# InDex Pharmaceuticals Holding AB (publ)

## Interim report January-March 2020

# FDA and EMA endorse the advancement of cobitolimod into phase III studies

**PERIOD JANUARY-MARCH 2020**

- Net sales amounted to SEK 0.0 (0.0) million
- Operating loss amounted to SEK –24.0 (–17.2) million
- Result after tax amounted to SEK –24.0 (–17.2) million, corresponding to SEK –0.27 per share (–0.25) before and after dilution
- Cash flow from operating activities amounted to SEK –21.9 (–18.4) million
- Cash and cash equivalents at the end of the period amounted to SEK 104.6 (64.4) 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

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

**SIGNIFICANT EVENTS DURING JANUARY-MARCH 2020**

- InDex in-depth analysis of the CONDUCT study confirmed the successful top line results and supports the strategy going forward
- InDex published mechanism of action data for cobitolimod in scientific journal
- InDex received grant from Vinnova for pre-clinical development of DIMS compounds in inflammation

**SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

- 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 April 20, 2020

*"The positive responses from the regulators is an important external validation of our study results and cobitolimod's potential", says Peter Zerhouni, CEO of InDex Pharmaceuticals.*

On April 20, 2020 a covid-19 adapted annual general meeting was held. As a part of this adaptation, no CEO presentation was made at the annual general meeting. Instead a webcasted company update on InDex's phase III preparations was given the same day. The webcast is available on InDex's homepage.

**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

Following the phase IIb study CONDUCT meeting its primary endpoint in August 2019, dialogues were initiated with FDA and EMA respectively, for the further development of cobitolimod. These processes have now been completed and both authorities endorse the advancement of cobitolimod into phase III studies in patients with moderate to severe left-sided ulcerative colitis. The positive responses from the regulators is an important external validation of our study results and cobitolimod's potential.

This 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). We continue to evaluate the most advantageous study design based on, among other things, development risk, commercial potential, time to market and cost.

The covid-19 pandemic affects the healthcare systems and the investor sentiment globally, which must be taken into account in our strategic planning. Before we can start phase III, the healthcare situation must have normalised, and the necessary funding be secured. In addition to assessing the conditions for InDex conducting the phase III program, we continue to engage with potential partners, presenting the now complete business development package.

An important component is the qualitative market research conducted by an independent market research company with senior gastroenterologists active in ulcerative colitis and payers, such as experts from pricing authorities and insurance companies, in France, the UK, Germany and the USA during the first quarter of 2020. Both target groups recognise the unmet need for new safe and effective treatments for moderate to severe ulcerative colitis.

Cobitolimod's Target Product Profile, based on the phase IIb data, tested well as a novel treatment and the efficacy/safety ratio is considered unsurpassable. Gastroenterologists in the study are likely to prescribe cobitolimod to a significant proportion of their patients with moderate to severe ulcerative colitis in a future commercialization, and the study supports pricing in line with modern treatment options. All in all, the results from this market research support our assessment that the annual sales of cobitolimod at a successful commercialization could reach more than USD 1 billion.

Regarding the development of additional drug candidates from the DIMS platform, we have received a new grant of SEK 2 million from Vinnova to evaluate selected substances in inflammatory disease models outside the area of inflammatory bowel disease.

After an extended period with minimal sales of the diagnostic test DiBiCol, and due to upcoming changes in regulations, we have decided to discontinue that business.

On April 20, a covid-19 adapted annual general meeting was held. Instead of a CEO presentation at the annual general meeting, I gave a webcasted company update the same day on InDex's phase III preparations. The webcast is available on InDex's homepage.

During the first quarter of 2020 we have been able to complete several important steps on the path towards phase III and I look forward to the continued work in which the mutually dependent activities: decision on study design and securing funding, will be the highest priority in the coming months.

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 February 23, 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.

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- 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

### FINANCIAL SUMMARY

| SEK million | Jan-Mar 2020 | Jan-Mar 2019 | Full year 2019 |
|---|---|---|---|
| Revenues | 0.0 | 0.0 | 0.1 |
| Operating result | –24.0 | –17.2 | –87.7 |
| Result after tax | –24.0 | –17.2 | –87.8 |
| Earnings per share before and after dilution, SEK | –0.27 | –0.25 | –1.19 |
| Cash flow from operating activities | –21.9 | –18.4 | –85.1 |
| Cash and cash equivalents at the end of the period | 104.6 | 64.4 | 126.8 |

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

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.

