



IGEA Pharma N.V.
Interim financial reporting
June 2022

Highlights

1 Overview

- The business combination (“**Combination**”) with Blue Sky Natural Resources LTD (“**BSNR**”), was definitively achieved on 23 September 2021. Key elements of the combined Group's strategy include: (i) leverage commercial capabilities, partnerships, and portfolios to establish market acceptance and gain market position for the offered solutions; and (ii) capitalize on the financial leverage and operational synergies to improve return on capital and achieve profitability. The Combination will create: (i) an EU headquartered and SIX-listed group with an innovative early-stage commercial and highly diversifiable pipeline focusing on health prevention, pharma, and other selected industries; and (ii) a center of excellence on highly controlled vegetable matrices and their industrial supercritical carbon dioxide (CO₂)-based extraction technology to highly valuable components mainly focused on CBD.
- IGEA Pharma N.V. after the Combination focuses its activities on highly controlled vegetable matrices and their industrial processing to extract cannabidiol (“CBD”), terpenes, polyicosanol, and other valuable components with high purity standards and dietary supplements and functional food based on artisanal processing methods, traceability and transparency of the supply chain, absence of induced genetic manipulation, and control over pollutants.
- The Group entered on April 2021 into a convertible bond commitment with Negma Group Ltd that will make available, within the next 2 years, up to EUR 2 million, now extendable up to EUR 10 million since the Combination has been completed, for IGEA to use at its discretion in pursuing its business programs. The amounts drawn under the above facility total Euro 750 thousands in 2021 and Euro 250 thousands in 2022.
- In addition to the Negma facility, the Group is securing other means of financing, in the form of convertible bond commitments with third parties and preliminary capital commitments to fund the joint-venture in Blue Sky Suisse.

2 Profit and loss

- The Group generated marginal revenues (Keur 5,7) during the first six months of 2022 (previous period: Keur 18,2);
- Cost of sales were Keur 5,6 (previous period: TUSD 68,4), resulting in a negligible gross margin;
- Operating expenses were Keur 136,2 (previous period: TUSD 561,9), mainly for general and administration purposes;
- The EBITDA as adjusted (before impairment charges and share of losses from investments consolidated using the equity method) and EBIT figures are negative for Keur 135,6 (previous period: Keur 606,6) and Keur 212,8 (previous period: Kur 699,9) respectively. The change compared to the previous period is largely due to the decrease of R&D, general and administrative expenses;
- Finance income and costs were negligible in both periods;
- The net loss for the period is Keur 213,4 (previous period: Keur 718,7), representing a basic and diluted loss per share of Eur 0,001 (previous period: basic and diluted loss per share of Eur 0.002).

3 Balance sheet and cash flow

- As of 30 June 2022, the Group held non-current assets for Eur 10.169,0 and current assets for Keur 1.185,8 (31 December 2021: Keur 10.261,2 and 1.127,1 respectively), with no changes due to relevant events;
- The Group's current liabilities were Keur 1.111,3 (31 December 2021: Keur 1.219,6) while the non-current liabilities amount to Keur 570,0 (31 December 2021: Keur 590,1), with variations mainly due to exchange rate effects;
- The operations resulted in a cash absorption of Keur 226,9 in the first semester of 2022. Negma's commitment grants the cash and cash equivalents necessary to finance the combined Group's level of activities for at least twelve months.

Interim unaudited condensed consolidated financial statements

Condensed consolidated statement of financial position, unaudited

(in thousand EUR, unless otherwise stated)

ASSETS	Notes	30.06.2022	31.12.2021
Goodwill	6	8.917,5	8.917,5
Investments accounted for using the equity method	13	1.121,5	1.213,7
Loans and receivables	8	130,0	130,0
Non current assets		10.169,0	10.261,2
Inventories		900,7	914,4
Trade receivables	8	10,5	12,5
Other assets		180,0	183,2
Cash and cash equivalents		94,7	17,1
Current assets		1.185,8	1.127,1
Total assets		11.354,8	11.388,3
EQUITY AND LIABILITIES			
Share capital	10	3.347,2	3.347,2
Share premium	11	17.113,1	16.813,1
Reserves	11	430,9	422,7
Accumulated loss	-	11.192,0	- 10.979,7
Equity attributable to owners of BSNR		9.699,2	9.603,3
Non-controlling interests		- 25,7	- 24,6
Total shareholders' equity		9.673,5	9.578,7
Financial debts	9	570,0	590,1
Non-current liabilities		570,0	590,1
Trade and other payables	8	562,6	583,9
Financial debts	9	490,0	502,5
Accruals		58,7	133,1
Current liabilities		1.111,3	1.219,6
Total equity and liabilities		11.354,8	11.388,3

