



**IGEA Pharma N.V.  
First quarter 2019  
condensed financial report**

## First quarter 2019 highlights

- **Results.** Cost of revenue for TUSD 93.4 (previous period: TUSD 46.7) increased due to costs incurred for keeping the laboratory facility ready for commercial launch as well as to the increased costs for securing freedom to operate against third party existing or future intellectual property rights. Selling, general and administration expenses for TUSD 353.7 (previous period: TUSD 115.1) increased due to the ongoing finalization of the products launch (mainly product delivery/logistic value chain, e-commerce channels, legal-commercial advise, regulatory matters), the increased corporate activity level post listing and the beginning of management compensation. The Group total loss for the reporting period is of TUSD 412.9 (previous period: TUSD 148.0), representing a basic and diluted loss per share of USD 0.016 (previous period: USD 0.007).
- **Outlook 2019.** Market launch of the test kit ‘ALZ-1’ and the supplement ‘ALZ-1 TAB’ expected within end of June 2019. Operations in the second half of the year 2019 will mainly focuses on strengthening the revenue level into the selected market.
- **Cash and cash equivalents.** As at 31 March 2019, the Group held 1.5 million of cash and cash equivalents, which is enough to finance its actual level of activities for at least twelve months.

## First quarter 2019 consolidated financial statements

### Consolidated balance sheet (unaudited)

*In thousand USD, unless otherwise stated*

	Notes	As at	
		31.3.2019	31.12.2018
<b>ASSETS</b>			
Property, plant and equipment		92.6	103.5
Right-of-use assets	6	72.6	-
Intangible assets	7	585.0	442.7
<b>Non current assets</b>		<b>750.2</b>	<b>546.2</b>
Inventories		9.2	9.2
Trade and other receivables		363.7	779.4
Cash and cash equivalents		1,493.4	2,152.0
<b>Current assets</b>		<b>1,866.3</b>	<b>2,940.6</b>
<b>Total assets</b>		<b>2,616.5</b>	<b>3,486.8</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		296.5	296.5
Reserves		4,826.1	4,938.6
Accumulated loss		(3,074.1)	(2,661.1)
<b>Equity attributable to owners of IGEA Pharma N.V.</b>		<b>2,048.5</b>	<b>2,574.0</b>
Non-controlling interests		(24.0)	(22.6)
<b>Total shareholders' equity</b>		<b>2,024.5</b>	<b>2,551.4</b>
Lease liability	6	11.0	-
<b>Non current liabilities</b>		<b>11.0</b>	<b>-</b>
Trade and other payables		265.0	620.6
Lease liability	6	62.2	-
Accruals		253.8	314.8
<b>Current liabilities</b>		<b>581.0</b>	<b>935.4</b>
<b>Total equity and liabilities</b>		<b>2,616.5</b>	<b>3,486.8</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of profit or loss (unaudited)

*In thousand USD, unless otherwise stated*

	Notes	Three months ended 31 March	
		2019	2018
Revenues		-	2.1
Cost of revenues	8	(93.4)	(46.7)
<b>Gross result</b>		<b>(93.4)</b>	<b>(44.6)</b>
Selling, general and administration	8	(353.7)	(115.1)
<b>Operating result</b>		<b>(447.1)</b>	<b>(159.7)</b>
Finance income	9	34.1	-
Finance costs	9	(1.3)	(8.7)
<b>Result before income tax</b>		<b>(414.3)</b>	<b>(168.4)</b>
Income tax expense		-	-
<b>Result of the period</b>		<b>(414.3)</b>	<b>(168.4)</b>
<b>Attributable to:</b>			
Owners of IGEA Pharma N.V.		(412.9)	(148.0)
Non-controlling interests		(1.4)	(20.4)
		<b>(414.3)</b>	<b>(168.4)</b>
<b>Basic and diluted loss per share</b>	10	<b>(0.016)</b>	<b>(0.007)</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of other comprehensive income (unaudited)