## 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 March 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 24.0 million, which is an increase of SEK 6.8 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 2.2 million, which is SEK 0.1 million more than for the same period the previous year.

Cash and cash equivalents as of March 31, 2020 amounted to SEK 104.6 million, which is SEK 22.2 million lower than as of December 31, 2019.

### Parent company

The net sales amounted to SEK 2.9 million during the period January to March 2020 and consisted of invoicing of group wide expenses to the other companies within the group.

The operating expenses amounted to SEK 3.9 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 March 31, 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 MARCH 31, 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 | 3,149,567 | 3.6 |
| Staffan Rasjö | 3,124,718 | 3.5 |
| Originat AB | 2,700,000 | 3.0 |
| SEB Life International | 2,321,225 | 2.6 |
| Nordnet Pensionsförsäkring AB | 2,233,558 | 2.5 |
| SEB Stiftelsen | 1,785,714 | 2.0 |
| SEB AB, Luxembourg branch, W8IMY | 1,300,000 | 1.5 |
| Ponderus Invest AB | 1,000,000 | 1.1 |
| Rune Pettersson | 980,081 | 1.1 |
| Tomas Timander | 741,457 | 0.8 |
| Ålandsbanken | 648,088 | 0.7 |
| Other | 27,425,875 | 31.0 |
| **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. No warrants have been allocated yet.

**REVIEW BY THE AUDITOR**
This report has not been reviewed by the company's auditor.

**FINANCIAL CALENDER**

| | |
|---|---|
| Interim report Q2 | August 26, 2020 |
| Interim report Q3 | November 25, 2020 |

Stockholm, May 7, 2020
Peter Zerhouni, CEO

**FOR MORE INFORMATION, PLEASE CONTACT:**
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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 May 7, 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 | Jan 1-Mar 31, 2020 | Jan 1-Mar 31, 2019 | Full year 2019 |
|---|---|---|---|
| **Revenues** | | | |
| Net sales | 17 | 35 | 88 |
| **Total revenues** | **17** | **35** | **88** |
| | | | |
| **Operating expenses** | | | |
| Raw material and consumables | –9,421 | –2 | –3,903 |
| Other external expenses | –12,192 | –14,703 | –70,189 |
| Personnel costs | –2,181 | –2,290 | –12,769 |
| Depreciations/amortisations of tangible fixed assets and right-of-use assets | –235 | –235 | –939 |
| **Total expenses** | **–24,029** | **–17,230** | **–87,800** |
| | | | |
| **Operating loss** | **–24,012** | **–17,195** | **–87,712** |
| | | | |
| **Result from financial investments** | | | |
| Financial income | – | – | – |
| Financial expenses | –6 | –18 | –61 |
| **Financial items – net** | **–6** | **–18** | **–61** |
| | | | |
| **Earnings before tax** | **–24,018** | **–17,213** | **–87,773** |
| | | | |
| Taxes for the period | – | – | – |
| **LOSS FOR THE PERIOD** | **–24,018** | **–17,213** | **–87,773** |

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

| SEKk | Note | Jan 1-Mar 31, 2020 | Jan 1-Mar 31, 2019 | Full year 2019 |
|---|---|---|---|---|
| Earnings per share before and after dilution | 6 | –0.27 | –0.25 | –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 | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| *Tangible fixed assets* | | | |
| Equipment, tools and installations | 8 | 19 | 11 |
| **Total tangible fixed assets** | **8** | **19** | **11** |
| **Right-of-use assets** | **232** | **1,161** | **464** |
| *Financial assets* | | | |
| Other financial assets | 1 | 1 | 1 |
| **Total financial assets** | **1** | **1** | **1** |
| **Total fixed assets** | **241** | **1,181** | **476** |
| **Current assets** | | | |
| *Current receivables* | | | |
| Accounts receivable | – | 11 | 4 |
| Other current receivables | 1,721 | 1,500 | 1,343 |
| Prepaid expenses and accrued income | 729 | 484 | 474 |
| Cash and cash equivalents | 104,607 | 64,395 | 126,790 |
| **Total current receivables** | **107,057** | **66,390** | **128,611** |
| **Total current assets** | **107,057** | **66,390** | **128,611** |
| **TOTAL ASSETS** | **107,298** | **67,571** | **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) | –303,605 | –209,027 | –279,587 |
| **Total equity attributable to the shareholders of the parent company** | **82,485** | **47,279** | **106,503** |
| **Liabilities** | | | |
| *Non-current liabilities* | | | |
| Non-current lease liabilities | – | 243 | – |
| **Total non-current liabilities** | **–** | **243** | **–** |
| *Current liabilities* | | | |
| Current lease liabilities | 243 | 948 | 484 |
| Account payables | 2,712 | 4,990 | 3,153 |
| Other current liabilities | 1,195 | 1,242 | 1,138 |
| Accrued expenses and deferred income | 20,663 | 12,869 | 17,809 |
| **Total current liabilities** | **24,813** | **20,049** | **22,584** |
| **Total liabilities** | **24,813** | **20,292** | **22,584** |
| **TOTAL EQUITY AND LIABILITIES** | **107,298** | **67,571** | **129,087** |