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

Condensed consolidated statement of profit or loss, unaudited

(in thousand EUR, unless otherwise stated)

	Notes	Half-year	
		2022	2021
Revenue		5,7	18,2
Cost of sales	7	(5,6)	(67,9)
Gross result		(0,1)	(49,6)
Research and development	7	-	(148,9)
Sales and marketing	7	(0,9)	-
General and administration	7	(135,4)	(413,0)
Other gains		0,6	4,9
Other expenses		(0,1)	-
Operating result		(135,8)	(606,6)
Finance income		-	-
Finance costs		(0,6)	(18,0)
Share of net result of associates and joint ventures accounted for using the equity method	13	(77,1)	(93,3)
Result before income tax		(213,4)	(717,9)
Income tax expense			(0,7)
Result of the period		(213,4)	(718,7)
Attributable to:			
Owners of BSNR Ltd		(212,3)	(718,7)
Non-controlling interests		(1,1)	-
Basic loss per share (in EUR)	12	(0,001)	(0,002)
Diluted loss per share (in EUR)	12	(0,001)	(0,002)

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

Condensed consolidated statement of other comprehensive income, unaudited
(in thousand EUR, unless otherwise stated)

	<u>Half-year</u>	
	<u>2022</u>	<u>2021</u>
Result of the period	(213,4)	(718,7)
<i>Items that may be reclassified to profit or loss</i>		
Exchanged differences on translation of foreign operations	8,2	129,7
Other comprehensive result for the period, net of tax	8,2	135,1
Total comprehensive result for the period	<u>(205,2)</u>	<u>(589,0)</u>
Attributable to:		
Owners of BSNR Ltd.	(204,1)	(589,0)
Non-controlling interests <u>(1,1)</u>		
(205,2) (589,0)		

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

Condensed consolidated statement of changes in equity, unaudited

(in thousand EUR, unless otherwise stated)

	Attributable to owners of BSNR Ltd.					
	Share capital	Share premium	Reserves	Accumula ted loss	NCI	Total
Balance at 1 January 2021	3.062,0	1.439,5	306,5	(4.342,5)	-	465,5
Result of the period	-	-	-	(718,7)	-	(718,7)
Other comprehensive result for the period	-	-	129,7	-	-	129,7
Total comprehensive result for the period	-	-	129,7	(718,7)	-	589,0
Issuance of BSNR shares, net of cost	15,0	681,9	-	-	-	696,9
Total transactions with owners	15,0	681,9	-	-	-	696,9
Balance at 30 June 2021	3.077,0	2.121,4	436,2	5.061,2	-	573,4
Balance at 1 January 2022	3.347,2	16.813,1	422,7	(10.979,7)	(24,6)	9.578,7
Result of the period	-	-	-	(212,3)	(1,1)	(213,4)
Other comprehensive result for the period	-	-	8,2	-	-	8,2
Total comprehensive result for the period	-	-	8,2	(212,3)	(1,1)	(205,2)
Issuance of IGEA convertible notes	-	300,0	-	-	-	300,0
Balance at 30 June 2022	3.347,2	17.133,1	430,9	(11.192,0)	(25,7)	9.673,5

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

Condensed consolidated statement of cashflows, unaudited

(in thousand EUR, unless otherwise stated)

	Notes	Half-year	
		2022	2021
Cash generated from operations	14	(226,9)	(1.091,4)
Interest and income tax paid		-	-
Net cash flow from operating activities		(226,9)	(1.091,4)
(Increase) decrease in financial assets		-	397,3
Cash flow from investing activities		-	397,3
Proceeds from financial debts and derivative financial instruments		-	-
Proceeds from non-redeemable loans, convertible into IGEA shares only		300,0	696,9
Repayments of financial debts		(9,6)	(108,9)
Finance cost		(0,6)	(18,0)
Cash flow from financing activities		289,8	570,1
Increase (decrease) in cash and cash equivalents		62,9	(124,1)
Cash and cash equivalents at beginning of period		17,1	88,6
Net effect of currency translation		14,7	63,4
Cash and cash equivalents at end of period		94,7	27,9

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

Notes to the condensed consolidated financial statements

4 General information

IGEA Pharma N.V. ("IGEA") is incorporated under Dutch law (naamloze vennootschap) and registered with the trade register of the Dutch Chamber of Commerce of Amsterdam (Kamer van Koophandel) under number 70212821. The Company headquarter and registered office is in Siriusdreef 17, 2123WT Hoofddorp, the Netherlands. The principal place of business is in the US.

