399
Net book amount	**639**
Fiscal year 2022	
Opening net book amount	639
Investments	–
Divestments/scrapping	–
Depreciations	–185
Closing net book amount	**454**
Per December 31, 2022	
Acquisition cost	2,038
Accumulated depreciations	–1,584
Net book amount	**454**

NOTE 15 LEASING AGREEMENTS

The balance sheets include the following amounts related to lease agreements:

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Right-of-use assets			
Office space	3,535	1,520	2,593
Total	**3,535**	**1,520**	**2,593**
Leasing liabilities			
Non-current	2,626	475	1,578
Current	626	807	763
Total	**3,252**	**1,282**	**2,341**

In September 2022 the current lease contract for office rent was prolonged to May 2026.

The following amounts related to leasing agreements are reported in the income statement:

	2022	2021	2020
Amortisation of right-of-use assets			
Office space	–881	–1,073	–1,090
Total	**–881**	**–1,073**	**–1,090**
Interest expense (included in financial expenses)	–120	–96	–82
Expenses attributable to variable lease payments that are not included in lease liabilities	–	–	–
Expenses attributable to short-term leasing agreements	–	–	–
Expenses attributable to leases for which the underlying asset is of low value that is not short-term leasing	–22	–31	–23

No significant variable lease payments that are not included in the lease liability have been identified.

The total cash flow in respect of leases was SEK 1,480k (2021: SEK 1,177k, 2020: SEK 1,198k). For information on the maturity of the lease liability, see Note 3.

NOTE 16 FINANCIAL INSTRUMENTS PER CATEGORY

December 31, 2020	Financial assets measured at fair value through profit and loss	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other non-current receivables	1	–	1
Accounts receivable	–	–	–
Other current receivables	–	907	907
Prepaid expenses and accrued income	–	3,031	3,031
Cash and cash equivalents	–	53,834	53,834
Total	**1**	**57,772**	**57,773**

December 31, 2020		Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Accounts payable	–	3,023	3,023
Other current liabilities	–	852	852
Accrued expenses and deferred income	–	5,640	5,640
Total	**–**	**9,515**	**9,515**

December 31, 2021	Financial assets measured at fair value through profit and loss	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other non-current receivables	1	–	1
Other current receivables	–	2,400	2,400
Prepaid expenses and accrued income	–	12,187	12,187
Cash and cash equivalents	–	428,449	428,449
Total	**1**	**443,036**	**443,037**

December 31, 2021		Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Accounts payable	–	4,497	4,497
Other current liabilities	–	1,693	1,693
Accrued expenses and deferred income	–	3,569	3,569
Total	**–**	**9,759**	**9,759**

December 31, 2022	Financial assets measured at fair value through profit and loss	Financial assets measured at amortised cost	Total
Assets on the balance sheet			
Other non-current receivables	1	–	1
Other current receivables	–	2,129	2,129
Prepaid expenses and accrued income	–	286	286
Cash and cash equivalents	–	344,931	344,931
Total	**1**	**347,346**	**347,347**

December 31, 2022		Financial liabilities measured at amortised cost	Total
Liabilities on the balance sheet			
Accounts payable	–	6,561	6,561
Other current liabilities	–	689	689
Accrued expenses and deferred income	–	6,859	6,859
Total	**–**	**14,109**	**14,109**

NOTE 17 ACCOUNTS RECEIVABLE

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Accounts receivable	–	–	–
Less: Provision for loss allowance	–	–	–
Accounts receivable - net	**–**	**–**	**–**

The group has no provision for expected credit losses for any of the periods since accounts receivable at this stage is limited.

The fair value of accounts receivable corresponds to its carrying amount, since the discount effect is not material.

No receivables have been pledged as collateral for any debt.

NOTE 18 OTHER RECEIVABLES

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Tax receivable	128	164	–
Other	2,001	2,236	907
Total	**2,129**	**2,400**	**907**

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Prepaid insurance premiums	126	2	72
Other	160	12,185	2,959
Total	**286**	**12,187**	**3,031**

NOTE 20 CASH AND CASH EQUIVALENTS

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Bank accounts	344,931	428,449	53,834
Total	**344,931**	**428,449**	**53,834**

NOTE 21 SHARE CAPITAL AND ADDITIONAL PAID IN CAPITAL

	No of shares (thousands)	Share capital	Additional paid in capital
Per January 1, 2020	**88,781**	**1,776**	**384,314**
Issue of warrants	–	–	243
Per December 31, 2020	**88,781**	**1,776**	**384,557**
Issue of shares	443,906	8,878	478,617
Value of the employees' employment	–	–	258
Per December 31, 2021	**532,688**	**10,654**	**863,433**
Value of the employees' employment	–	–	253
Per December 31, 2022	**532,688**	**10,654**	**863,686**

The share capital as of December 31, 2022, consisted of 532,687,650 ordinary shares with a quotient value of SEK 0.02.

All ordinary shares have been paid in full.

NOTE 22 DEFERRED TAXES

Deferred taxes were divided into the following:

DEFERRED TAX ASSETS

	Tax losses carried forward	Total
Per January 1, 2020		
Net results and total comprehensive income for the year	–	–
Per December 31, 2020		
Net results and total comprehensive income for the year	–	–
Per December 31, 2021		
Net results and total comprehensive income for the year	–	–
Per December 31, 2022	**–**	**–**

Unutilised tax loss carry-forwards for which no deferred tax assets have been reported amount to SEK 847,418k as of December 31, 2022 (December 31, 2021: SEK 747,132k, December 31, 2020: SEK 631,158k). The tax loss carry-forwards can be carried forward indefinitely.

Deferred tax assets are recognised for tax loss carry-forwards or other deductions to the extent that they are likely to be credited through future taxable profits. No deferred tax assets are reported as the group has not assessed that the criteria for reporting deferred tax in accordance with IAS 12 are met. Deferred tax assets are only valued at an amount corresponding to deferred tax liabilities and no deferred tax assets or tax liabilities are recognised in the balance sheet when deferred tax liabilities are offset against deferred tax assets.

NOTE 23 OTHER LIABILITIES

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Tax liabilities	–	6	–
Other	689	1,687	852
Total	**689**	**1,693**	**852**

NOTE 24 ACCURED COSTS AND DEFERRED INCOME

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Accrued vacation salaries	1,021	1,244	1,405
Accrued social security charges	321	390	442
Accured costs, clinical trials	–	–	–
Other items	5,517	1,935	3,793
Total	**6,859**	**3,569**	**5,640**

NOTE 25 PLEDGED ASSETS

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Bank guarantee, Euroclear	50	50	50
Bank guarantee, Akademiska Hus	537	537	537
Total	**587**	**587**	**587**

NOTE 26 RELATED PARTY TRANSACTIONS

The group is controlled by InDex Pharmaceuticals Holding AB. Related parties are all subsidiaries within the group as well as senior executives in the group and their affiliates. No transactions with related parties have occurred during the periods covered by the annual report, except remuneration and consulting fees to senior executives, the acquisition of warrants at market value in 2020 and the allocation of employee stock options in 2021 and 2022. Remuneration to senior executives is disclosed in Note 7.

NOTE 27 CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	January 1, 2020	Cash inflow	Cash outflow	Non-cash items	December 31, 2020
Lease liability	484	–	–1,693	3,496	2,341
Total	**484**	**–**	**–1,693**	**3,496**	**2,341**

	January 1, 2021	Cash inflow	Cash outflow	Non-cash items	December 31, 2021
Lease liability	2,341	–	–1,103	44	1,282
Total	**2,341**	**–**	**–1,103**	**44**	**1,282**

	January 1, 2022	Cash inflow	Cash outflow	Non-cash items	December 31, 2022
Lease liability	1,282	–	–818	2,788	3,252
Total	**1,282**	**–**	**–818**	**2,788**	**3,252**

NOTE 28 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

InDex announced on January 27, 2023 an update in the timing of the dose selection in Induction Study 1 of the ongoing phase III program CONCLUDE with the drug candidate cobitolimod. The outcome of the dose selection is expected to be available Q4 2023. At that point in time InDex will have finalised the assessments of consequences on the overall development timeline including topline results of Induction Study 1 in the CONCLUDE program.