# Condensed consolidated statement of changes in equity

| | Equity attributable to the equity holders of the parent company | | | |
|---|---|---|---|---|
| SEKk | 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 | – | – | –17,213 | –17,213 |
| **Total comprehensive income for the year** | **–** | **–** | **–17,213** | **–17,213** |
| **Closing balance, March 31, 2019** | **1,376** | **254,930** | **–209,027** | **47,279** |
| **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 | – | – | –24,018 | –24,018 |
| **Total comprehensive income for the year** | **–** | **–** | **–24,018** | **–24,018** |
| **Closing balance, March 31, 2020** | **1,776** | **384,314** | **–303,605** | **82,485** |

# Condensed consolidated cash flow

| SEKk | Jan 1-Mar 31, 2020 | Jan 1-Mar 31, 2019 | Full year 2019 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating result | –24,012 | –17,195 | –87,712 |
| *Adjustments for non-cash items:* | | | |
| Depreciations/amortisations | 235 | 235 | 939 |
| Interest paid and received | –4 | –3 | –61 |
| Income tax paid | – | – | – |
| **Cash flow from operating activities before changes in working capital** | **–23,781** | **–16,963** | **–86,834** |
| **Changes in working capital** | | | |
| Decrease/Increase of current receivables | –629 | –23 | 151 |
| Decrease/Increase of current liabilities | 2,470 | –1,398 | 1,602 |
| **Cash flow from changes in working capital** | **1,841** | **–1,421** | **1,753** |
| **Cash flow from operating activities** | **–21,940** | **–18,384** | **–85,081** |
| **Investing activities** | | | |
| Investments of tangible assets | – | – | – |
| **Cash flow from investing activities** | **–** | **–** | **–** |
| **Financing activities** | | | |
| Amortisation of lease liabilities | –243 | –255 | –947 |
| Issues of shares, net after transaction costs | – | – | 129,784 |
| **Cash flow from financing activities** | **–243** | **–255** | **128,837** |
| **Cash flow for the period** | **–22,183** | **–18,639** | **43,756** |
| **Decrease/increase of cash and cash equivalents** | | | |
| Cash and cash equivalents at the beginning of the period | 126,790 | 83,034 | 83,034 |
| Currency translation difference in cash and cash equivalents | – | – | – |
| **Cash and cash equivalents at the end of the period** | **104,607** | **64,395** | **126,790** |

