IGEA Pharma N.V.
Interim financial reporting
June 2019

Highlights

Revenues
The Group announced on July 2019 the launch of 'Alz1'. Due to the start of the sales activities only in the second half of 2019, revenues remain marginal and mainly of casual nature also for the first six months of 2019 (as it was in the previous period).

Cost of revenues and other operating costs
Cost of revenues for USD 0.17 million (previous period: USD 0.12 million) for keeping the laboratory facilities ready to start operations as well as for securing freedom to operate against third party rights, remain substantially unchanged and mainly include services provided for TUSD 45 (previous period: TUSD 43), depreciation and amortization for TUDS 59 (previous period: TUSD 38) and impairment charges for TUSD 42 (previous period: none) deriving from an opportunistic termination scenario on certain agreements the Group could make use of during 2020.

Selling, general and administration expenses refer to the cost incurred for completing Alz1 and the minimum sized infrastructure for its commercialization and for managing the Group operations as well as for corporate functions and services, and increased from USD 0.23 million up to USD 0.78 million due to services provided (mainly e-commerce and its commercial and legal content) for TUSD 362 (previous period: none) and to management and corporate expenses, including travels, for TUSD 335 (previous period: TUSD 164), the reason of the increase being the increased level of activity since beginning of 2019 and the costs derived from keeping a listed standard.

Outlook
The operations in the next coming twelve months will mainly focuses on strengthening the revenue level into the US market. As at 30 June 2019, the Group held USD 1 million of cash and cash equivalents and in the light of the current financial plans, the Group has enough cash necessary to finance its actual level of activities for at least twelve months.

Interim condensed consolidated financial statements

Condensed consolidated balance sheet (unaudited)

In thousand USD, unless otherwise stated	Notes	As at 30.6.2019	As at 31.12.2018
ASSETS			
Property, plant and equipment		81.7	103.5
Right-of-use assets	8	57.2	-
Intangible assets	9	546.4	442.7
Non current assets		**685.3**	**546.2**
Inventories		9.2	9.2
Trade and other receivables		355.4	779.4
Cash and cash equivalents		989.0	2,152.0
Current assets		**1,353.6**	**2,940.6**
Total assets		**2,038.9**	**3,486.8**
EQUITY AND LIABILITIES			
Share capital	11	296.5	296.5
Reserves	12	4,876.5	4,938.6
Accumulated loss		(3,604.2)	(2,661.1)
Equity attributable to owners of IGEA Pharma N.V.		**1,568.8**	**2,574.0**
Non-controlling interests		(26.5)	(22.6)
Total shareholders' equity		**1,542.3**	**2,551.4**
Non current liabilities		-	-
Trade and other payables		188.5	620.6
Financial debts	13	43.9	-
Lease liability	8	58.6	-
Accruals		205.6	314.8
Current liabilities		**496.6**	**935.4**
Total equity and liabilities		**2,038.9**	**3,486.8**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of profit or loss (unaudited)

In thousand USD, unless otherwise stated		**Six months ended 30 June**	
	Notes	**2019**	**2018**
Revenues		0.7	3.1
Cost of revenues	14	(172.4)	(125.3)
Gross result		**(171.7)**	**(122.2)**
Selling, general and administration	14	(779.0)	(233.1)
Other income and expenses		0.5	(0.4)
Operating result		**(950.2)**	**(355.7)**
Finance income	15	7.9	41.8
Finance costs	15	(4.6)	(14.4)
Result before income tax		**(946.9)**	**(328.3)**
Income tax expense		-	-
Result of the period		**(946.9)**	**(328.3)**
Attributable to:			
Owners of IGEA Pharma N.V.		(943.0)	(326.1)
Non-controlling interests		(3.9)	(2.2)
		(946.9)	**(328.3)**
Basic and diluted loss per share (in USD units)	16	**(0.038)**	**(0.015)**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income (unaudited)

In thousand USD, unless otherwise stated	Six months ended 30 June	
	2019	**2018**
Result of the period	**(946.9)**	**(328.3)**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(22.6)	(49.1)
Other comprehensive result for the period, net of tax	**(22.6)**	**(49.1)**
Total comprehensive result for the period	**(969.5)**	**(377.4)**
Attributable to:		
Owners of IGEA Pharma N.V.	(965.6)	(375.1)
Non-controlling interests	(3.9)	(2.2)
	(969.5)	**(377.4)**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of changes in equity (unaudited)