Statement of comprehensive income for the parent company

SEKk	Note	2022	2021	2020
Revenues				
Net sales	2	10,735	10,176	11,265
Total revenues		**10,735**	**10,176**	**11,265**
Operating expenses				
Other external expenses	3	–12,367	–10,691	–11,485
Personnel costs	4	–4,209	–6,718	–5,754
Depreciation	7	–184	–179	–91
Total operating expenses		**–16,760**	**–17,588**	**–17,330**
Operating loss		**–6,025**	**–7,412**	**–6,065**
Net financial items				
Write-down of financial assets	5	–108	–200,097	–50,000
Financial income	5	–	–	46
Financial costs	5	27	–37	–6
Total net financial items		**–81**	**–200,134**	**–49,960**
Profit or loss before tax		**–6,106**	**–207,546**	**–56,025**
Taxes for the period	6	–	–	–
PROFT OR LOSS FOR THE YEAR		**–6,106**	**–207,546**	**–56,025**

In the parent company there are no items reported in other comprehensive income. So total comprehensive income is consistent with profit or loss for the period.

The notes on pages 60 to 64 are an integrated part of these financial statements.

Balance sheet for the parent company

SEKk	Note	December 31, 2022	December 31, 2021	December 31, 2020
ASSETS				
Fixed assets				
Tangible fixed assets				
Equipment, tools and installations	7	454	639	818
Total tangible fixed assets		**454**	**639**	**818**
Financial assets				
Shares in subsidiaries	8	247,030	247,030	247,030
Total financial assets		**247,030**	**247,030**	**247,030**
Total fixed assets		**247,484**	**247,669**	**247,848**
Current assets				
Current receivables				
Intercompany receivables		247,536	196,921	779
Other receivables	9	1,335	1,237	219
Prepaid expenses and accrued income	10	457	410	1,247
Total current receivables		**249,328**	**198,568**	**2,245**
Cash and cash equivalents	11	**42,490**	**99,793**	**45,491**
Total current assets		**291,818**	**298,361**	**47,736**
TOTAL ASSETS		**539,302**	**546,030**	**295,584**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	12	10,654	10,654	1,776
Total restricted equity		**10,654**	**10,654**	**1,776**
Non-restricted equity				
Share premium reserve		1,109,401	1,109,148	630,274
Retained earnings		–576,560	–369,014	–312,989
Profit or loss for the year		–6,106	–207,546	–56,025
Total non-restricted equity		**526,734**	**532,587**	**261,260**
Total equity		**537,389**	**543,241**	**263,036**
Provisions				
Other provisions		7	71	–
Total provisions		**7**	**71**	**–**
Current liabilities				
Account payables		861	446	1,114
Intercompany liabilities		–	–	28,800
Other current liabilities	13	415	462	323
Accrued expenses and deferred income	14	630	1,810	2,311
Total current liabilities		**1,906**	**2,718**	**32,548**
TOTAL EQUITY AND LIABILITES		**539,302**	**546,030**	**295,584**

The notes on pages 60 to 64 are an integrated part of these financial statements.

Statement of change in equity for the parent company

	Restricted equity	Non-restricted equity			
SEKk	Share capital	Share premium	Retained earnings	Result after tax	Total equity
Opening balance January 1, 2020	**1,776**	**630,031**	**–217,005**	**–95,984**	**318,818**
Disposition of last year's result	–	–	–95,984	95,984	–
Net results and total comprehensive income for the year	–	–	–	–56,025	–56,025
Total comprehensive income	**–**	**–**	**–**	**–56,025**	**–56,025**
Transactions with shareholders in their capacity as owners					
Issue of warrants	–	243	–	–	243
Transactions with shareholders of the parent company	**–**	**243**	**–**	**–**	**243**
Closing balance December 31, 2020	**1,776**	**630,274**	**–312,989**	**–56,025**	**263,034**
Opening balance January 1, 2021	**1,776**	**630,274**	**–312,989**	**–56,025**	**263,034**
Disposition of last year's result	–	–	–56,025	56,025	–
Net results and total comprehensive income for the year	–	–	–	–207,546	–207,546
Total comprehensive income	**–**	**–**	**–**	**–207,546**	**–207,546**
Transactions with shareholders in their capacity as owners					
Issue of shares	8,878	523,809	–	–	532,687
Transaction costs	–	–45,192	–	–	–45,195
Value of the employees' employment	–	258	–	–	258
Transactions with shareholders of the parent company	**8,878**	**478,875**	**–**	**–**	**487,753**
Closing balance December 31, 2021	**10,654**	**1,109,148**	**–369,014**	**–207,546**	**543,241**
Opening balance January 1, 2022	**10,654**	**1,109,148**	**–369,014**	**–207,546**	**543,241**
Disposition of last year's result	–	–	–207,546	207,546	–
Net results and total comprehensive income for the year	–	–	–	–6,106	–6,106
Total comprehensive income	**–**	**–**	**–**	**–6,106**	**–6,106**
Transactions with shareholders in their capacity as owners					
Value of the employees' employment	–	253	–	–	253
Transactions with shareholders of the parent company	**–**	**253**	**–**	**–**	**253**
Closing balance December 31, 2022	**10,654**	**1,109,401**	**–576,560**	**–6,106**	**537,389**

Statement of cash flows for the parent company

SEKk	2022	2021	2020
Operating activities			
Earnings before tax	–6,106	–207,546	–56,025
Adjustment for non-cash items:			
Write-down	108	200,097	50,000
Income tax paid	–	–	–
Depreciations	185	179	91
Other adjustments	190	328	–
Cash flow from operating activities before changes in working capital	**–5,623**	**–6,942**	**–5,934**
Cash flow in working capital			
Changes in current receivables	–50,760	–196,323	–1,258
Changes in current liabilities	–812	–29,830	–21,616
Cash flow from changes in working capital	**–51,572**	**–226,153**	**–22,874**
Cash flow from operating activities	**–57,195**	**–233,095**	**–28,808**
Cash flow from investment activities			
Shareholders contribution	–108	–200,097	–50,000
Investment in tangible fixed assets	–	–	–909
Cash flow from investment activities	**–108**	**–200,097**	**–50,909**
Financing activities			
Issue of shares, net after transaction costs	–	487,495	–
Issue of warrants	–	–	243
Cash flow from financing activities	**–**	**487,495**	**243**
Cash flow for the year	**–57,303**	**54,302**	**–79,474**
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	99,793	45,491	124,965
Cash and cash equivalents at the end of the year	**42,490**	**99,793**	**45,941**

The notes on pages 60 to 64 are an integrated part of these financial statements.

Notes to the parent company

NOTE 1 PARENT COMPANY ACCOUNTING PRINCIPLES

The most important accounting principles applied when this annual report has been prepared are set out below. Unless otherwise stated, these principles have been applied consistently for all presented years. The annual report for the parent company has been prepared in accordance with *RFR 2 Accounting for Legal Entities* and the Swedish *Annual Accounts Act*. Where the parent company applies accounting principles other than the group's accounting principles, which are described in Note 2 to the consolidated financial statements, these are set out below. In connection with the transition to accounting in accordance with IFRS in the consolidated financial statements, the parent company has transitioned to applying *RFR 2 Accounting for Legal Entities*. The transition has not caused any change in previously reported income statements and balance sheets. The annual report has been prepared on a historical cost basis.

The preparation of reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, the management is required to make certain judgments in the application of the parent company's accounting principles. The areas that comprise a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance for the annual report, are stated in Note 4 of the consolidated accounts.