# Statement of comprehensive income for the parent company

| SEKk | Jan 1-Mar 31, 2020 | Jan 1-Mar 31, 2019 | Full year 2019 |
|---|---|---|---|
| **Revenues** | | | |
| Net sales | 2,932 | 2,021 | 10,997 |
| **Total revenues** | **2,932** | **2,021** | **10,997** |
| | | | |
| **Operating expenses** | | | |
| Other external expenses | –2,601 | –1,834 | –9,108 |
| Personnel costs | –1,313 | –1,275 | –7,852 |
| **Total expenses** | **–3,914** | **–3,109** | **–16,960** |
| | | | |
| **Operating loss** | **–982** | **–1,088** | **–5,963** |
| | | | |
| **Net financial items** | | | |
| Write-down of financial assets | – | – | –90,000 |
| Financial costs | – | –4 | –21 |
| **Total net financial items** | **–** | **–4** | **–90,021** |
| | | | |
| **Profit or loss before tax** | **–982** | **–1,092** | **–95,984** |
| | | | |
| Taxes for the period | – | – | – |
| | | | |
| **PROFIT OR LOSS FOR THE PERIOD** | **–982** | **–1,092** | **–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 | Mar 31, 2020 | Mar 31, 2019 | Dec 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| *Financial assets* | | | |
| Shares in subsidiary | 247,030 | 247,030 | 247,030 |
| **Total financial assets** | **247,030** | **247,030** | **247,030** |
| **Total fixed assets** | **247,030** | **247,030** | **247,030** |
| **Current assets** | | | |
| *Current receivables* | | | |
| Intercompany receivables | 619 | 547 | 563 |
| Other receivables | 331 | 390 | 58 |
| Prepaid expenses and accrued income | 630 | 409 | 366 |
| **Total current receivables** | **1,580** | **1,346** | **987** |
| Cash and cash equivalents | 101,061 | 63,284 | 124,965 |
| **Total current assets** | **102,641** | **64,630** | **125,952** |
| **TOTAL ASSETS** | **349,671** | **311,660** | **372,982** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| *Restricted equity* | | | |
| Share capital | 1,776 | 1,376 | 1,776 |
| **Total restricted equity** | **1,776** | **1,376** | **1,776** |
| *Non-restricted equity* | | | |
| Share premium reserve | 630,031 | 500,647 | 630,031 |
| Retained earnings | –312,989 | –217,005 | –217,005 |
| Profit or loss for the period | –982 | –1,092 | –95,984 |
| **Total non-restricted equity** | **316,060** | **282,550** | **317,042** |
| **Total equity** | **317,836** | **283,926** | **318,818** |
| **Liabilities** | | | |
| *Current liabilities* | | | |
| Accounts payable | 384 | 229 | 243 |
| Intercompany liabilities | 28,506 | 24,995 | 47,262 |
| Other liabilities | 948 | 965 | 1,222 |
| Accrued expenses and deferred income | 1,997 | 1,545 | 5,437 |
| **Total current liabilities** | **31,835** | **27,734** | **54,164** |
| **TOTAL EQUITY AND LIABILITIES** | **349,671** | **311,660** | **372,982** |

# Statement of change in equity parent company

| | Restricted equity | Non-restricted equity | | | |
|---|---|---|---|---|---|
| SEKk | Share capital | Share premium | Retained earnings | Net result | Total equity |
| **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 | – | – | – | –1,092 | –1,092 |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **–1,092** | **–1,092** |
| **Closing balance, March 31, 2019** | **1,376** | **500,647** | **–217,005** | **–1,092** | **283,926** |
| **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 | – | – | – | –982 | –982 |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **–982** | **–982** |
| **Closing balance, March 31, 2020** | **1,776** | **630,031** | **–312,989** | **–982** | **317,836** |

# Statement of cash flows for the parent company

| SEKk | Jan 1-Mar 31, 2020 | Jan 1-Mar 31, 2019 | Full year 2019 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit or loss before tax | –982 | –1,092 | –95,984 |
| *Adjustments for non-cash items:* | | | |
| Write downs | – | – | 90,000 |
| Income tax paid | – | – | – |
| **Cash flow from operating activities before changes in working capital** | **–982** | **–1,092** | **–5,984** |
| **Changes in working capital** | | | |
| Changes in current receivables | –593 | –627 | –268 |
| Changes in current liabilities | –22,329 | –17,385 | 9,045 |
| **Cash flow from changes in working capital** | **–22,922** | **–18,012** | **8,777** |
| **Cash flow from operating activities** | **–23,904** | **–19,104** | **2,793** |
| **Investing activities** | | | |
| Shareholder's contribution | – | – | –90,000 |
| **Cash flow from investing activities** | **–** | **–** | **–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** | **–23,904** | **–19,104** | **42,577** |
| **Decrease/increase in cash and cash equivalents** | | | |
| Cash and cash equivalents at the beginning of the period | 124,965 | 82,388 | 82,388 |
| **Cash and cash equivalents at the end of the period** | **101,061** | **63,284** | **124,965** |

# Development of parent company's share capital

| SEK<br>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 Tomtebodavägen 23a, SE-171 77 Stockholm, 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 occured 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-Mar 2019 | Jan-Mar 2019 | Full year 2019 |
|---|---|---|---|
| Net result attributable to the equity holders of the parent company | –24.0 | –17.2 | –87.8 |
| **Total:** | **–24.0** | **–17.2** | **–87.8** |
| **Weighted average number of shares (thousands)** | **88,781** | **68,781** | **73,875** |
| **Earnings per share, SEK** | **–0.27** | **–0.25** | **–1.19** |