In thousand USD, unless otherwise stated	Attributable to owners of IGEA Pharma N.V.				
	Share capital	**Reserves**	**Retained earnings**	**Non controll. interest**	**Total**
Equity as at 1 January 2018	**235.3**	**(43.7)**	**(873.9)**	**(327.0)**	**(1,009.3)**
Result of the period	-	-	(326.1)	(2.2)	(328.3)
Other comprehensive result for the period	-	(49.1)	-	-	(49.1)
Total comprehensive income	**-**	**(49.1)**	**(326.1)**	**(2.2)**	**(377.4)**
Issuance of shares, net of costs	49.3	1,037.4	-	-	1,086.7
Purchase of minorities	-	(15.7)	(363.3)	308.3	(70.7)
Total transactions with owners	**49.3**	**1,021.7**	**(363.3)**	**308.3**	**1,016.0**
Equity as at 30 June 2018	**284.6**	**928.9**	**(1,563.3)**	**(20.9)**	**(370.7)**
Equity as at 1 January 2019	**296.5**	**4,938.6**	**(2,661.2)**	**(22.6)**	**2,551.3**
Result of the period	-	-	(943.0)	(3.9)	(946.9)
Other comprehensive result for the period	-	(22.6)	-	-	(22.6)
Total comprehensive income	**-**	**(22.6)**	**(943.0)**	**(3.9)**	**(969.5)**
Purchase (net of sale) of treasury shares	-	(39.5)	-	-	(39.5)
Total transactions with owners	**-**	**(39.5)**	**-**	**-**	**(39.5)**
Equity as at 30 June 2019	**296.5**	**4,876.5**	**(3,604.2)**	**(26.5)**	**1,542.3**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Condensed consolidated statement of cash flows (unaudited)

In thousand USD, unless otherwise stated		**Six months ended 30 June**	
	Notes	**2019**	**2018**
Cash generated from operations	17	(949.5)	145.3
Interest and income taxes paid		-	-
Net cash flow from operating activities		**(949.5)**	**145.3**
Purchase of intangible assets		(171.1)	-
Cash flow from investing activities		**(171.1)**	**-**
Proceeds from issuance of shares		-	172.7
Purchase (net of sale) of treasury shares		(39.5)	-
Proceeds from financial debts		47.3	285.4
Repayments of financial debts, including lease liabilities		(29.2)	(37.3)
Finance cost		(2.6)	(14.4)
Cash flow from financing activities		**(24.0)**	**406.4**
Net effect of currency translation		(18.4)	(120.1)
Increase (decrease) in cash and cash equivalents		**(1,163.0)**	**431.6**
Cash and cash equivalents at beginning of period		2,152.0	12.3
Cash and cash equivalents at end of period		**989.0**	**443.9**
Non-cash transactions	17		

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Notes to the condensed consolidated financial statements (unaudited)

1 General information

IGEA Pharma N.V. is a health-tech company focused on measure and control of risk factors related to life-threatening diseases. IGEA commercialize Alz1, a test kit to measure non ceruloplasmin bound copper (generally defined as "free" copper) in the bloodstream and Alz1 Tab, a natural dietary supplement designed to reduce and control heavy metal contents in the bloodstream. "Free" copper is a risk factor associated with Alzheimer's and diabetes type II. Monitoring and normalizing "free" copper can contribute to reduce the risk of Alzheimer's and diabetes type II respectively.

IGEA Pharma N.V. is incorporated under Dutch law (*naamloze vennootschap*) with headquarter and registered office in Siriusdreef 17, 2123 WT Hoofddorp, the Netherlands. The principal place of business is in the US. The shares of IGEA Pharma N.V. are traded at the SIX Swiss Exchange under the ticker symbol IGPH. These interim financial statements are the consolidated financial statements of the Company and its subsidiaries. Unless the context indicates otherwise, all reference to 'IGEA' or the 'Company' or the 'Group' refer to IGEA Pharma N.V. and its consolidated subsidiaries.

These interim financial statements have been approved for disclosure on 15 August 2019.