Through its operations, the parent company is exposed to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potential adverse effects on the group's financial results. For more information on financial risks, see Note 3 to the consolidated financial statements. The parent company applies accounting principles other than the group in the cases stated below:

PRESENTATION

The income statement and balance sheet follow the format set out in the *Annual Accounts Act*. The report on changes in equity follows the group's presentation format but must contain the columns specified in the *Annual Accounts Act*. Furthermore, this means a difference in terms, compared to the consolidated accounts, mainly regarding financial income and expenses and equity.

CONTRIBUTIONS

Group contributions made from parent companies to subsidiaries and group contributions received to parent companies from subsidiaries are reported as appropriations. Paid shareholders' contribution is reported in the parent company as an increase in the carrying amount of the shares in the subsidiary and in the receiving company as an increase in equity.

FINANCIAL INSTRUMENTS

IFRS 9 Financial instruments is not applied in the parent company. Instead, the parent company applies the items specified in *RFR 2 (IFRS 9 Financial Instruments, p. 3-10)*.

Financial instruments are valued at cost. In subsequent periods, financial assets that are acquired with the intention of being held in the short term will be reported at lower of cost and market. Derivative instruments with a negative fair value are recognised at this value. When calculating the net realisable value of receivables that are recognised as current assets, the principles for impairment testing and loss provisioning in IFRS 9 shall be applied. For a receivable that is recognised at amortised cost at group level, this means that the loss reserve recognised in the group in accordance with IFRS 9 must also be entered in the parent company.

LEASED ASSETS

The parent company has chosen not to apply *IFRS 16 Leases* but has instead chosen to apply *RFR 2 IFRS 16 Leases p. 2-12*. This policy choice means that no right-of-use assets or lease liabilities are recognised in the balance sheet. Instead, leasing fees are expensed on a straight-line basis over the lease period.

NOTE 2 NET SALES

The parent company has reported the following amounts in the income statement attributable to revenue:

NET SALES

	2022	2021	2020
Net sales, see note 16	10,735	10,176	11,265
Total	**10,735**	**10,176**	**11,265**

NET SALES PER COUNTRY

	2022	2021	2020
Sweden	10,735	10,176	11,265
Total	**10,735**	**10,176**	**11,265**

NOTE 3 FEES AND REMUNERATION TO AUDITORS

	2022	2021	2020
PwC			
– Audit engagement	290	260	265
– Other services	–	10	663
Total	**290**	**270**	**928**

NOTE 4 PERSONNEL COSTS

EMPLOYEE BENEFITS

	2022	2021	2020
Salaries and other benefits	1,943	3,335	2,973
Social security charges	864	1,295	1,139
Pension expenses – defined contribution plan	629	1,019	998
Fees	5,284	4,115	4,146
Total	**8,720**	**9,764**	**9,256**

REMUNERATION, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

	2022		2021		2020	
	Salary and other benefits	Social security contributions (whereof pension expenses)	Salary and other benefits	Social security contributions (whereof pension expenses)	Salary and other benefits	Social security contributions (whereof pension expenses)
Board of directors, CEO and other senior executives	2,277	899 (347)	4,578	2,583 (1,019)	4,241	2,175 (998)
Other employees	1,256	746 (282)	–	–	–	–
Total parent company	**3,533**	**1,645 (629)**	**4,578**	**2,583 (1,019)**	**4,241**	**2,175 (998)**

AVERAGE NUMBER OF EMPLOYEES SPLIT BY COUNTRY

	2022		2021		2020	
	Average	Whereof men	Average	Whereof men	Average	Whereof men
Sweden	1	1	2	1	2	1
Total parent company	**1**	**1**	**2**	**1**	**2**	**1**

SPLIT BY GENDER IN THE PARENT COMPANY FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

	2022		2021		2020	
	At year-end	Whereof men	At year-end	Whereof men	At year-end	Whereof men
Board of directors	6	2	4	2	6	4
CEO and other senior executives	1	1	4	3	4	3
Total parent company	**7**	**3**	**8**	**5**	**10**	**7**

For information on remuneration to senior executives, see Note 9 in the consolidated financial statements.

NOTE 5 INTEREST INCOME, INTEREST EXPENSE AND SIMILAR ITEMS

	2022	2021	2020
Write-down of financial assets	–108	–200,097	–50,000
Interest costs	–	–37	–6
Total interest expense and similar items	**–108**	**–200,134**	**–50,006**
Interest income	27	–	46
Total interest income	**27**	**–**	**46**
Financial items, net	**–81**	**–200,134**	**–49,960**

NOTE 6 TAXES

REPORTED TAX IN STATEMENT OF COMPREHENSIVE INCOME

	2022	2021	2020
Current tax:			
Current tax expense	–	–	–
Adjustment of prior year tax income	–	–	–
Total current tax	**–**	**–**	**–**
Total taxes	**–**	**–**	**–**

The income tax on profit before tax differs from the theoretical amount that would have been obtained from the use of the tax rate for the parent company as follows:

	2022	2021	2020
Pre-tax loss	**–6,106**	**–207,546**	**–56,025**
Income tax calculated according to the tax rate in Sweden (2022 and 2021: 20.6%, 2020: 21.4%)	1,258	42,754	11,989
Tax effects from:			
Non-taxable income	–	–	–
Non-deductible expenses	–22	–41,220	–10,697
Unused tax credits for which no deferred tax is recognised	–1,236	–1,534	–1,292
Total reported tax	**–**	**–**	**–**

NOTE 7 EQUIPMENT, TOOLS AND INSTALLATIONS

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Opening acquisition cost	909	909	–
Investments	–	–	909
Closing acquisition cost	**909**	**909**	**909**
Opening depreciations	–270	–91	–
Depreciations	–185	–179	–91
Closing depreciations	**–455**	**–270**	**–91**
Net book amount	**454**	**639**	**818**

NOTE 8 SHARES IN SUBSIDIARIES

The parent company holds shares in the following subsidiaries:

Company	Corp. Reg. No	Registrered office	No of shares	Carrying value Dec 31, 2022	Carrying value Dec 31, 2021	Carrying value Dec 31, 2020
InDex Pharmaceuticals AB	556704-5140	Stockholm, Sweden	60,281,586	247,030	247,030	247,030

InDex Pharmaceuticals AB	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Opening acquisition value	794,127	594,300	544,030
Shareholders contribution	108	200,097	50,000
Closing acquisition value	**794,235**	**794,127**	**594,030**
Opening accumulated depreciations/write-downs	–547,097	–347,000	–297,000
Depreciations/write-downs	–108	–200,097	–50,000
Closing accumulated depreciations/write-downs	**–547,206**	**–547,097**	**–347,000**
Carrying value	**247,030**	**247,030**	**247,030**

NOTE 9 OTHER RECEIVABLES

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Tax account	1,151	1,237	160
Tax receivable	91	–	–
Other	93	–	59
Total	**1,335**	**1,237**	**219**

NOTE 10 PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Prepaid rent	340	296	289
Prepaid insurance premiums	–	–	33
Other	117	114	925
Total	**457**	**410**	**1,247**

NOTE 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement include the following:

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Bank accounts	42,490	99,793	45,491
Total	**42,490**	**99,793**	**45,491**

NOTE 12 SHARE CAPITAL

See Note 21 to the consolidated financial statements for information on the parent company's share capital.

