

InDex Pharmaceuticals Holding AB (publ)

InDex
Pharmaceuticals

Interim report January-June 2020

Focus on phase III preparations

PERIOD APRIL-JUNE 2020

- Net sales amounted to SEK 0.0 (0.0) million
- Operating loss amounted to SEK –15.6 (–17.7) million
- Result after tax amounted to SEK –15.6 (–17.7) million, corresponding to SEK –0.17 per share (–0.26) before and after dilution
- Cash flow from operating activities amounted to SEK –32.8 (–13.6) million

SIGNIFICANT EVENTS DURING APRIL-JUNE 2020

- InDex received positive responses from FDA and EMA regarding phase III development of cobitolimod for the treatment of moderate to severe ulcerative colitis
- The annual general meeting in InDex Pharmaceuticals Holding AB was held on Monday April 20, 2020. Board members Wenche Rolfsen (also chairman), Uli Hacksell, Lennart Hansson and Stig Lökke Pedersen were re-elected, and Marlene Forsell and Yilmaz Mahshid were elected as new ordinary board members

All comparative amounts in brackets refer to the outcome during the corresponding period 2019.

PERIOD JANUARY-JUNE 2020

- Revenues amounted to SEK 0.0 (0.0) million
- Operating result amounted to SEK –39.6 (–34.9) million
- Result after tax amounted to SEK –39.6 (–34.9) million, corresponding to SEK –0.45 per share (–0.51) before and after dilution
- Cash flow from operating activities amounted to SEK –54.7 (–32.0) million
- Cash and cash equivalents at the end of the period amounted to SEK 70.6 (50.5) million
- Number of employees at the end of the period was 7 (7)
- Number of shares at the end of the period was 88,781,275

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- No significant events have occurred after the end of the reporting period

OTHER EVENTS

- InDex announced that the successful results of the CONDUCT study will be presented orally at two leading medical conferences

“The commercial preparations have confirmed our belief in the potential of cobitolimod, where we estimate that the annual sales at a successful commercialisation can reach more than USD 1 billion”, says Peter Zerhouni, CEO of InDex Pharmaceuticals.

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 in late stage clinical development for the 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 Immuno-Modulatory Sequences (DIMS), with the potential to be used in 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 (+46 8 121 576 90 or certifiedadviser@redeye.se).

CEO statement



Our focus remains on the phase III preparations with cobitolimod in ulcerative colitis. To assist, we have expanded our circle of medical advisors by setting up a North American advisory board. It is fantastic that we have succeeded to attract six of the top clinical experts in inflammatory bowel disease to support the continued development and positioning of cobitolimod with a focus on the US market. The group's first meeting in June clearly showed that they see a potential prominent role for cobitolimod in the future treatment of ulcerative colitis. We continue the work to finalize the phase III design and the associated financing. Contingent on how the Covid-19 pandemic evolves, we plan to start the study in the second quarter of 2021.

We have also had a US consultancy firm to detail the positioning as a complement to the market research we conducted during the first quarter of this year, which has provided us with a deeper understanding of the future market. The commercial preparations have confirmed our belief in the potential of cobitolimod, where we estimate that the annual sales at a successful commercialisation can reach more than USD 1 billion. More than 2 million people have ulcerative colitis in the US, Europe and Japan, and of these about 60 percent are estimated to suffer from moderate to severe ulcerative colitis. Approximately 55 percent of this group are considered to have left-sided colitis and more than half do not respond to conventional treatment and need other alternatives. With an assumed price in the US, Europe

and Japan in line with the most recently launched products, it corresponds to an addressable market for moderate to severe left-sided ulcerative colitis of over USD 9 billion annually.

Since May, there have been several important news regarding competing development projects in phase III in ulcerative colitis. One project has been discontinued and others have reported less promising clinical results. Several of these drug candidates will probably not reach the market in the end. Cobitolimod has a completely different mechanism of action and safety profile than these substances, and for InDex the news mainly mean reduced future competition. It will also be very interesting to get more data from these studies that we can learn from for our own development.

Our phase IIb results from the CONDUCT study will be presented orally in October at two leading gastroenterology conferences; the UEGW in Europe and the ACG in the US. These events are great opportunities for us to further reach the international scientific community with the successful results, as well as potential partners and specialist investors.

It is very inspiring with the support from all our medical advisors. They point out cobitolimod's unique combination of efficacy and safety as well as the novel mechanism of action. I look forward to an eventful autumn for InDex with the continued phase III preparations.