IGEA focuses on health-tech and med-tech products and devices. Health-tech products are exclusively preventative. IGEA commercializes an Alzheimer's prevention set (which includes 'Alz1', an at-home lab test kit to measure non-bound copper in the blood and a natural dietary supplement branded 'Alz1 Tab' designed to reduce blood heavy metals content). Non-bound copper is an expected Alzheimer's and diabetes type II associated biomarker. Med-tech products focus on selected solutions and specialties.

Blue Sky Natural Resources LTD ("BSNR", the "Company" or the "Parent") is a private company limited by shares incorporated under the law of England and registered under company number 10142949 with the Registrar of Companies of England and Wales. The Company headquarter and registered office is in 10 Philpot Lane EC3M BAA, London, England. The principal place of business is in England.

BSNR focuses on highly controlled vegetable matrices and their industrial processing to extract cannabidiol, terpenes, polycosanol and other valuable components and in the distribution of food supplements and functional food. BSNR was incorporated on 22 April 2016 and was dormant until November 2017, when a first share capital increase took place and operations started progressively with the exploration of opportunities and the implementation of activities leading to a first agricultural campaign and to the development of own transformation processes during 2019 and 2020. Those activities continued also in 2021.

In August 2020, IGEA entered a letter of intent, binding in terms, with BSNR, to combine the two companies' businesses. The combination aimed to create an EU headquartered and SIX-listed company with an innovative early-stage commercial portfolio of health prevention, pharma, nutraceutical, and cosmeceutical solutions focused on high quality featured cannabidiol (CBD), terpenes, policosanol, and plant sterols.

The combination has been structured through a contribution in-kind by the BSNR shareholders of their ownership in BSNR into IGEA by subscribing IGEA's newly issued shares. On 28 April 2021, the extraordinary General Meeting of IGEA approved the resolution of the Board to enter the combination and resolved to appoint the Board to issue up to a maximum of 309,600,000 new shares at par, reserved for issuance to the shareholders of BSNR only, to finalize the combination.

On 23 September 2021, IGEA completed the combination by way of a share capital increase from Euro 252.2 to Euro 3,329.2 thousands by issuing, at par, 307,700,514 new shares with a nominal value of Euro 0.01 each. The new shares were issued to the shareholders of BSNR exclusively, against contribution in-kind of 34,188,946 shares in the share capital of BSNR, representing 99.38% of the share capital and the votes in BSNR.

IGEA paid for the BSNR shares solely by issuing the new shares. For each BSNR share, regardless of its class, IGEA offered nine new shares.

The newly issued 307,700,514 shares of IGEA were listed on 27 September 2021.

As a result of the transaction, the former BSNR shareholders who exchanged their equity interests for equity interests of IGEA own 92 percent of IGEA share capital, thus controlling the listed entity. The transaction qualified as a reverse acquisition and as a business combination, with the consolidated financial statements of IGEA being the continuation of the consolidated financial statements of Blue Sky Natural Resources LTD, including IGEA and its subsidiaries from the executed combination (23 September 2021) onwards.

Unless the context indicates otherwise, all reference to the 'Group' refer to BSNR Group and its consolidated subsidiaries.

The following legal entities are direct subsidiaries of BSNR:

Name	Country	Consolid.	Ownership interest	
			1H2022	1H2021
Universal Trade Elite LTD	UK	full	100%	100%
Equilibrium Food Sagl	Switzerland	full	100%	100%
Blue Sky Lycopene Srl (*)	Italy	full	//	100%

The following legal entities are direct subsidiaries of IGEA:

Name	Country	Consolid.	Ownership interest	
			1H2022	1H2021
Blue Sky Natural Resources LTD	UK	full	99.38%	//
IGEA Research Corporation	United States	full	98.67%	98.67%

(*) In December 2021, Blue Sky Lycopene Srl (previously held at 100%) was merged into ATI Biotech Srl, a private company incorporated under the laws of Italy. As a result of the merger, the Group exchanged its equity instruments of Blue Sky Lycopene with a 20% shareholding in ATI Biotech.

The following legal entities are associates of the Group:

Name	Country	Consolid.	Ownership interest	
			1H2022	1H2021
ATI Biotech Srl	Italy	equity	20%	//

The joint ventures entered into by the Group are the following:

Name	Country	Consolid.	Ownership interest	
			1H2022	1H2021
Blue Sky Swisse SA	Switzerland	equity	50%	50%

5 Basis of preparation

These condensed consolidated interim financial statements of the Company for the six months ended 30 June 2022 have been prepared on a historical cost basis, in accordance with Accounting Standard IAS 34 Interim Financial Reporting, and are unaudited. They do not include all the notes of the type normally included in an annual financial report. Accordingly, these interim financial statements should be read in conjunction with the Group's annual consolidated financial statements 2021 and any public announcement or disclosure made by IGEA during the interim reporting period and until disclosure of these financial statements.