NOTE 13 OTHER LIABILITIES

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Calculated employee contribution on pensions	–	6	69
Liability to the Tax Authority (VAT, employee withholding tax and social contributions)	415	456	254
Current liabilities to employees	–	–	–
Other	–	–	–
Total	**415**	**462**	**323**

NOTE 14 ACCRUED COSTS AND DEFERRED INCOME

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Accrued vacation salaries	–	574	929
Accrued social security charges	–	180	292
Other	630	1,056	1,090
Total	**630**	**1,810**	**2,311**

NOTE 15 PLEDGED ASSETS

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Bank guarantee, Euroclear	50	50	50
Bank guarantee, Akademiska Hus	537	537	537
Total	**587**	**587**	**587**

NOTE 16 OPERATIONAL LEASING

The parent company rents premises according to non-terminable operating lease agreements. The lease period is three years, and the agreement have been extended at the end of the lease period for a fee that corresponds to a market fee. Lease expenses amounting to SEK 1,017k (2021: SEK 1,154k, 2020: SEK 1,048k) for office leases are included in the statement of comprehensive income.

Future total minimum lease fees for non-cancellable operating leases are as follows:

	2022	2021	2020
Within 1 year	1,305	1,146	1,048
Between 1 and 5 years	1,848	478	1,624
Beyond 5 years	–	–	–
Total	**3,153**	**1,624**	**2,672**

NOTE 17 RELATED PARTY TRANSACTIONS

InDex Pharmaceuticals Holding AB controls the group. Related parties are all subsidiaries within the group as well as senior executives in the group and their affiliates. Transactions take place on market terms.

RELATED PARTY TRANSACTIONS

	2022	2021	2020
Revenue from services			
Sales to group companies	10,735	10,176	11,265
Total	**10,735**	**10,176**	**11,265**
Procurement of services			
Purchases	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**

All costs for overall group functions, such as the Board, management and premises, etc. are reported in the parent company, InDex Pharmaceuticals Holding AB. Detailed calculations of the cost distribution between the group companies have been made, calculations that are regularly reviewed and form the basis for the cost distribution between the units. Based on these, internal charges are made and are then reported as internal sales as shown in the tables above.

RECEIVABLES AND LIABILITIES AT THE END OF THE YEAR AS A RESULT OF SALES AND PURCHASES OF GOODS AND SERVICES

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Receivables from related parties:			
Receivables from group companies	247,536	196,921	779
Liabilities to related parties			
Liabilities to group companies	–	–	28,800
Total	**247,536**	**196,921**	**29,579**

The parent company has no provisions for bad debts attributable to related parties. The parent company has also not reported any costs relating to bad debts on related parties during the period. No collateral is provided for the debts.

The receivables from related parties are largely related to sales transactions and fall due 1 month after the date of the sale.

The debts to related parties are largely derived from purchase transactions and fall due 1 month after the date of purchase.

Remunerations to senior executives is shown in Note 7.

NOTE 18 PROPOSED DISTRIBUTION OF EARNINGS

THE FOLLOWING RETAINED EARNINGS ARE AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING

SEK	
Retained earnings	532,840,755
Net result	–6,105,936
	526,734,819
The Board's suggestion to be brought forward	**526,734,819**

Signatures

The consolidated income statement and balance sheets will be submitted to the Annual General Meeting on May 24, 2023 for adoption.

The Board and the CEO ensure that the consolidated accounts have been prepared in accordance with international accounting standards IFRS as adopted by the EU and give a true and fair view of the group's position and earnings.

The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's position and earnings.

The Directors' Report for the group and the parent company provides a true and fair view of the development of the group's and the parent company's operations, position and results and describes the significant risks and uncertainties that the parent company and the companies that are part of the group face.

Stockholm March 27, 2023

Wenche Rolfsen
Chairman of the Board

Karin Bernadotte af Wisborg

Marlene Forsell

Anna-Kaija Grönblad

Uli Hacksell

Lennart Hansson

Jenny Sundqvist
CEO

Our audit report was submitted on March 27, 2023

PricewaterhouseCoopers AB

Magnus Lagerberg
Authorised Public Accountant

This is an English translation of the Swedish annual report. In case of discrepancies between the English translation and the Swedish annual report, the Swedish annual report shall prevail.

Auditor's report

Unofficial translation

To the general meeting of the shareholders of InDex Pharmaceuticals Holding AB, corporate identity number 559067-6820

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of InDex Pharmaceuticals Holding AB for the year 2022 (the financial year 2022). The annual accounts and consolidated accounts of the company are included on pages 28-64 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company as well as the report on total comprehensive income and the balance sheet for the group.

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 the parent company and the group 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.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1-27 and 68-76. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. 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 and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group'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 intends 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 and consolidated 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 and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website:
www.revisorsinspektionen.se/revisornsansvar.
This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of

the Board of Directors and the Managing Director of InDex Pharmaceuticals Holding AB for the year 2022 (the financial year 2022) 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 the parent company and the group 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 Director's 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 and the group's type of operations, size and risks place on the size of the parent company's and the group'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 and the group'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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar.
This description is part of the auditor's report.

Stockholm 27 March 2023
PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

Corporate governance report

LEGISLATION AND ARTICLES OF ASSOCIATION
InDex is a Swedish public limited liability company and is governed by Swedish legislation, mainly the *Swedish Companies Act* (Sw. *Aktiebolagslagen* (2005:551)) and the *Swedish Annual Accounts Act* (Sw. *Årsredovisningslagen* (1995:1554)). The company is listed on Nasdaq First North Growth Market Stockholm ("First North") and apply the First North Rulebook. In addition to legislation and the First North Rulebook, the company's articles of association and its internal guidelines for corporate governance form the basis for the company's corporate governance. The articles of association, to be found on the company's website, contain e.g. the seat of the board of directors, the focus of the business activities, the limits for the share capital and number of shares and the conditions for participation at general meetings. The most recently adopted and registered articles of association were adopted at the extraordinary general meeting held on January 12, 2021.

THE SWEDISH CODE OF CORPORATE GOVERNANCE
The Swedish Code of Corporate Governance (the "Code") defines a norm for good corporate governance at a higher level of ambition than the Swedish Companies Act's minimum requirements and applies to companies whose shares are being traded on a regulated market in Sweden. Currently, the Code is not binding to companies whose shares are listed on First North; thus, the Code is not binding to the company. However, the Code is an important part of the company's internal guidelines for corporate governance.

GENERAL MEETINGS
The shareholders' influence in the company is exercised at general meetings, which, in accordance with the Swedish Companies Act, is the company's highest decision-making body. As the company's highest decision-making body, the general meeting may resolve upon every issue for the company, not specifically reserved for another corporate body's exclusive competence. Thus, the general meeting has a sovereign role over the board of directors and the CEO. Notices, minutes and bulletins from general meetings are made available on the company's website.

At annual general meetings, which according to the Swedish Companies Act shall be held within six months from the end of each financial year, resolutions must be passed on adoption of the profit and loss account and balance sheet for the parent company and the group, allocation of the parent company's profit or loss, discharge from liability for the board of directors and the CEO, elections of members of the board of directors and auditor and on remuneration for the board of directors and the auditor. At general meetings, the shareholders also resolve on other key matters in the company, such as amending of the articles of association, any issue of new shares etc. If the board of directors considers there is reason to hold a general meeting before the next annual general meeting, or if an auditor of the company or owners of at least one-tenth of all shares in the company so demand in writing, the board of directors must issue a notice to convene an extraordinary general meeting.

Notice to attend a general meeting shall, in accordance with the company's articles of association, be made by announcement in the Swedish Official Gazette (Sw. Post och Inrikes Tidningar) and by making the notice available on the company's website. At the same time as notice is made, it shall be announced in Dagens Industri that a notice has been made. Notice of a general meeting must be issued no earlier than six weeks and no later than two weeks before the meeting.

All shareholders who are registered directly in the company's share register, kept by Euroclear, six (6) banking days prior to the general meeting (i.e. on the record date) and who notify the company of their intention to attend the general meeting no later than the date specified in the notice of the meeting shall be entitled to attend and vote at the general meeting, either in person or through a proxy. A shareholder may be accompanied by assistants at general meetings upon notification. Each shareholder of the company submitting a matter with sufficient foresight has the right to have the matter addressed at the general meeting.