2 Basis of preparation

These interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union (IFRS EU) and are unaudited. These interim financial statements do not include all the notes and information of the type normally included in the annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Group's annual consolidated financial statements 2018 and any public announcement made by IGEA during the interim reporting period.

The accounting policies applied in these interim financial statements are consistent with those set out in the Group's annual consolidated financial statements 2018, except for the adoption of new amended standards as set out below.

The preparation of interim financial statements requires the use of estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and related disclosures. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. The areas involving a higher degree of judgment which are significant also to these interim financial statements are disclosed in note 4 to the consolidated financial statements 2018.

3 New standards, interpretations and amendment adopted by the Group

On 1 January 2019, IGEA adopted IFRS 16 'Leases' (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. Prior period's figures were not restated. For further information on the impact of adoption and additional disclosure of IFRS 16, see note 8.

4 Critical accounting estimates and judgements, errors

4.1 Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

– ***Uncertainty and ability to continue operations***. The Group launched its first product on the market. Revenues are expected to start flowing in the second half of 2019, thus contributing to finance the Group's cash needs, but uncertainties and risks however remains before the Group will get - if ever - such level of revenues and consequent cash flows to adequately support its operations. In the light of the current financial plans 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 these financial statements, and hence these interim financial statements have been prepared on a going concern basis.

4.2 Correction of errors

'Proceeds from issuance of shares' and 'Decrease in financial debts' disclosed under 'Cash flow from financing activities' in the condensed consolidated statement of cash flows for the six months ended 30 June 2018 were TUSD 172.7 and TUSD (37.3) instead of TUSD 1'086.7 and TUSD (951.3) as previously disclosed, because of the conversion of liabilities in equity for TUSD 914. The overall effect on the statement of cash flows of this non-cash transaction is neutral. The previous period's figures of the condensed consolidated statement of cash flows of these interim financial statements were restated consequently, and the non-cash transactions has been disclosed under note 17.

5 Operating segments

5.1 Reportable segments

The Group operates in one single segment, which is the business of selling disposable laboratory tests (in the case together with coupled dietary supplement).

5.2 Entity wide information

The geographical information about revenues, operating cost and assets is as follow. Revenues for the six months ended 30 June 2019 (same as in the previous period) are irrelevant and of casual nature because of the start of the Group's sales activities only in the second half of 2019. Accordingly, the Group renounce to a major customers analysis.

	As at 30 June	
	2019	2018
Revenues:		
Netherlands - country of domicile	-	-
United States	0.7	3.1
	0.7	**3.1**
Operating costs:		
Netherlands - country of domicile		
cost of revenues	(51.2)	-
selling, general and administration	(666.2)	(184.2)
Italy		
cost of revenues	-	(17.3)
selling, general and administration	-	(4.8)
United States		
cost of revenues	(121.2)	(108.0)
selling, general and administration	(112.8)	(48.9)
	(951.4)	**(206.3)**
Assets:		
Netherlands - country of domicile		
non-current	119.6	-
current	1,298.4	428.1
Italy		
current	-	37.6
United States		
non-current	565.7	584.4
current	55.2	63.5
	2,038.9	**1,113.6**

6 Seasonality

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

7 Discontinued subsidiaries

On May 2019, the Group discontinued IGEA Healthcare Europe S.r.l., specially formed during 2018 but no longer needed due to an amendment of the contractual environment with Solosale about certain intangible assets (note 9). Assets (without any cash) and liabilities disposed of were TUSD 1.1 and TUSD (1.1) respectively, with a nil net assets value disposed of. The disposal did not generate any cash inflow. A net gain of TUSD 0.5 from previously generated exchange differences was recognised to profit or loss (under ‘Other income and expenses’).

8 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 underling class of buildings only. There was no impact on retained earnings upon implementation of IFRS 16.

The lease liability at 30 June 2019 was TUSD 58.6, due within one year. The interest expense for finance lease and the proceeds used for reducing the lease liability during the six months ended 30 June 2019 amounts to TUSD 2.6 and TUSD 29.2 respectively.

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 at 30 June 2019 is TUSD 57.2. Depreciation charges for TUSD 30.6 are included in ‘Cost of revenue’ and ‘Selling, general and administration’ for TUSD 15.3 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 six months ended 30 June 2019 related to these leases amounted to TUSD 11.3.