Peter Zerhouni, CEO

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 in late stage clinical development for the 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 large intestine. The symptoms are characterised 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 biological drugs. Sales of biologics for treatment of ulcerative colitis amount to more than USD 5 billion a year.

Cobitolimod has a new 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 large intestine, which may induce mucosal healing and relief of the clinical symptoms in ulcerative colitis.

In 2019 InDex reported positive top line 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 a 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, InDex is now advancing cobitolimod towards phase III.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- InDex announced on February 19, 2020 the conclusions from in-depth analysis of the complete data set from the phase IIb dose optimisation study CONDUCT. The analysis confirmed that the highest dose tested, which met the primary endpoint of the study, demonstrates an outstanding combination of efficacy and safety. The company also announced that the phase III preparations were continuing according to plan.
- InDex announced on April 16, 2020 that the company has received positive responses from FDA and EMA regarding phase III development of cobitolimod, for the treatment of moderate to severe ulcerative colitis. Both authorities endorse the advancement of cobitolimod into phase III studies. The regulatory feedback gives flexibility for different designs of the phase III program, for example, to conduct studies sequentially and potentially to include a higher dose in addition to the highest dose regimen tested in the phase IIb study (2x250 mg). InDex continues to evaluate the most advantageous study design based on, among other things, development risk, commercial potential, time to market and cost.
- The annual general meeting in InDex Pharmaceuticals Holding AB was held on Monday April 20, 2020. Board members Wenche Rolfsen (also chairman), Uli Hacksell, Lennart Hansson and Stig Lökke Pedersen were re-elected, and Marlene Forsell and Yilmaz Mahshid were elected as new ordinary board members.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- No significant events have occurred after the end of the reporting period.

FINANCIAL SUMMARY

SEK million	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Revenues	0.0	0.0	0.0	0.0	0.1
Operating result	-15.6	-17.7	-39.6	-34.9	-87.7
Result after tax	-15.6	-17.7	-39.6	-34.9	-87.8
Earnings per share before and after dilution, SEK	-0.17	-0.26	-0.45	-0.51	-1.19
Cash flow from operating activities	-32.8	-13.6	-54.7	-32.0	-85.1
Cash and cash equivalents at the end of the period	70.6	50.5	70.6	50.5	126.8

Note: Earnings per share – Net result divided by weighted number of shares.

OTHER EVENTS

- InDex announced on February 25, 2020 the publication of scientific data on the mechanism of action of cobitolimod. The paper, published in the peer-reviewed *Journal of Crohns and Colitis*, shows that cobitolimod can modulate the immune system in ulcerative colitis by balancing the mucosal Th17/Treg cell response. The publication has also been highlighted in the journal's podcast.
- InDex announced on March 31, 2020 that SEK 2.0 million has been granted from Sweden's innovation agency Vinnova to develop new, more effective and safer treatments for inflammatory diseases. The grant from Vinnova will be used for a preclinical project to evaluate selected compounds from InDex's DIMS platform in inflammatory disease models outside the field of inflammatory bowel disease. This is a continuation of the project that InDex received a grant from Vinnova for in 2016. Positive signals were observed in the previous project, which will now be confirmed with alternative and complementary methods for selecting a DIMS compound for further development.
- InDex announced on August 24, 2020 that the successful results of the CONDUCT study will during the fall of 2020 be presented orally at two leading gastroenterology conferences; the United European Gastroenterology Week (UEGW) and the American College of Gastroenterology (ACG) Annual Scientific Meeting. UEGW is the largest scientific meeting for gastroenterologists in Europe and ACG Annual Scientific Meeting is the premier clinical conference for gastroenterologists in the US.

FINANCIAL SUMMARY FOR THE REPORTING PERIOD

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

Group

Net sales for the period January to June 2020 amounted to SEK 0.0 million. The net sales are related to the sale of DiBiCol test kits.

Operating expenses for the period amounted to SEK 39.6 million, which is an increase of SEK 4.7 million compared to the same period the previous year. The increase is attributable to costs for phase III preparations.

The operating expenses during the period refer to costs for the phase IIb study, costs for phase III preparations and general operating expenses.

Costs for the personnel during the reporting period amounted to SEK 4.5 million, which is SEK 0.2 million less than for the same period the previous year.