To be able to determine who is entitled to participate and vote at general meetings, Euroclear shall, upon the request of the company, supply the company with a list of all holders of shares on the record date in connection with each general meeting. Shareholders who have their shares registered in the name of a nominee must request temporary entry in the transcription of the share register kept by Euroclear (so-called voting rights registration) in order to be entitled to participate and vote for their shares at the meeting. The shareholder must inform the nominee well in advance of the record date, at which time the register entry must have been made. Voting rights registration that has been requested by the shareholder at such time that the registration has been completed by the nominee no later than four (4) banking days prior to the general meeting, will, however, be taken into account in the preparation of the share register. Shareholders who have their shares directly registered on an account in the Euroclear system will automatically be included in the list of shareholders.

At the Annual General Meeting on June 1, 2021 it was decided to adopt rules of procedure for the nomination committee. The main duties and responsibilities of the nomination committee are to propose candidates for the post of chairman and other members of the board of directors. The nomination committee also proposes fees and other remuneration to the members of the board of directors as well as makes proposals on the election and remuneration of the auditor.

The board of directors proposes that the general meeting resolves on principles for the appointment of and instructions for the nomination committee to apply until the general meeting decides otherwise. The nomination committee shall consist of the chairman of the board of directors and four members appointed by the four largest shareholders by votes at the end of the third quarter each year. The "the four largest shareholders by votes" shall hereinafter also include known shareholder groups. The chairman of the board of directors shall annually contact the shareholders who are entitled to appoint a member. Should any of the entitled shareholders waive their right to appoint a member to the nomination committee, the right is transferred to the fifth largest shareholder by votes, and so on. However, no more than five additional shareholders need be contacted, unless the chairman of the board of directors finds that there are special reasons for doing so. When a shareholder is contacted with a request to appoint a representative of the nomination committee, the chairman of the board of directors shall set out the requisite rules of procedure, such as the last date of response, etc.

The names of the members of the nomination committee and the names of the shareholders appointing members shall be made public no later than six months prior to the annual general meeting. The nomination committee appoints a chairman among its members. The chairman of the board of

directors shall not be the chairman of the nomination committee. Should a member resign before the work of the nomination committee is concluded, and if deemed appropriate by the nomination committee, a replacement member shall be appointed by the shareholder that appointed the member who resigned, or, if that shareholder no longer represents one of the four largest shareholders by votes, by the shareholder representing such group. If a shareholder who has appointed a certain member has substantially decreased its shareholding in the company, and the nomination committee does not deem it inappropriate in view of a potential need of continuity prior to an impending general meeting, the member appointed by such shareholder shall resign from the nomination committee and the nomination committee shall offer the largest shareholder who has not yet appointed a member of the nomination committee to appoint a new member.

The nomination committee shall further be composed and perform such tasks that from time to time are stated in the Swedish Corporate Governance Code. The members of the nomination committee shall not receive remuneration from the company. Any costs incurred in connection with the work of the nomination committee shall be paid by the company, provided that they have been approved by the chairman of the board of directors.

The nomination committee before the annual general meeting 2023, as communicated on October 26, 2022, has consisted of Karl Tobieson, chairman, and appointed by Linc, Ivo Staijen appointed by HBM Healthcare Investments, Jan Särlvik appointed by Fjärde AP-fonden, Björn Wasing appointed by SEB-Stiftelsen and S-E-Bankens Utvecklingsstiftelse and Wenche Rolfsen, chairman of the board of directors.

BOARD OF DIRECTORS

Subsequent to the general meeting, the board of directors is the company's highest decision-making body. The board of directors is also the company's highest executive body and the company's representative. Further, the board of directors is, according to the Swedish Companies Act, responsible for the organisation of the company and management of the company's affairs and must regularly assess the company's and the group's financial position and ensure that the company's organisation is arranged so that the company's accounts, asset management, and finances in general are satisfactorily monitored. The chairman of the board of directors has a particular responsibility to preside over the work of the board of directors and to ensure that the board of directors fulfils its statutory duties.

According to the company's articles of association, the board of directors shall consist of a minimum of three (3) and a maximum of ten (10) ordinary members, without deputy members. Members of the board are elected annually at an annual general meeting for the period until the next annual general meeting. There is no limit in time for how long a member may be on the board of directors.

The company's board of directors is currently composed of Wenche Rolfsen (chairman), Karin Bernadotte af Wisborg, Marlene Forsell, Anna-Kaija Grönblad, Uli Hacksell and Lennart Hansson. Further information about the members of the board, can be found under the "Board of directors, senior management and auditors" section above.

The responsibilities of the board of directors include e.g. to set the company's overall goals and strategies, oversee major investments, ensure that there is a satisfactory process for monitoring the company's compliance with laws and other regulations relevant to the company's operations, as well as the compliance with internal guidelines. The responsibilities of the board of directors also include ensuring that the company's disclosure to the market and investors is transparent, correct, relevant and reliable and to appoint, evaluate and, if necessary, dismiss the company's CEO.

The board of directors has, in accordance with the Swedish Companies Act, adopted written rules of procedure for its work, which will be evaluated, updated and re-adopted annually. The board of directors meets regularly in accordance with a program set out in the rules of procedure containing certain permanent items and certain items when necessary.

Provisions on the establishment of audit committees are found in the Swedish Companies Act. Provisions on the establishment of remuneration committees are found in the Code. In this respect, the provisions of the Swedish Companies Act only apply to companies whose shares are being traded on a regulated market, which does not include First North, and, as noted above in this section, the Code is not binding to the company. In light of the scope of the operations and the group's current size, it is the opinion of the company's board of directors that it is presently not justified to establish specific audit or remuneration committees. Instead, the board of directors believes that the responsibilities of the committees are best addressed within the board of directors. It is the company's board of directors' responsibility to ensure transparency and control of the company's operations through reports and contacts with the company's auditor.

CEO AND OTHER SENIOR EXECUTIVES

The company's CEO is, in accordance with the provisions of the Swedish Companies Act, responsible for the day-to-day management of the company in line with guidelines and instructions from the board of directors. Measures of an unusual nature or of great significance in view of the scope and nature of the company's operations are not considered as "day-to-day management" and should therefore, as a main rule, be prepared and presented to the board of directors for its decision. The CEO must also take any measures necessary to ensure that the company's accounts are maintained in accordance with applicable law and that its asset management is conducted satisfactorily. The CEO is subordinated to the board of directors, and the board of directors itself may also decide on matters that are a part of the day-to-day management. The work and role of the CEO as well as the allocation of duties between, on the one hand, the board of directors and, on the other, the CEO is established by written instructions (a so called "Instruction for the CEO") by the board of directors and the board of directors continuously evaluates the work of the CEO.

INTERNAL CONTROL AND AUDIT

The company's board of directors is, according to the Swedish Companies Act, responsible for the organisation of the company and management of the company's affairs, must regularly assess the company's and the group's financial position and ensure that the company's organisation is arranged so that the company's accounts, asset management, and finances in general are satisfactorily monitored. The rules of procedure adopted by the board of directors for its work contains instructions for internal financial reporting, and all interim reports and press releases are published on the company's website upon publication.

Being a public company, the company must have at least one auditor for the review of the company's and the group's annual report and accounts as well as the management by its board of directors and CEO. The review must be as detailed and extensive as required by generally accepted auditing standards. The company's auditor is, according to the Swedish Companies Act, appointed by the general meeting. Thus, auditors of Swedish limited liability companies are given their assignment by, and are obliged to report to, the general meeting, and must not allow their work to be governed or influenced by the board of directors or the senior management.