The preparation of financial statements in accordance with IAS34 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. The areas involving a higher degree of judgment which are significant to the condensed consolidated interim financial statements are disclosed in note 3.

The accounting policies applied in these interim financial statements are consistent with those set out in the Group's annual consolidated financial statements 2021. In particular, it is worth highlighting that:

- the consolidated financial statements of IGEA are the continuation of the consolidated financial statements of Blue Sky Natural Resources LTD including IGEA and its subsidiaries from the executed combination (23 September 2021) onwards. Comparative information presented in these condensed consolidated interim financial statements is that of Blue Sky Natural Resources Ltd, not that originally presented in the previous consolidated interim financial statements of IGEA, as adjusted to reflect the legal capital of IGEA as legal parent;
- the Directors elected to change the Group's presentation currency from GBP to Euro effective from 1 January 2021. The change in presentation currency is a voluntary change which was accounted for retrospectively - the effects of the restatement are detailed in the 2021 annual financial report of IGEA. All figures included in these condensed interim consolidated financial statements and notes are rounded to the Euro thousands, except when otherwise indicated.

A limited number of new or amended standards and interpretations became applicable for financial periods beginning on or after 1 January 2022, as detailed below. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Mandatory application from **New Standards / Interpretations endorsed by the EU and in force**

Amendments to: IFRS 3 Business combinations; IAS 16 Property, Plant and equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual cycle of improvements 2018-2020	1/01/2022
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Mandatory application from **New Standards / Interpretations endorsed by the EU but not yet in force**

Amendments to IAS 12 Income taxes: deferred tax related to assets and liabilities arising from a single transaction	1/01/2023
Amendments to IAS 1 Presentation of Financial Statements: Disclosure on accounting policies	1/01/2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates	1/01/2023

Mandatory application from

New Standards and Interpretations not yet in force and not yet endorsed by the EU

Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current	1/01/2023
Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9	1/01/2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1/01/2023

With reference to the accounting standards that will come into force from 1 January 2023, no significant effects on the Group's consolidated financial statements are currently expected.

6 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. These estimates and underlying assumptions are based on various factors including historical experience and expectations of future events 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or may have had a significant impact on the reported results are as follows:

Ability to continue operations.

The Group entered on April 2021 into a convertible bond commitment with Negma Group Ltd that will make available, within the next 2 years, up to EUR 2 million, already extendable up to EUR 10 million once the Combination is performed, for IGEA to use at its discretion in pursuing its business programs. The commitment is structured in zero coupon note tranches subject to Company's drawdown, convertible into newly issued shares of IGEA at a strike of 93% of the stock market.

The Group therefore will have granted the funds management requires essential to operate the business as expected and to meet its obligations as they fall due for at least 12 months, and hence these interim consolidated financial statements have been prepared on a going concern basis. However, the ability of the Group to start generating revenues and consistent cash flows to adequately support its operations remains still uncertain, and this exposes the Group to all the risks inherent in establishing a business.

Impairment of goodwill deriving from a reverse acquisition. The reverse acquisition in September 2021 of IGEA by BSNR, as further disclosed in Note 6, generated a goodwill of Euro 8.917 thousands. The recoverability of such amount is directly linked to the Group's capabilities to meet the cash flow projections foreseen in the Business Plan. An impairment test was undertaken as at 31 December 2021 to assess whether the Group's net invested capital (goodwill included) was supported by the net present value of future cash flows expected to be derived from its use. The results of this test indicated that no impairment charge was necessary. No new significant impairment indicators emerge during the first semester 2022. Judgment is required in assessing impairment, particularly in appropriate values or ranges for the key assumptions to be applied in preparing cash flow projections, including an appropriate discount rate. Changing the assumptions used, including the discount rates or the growth rate could materially affect the net present value used in the impairment test.

Deferred tax assets and liabilities. The assessment as to whether deferred tax assets relating to tax loss carry-forwards and temporary differences have to be recognized requires significant judgment, in particular on the future availability of taxable profits. At 30 June 2022 the Group did not capitalize any deferred tax assets because the capitalization criteria are not met.

Interest in a joint venture. In 2019, the Group entered a joint venture with Pharma Tech Holding SA, which is also a relevant shareholder of the Group, specifically formed for setting-up and operate the industrial processes for cannabidiol, terpenes, polycosanol and other valuable components extraction from their vegetable matrices. The setting-up of the industrial extraction activities required relevant funds that the two joint venturers, owning 50% each of the interest in equity and votes of Blue Sky Swisse SA, were so far able to provide even if not in an equal way, which contributed to generate to date a loss from the share in the result of the joint venture of Euro 836 thousands. Further relevant investments are required to complete the set-up of the industrial infrastructure of Blue Sky Swisse SA. This is expected to happen from 2023 onwards. However, it cannot be excluded that the assumptions made by the management about compliance of covenants of both joint venturers and performance of the joint venture will continue to exist also in the future and this exposes the Group to the risk of sharing additional losses in the joint venture.