Cash and cash equivalents as of June 30, 2020 amounted to SEK 70.6 million, which is SEK 56.2 million lower than as of December 31, 2019.

Parent company

The net sales amounted to SEK 5.8 million during the period January to June 2020 and consisted of invoicing of group wide expenses to the other companies within the group.

The operating expenses amounted to SEK 8.4 million and consisted of personnel expenses and other operating expenses relating to the administration of InDex.

FINANCIAL SUMMARY AFTER THE REPORTING PERIOD

- The covid-19 pandemic affects the healthcare systems and the investor sentiment globally and must be taken into account in the company's strategic planning. The Board, however, assess that there is no impact on the company's financial position as of June 30, 2020 due to events after the reporting period.

EXPECTED FUTURE DEVELOPMENT

InDex reported on August 27, 2019 that cobitolimod met the primary endpoint in the now completed phase IIb study CONDUCT. InDex is now advancing cobitolimod towards phase III and in parallel evaluating the optimal route to commercialization.

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.

EMPLOYEES

The number of employees at the end of the period was 7 (7).

THE SHARE

The share is listed on Nasdaq First North Growth Market Stockholm since October 11, 2016.

LARGEST SHAREHOLDERS PER JUNE 30, 2020

	Number of shares	Percentage of capital and votes, %
SEB Venture Capital	12,994,367	14.6
Stiftelsen Industrifonden	12,865,296	14.5
Linc AB	8,875,650	10.0
Fjärde AP-fonden	6,635,679	7.5
Avanza Pension	3,578,573	4.0
Staffan Rasjö	3,124,718	3.5
Originat AB	2,700,000	3.0
SEB Life International	2,321,225	2.6
SEB Stiftelsen	1,785,714	2.0
Nordnet Pensionsförsäkring	1,184,764	1.3
Rune Pettersson	980,081	1.1
Ponderus Invest AB	950,000	1.1
Tomas Timander	741,457	0.8
SEB AB, Luxembourg branch, W8IMY	657,612	0.7
Ålandsbanken	632,202	0.7
Övriga	28,753,937	32.6
Total	88,781,275	100.0

INCENTIVE PROGRAMMES

At the annual general meeting held on April 20, 2020 it was resolved to issue 3,965,000 warrants to transfer to employees and other key persons within InDex. The warrants have an exercise price of SEK 20 per share and can be exercised during May-October 2023. The Board allocated in July 2020 958,333 warrants to employees and other key persons that were purchased for SEK 0.2522 per warrant.

REVIEW BY THE AUDITOR

This report has not been reviewed by the company's auditor.

FINANCIAL CALENDER

Interim report Q3

November 25, 2020

Stockholm, August 26, 2020

Peter Zerhouni, CEO

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The information in this interim report is information that InDex Pharmaceuticals Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication by the contact person stated above at 8:00 CET on August 26, 2020.

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

Condensed consolidated statement of total comprehensive income

SEKk	Apr 1-Jun 30, 2020	Apr 1-Jun 30, 2019	Jan 1-Jun 30, 2020	Jan 1-Jun 30, 2019	Full year 2019
Revenues					
Net sales	9	10	26	45	88
Total revenues	9	10	26	45	88
Operating expenses					
Raw material and consumables	-6,726	-3	-14,937	-5	-3,903
Other external expenses	-6,208	-15,077	-19,610	-29,784	-70,189
Personnel costs	-2,308	-2,364	-4,489	-4,655	-12,769
Depreciations/amortisations of tangible fixed assets and right-of-use assets	-338	-235	-573	-469	-939
Total expenses	-15,580	-17,679	-39,609	-34,913	-87,800
Operating loss	-15,571	-17,669	-39,583	-34,868	-87,712
Result from financial investments					
Financial income	-	-	-	-	-
Financial expenses	-19	-15	-26	-14	-61
Financial items – net	-19	-15	-26	-14	-61
Earnings before tax	-15,590	-17,684	-39,609	-34,882	-87,773
Taxes for the period	-	-	-	-	-
LOSS FOR THE PERIOD	-15,590	-17,684	-39,609	-34,882	-87,773

Earnings per share, based on the net result attributable to the shareholders of the parent company:

SEK	Note	Apr 1-Jun 30, 2020	Apr 1-Jun 30, 2019	Jan 1-Jun 30, 2020	Jan 1-Jun 30, 2019	Full year 2019
Earnings per share before and after dilution	6	-0.17	-0.26	-0.45	-0.51	-1.19