Risk factors

An investment in securities is associated with risk. When assessing the future development of InDex, it is important to consider the risk factors associated with the company and its share. These include risks related to the company's business and industry, legal risks and financial risks. The risk factors that are deemed to be of material importance for the company's future development are described below. The company has assessed the risks based on the probability of their occurrence and the potential negative impact if a risk were to materialise. The risk factors are presented in a limited number of categories, in which the most significant risks according to the company's assessment as described above are stated first.

BUSINESS AND INDUSTRY RELATED RISKS

Risks related to the phase III program for cobitolimod

Drug development is a complicated and capital intense process involving a substantial degree of risk. The research and development required for a drug is subject to risks such as delays in product development and/or costs becoming higher than expected or that the products do not have the anticipated effect or that they turn out to have unexpected and/or unwanted side effects. Prior to launching a drug on the market, its safety and efficacy for treatment of patients with a certain disease must be ascertained by performing an extensive number of preclinical studies (evaluation of the drug candidate in laboratory and animal studies) and clinical studies (patient studies). In August 2019 InDex announced results from the phase IIb dose optimisation study CONDUCT, which evaluated cobitolimod for the treatment of moderate to severe left-sided ulcerative colitis. The study met the primary endpoint of clinical remission. Phase III trials are the basis for marketing approval applications and are conducted in patients to document statistically significant treatment efficacy and safety.

Results in previous clinical studies are not necessarily predictive of the results in future studies. The company cannot predict when planned clinical studies can start or be completed since several different factors that are crucial, such as approvals from authorities including ethics committees, the entering into agreements with e.g. CROs and clinics as well as access to patients are partly outside the company's control. Patient access refers to the participating clinics' ability to identify and include patients in the company's studies (for further information please refer to headings "Risks related to Russia's invasion of Ukraine" and "InDex operates in a highly competitive market"). Patient access is vital to how long a study will take and there is a risk that Russia's invasion of Ukraine may adversely affect participating clinics' ability to identify and include patients which can lead to a delay of the phase III program (see in more detail under the heading "Risks related to Russia's invasion of Ukraine"). Accordingly, delays in completing the company's phase III program for cobitolimod could incur increased product development costs as well as delays in introducing the product on the market.

Risks related to Russia's invasion of Ukraine

At the date of the Board's approval of this annual report Russia's invasion of Ukraine is ongoing. It is at present difficult to assess the impact of the invasion on the global economy and if the current geopolitical situation may impact additional countries over time. InDex has in the ongoing Induction Study 1 of the phase III program CONCLUDE chosen not to start patient recruitment in Russia but has after careful consideration opened clinics in Western Ukraine. An assessment is currently ongoing to evaluate how the planned patients from Russia can be replaced. If additional countries are affected by the geopolitical situation this can lead to limitations to patient access and may cause delay in the ongoing phase III program.

Risks related to commercialisation, market acceptance and reimbursement systems

In the event that the phase III program for cobitolimod is successful (see in more detail under the heading "Risks related to the phase III program for cobitolimod") and cobitolimod – or any other product – later is approved by FDA in the United States and/or by EMA in the EU/EEA and other applicable authorities, there is a risk that sales do not meet expectations and that the product is not commercially successful. The level of market acceptance and sales of a drug depend on a number of factors, including product properties, clinical documentation and results, competing products, distribution channels, physician accessibility, availability, price, subsidization/reimbursement and sales and marketing efforts.

Sales of prescription drugs are affected by the price set and obtained from the responsible authorities (such as the Dental and Pharmaceutical Benefits Agency in Sweden), from reimbursement payers and by healthcare payers, including insurance companies, hospitals and nationally responsible authorities. There is a risk that the prices achieved are lower than expected. The reimbursement rate that from time to time applies for a drug often depends on the value that the product is deemed to add for the patient and the healthcare system. There is a risk that the products do not qualify for subsidies from privately and publicly financed healthcare programs or that reimbursement is lower than expected, which e.g. may affect the market acceptance of the product or the operating margin. Reimbursement systems may also change from time to time, making it more difficult to predict the benefit and reimbursement that a prescription product may obtain. Such changes could result in fewer reimbursement possibilities and lower reimbursement levels in some markets.

InDex operates in a highly competitive market

The pharmaceutical industry is a highly competitive industry characterised by global competition, rapid technological development and extensive investments. The company is facing competition from e.g. large pharmaceutical companies, including multinational companies, other companies active in the healthcare sector and universities. Some of the competitors have great financial resources and there is a risk that the company's competitors develop similar drugs or alternative medicinal products which prove more successful. The company faces competition for cobitolimod from competing therapies approved for the treatment of moderate to severe ulcerative colitis. Further, other companies are currently developing drugs that compete with or may compete with

cobitolimod, InDex may also have to compete with these companies over patients to conduct necessary studies.

Furthermore, the highly competitive market may lead to that InDex is forced to take measures due to high competition, such as lowering its prices, or if the company is unable to compete successfully this may lead to a negative impact on the company's profitability and a future market share, or a loss of the company's ability to establish relationships with potential new customers.

Risks related to manufacturers and suppliers

The company engages external manufacturers (Contract Manufacturing Organisations "CMO") for all of its required active pharmaceutical ingredients, such as cobitolimod substance, and finished products for preclinical and clinical studies. The company has collaborated with some of its external manufacturers for a long time. The company has entered into two framework agreements, but these agreements does not guarantee the delivery of products. The company has not entered into any other agreements that runs over a longer period of time with a manufacturer in addition to the aforementioned two agreements.

The company also engages external suppliers (e.g. CROs) for conducting preclinical and clinical studies. The suppliers, in turn, contracts clinics specialised in the therapeutic area and/or clinical trials that can provide access to patients.

There is a risk that current and future manufacturers and suppliers, who in turn might have contractual obligations towards third parties (e.g. sub-suppliers) which are out of the company's control, fail to deliver according to agreement, which could lead to delays and increased costs affecting an entire development project. None of the company's current manufacturers or suppliers are considered material in the sense that they cannot be replaced, but the company is dependent on such manufacturers and suppliers as changing manufacturers and suppliers might be both costly and time consuming. There is a risk that the company will not be able to find suitable manufacturers and suppliers offering the same quality and quantities on similar terms and conditions. In addition, InDex's manufacturer's and supplier's operations are subject to laws and regulations. Should the manufacturers and suppliers fail to comply with applicable laws and regulations in this regard, InDex could be negatively affected. Further, the company does not have any current agreements for the manufacture of commercial supplies of any active pharmaceutical ingredients or drug candidates if they are approved. There is a risk that the company will not find suitable manufacturers offering the required quality and quantities on terms and conditions satisfactory to the company.

Risks related to key employees and key consultants

InDex has a small number of employees with core competences and cooperates with experienced consultants within different areas of the development process. The company has nine full time employees and has established cooperation with about ten qualified consultants each specialised in different areas, such as regulatory affairs, statistics, medicine, preclinical, manufacturing, business development, quality assurance, finance, HR and accounting in order to ensure that the necessary competences and experiences are covered. InDex's management and the Board have together large and documented highly qualified international experience from the pharmaceutical industry and publicly listed companies. This covers the vast majority of the functions involved in the process to develop and commercialise new and innovative drugs. The company is dependent on its employees and consultants, especially on its executive management and other key individuals, and on its ability to recruit and retain highly qualified personnel. In the event a key employee or a key consultant would leave the company, this could have an adverse effect on the company's ongoing projects. The company's ability to recruit and retain qualified personnel is thereby crucial for its future success and growth.