Management does not identify judgments made in the process of applying the Group's accounting policies, apart from those involving estimations, that can significantly affect the amounts it recognizes in the financial statements.

7 Segment information

The Group has identified the following three segments of its business:

- Industrial processing. This part of the business deals with the provision of highly controlled vegetable matrices and their industrial process for extracting cannabidiol, terpenes, phytocannabinoids and other valuable components intended for wholesale distribution mainly to the pharma and cosmeceutical industry;
- Distribution. This segment deals with the distribution, on a wholesale and e-commerce basis, of (a) food supplements and functional food products focusing on artisanal processing methods, traceability and transparency of the supply chain, absence of induced genetic manipulation, and control over pollutants, and (b) health-tech and med-tech products and devices;
- Results of activities of financial nature as well as revenues, expenses, assets and liabilities which cannot be allocated reliably to another segment are reported under the caption 'Corporate'.

The Group generated marginal revenues due to the ongoing efforts to establish market acceptance and position for the health prevention solutions offered. The Group's assets do not include non-current assets located outside of the legal parent (IGEA)'s country of domicile, with the exception of the investment in the subsidiary ATI Biotech of Euro 87,0 thousands (June 2021: Euro 0 thousands), located in Italy.

	As at 30 June 2022 (Euro/000)			
	Industrial process	Distribution	Corporate	Total
Revenues from external customers	5,7	-		5,7
Interest income	-	-		-
Interest expense	(0,2)	(0,4)		(0,6)
Depreciation and amortization	-			-
Other material non-cash items				
- gains from extraordinary transactions	-			-
- loss of associates / JVs accounted for using the equity method	(77,1)			(77,1)
- impairment of non-financial assets	-	-		-
Segment result	(77,0)	(47,5)	(88,9)	(213,4)
Total segment assets	2.123,5	9.101,3	130,0	11.354,8
Total segment liabilities	(133,4)	(487,9)	(1.060,0)	(1.681,3)
	As at 30 June 2021 (Euro/000)			
	Industrial process	Distribution	Corporate	Total
Revenues from external customers	18,2	-		18,2
Interest income	-	-		-
Interest expense	(7,3)	(10,7)		(18,0)
Depreciation and amortization	-			-
Other material non-cash items				
- gains from extraordinary transactions	-			-
- loss of associates / JVs accounted for using the equity method	(93,3)			(93,3)
- impairment of non-financial assets	-	-		-
Segment result	(111,4)	(306,3)	(301,0)	(718,7)
Total segment assets	1.996,3	27,9	-	2.024,2
Total segment liabilities	(96,4)	(275,5)	(1.078,9)	(1.450,8)

8 Seasonality

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

9 Business combination

On 23 September 2021, IGEA completed the combination with BSNR by way of a share capital increase from TEUR 252,2 to TEUR 3.329,2 by issuing, at par, 307.700.514 new shares with a nominal value of EUR 0,01 each. The new shares were issued to the shareholders of BSNR exclusively, against contribution in-kind of 34.188.946 shares in the share capital of BSNR, representing 99,38% of the share capital and the votes in BSNR. The newly issued 307.700.514 shares of IGEA were listed on 27 September 2021.

The combination qualifies as a reverse acquisition in scope of IFRS 3 and has been accounted for accordingly in the 2021 consolidated financial statements of IGEA.

The fair value of the consideration effectively transferred by BSNR has been measured based on the most reliable measure, *ie* the market price of the entity acquired, which is IGEA (SIX stock closing price on 23 September 2021: CHF 0,39; exchange rate CHF/Euro: 0,93).

The above value has been calculated based on:

- the market price of IGEA's shares at the date of the combination (CHF 0,39 per share, or Euro 0,36 per share);
- multiplied by the number of shares of the newly combined entity owned by the former IGEA shareholders (25.218.883 shares);

and quantified in Euro 9.147 thousands.

In a reverse acquisition in the scope of IFRS 3, the acquisition method should be applied even if the legal parent is the accounting acquiree. This means that goodwill is measured as the excess of the fair value of the deemed consideration transferred over the fair value of the accounting acquiree's identifiable assets acquired and liabilities assumed.

In the consolidated financial statements of IGEA as of 31 December 2021, the fair values of the identifiable net assets acquired in the business combination were based on the provisional fair values available at the time of the acquisition. The difference between the purchase consideration transferred over the preliminary fair value of the net assets acquired were provisionally recognized as goodwill.