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 equity holders of the parent company

Condensed consolidated balance sheet

SEKK	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment, tools and installations	872	17	11
Total tangible fixed assets	872	17	11
Right-of-use assets	3,129	929	464
<i>Financial assets</i>			
Other financial assets	1	1	1
Total financial assets	1	1	1
Total fixed assets	4,002	947	476
Current assets			
<i>Current receivables</i>			
Accounts receivable	–	–	4
Other current receivables	1,819	833	1,343
Prepaid expenses and accrued income	671	344	474
Cash and cash equivalents	70,601	50,528	126,790
Total current receivables	73,091	51,705	128,611
Total current assets	73,091	51,705	128,611
TOTAL ASSETS	77,093	52,652	129,087
EQUITY AND LIABILITIES			
Equity			
Share capital	1,776	1,376	1,776
Additional paid-in capital	384,314	254,930	384,314
Retained earnings (including profit/loss for the period)	–319,196	–226,695	–279,587
Total equity attributable to the shareholders of the parent company	66,894	29,611	106,503
Liabilities			
<i>Non-current liabilities</i>			
Non-current lease liabilities	2,110	–	–
Total non-current liabilities	2,110	–	–
<i>Current liabilities</i>			
Current lease liabilities	1,028	940	484
Account payables	2,593	10,003	3,153
Other current liabilities	1,173	688	1,138
Accrued expenses and deferred income	3,295	11,410	17,809
Total current liabilities	8,089	23,041	22,584
Total liabilities	10,199	23,041	22,584
TOTAL EQUITY AND LIABILITIES	77,093	52,652	129,087

Condensed consolidated statement of changes in equity

SEKK	Equity attributable to the equity holders of the parent company			
	Share capital	Additional paid in capital	Retained earnings, including loss for the period	Total equity
Opening balance, January 1, 2019	1,376	254,930	-191,814	64,492
Profit/loss for the period equal to total comprehensive income	-	-	-34,882	-34,882
Total comprehensive income for the year	-	-	-34,882	-34,882
Closing balance, June 30, 2019	1,376	254,930	-226,695	29,611
Opening balance, January 1, 2019	1,376	254,930	-191,814	64,492
Profit/loss for the period equal to total comprehensive income	-	-	-87,773	-87,773
Total comprehensive income for the year	-	-	-87,773	-87,773
Transactions with shareholders of the parent company:				
Issue of shares	400	139,260	-	139,660
Transaction costs	-	-9,876	-	-9,876
Total transactions with shareholders of the parent company	400	129,384	-	129,784
Closing balance, December 31, 2019	1,776	384,314	-279,587	106,503
Opening balance, January 1, 2020	1,776	384,314	-279,587	106,503
Profit/loss for the period equal to total comprehensive income	-	-	-39,609	-39,609
Total comprehensive income for the year	-	-	-39,609	-39,609
Closing balance, June 30, 2020	1,776	384,314	-319,196	66,894

Condensed consolidated cash flow

SEKK	Apr 1-Jun 30, 2020	Apr 1-Jun 30, 2019	Jan 1-Jun 30, 2020	Jan 1-Jun 30, 2019	Full year 2019
Operating activities					
Operating result	-15,571	-17,669	-39,583	-34,868	-87,712
<i>Adjustments for non-cash items:</i>					
Depreciations/amortisations	338	235	573	469	939
Interest paid and received	-19	-15	-26	-14	-61
Income tax paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-15,252	-17,449	-39,036	-34,413	-86,834
Changes in working capital					
Decrease/Increase of current receivables	-40	818	-669	795	151
Decrease/Increase of current liabilities	-17,510	3,000	-15,039	1,603	1,602
Cash flow from changes in working capital	-17,550	3,818	-15,708	2,398	1,753
Cash flow from operating activities	-32,802	-13,631	-54,744	-32,015	-85,081
Investing activities					
Investments in lease assets	-3,218	-	-3,218	-	-
Investments in tangible assets	-881	-	-881	-	-
Cash flow from investing activities	-4,099	-	-4,099	-	-
Financing activities					
Amortisation of lease liabilities	-243	-236	-484	-491	-947
Lease liability contracted	3,138	-	3,138	-	-
Issues of shares, net after transaction costs	-	-	-	-	129,784
Cash flow from financing activities	2,895	-236	2,654	-491	128,837
Cash flow for the period	-34,006	-13,867	-56,189	-32,506	43,756
Decrease/increase of cash and cash equivalents					
Cash and cash equivalents at the beginning of the period	104,607	64,395	126,790	83,034	83,034
Currency translation difference in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents at the end of the period	70,601	50,528	70,601	50,528	126,790