*In thousand USD, unless otherwise stated*

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
<b>Result of the period</b>	<b>(414.3)</b>	<b>(168.4)</b>
<b>Other comprehensive result for the period, net of tax</b> <i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(71.1)	(1.4)
<b>Other comprehensive result for the period, net of tax</b>	<b>(71.1)</b>	<b>(1.4)</b>
<b>Total comprehensive result for the period</b>	<b>(485.4)</b>	<b>(169.8)</b>
<b>Attributable to:</b>		
Owners of IGEA Pharma N.V.	(484.0)	(149.4)
Non-controlling interests	(1.4)	(20.4)
	<b>(485.4)</b>	<b>(169.8)</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of changes in equity (unaudited)

*In thousand USD, unless otherwise stated*

	Attributable to owners of IGEA Pharma N.V.			Non controll. interest	Total
	Share capital	Reserves	Retained earnings		
<b>Balance at 1 January 2018</b>	<b>235.3</b>	<b>(43.7)</b>	<b>(873.9)</b>	<b>(327.0)</b>	<b>(1,009.3)</b>
Result of the period	-	-	(148.0)	(20.4)	(168.4)
Currency translation differences	-	(1.4)	-	-	(1.4)
<b>Total comprehensive income</b>	<b>-</b>	<b>(1.4)</b>	<b>(148.0)</b>	<b>(20.4)</b>	<b>(169.8)</b>
<b>Balance at 31 March 2018</b>	<b>235.3</b>	<b>(45.1)</b>	<b>(1,021.9)</b>	<b>(347.4)</b>	<b>(1,179.1)</b>
<b>Balance at 1 January 2019</b>	<b>296.5</b>	<b>4,938.6</b>	<b>(2,661.2)</b>	<b>(22.6)</b>	<b>2,551.3</b>
Result of the period	-	-	(412.9)	(1.4)	(414.3)
Currency translation differences	-	(71.1)	-	-	(71.1)
<b>Total comprehensive income</b>	<b>-</b>	<b>(71.1)</b>	<b>(412.9)</b>	<b>(1.4)</b>	<b>(485.4)</b>
Purchase of treasury shares	-	(41.4)	-	-	(41.4)
<b>Total transactions with owners</b>	<b>-</b>	<b>(41.4)</b>	<b>-</b>	<b>-</b>	<b>(41.4)</b>
<b>Balance at 31 March 2019</b>	<b>296.5</b>	<b>4,826.1</b>	<b>(3,074.1)</b>	<b>(24.0)</b>	<b>2,024.5</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of cash flows (unaudited)

*In thousand USD, unless otherwise stated*

	Notes	Three months ended 31 March	
		2019	2018
Cash generated from operations	11	(395.8)	(74.5)
Interest and income taxes paid		-	-
<b>Net cash flow from operating activities</b>		<b>(395.8)</b>	<b>(74.5)</b>
Purchase of intangible assets		(169.9)	-
<b>Cash flow from investing activities</b>		<b>(169.9)</b>	<b>-</b>
Purchase of treasury shares		(41.4)	-
Proceeds from financial debts		-	113.2
Repayments of financial debts		-	(37.3)
Payments of lease liabilities		(14.6)	-
Finance cost		(1.2)	(8.7)
<b>Cash flow from financing activities</b>		<b>(57.2)</b>	<b>67.2</b>
Net effect of currency translation		(35.7)	6.5
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(658.6)</b>	<b>(0.8)</b>
Cash and cash equivalents at beginning of period		2,152.0	12.3
<b>Cash and cash equivalents at end of period</b>		<b>1,493.4</b>	<b>11.5</b>

The accompanying notes are an integral part of these financial statements.

## Notes to the first quarter 2019 consolidated financial statements

### 1 Basis of preparation

These unaudited interim consolidated financial statements for the three months ended 31 March 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union (IFRS EU) and accounting policies set out in the Group's consolidated financial statements 2018 included in the Annual Report 2018 published by IGEA on 30 April 2019. They have been approved for disclosure on 27 May 2019. All figures are rounded to thousand USD except when otherwise indicated.

These unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements 2018.

The preparation of financial statements in accordance with IFRS EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. It also requires management to make judgements in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment which are significant to these interim consolidated financial statements are disclosed in note 4 to the consolidated financial statements 2018.

Based on the expected cash burns and the current cash position, the Management believe that the Group will be able to meet its obligations as they fall due for a period of at least 12 months from the date of the financial statements, and hence these interim consolidated financial statements have been prepared on a going concern basis.

### 2 New standards, interpretations and amendment adopted by the Group

Except for the implementation of IFRS 16 'Leases' (IFRS 16), the accounting policies applied in these interim consolidated financial statements are consistent with the accounting policies applied in the consolidated financial statements 2018, to which reference is made.

On 1 January 2019, IGEA adopted IFRS 16. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize right-of-use assets and lease liabilities for most leases, excluding short-term and low value leases, in the balance sheet. IGEA adopted IFRS 16 using the modified retrospective method, with right-of-use assets measured at an amount equal to the lease liability, eventually adjusted by the amount of the prepaid or accrued lease payments relating to those leases recognized in the balance sheet immediately before the date of initial application, and will not restate prior years.

For further information on the impact of adoption and additional disclosure of IFRS 16, see note 6.

### 3 Critical estimates, assumptions and judgements

As disclosed in note 1, these interim consolidated financial statements have been prepared on a going concern basis after considering the Group cash position in the light of current financial plans.

### 4 Operating segments

The Group operates in one single segment, which is the business of selling disposable laboratory tests (in the case together with coupled dietary supplements). The Group will focus its commercial activities on the US



market and with an opportunistic approach, evaluate to start other markets. IGEA does not consider the geographies to be separate segments.

## 5 Seasonality

The Group is not exposed to seasonal fluctuations in its operations.

## 6 Lease liability and right-of-use assets

The Group has entered into lease agreements for laboratories and offices facilities in the US only. The lease liability recorded at 1 January 2019 was TUSD 87.8, corresponding to the lease commitment disclosed as at 31 December 2018 of TUSD 92.9 less effects of discounting for TUSD 5.1 (using an incremental borrowing rate of 9%). As a result of applying the modified retrospective method at the date of implementation of IFRS 16, the right-of-use assets were measured at the amount equal to the lease liability. The right-of-use assets at 1 January 2019 comprises the underlying class of buildings only. There was no impact on retained earnings upon implementation of IFRS 16.

The lease liability at 31 March 2019 was TUSD 73.2, of which TUSD 62.2 due within one year and TUSD 11 due between one and two years. The interest expense for the three months ended 31 March 2019 amounts to TUSD 1.2. Proceeds used for reducing the lease liability for the three months end 31 March 2019 amounted to TUSD 14.6. The right-of-use assets are depreciated on a straight-line basis over the duration of the lease. The carrying value of the right-of-use assets as 31 March 2019 is TUSD 72.6. Depreciation charges for TUSD 15.1 are included in 'Cost of revenue' and 'Selling, general and administration' for TUSD 7.5 each.

The Group accounts for the expenses of short-term leases of twelve months or less and low value leases on a straight-line basis over the lease term. The expense for the three months ended 31 March 2019 related to these leases amounted to TUSD 1.

## 7 Intangible assets

	Patents and similar rights	Total
<b>Year ended 31 December 2018:</b>		
Opening net book amount	474.6	474.6
Amortization charges	(31.9)	(31.9)
<b>Closing net book amount</b>	<b>442.7</b>	<b>442.7</b>
Cost value	554.6	554.6
Accumulated amortisation	(111.9)	(111.9)
<b>Net book amount</b>	<b>442.7</b>	<b>442.7</b>
<b>Three months ended 31 March 2019:</b>		
Opening net book amount	442.7	442.7
Additions	169.9	169.9
Amortization charges	(9.1)	(9.1)
Impairment charges	(17.1)	(17.1)
Currency translation effects	(1.4)	(1.4)
<b>Closing net book amount</b>	<b>585.0</b>	<b>585.0</b>
Cost value	723.0	723.0
Accumulated amortisation and impairments	(138.0)	(138.0)
<b>Net book amount</b>	<b>585.0</b>	<b>585.0</b>

On 10 February 2019, the Group entered into an agreement with Solosale S.r.l., a privately held company dealing in the cosmetic and nutraceutical industry and which is a related party to the Group ('Solosale'), ruling the purchase of certain intellectual property rights on the dietary supplement '126AGE' which the Group intends to commercialize in 2019 under the brand name 'ALZ-1 TAB'.