As a result of the completion of the fair value exercise, no adjustments to the identified net assets were recorded. Consequently, the amount of the goodwill as of 30 June 2022 results to be unchanged compared to the provisional value as of 31 December 2021.

10 Breakdown of expenses by nature

	1H2022	1H2021
Products and services	(1,4)	(198,3)
Travel expenses	-	(0,2)
Corporate services	(88,9)	(301,1)
Facilities, rent and other occupancy expenses	(7,7)	-
General and administration	(41,6)	(43,1)
Depreciation	-	-
Impairment charges on intangible assets	-	-
Impairment charges on investments in associates / joint ventures	(2,3)	(84,3)
Employee benefit expenses	-	(2,8)
Total	<u>(141,7)</u>	<u>(629,8)</u>
Reported as:		
Cost of sales	(5,6)	(67,9)
Research and development	-	(148,9)
Sales and Marketing	(0,9)	-
General and administration	(135,1)	(413,0)
Total	<u>(141,7)</u>	<u>(629,8)</u>

As of 30 June 2022, the Group employed a total of 1 person (full time equivalent) and the average number of employees was 1 (previous period: 1). All employees work outside of the Netherlands.

11 Financial instruments

	30.06.2022	31.12.2021
Financial assets at amortized cost		
Trade receivables	10,5	12,5
Loans and receivables towards related parties	130,0	130,0
Cash and cash equivalents	94,7	17,1
Financial assets at fair value through profit or loss	-	-
Total financial assets	235,2	159,6
Financial debts	1.060,0	1.092,6
Trade and other payables	562,6	698,3
Lease liabilities	-	-
Total financial liabilities	1.681,3	1.791,0

12 Financial debts

	30.06.2022	31.12.2021
Loans from related parties	406,8	415,8
External borrowings	50,3	51,3
Liabilities from contingent considerations	509,1	519,9
Fixed rate loans under the UK 'Bounce Back Loan' scheme	93,7	105,6
Total	1.060,0	1.092,6
Reported as:		
Non-current	570,0	590,1
Current	490,0	502,5
Total	1.060,0	1.092,6

Loans and other financial instruments from external parties are as follows:

	1H2022	2021
External borrowings		
Beginning of year	51,3	104,4
Change in consolidation area	-	(104,4)
Increase of financial liability	-	51,3
Reimbursement of financial liability	-	-
Exchange rate difference	(1,0)	-
Interest charged (paid)	-	-
End of the period	50,3	51,3
Liabilities from contingent considerations		
Beginning of year	519,9	485,9
Change in consolidation area	-	-
Increase of financial liability	-	-
Reimbursement of financial liability	-	-
Exchange rate difference	(10,1)	34,0
Interest charged (paid)	-	-
End of the period	509,1	519,9
Fixed rate loans under the UK 'Bounce Back Loan' scheme		
Beginning of year	105,6	111,2
Change in consolidation area	-	-
Increase of borrowing facility	-	-
Reimbursement of borrowing facility	(9,6)	(13,3)
Exchange rate difference	(2,3)	7,7
Interest charged (paid)	-	-
End of year	93,7	105,6

13 Share capital

As at 30 June 2022, the issued share capital amounts to Euro 3.347.225 (same as for 31 December 2021), consisting of:

- the issued equity interest of IGEA outstanding immediately before the business combination, that is n. 25.218.883 fully paid-up shares with a par value of EUR 0.01 each (Euro 252.188);
- 307.700.514 fully paid-up shares with a par value of EUR 0.01 each, issued to effect the combination (Euro 3.077.005);
- 723.544 ordinary shares of IGEA, with a nominal value of EUR 0,01 each (Euro 7.235), resulting from the conversion (in Q4 2021) of a tranche of non-interest-bearing convertible notes subscribed by Negma Group;
- 1.079.509 ordinary shares of IGEA, with a nominal value of EUR 0,01 each (Euro 10.795), resulting from the full conversion (in Q4 2021) of non-interest-bearing convertible notes subscribed by CHI BV (in 2020) and Pharma Tech Holding SA (in 2021).

For prior periods (before the reverse acquisition) the equity structure is that of BSNR. However, the disclosure of the number and type of equity instruments issued to support that equity value is restated to reflect the equity structure of IGEA, using the exchange ratio established in the acquisition agreement.

Accordingly, the issued share capital of BSNR as of 30 June 2021 (n. 34.188.946 shares) is equivalent to n. 307.700.514 IGEA shares with a nominal value of Euro 3.077.005 (Euro 0,01 each).