Risks related to development of other DIMS

Prior to launching a drug on the market, its safety and efficacy for treatment of patients with a certain disease must be ascertained by performing an extensive number of preclinical studies (evaluation of the drug candidate in laboratory and animal studies) and clinical studies (patient studies). InDex has a preclinical portfolio of more than 150 DNA-based ImmunoModulatory Sequences (DIMS). To capitalise on the investments in the DIMS portfolio and to take advantage of the expertise and experience built up during the development of cobitolimod in ulcerative colitis, InDex is testing a selected number of DIMS candidates in models of other inflammatory diseases. The preclinical studies evaluate the chemistry, toxicity and effects through appropriate laboratory trials and animal models. Once the preclinical requirements of the substance are fulfilled the substance may proceed to clinical development. The research and development required for the DIMS candidates is subject to risks such as delays in product development and/or costs becoming higher than expected or that the products do not have the anticipated effect or that they turn out to have unexpected and/or unwanted side effects. There is a risk that the preclinical studies for the DIMS candidates will not be successful and that the candidates will not reach clinical studies.

If successful studies were to be conducted for a DIMS candidate it is likely that other risk factors, such as those stated under headings "Risks related to manufacturers and suppliers", "InDex operates in a highly competitive market" and "Risks related to commercialisation, market acceptance and dependence on reimbursement systems", would become relevant for the applicable DIMS candidate as well.

LEGAL AND REGULATORY RISKS

Risks related to regulatory approvals, licenses and registrations with authorities

In order to develop, manufacture, market and sell drugs, regulatory approvals or licenses must be obtained from, and registrations must be made with, relevant authorities e.g. the FDA and EMA and/or national authorities, which can be both time consuming and expensive. Prior to starting a clinical study InDex needs to apply for approvals with the authorities in the countries that will participate in the study. If the company do not receive clinical trial approvals in time (which can be a result due to both rejection from the applicable authority as

well as an inquiry from the applicable authority for changes or additions to InDex's submission), delays could arise.

Further, the authorities might make different assessments as regards e.g. the need for additional studies, and interpretation of data from performed studies. The requirements for approvals may differ between authorities in different countries and the actual registration procedures may require extensive work. Further, current rules and interpretations for drug approval may change in the future, which could adversely affect the company's ability to obtain the necessary regulatory approvals, which, in turn, could have a material adverse effect on the company's business and profits in the future. Subsequent to the approval of a drug, the company will still be obliged to meet certain regulatory requirements, such as requirements for safety reporting and supervision of marketing of drugs. In the event the company fails to meet post-approval regulatory requirements, previously obtained regulatory approvals may be withdrawn. The company could also be subject to other sanctions, such as fines, operational restrictions or criminal sanctions.

InDex rely on intellectual property rights and know-how

The future success of InDex is dependent on the company being able to protect its current and future intellectual property rights. The company's intellectual property rights are mainly protected through granted patents and patent applications and the company's patent portfolio covers use of cobitolimod in the treatment of various inflammatory diseases, as well as composition of matter patents for other DIMS compounds and their methods of use. InDex only has method of use patents, but no composition of matter patent for cobitolimod. Generally, a method of use patent is deemed to give a more narrow protection compared to the protection given by a composition of matter patent.

There is a risk that the company's patents are challenged by third parties, which could result in the patents being declared null and void by a patent court, adversely affecting the company. Further, there is a risk that the company's patents, trademarks and other intellectual property rights are intentionally or unintentionally infringed by third parties. In addition to being time consuming and thus disrupting the company's operations, patent infringements or challenges of intellectual property rights could entail considerable legal costs for defending the company's intellectual property rights. There is also a risk of the company unintentionally infringing intellectual property rights held by third parties, or wrongfully being alleged to do so, which also could entail considerable legal costs. Patents are only granted for a limited period of time. After a patent has expired, there is a risk that the company's products are copied by third parties, or that InDex looses a patent dispute, adversely affecting the sale of the company's own products. The company is also dependent on the protection of know-how, including information related to inventions for which patent applications have not yet been filed. Unlike patents and other intellectual property rights, know-how is not protected by exclusive rights by registration or similar. There is a risk that unauthorised disclosure or use of the company's know-how would render it impossible to obtain a patent or depriving the company of competitive advantages.

Risks related to product liability and insurance

In the event that any of the company's drug candidates or products – such as cobitolimod – turn out (during phase III program for cobitolimod or subsequent to obtaining approval and launching the product on the market) to cause illness, injury, disability or death, this could lead to compensation claims against the company from patients participating in clinical studies and/or patients using the products. If product liability claims are made against the company, the company may also be required to stop further sales of and prevent the use of its products. There is a risk that the applicable insurance policies will not provide sufficient coverage in the event of a product liability claim (e.g. in connection with phase III program for cobitolimod) or any other claim against the company. There is also a risk that the company could fail to obtain or maintain adequate insurance coverage at acceptable terms in the future.

InDex is subject to safety regulations and ethical standards

InDex's operations are subject to reporting requirements on safety and will upon potential future market approval be subject to additional requirements. The company need to comply with current Good Clinical Practice ("GCP"), which is an international ethical and scientific quality standard for designing, conducting, recording and reporting trials that involve the participation of human subjects. The aim of the standard is to provide a unified standard for the ICH41[1] regions to facilitate the mutual acceptance of clinical data by the regulatory authorities in these jurisdictions. If the company would not comply with the relevant GCP, this could mean that the company would face problems with national and regional authorities that uses the GCP standard when it comes to approval to commence clinical trials.

Further, should the company fail to comply with applicable laws and regulations in this regard, InDex could be subject to criminal sanctions and extensive damages or become obliged to cease or alter its activities. In addition, some of the company's employees could prove guilty of unethical or criminal conduct or conduct that would otherwise be in conflict with applicable laws and regulations, as well as internal guidelines. Such conduct would also damage the company's reputation. The corresponding conduct of partners could also have a material adverse effect.

FINANCIAL RISKS

Risks related to funding

Pharmaceutical development is generally very costly and InDex has incurred losses each year since the company was formed. The drug development programs are expected to

[1] The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.

generate significant costs and to lead to net losses until the company generates revenues in the form of sales of drugs on the market, potential upfront and milestone payments and/or royalties from license and collaboration agreements.

There is a risk that InDex will not have sufficient revenue or positive cash flows in the future to finance its operations. There is a risk that new capital cannot be raised when needed or on satisfying terms or that capital raised would not be sufficient to finance operations in accordance with established development plans and objectives. This could result in the company being forced to delay or change the design of the company's development program for cobitolimod.

Should the company manage to secure additional funding when required, there is a risk that the company's future capital requirements may differ from the management's estimates. The future capital requirements depend on several factors, including the costs of development and commercialisation of drug candidates, sales of products on the market, when payments are received and the size of upfront, milestone and royalty payments from license and collaboration agreements.

Risks related to global economic factors and currency fluctuations

Foreign exchange risks arise from future transactions, primarily payment outflows, and recognised assets and liabilities in a currency that is not the company's functional currency, known as transaction exposure. The company's financial accounting and functional currency is SEK but a larger part of the company's operating costs in the next few years will be denominated in e.g. EUR and USD. As a result, the company could be subject to risks relating to currency exchange rates in respect of cash flows inside and outside Sweden such as fluctuations where the exchange rate changes from when entering into an agreement until payment pursuant to the agreement. Currency fluctuations could cause currency transaction losses which the company cannot predict.

In addition, the company's operations can be adversely affected by world economic factors and the company is exposed to market factors such as supply and demand, inflation and interest rate fluctuations, upswings and downturns and the will to invest etc. The last financial crisis caused extreme volatility and disruptions in the capital and credit markets, and the markets are now facing another form of crisis because of Russia's invasion of Ukraine (see in more detail under the heading "Risks related to Russia's invasion of Ukraine"). It is uncertain to what extent the economic development will be affected and the effects on the pharmaceutical market and consequently also on the company's future operations. A weak or declining economy could also strain the company's suppliers, possibly resulting in supply disruptions. Any of the foregoing could harm the company's operations and the company cannot anticipate all of the ways in which the future economic climate and financial market conditions could adversely affect the company's operations.

Glossary

BIOLOGICAL DRUG
A biological drug is a drug whose active substance has been produced in or purified from materials of biological origin.