The agreement provides for broad payment terms (the next coming terms are 30 June 2020 and 2021 respectively) as well as termination without penalties at default. The Group recognizes the cost of the rights acquired based on the payments still made. Amortization is determined based on the useful life of the rights (currently 19 years), and an impairment determined on a straight-line basis on the net carrying value is recognized to take into account a termination scenario at 30 June 2020. The remaining commitments of TUSD 314.2 are disclosed under note 12. The Group has enough comfort on the arm's length character of the transaction.

Amortization expenses of TUSD 9.1 (same as previous period) and impairment charges of TUSD 17.1 (previous period: none) are both included in 'Cost of revenue'.

## 8 Expenses by nature

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
Products and services	(191.7)	(12.3)
Travel	(5.6)	(1.4)
Legal, management, consulting	(153.9)	(80.8)
Facilities, rent and other occupancy expenses	(4.9)	(16.9)
General and administration	(10.8)	(5.7)
Depreciation and amortisation	(37.4)	(14.8)
Impairment charges	(14.8)	(3.9)
Employee benefit expenses	(28.0)	(26.0)
<b>Total</b>	<b>(447.1)</b>	<b>(161.8)</b>
Reported as:		
Cost of revenue	(93.4)	(46.7)
Selling, general and administration	(353.7)	(115.1)
<b>Total</b>	<b>(447.1)</b>	<b>(161.8)</b>

## 9 Finance result, net

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gains	34.1	-
<b>Finance income</b>	<b>34.1</b>	<b>-</b>
Interest on financial debts	-	(7.2)
Interest on finance lease	(1.2)	(1.5)
Foreign exchange losses	(0.1)	-
<b>Finance costs</b>	<b>(1.3)</b>	<b>(8.7)</b>
<b>Finance result, net</b>	<b>32.8</b>	<b>(8.7)</b>

## 10 Basic and diluted loss per share

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
Net loss attributable to owners of IGEA	(412.9)	(148.0)
Weighted average number of shares outstanding	25,048,769	20,000,100
<b>Basic and diluted loss per share</b>	<b>(0.016)</b>	<b>(0.007)</b>

## 11 Cash flow information

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
Result before income tax, including discontinued operations	(414.3)	(168.4)
Adjustments for:		
Depreciation and amortization	35.1	18.7
Impairment charges	17.1	-
Unrealized foreign currency gains	(34.1)	-
Items with cash effects of financial nature	1.2	8.7
Changes in operating assets and liabilities:		
Trade and other receivables	401.0	(12.6)
Trade and other payables	(346.0)	89.9
Accruals	(55.8)	(10.8)
<b>Cash flow from operations</b>	<b>(395.8)</b>	<b>(74.5)</b>

## 12 Commitments

Commitments for TUSD 314.2 refers to the committed purchase of intellectual property rights as further described in note 7. Commitments referring to lease of laboratories and offices facilities under non-cancellable operating lease agreements are newly disclosed pursuant to IFRS 16 (see note 6).

	<b>As at</b>	
	<b>31.3.2019</b>	<b>31.12.2018</b>
Within one year	-	415.5
Later than one and not later than five years	314.2	346.3
Later than five years	-	-
<b>Total</b>	<b>314.2</b>	<b>761.8</b>

## 13 Events after the balance sheet date

No events have occurred in the period from the balance sheet date until the date of release of these interim consolidated financial statements that would materially affect an evaluation of these interim report.

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