9 Intangible assets

	Patents and similar rights	Total
Year ended 31 December 2018:		
Opening net book amount	474.6	474.6
Amortization charges	(31.9)	(31.9)
Closing net book amount	**442.7**	**442.7**
Cost value	554.7	554.7
Accumulated amortisation	(112.0)	(112.0)
Net book amount	**442.7**	**442.7**
Six months ended 30 June 2019:		
Opening net book amount	442.7	442.7
Additions	171.1	171.1
Amortization charges	(19.5)	(19.5)
Impairment charges	(47.6)	(47.6)
Currency translation effects	(0.3)	(0.3)
Closing net book amount	**546.4**	**546.4**
Cost value	725.3	725.3
Accumulated amortisation and impairment	(178.9)	(178.9)
Net book amount	**546.4**	**546.4**

Beginning of 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 transfer of certain intellectual property rights, in particular on the dietary supplement the Group started to commercialize under the brand name ‘Alz1 Tab’, for a global amount of TUSD 489.5. The agreement provides for broad payment terms (at signatiure and then at 30 June 2020 and 2021 respectively) as well as for immediate termination with return of the rights in case the Group would not fulfill its payment obligations. The contract does not provide for penalties and thus the Group decided to recongize the cost of the rights acquired based on the fisrt payment made, amounting to TUSD 171.1. The acquired rights are amortized on a straigh-line basis on their remaining useful life (currently 18 years) and the impact of an opportunistic termination scenario at the next coming payment term the Company could make use of on the net carrying value of the assets acquired is considered by way of an impairment charge determined on a straight-line basis. The further commitments amunting to TUSD 159.2 (30 June 2020) and TUSD 159.2 (30 June 2021) remains disclosed under note 18. The Group has enough comfort on the arm’s length character of this transaction.

10 Financial instruments

	As at 30.6.2019	As at 31.12.2018
Trade and other receivables	-	503.3
Cash and cash equivalents	989.0	2,152.0
Financial assets at amortized cost	**989.0**	**2,655.3**
Financial debts	43.9	-
Lease liability	58.6	-
Trade and other payables	185.0	613.6
Accruals	94.7	153.0
Financial liabilities at amortized cost	**382.2**	**766.6**

All financial instruments are of current or short-term nature. No fair value disclosure is presented as the carrying amount approximate the fair value.

11 Share capital

As at 30 June 2019, the Company has an issued share capital of TUSD 296.5 consisting of 25’048’769 fully paid-up shares with a par value of EUR 0.01 each and 12’524’384 unissued authorized shares the so empowered Company body is authorized to issue within 14 December 2023, without any changes in respect of 31 December 2018.

12 Reserves

	Share premium	Other reserves	Translation reserve	Total
Balance at 1 January 2018	**14.0**	**(57.6)**	**(0.1)**	**(43.7)**
Currency translation differences	-	-	(16.1)	(16.1)
Issuance of shares April 2018, net of costs	1,037.4	-	-	1,037.4
Issuance of shares November-December 2018	3,953.6	-	-	3,953.6
less transaction costs arising on share issues for listing	(500.1)	-	-	(500.1)
Unconditional debt waiver in a subsidiary jointly with the issuance of new shares in the parent	-	569.6	-	569.6
Purchase of treasury shares	(46.4)	-	-	(46.4)
Purchase of minorities	-	(15.7)	-	(15.7)
Year ended 31 December 2018	**4,458.5**	**496.3**	**(16.2)**	**4,938.6**
Currency translation differences	-	-	(22.6)	(22.6)
Purchase (net of sale) of treasury shares	(39.5)	-	-	(39.5)
Six months ended 30 June 2019	**4,419.0**	**496.3**	**(38.8)**	**4,876.5**

13 Financial debts

The loan has a face value of TEUR 38.3, is unsecured and bears an interest of 4% which is capitalized and will be paid back at expiry (30 June 2020). The carrying amount as at 30 June 2019 is TUSD 43.9. The loan is the actual outcome of an agreement dated December 2018 and for which the Company considers the counterparty in default, but no legal action will most probably be taken by IGEA because of the relevant resources estimated to be necessary to settle - if ever - in court.