CLINICAL STUDY/TRIAL
Is a study on healthy or ill people to investigate the effect and safety of a drug or treatment method.

COLECTOMY
A surgical procedure performed to remove the large intestine.

COLONOSCOPY
Examination of the large intestine using an endoscope.

CRO (CONTRACT RESEARCH ORGANISATION)
Contract research organisation.

CROHN'S DISEASE
Inflammatory disease that may occur throughout the whole gastrointestinal tract.

CYTOKINES
Cytokines are a group of proteins and peptides whose function is to carry chemical signals. They attach to specific receptors on the target cells and are produced only when needed. They have many different kinds of target cells. Some cytokines contribute to the immune system.

DIMS
DNA-based ImmunoModulatory Sequence. Synthetically manufactured oligonucleotide that is immunomodulatory through binding to Toll-like receptor 9.

ENDOSCOPY
Endoscopy is a term for examinations in which a so-called endoscope is used. The doctor can see the inside of the body using the instrument.

ENDPOINT
How to measure the effect of a particular treatment.

ENEMA
Enema is a medical device with which a fluid is inserted into the large intestine through a tip by way of the rectum.

FLARE
A significant deterioration of a chronic but cyclical disease condition.

GASTROENTEROLOGY
Gastroenterology is the study of the digestive system and its disorders.

INFLAMMATORY BOWEL DISEASE (IBD)
Inflammatory bowel disease includes a number of conditions with inflammation of the digestive system, especially the intestine.

INVESTIGATOR
Physician participating in a clinical study.

MECHANISM OF ACTION
The way in which a treatment achieves the desired effect.

PK STUDY (PHARMACOKINETIC STUDY)
A study that investigates a drug's absorption, distribution, metabolism and excretion.

PLACEBO
Inactive substance.

PRECLINICAL DEVELOPMENT
Laboratory tests and documentation of a drug candidate's characteristics in model systems.

PROOF-OF-CONCEPT
Concept validation in order to verify whether a particular method or idea works in practice.

RECTAL ADMINISTRATION
Administration through rectum.

REMISSION
Remission is a medical diagnostic term for when the symptoms have partially subsided or temporarily disappeared completely in chronic diseases.

SAFETY PROFILE
The side effects that a drug may cause.

STOMA
Stoma is a medical term for a surgical procedure in which an opening is placed on the front of the abdomen for the purpose of emptying the body's waste, such as stools.

TOLL-LIKE RECEPTOR (TLR9)
TLR9 is a member of the Toll-like receptor family and recognises DNA from bacteria and viruses.

ULCERATIVE COLITIS (UC)
Ulcerative colitis is an inflammation of the mucosa in the colon or rectum, which causes the bowel function to deteriorate.

Pharmaceutical development in brief

PRECLINICAL DEVELOPMENT
Preclinical studies evaluate the chemistry, toxicity and effects through appropriate laboratory trials and animal models. Once the preclinical requirements of the substance are fulfilled the substance may proceed to clinical development.

CLINICAL DEVELOPMENT
Clinical development is typically conducted in four sequential phases where the prior phase needs to show promising results including safety in order to move into the next phase:

Phase I: Phase I trials are most often conducted in healthy volunteers, but may also be performed in patients with the targeted disease. The goal is to determine the safety of the medicinal product and how it is absorbed, distributed, metabolised in and excreted from the body.

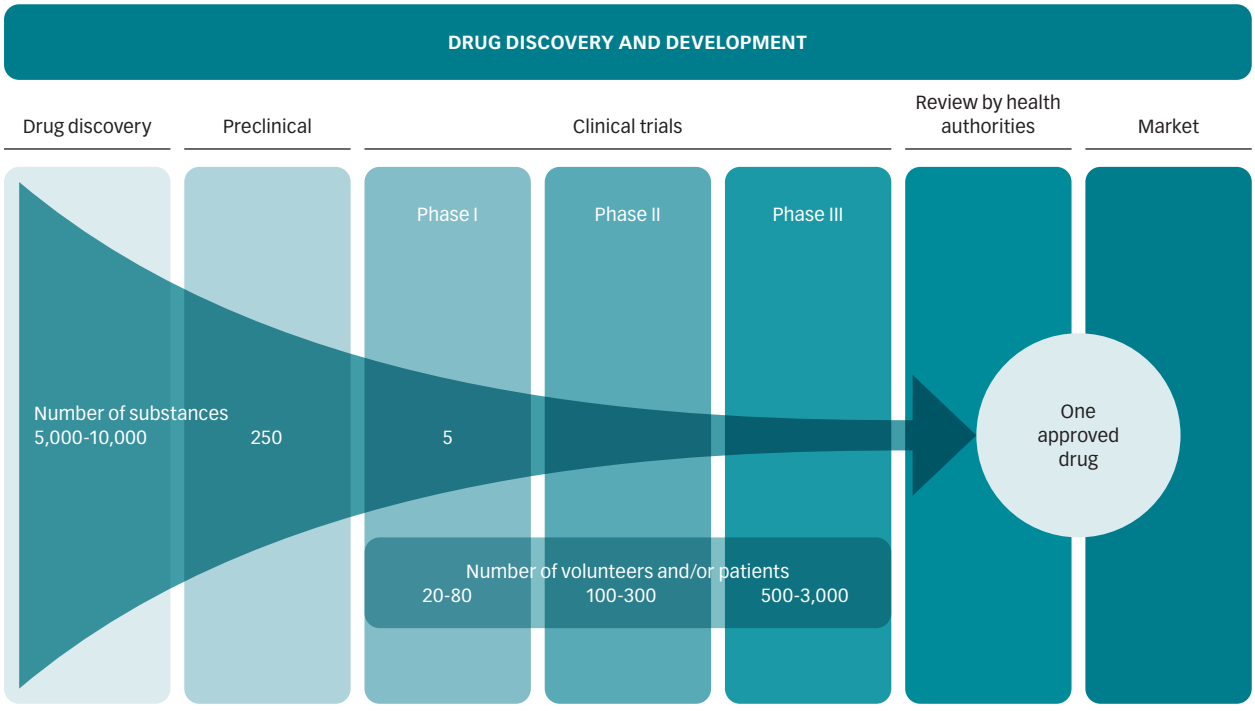
Phase II: Phase II trials are conducted in patients with the disease concerned, with the aim to establish an appropriate dosage for the phase III programme. The phase II studies also aim to obtain preliminary data on the efficacy of the substance. Safety is also carefully monitored. Phase II is usually divided into early phase (phase IIa) and late phase (phase IIb).

Phase III: Phase III trials, the basis for the marketing approval application, are conducted in patients to document statistically significant treatment efficacy, safety and tolerance. Sometimes different populations and different dosages are studied.

Phase IV: After the approval of a new medicinal product the development usually continues through so-called phase IV studies. More information from large groups of patients being treated for a long time is collected, whereby rare side effects may be discovered and further treatment effects can be evaluated. Sometimes efficacy and tolerance are compared between different medicinal products for a particular disease.

Development of medicinal products is thus a strictly regulated process, with many control steps along the way. During and after each phase the results are evaluated to decide if the development project will continue into the next stage. Approximately 10-20 percent of the substances that reach clinical development and begin a phase I study become an approved medicinal product[1]. The likelihood that the substance reaches the market generally increases the further into the development process the substance has come.

1 Hay M, et al. vol 32,Nr 1, 2014, *Nature biotechnology. Clinical development success rates for investigational drugs* and David Taylor, *The Pharmaceutical Industry and the Future of Drug Development, in Pharmaceuticals in the Environment*, 2015, pp. 1-33.



The figure shows the drug development from the early substance to an approved drug.

InDex
Pharmaceuticals

InDex Pharmaceuticals Holding AB
Berzelius väg 13
171 65 Solna, Sweden

Phone: +46 8 122 038 50
info@indexpharma.com
www.indexpharma.com