Statement of comprehensive income for the parent company

SEKK	Apr 1-Jun 30, 2020	Apr 1-Jun 30, 2019	Jan 1-Jun 30, 2020	Jan 1-Jun 30, 2019	Full year 2019
Revenues					
Net sales	2,911	2,279	5,843	4,299	10,997
Total revenues	2,911	2,279	5,843	4,299	10,997
Operating expenses					
Other external expenses	-3,046	-2,224	-5,648	-4,061	-9,108
Personnel costs	-1,400	-1,284	-2,712	-2,559	-7,852
Depreciations/amortisations of tangible fixed assets and right-of-use assets	-15	-	-15	-	-
Total expenses	-4,461	-3,508	-8,375	-6,620	-16,960
Operating loss	-1,550	-1,229	-2,532	-2,321	-5,963
Net financial items					
Write-down of financial assets	-50,000	-30,000	-50,000	-30,000	-90,000
Financial costs	-7	-3	-7	-3	-21
Total net financial items	-50,007	-30,003	-50,007	-30,003	-90,021
Profit or loss before tax	-51,557	-31,232	-52,539	-32,324	-95,984
Taxes for the period	-	-	-	-	-
PROFIT OR LOSS FOR THE PERIOD	-51,557	-31,232	-52,539	-32,324	-95,984

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

Balance sheet for the parent company

SEKK	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment, tools and installations	866	–	–
Total tangible fixed assets	866	–	–
<i>Financial assets</i>			
Shares in subsidiary	247,030	247,030	247,030
Total financial assets	247,030	247,030	247,030
Total fixed assets	247,896	247,030	247,030
Current assets			
<i>Current receivables</i>			
Intercompany receivables	675	434	563
Other receivables	633	95	58
Prepaid expenses and accrued income	571	198	366
Total current receivables	1,879	727	987
Cash and cash equivalents	69,816	49,226	124,965
Total current assets	71,696	49,953	125,952
TOTAL ASSETS	319,591	296,983	372,982
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1,776	1,376	1,776
Total restricted equity	1,776	1,376	1,776
<i>Non-restricted equity</i>			
Share premium reserve	630,031	500,647	630,031
Retained earnings	–312,989	–171,635	–217,005
Profit or loss for the period	–52,539	–32,324	–95,984
Total non-restricted equity	264,503	251,318	317,042
Total equity	266,279	252,694	318,818
Liabilities			
<i>Current liabilities</i>			
Accounts payable	1,161	94	243
Intercompany liabilities	50,098	41,808	47,262
Other liabilities	534	768	1,222
Accrued expenses and deferred income	1,519	1,619	5,437
Total current liabilities	53,312	44,289	54,164
TOTAL EQUITY AND LIABILITIES	319,591	296,983	372,982

Statement of change in equity parent company

SEKK	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium	Retained earnings	Net result	
Opening balance, January 1, 2019	1,376	500,647	-171,635	-45,370	285,018
Disposition of last year's result	-	-	-45,370	45,370	-
Net results and total comprehensive income for the year	-	-	-	-32,324	-32,324
Total comprehensive income for the year	-	-	-	-32,324	-32,324
Closing balance, June 30, 2019	1,376	500,647	-217,005	-32,324	252,694
Opening balance, January 1, 2019	1,376	500,647	-171,635	-45,370	285,018
Disposition of last year's result	-	-	-45,370	45,370	-
Net results and total comprehensive income for the year	-	-	-	-95,984	-95,984
Total comprehensive income for the year	-	-	-	-95,984	-95,984
Transactions with shareholders of the parent company:					
Issue of shares	400	139,260	-	-	139,660
Transaction costs	-	-9,876	-	-	-9,876
Total transactions with shareholders of the parent company	400	129,384	-	-	129,784
Closing balance, December 31, 2019	1,776	630,031	-217,005	-95,984	318,818
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	-	-	-	-52,539	-52,539
Total comprehensive income for the year	-	-	-	-52,539	-52,539
Closing balance, June 30, 2020	1,776	630,031	-312,989	-52,539	266,279