14 Expenses by nature

	Six months ended 30 June	
	2019	**2018**
Products and services	(407.2)	(43.5)
Travel	(25.8)	(21.8)
Legal, management, consulting	(309.4)	(142.7)
Facilities, rent and other occupancy expenses	(15.0)	(30.8)
General and administration	(15.4)	(19.6)
Depreciation and amortisation	(77.8)	(37.6)
Impairment charges on intangible assets	(41.7)	-
Employee benefit expenses	(59.1)	(62.4)
Total	**(951.4)**	**(358.4)**
Reported as:		
Cost of revenue	(172.4)	(125.3)
Selling, general and administration	(779.0)	(233.1)
Total	**(951.4)**	**(358.4)**

15 Finance income and costs

	Six months ended 30 June	
	2019	**2018**
Foreign exchange gains	7.9	41.8
Finance income	**7.9**	**41.8**
Interest on financial debts	(0.3)	(11.8)
Interest on finance lease	(2.6)	(2.6)
Foreign exchange losses	(1.7)	-
Finance costs	**(4.6)**	**(14.4)**
Finance result, net	**3.3**	**27.4**

16 Losses per share

Basic and diluted loss per share is as follow:

	Six months ended 30 June	
	2019	**2018**
Net loss attributable to owners of IGEA	(943.0)	(326.1)
Weighted average number of shares outstanding	25,048,769	21,666,767
Basic and diluted loss per share (in USD units)	**(0.038)**	**(0.015)**

17 Cash flow information

	Six months ended 30 June	
	2019	**2018**
Result before income tax, including discontinued operations	(946.9)	(328.3)
Adjustments for:		
Depreciation and amortization	77.8	37.6
Impairment charges on intangible assets	41.7	-
Gain on sale of subsidiaries	(0.5)	-
Unrealized foreign currency gains	(6.9)	-
Items with cash effects of financial nature	2.9	14.4
Changes in operating assets and liabilities:		
Inventories	-	(2.0)
Trade and other receivables	417.8	(55.8)
Trade and other payables	(428.0)	460.2
Accruals	(107.4)	19.2
Cash flow from operations	**(949.5)**	**145.3**

Following non-cash transactions were not included in the cash-flow statement:

	Six months ended 30 June	
	2019	**2018**
Financial debts exchanged against equity instruments of IGEA	-	914.0
	-	**914.0**

18 Commitments

Commitments refers to leases of office facilities under non-cancellable operating lease agreements of twelve months or less and to existing commitments of TUSD 318.4 for the purchase of certain intellectual property rights as indicated in note 9 and are as follow:

	As at	
	30.6.2019	**31.12.2018**
Within one year	180.3	415.5
Later than one and not later than five years	165.5	346.3
Total	**345.8**	**761.8**

19 Related parties

19.1 Supervisory board and management board compensation

	Six months ended 30 June	
	2019	**2018**
Compensation of the supervisory board	(30.0)	-
Consulting fees to management board members	(116.9)	-
Total	**(146.9)**	**-**

Consulting fees are paid to the management board members, who deliver their services to the Group under consulting contracts. The services of Mr. Diego Mortillaro are delivered through DMH S.r.l, owned by Mr. Mortillaro and which has been mandated to provide CEO services to the Group. The services of Mr. Vincenzo

Moccia are delivered through MVY Ltd, owned by Mr. Moccia and which has been mandated to provide management board chairman/CFO services to the Group.

19.2 Period-end balances arising from purchase of products and services

	As at	
	30.6.2019	31.12.2018
Trade and other receivables in IGEA Healthcare Europe Srl	-	34.3
Total assets	**-**	**34.3**
Accruals in IGEA Pharma N.V.	23.1	-
Total liabilities	**23.1**	**-**

19.3 Purchase of products and services

	Six months ended 30 June	
	2019	2018
Purchase of intellectual property rights in IGEA Phama N.V.	(171.1)	-
Supervisory and management board compensation in IGEA Pharma N.V.	(146.9)	-
Services in IGEA Pharma NV	(36.1)	-
Losses from derecognition of financial debts in IGEA Research Corporation	-	(12.9)
Interest expense in IGEA Pharma N.V. and IGEA Research Corporation	-	(2.8)
Total	**(354.1)**	**(15.7)**

20 Subsequent events

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

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