14 Reserves

	Share premium	Other reserves	Translation reserve	Total
Balance at 1 January 2021	1.439,5	337,3	30,8	1.746,0
Currency translation differences			129,7	129,7
Issuance of BSNR shares, net of cost (*)	681,9			681,9
Balance at 30 June 2021	2.121,4	337,3	98,9	2.557,6
Balance at 1 January 2022	16.813,1	337,3	85,4	17.235,8
Currency translation differences			8,2	8,2
Issuance of non-redeemable loans, convertible into IGEA shares only (1H2022) (**)	300,0			300,0
Balance at 30 June 2022	17.113,1	337,3	93,6	17.544,0

(*) The figure is related to the share capital increase completed by BSNR in Q2 2021, for a total amount of GBP 552,0 thousands (share capital + share premium).

(**) On 15 April 2021, IGEA entered into a convertible notes facility with Negma Group Ltd ("Negma Group"), that will make available, within the next 2 years, up to EUR 2 million, now extendable up to EUR 10 million since the Combination has been completed, for IGEA to use at its discretion in pursuing its business programs.

For amounts drawn under the convertible notes facility, IGEA issues to Negma Group convertible notes, that Negma Group may choose to convert into a specified number of shares in IGEA. Consequently, the draw downs of the convertible notes have been recognized as equity components.

The amounts drawn under the above facility (and recognized as equity components) total Euro 250 thousands in the first half of 2022.

On 27 June 2022, the Group has entered into a convertible bond commitment with Love Gratitude Srl, that has made available a non-interest bearing, unsecured and non-redeemable loan of Eur 50 thousands, convertible in whole only, at the discretion of Love Gratitude Srl, into 1,000,000 (one million) newly issued shares in the capital of IGEA. The draw down has also been recognized as equity component.

15 Losses pershare

Basic and diluted losses per share are computed as follows:	1H2022	1H2021
Net loss attributable to owners of the parent	(212,3)	(718,7)
Weighted average number of shares outstanding	334.722.450	307.700.514
Basic loss per share	<u>(0.001)</u>	<u>(0.002)</u>
Diluted loss per share	<u>(0.001)</u>	<u>(0.002)</u>

In a reverse acquisition, the financial statements of the combined entity reflect the capital structure of the legal acquirer (IGEA), including the equity interests issued in connection with the reverse acquisition. Consistent with this financial statement presentation, the computation of EPS is also based on the capital structure of IGEA, and the comparative figure has been restated accordingly.

16 Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 30 June 2022. The entities have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Joint ventures

Name	Country	Consolid.	Ownership interest	
			1H2022	1H2021
Blue Sky Swisse SA	Switzerland	equity	50%	50%

The reconciliation of the aggregate carrying value from opening to closing balance is as follows:

	1H2022	2021
Opening balance	1.126,71.007,8	
Investment in associates and JVs	-214,9	
Share of result	(77,1)	(132,3)
Share of other comprehensive result	-	-
Exchange rate effect	<u>(15,1)</u>	<u>36,4</u>
Total	<u>1.034,51.126,7</u>	

Associates

Name	Country	Consolid.	Ownership interest	
			1H2022	1H2021
ATI Biotech Srl	Italy	equity	20%	//

In December 2021, Blue Sky Lycopene Srl (previously held at 100%) was merged into ATI Biotech Srl, a private company incorporated under the laws of Italy. As a result of the merger, the Group exchanged its equity instruments of Blue Sky Lycopene with a 20% shareholding in ATI Biotech.

The gain generated from the transaction (de-recognition of previous interest held and recognition of the fair value of the interest acquired) amounted to Euro 175,0 thousands and was recognized as other income. At prior year end, an impairment charge of Euro 88,0 thousands was recorded in reduction of the value of the investment in the associate ATI Biotech Srl.

Commitments in respect of associates and joint ventures

The Group's industrial processing activities are carried-out in Blue Sky Swisse SA, in which the Group has an ownership interest of 50%. For 2022, the joint venture activities are expected to generate a cash need of Euro 7.5 million, to be financed by way of convertible notes or equity issuance of IGEA Pharma as already resolved by the AGM in April 2021.

The non-binding commitment by the Group to provide funding for the joint venture's capital for 2022 amounts to Euro 4.5 million (previous period: Euro 3,9 million).

17 Cashflow information

	Half-year	
	2022	2021
Result before income tax, including discontinued operations	(213,5)	(717,9)
Adjustments for:		
Depreciation and amortization	-	-
Net (gain)/loss on sale of non-current assets	-	-
Share of loss of associates and joint ventures	77,1	93,3
Unrealized foreign currency gains	-	-
Items with cash effects of financing nature	-	-
Changes in operating assets and liabilities:		
Inventories	-	-
Trade receivables	2,0	(83,3)
Other assets	3,1	104,2
Trade and other payables	(21,3)	(485,8)
Accruals	(74,5)	(1,9)
Cashflow from operations	<u>(226,9)</u>	<u>(1.091,4)</u>

18 Contingent liabilities

For contingent liabilities relating to associates and joint ventures, refer to note ...