Statement of cash flows for the parent company

SEKk	Apr 1-Jun 30, 2020	Apr 1-Jun 30, 2019	Jan 1-Jun 30, 2020	Jan 1-Jun 30, 2019	Full year 2019
Operating activities					
Profit or loss before tax	-51,557	-31,232	-52,539	-32,324	-95,984
<i>Adjustments for non-cash items:</i>					
Write downs	50,000	30,000	50,000	30,000	90,000
Income tax paid	-	-	-	-	-
Depreciations/amortisations	15	-	15	-	-
Cash flow from operating activities before changes in working capital	-1,542	-1,232	-2,524	-2,324	-5,984
Changes in working capital					
Changes in current receivables	-299	619	-892	-8	-268
Changes in current liabilities	21,477	16,555	-852	-830	9,045
Cash flow from changes in working capital	21,178	17,174	-1,744	-838	8,777
Cash flow from operating activities	19,636	15,942	-4,268	-3,162	2,793
Investing activities					
Shareholder's contribution	-50,000	-30,000	-50,000	-30,000	-90,000
Investment of leases	-881	-	-881	-	-
Cash flow from investing activities	-50,881	-30,000	-50,881	-30,000	-90,000
Financing activities					
Issues of shares, net after transaction costs	-	-	-	-	129,784
Cash flow from financing activities	-	-	-	-	129,784
Cash flow for the period	-31,245	-14,058	-55,149	-33,162	42,577
Decrease/increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the period	101,061	63,284	124,965	82,388	82,388
Cash and cash equivalents at the end of the period	69,816	49,226	69,816	49,226	124,965

Development of parent company's share capital

SEK 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

Notes

NOTE 1 GENERAL INFORMATION

This interim report includes the parent company InDex Pharmaceuticals Holding AB (publ), Corp. Reg. No. 559067-6820, the subsidiary InDex Pharmaceuticals AB and the sub-subsidiary InDex Diagnostics AB ('InDex', 'the company' or 'the group'). InDex Pharmaceuticals Holding AB (publ) is a parent company registered in Sweden with its registered office in Stockholm with the address Berzelius väg 13, 171 65 Solna, Sweden.

Unless otherwise stated, all amounts are in thousands of Swedish kronor (SEKk). Figures in parentheses refer to the comparative period.

NOTE 2 ACCOUNTING POLICIES

InDex applies International Financial Reporting Standards (IFRS) as adopted by the EU. This report is prepared in accordance with IAS 34 *Interim Financial Reporting* and the *Annual Accounts Act*. The parent company prepares financial reports in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities* and the *Swedish Annual Accounts Act*.

Applied accounting principles and calculation methods are the same as in the latest annual report for 2019.

None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on InDex.

NOTE 3 RISKS AND UNCERTAINTIES

OPERATIONAL RISK

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 will obtain the necessary approvals to conduct the clinical trials that InDex would like to conduct, 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 pharmaceuticals 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.

FINANCIAL RISK MANAGEMENT

InDex may also need to raise additional capital in the future. Both the size and timing of InDex's possible need for capital in the future depend on several factors, including the possibility of entering into collaboration or licensing arrangements and the progress made in research and development projects. There is a risk that the necessary financing of the operations is unavailable at the right time and at a reasonable cost.

For a detailed description of significant risks, refer to InDex's Annual Report for 2019. The Annual Report is available on the company's website.

NOTE 4 IMPORTANT ESTIMATES AND JUDGEMENTS

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 capitalizing pharmaceutical development costs. Based on the accounting policies set out under note 2 in the annual report for 2019, 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 RELATED PARTY TRANSACTIONS

No related party transactions have occurred from a group perspective.

InDex Pharmaceuticals Holding AB invoices each subsidiary for overall group functions.

NOTE 6 EARNINGS PER SHARE

Earnings per share is calculated by dividing the result for the period by the weighted average number of outstanding ordinary shares during the period.

InDex had potential ordinary shares in the form of warrants. However, these did not give rise to any dilution effect in 2019 or 2020 as a conversion to ordinary shares decreases loss per share.

SEK million	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Net result attributable to the equity holders of the parent company	-39.6	-34.9	-87.8
Total:	-39.6	-34.9	-87.8
Weighted average number of shares (thousands)	88,781	68,781	73,875
Earnings per share, SEK	-0.45	-0.51	-1.19