Capital commitments

The Group does not have capital expenditures contracted for at the end of the reporting period but not recognized as liabilities (same as previous period).

Short term and low value leases

The expenses deriving from short-term and low value leases during 2021 amounted to Euro nil in the first semester 2022 (1H 2021: Euro 29,5 thousands).

19 Related party transactions

Board members and key management compensation

The compensation of the Executive Directors was respectively for Vincenzo Moccia and Rosanna Squitti, acting as CEO-CFO (ad interim) and CSO of IGEA, amount to KEUR 30 and KEUR 13,2 for the first semester 2022 (KEUR 27,1 for the first semester 2021).

The compensation was in fixed form only. No additional fees and remunerations have been charged to the Group by any parties closely linked to the CEO or the CSO for additional services during 2022, nor was the CEO or the CSO respectively entitled to any fringe benefit. Chairman Mario Patrocollo has an annual compensation fee of KEUR 10.

None of the board members is an employee of the Group. Services are delivered under consulting contracts with the involved person or with entities of which the involved person is a related party.

No key management personnel other than the Directors of the Group Companies is identified.

Year-end balances towards related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

30.06.22 31.12.21

Trade receivables	-	-
Loans and receivables to associates and JVs	130,0	130,0
Issued, but still not paid-in capital and premium	-	-
Total assets	130,0	130,0

	30.06.22	31.12.21
Financial liabilities towards related parties	406,8	415,8
Other payables	45,1	45,1
Total liabilities	451,9	460,9

The financial assets are related a short-term non-interest bearing advance payment made in 2021 by IGEA in favour of Blue Sky Suisse, to be re-imbursed in 2022.

The financial liabilities towards related parties refer to:

- short term un-guaranteed non-interest bearing facility granted to Universal Trade Elite Ltd by Pharma Tech Holding SA (Euro 379,5 thousands as of 30 June 2022);
- short term borrowings from BSNR Directors (Euro 27,3 thousands as of 30 June 2022).

The movements of loans and/or other financial instruments to/from related parties are as follows:

	1H22	2021
Financial assets towards related parties		
Beginning of year	130,0	397,3
Calls on partly paid shares	-	(397,3)
Finance receivables granted to associates	-	130,0
Interest charged (paid)	-	-
Exchange rate difference	-	-
End of year	130,0	130,0
Financial liabilities towards related parties		
Beginning of year	415,8	486,2
Change in consolidation area	-	-
Increase of borrowing facility	-	27,6
Reimbursement of borrowing facility	-	(131,2)
Exchange rate difference	(9,0)	33,2
Interest charged (paid)	-	-
End of year	406,8	415,8

20 Events after the balance sheet date

- As mentioned in note 3- 'Ability to continue operations', the Group entered on April 2021 into a convertible bond commitment with Negma Group Ltd that will make available, within the next 2 years, up to EUR 2 million, now extendable up to EUR 10 million since the Combination has been completed, for IGEA to use at its discretion in pursuing its business programs. The commitment is structured in zero coupon note tranches subject to Company's drawdown, convertible into newly issued shares of IGEA at a strike of 93% of the stock market.
- The Group therefore will have granted the funds management requires essential to operate the business as expected and to meet its obligations as they fall due for at least 12 months, and hence these interim consolidated financial statements have been prepared on a going concern basis. However, the ability of the Group to start generating revenues and consistent cash flows to adequately support its operations remains still uncertain, and this exposes the Group to all the risks inherent in establishing a business.
- The amounts drawn under the above facility total Euro 750 thousands in 2021 and Euro 250 thousands in 2022.
- In addition to the Negma facility, the Group is securing other means of financing:
 - on 27 June 2022, the Group has entered into a convertible bond commitment with Love Gratitude Srl, that has made available a non-interest bearing, unsecured and non-redeemable loan of Eur 50 thousands, convertible in whole only, at the discretion of Love Gratitude Srl, into 1,000,000 (one million) newly issued shares in the capital of IGEA;
 - on 26 July 2022, the Group has entered into a convertible bond commitment with Dal Molise Srl, that has made available a non-interest bearing, unsecured and non-redeemable loan of Eur 200 thousands,



convertible in whole only, at the discretion of Dal Molise Srl, into 5,000,000 (five million) newly issued shares in the capital of IGEA;

- in the second semester 2022the Group has signed a preliminary commitment by LMH Holding, an Italian family office, to provide up to 6.0 million in new capital to fund the joint-venture in Blue Sky Suisse.
