IGEA Pharma N.V.
Interim financial reporting
June 2020

Highlights

1 Operations

- In January 2020, the Group entered into a strategic partnership with Acalis, an international healthcare group dealing in elderly care, home care, rehabilitation and post-hospital support with more than 40 centres, over 3,000 beds and more than 2,600 employees, for the wholesale distribution of its health-tech products in Middle East, in particular Saudi Arabia and Turkey, and some European and South America countries. The launch activities are ongoing. The Group does not expect recognizing revenue from this partnership before end of the last quarter 2020;
- in February 2020, the Group announced its intention to expand its med-tech product portfolio by acquiring Medical Jet Srl, a company specialized in dry aerosol generators for the non-wet sanitization of air and inanimate environmental surfaces and air purification devices. A memorandum of understanding was signed, and the expectations were to close the acquisition by June 2020. Due to the global spread of COVID-19 this was not feasible, and the parties are discussing a possible transaction agreement to rule this acquisition by beginning of 2021. The Group did not anticipate any relevant impacts on its financial statements 2020 from this transaction;
- In April 2020, the Group expanded its health-tech products portfolio to a COVID-19 antibody-based rapid test produced by a PRC independent manufacturer. The test appears to be superior to an established ELISA procedure in detecting IgM and IgG antibodies and a RT PCR test comparison could suggest suitability of the test even in early stages of the infection, but the market for this type of products became extremely competitive within a very short time, significantly exceeding the Group's expectations. The cost structure of this business, no more economically interesting, has discouraged the Group from further investing in the distribution of the product, which remains in the portfolio but whose sales are of unforeseen nature;
- As part of a diversification strategy in distributing its products in the US, the Group entered in May 2020 into a further agreement with Acalis for the wholesale distribution of the health-tech product Alz1. The Group will supply Alz1 and provide certain services including lab testing and users' data capture and will get a license fee determined pursuant to a shared risk-reward concept. Acalis is expected to commence activities on the US market by the end of 2020 and consequently the Group expect recognizing revenue. The Group will instead continue to maintain the right for the retail-based distribution in the US of Alz1, for which a scientific review as minimally invasive and cost-effective prognostic biomarker from mild cognitive impairment to symptomatic Alzheimer's disease is ongoing with the FDA;
- In August 2020, the Group entered into a letter of intent, binding upon the parties in terms, with Blue Sky Natural Resources LTD, a privately held company specialized in transforming vegetables matrices into innovative and hight-tech value products for the health prevention and nutraceutical industry, to combine the two companies' businesses. The combination aims to create an EU headquartered group with an innovative early-stage commercial portfolio and a strong development pipeline focusing on health prevention and nutraceutical solutions. The combination should lead the Group to gain and establish acceptance and market position for health prevention and nutraceutical products, leverage commercial capabilities and partnerships, and capitalize on the financial leverage and operational synergies to improve return on capital and achieve profitability. The combination, subject to the approval by both companies' respective general meetings and satisfaction of certain other closing conditions, is expected to close by end of 2020;
- Due to the global spread of COVID-19, the transaction with certain shareholders of Meditalia Industriale Srl, spin-off of the med-tech activities of Meditalia Srl, disclosed on November 2019 and aiming to expand the Group's commercial stage portfolio in the med-tech business, is in stand-by. Given the contractual uncertainty resulting from this unusual situation, the parties are currently evaluating and discussing different scenarios to find a solution of common interest, but the Group did not anticipate any impact on its financial statements 2020 from this transaction.

2 Profit and loss

- The Group generated only marginal revenue for the six months ended 30 June 2020 (as it was in the previous comparable period) due to the ongoing market launch of its products. An increase is expected by end of the last quarter 2020;
- Cost of revenue were TUSD 138.4 (previous period: 172.4), with a decrease mainly due to the overall cost reduction following the decision to diversify the distribution strategy by entering the wholesale channel and to the optimization of the intellectual properties' portfolio by end of 2019;
- Operating expenses were TUSD 444.4 (previous period: 779.0), of which TUSD 23.7 for research and development (previous period: none), TUSD 62.9 for sales and marketing (previous period: none) and TUSD 357.8 (previous period: 779.0) for general and administration. Research and development expenses are due to regulatory activities and the overall costs of holding a research and development network. Sales and marketing expenses are mainly due to residues of an increased level of activities in the second half of 2019 and general and administration expenses decreased significantly due to optimizations and rationalizations;
- The EBITDA as adjusted (before impairment charge) and EBIT figures for the reporting period amount to TUSD -481.6 (previous period: -824.5) and TUSD -544.6 (previous period: -944.0) respectively;

- Finance income and finance costs were negligible. The Group is not a party to significant liabilities of financial nature;
- The net loss for the period is TUSD 547.3 (previous period: 946.9), representing a basic and a diluted loss per share of USD 0.022 and 0.021 respectively (previous period: basic and diluted loss per share of USD 0.038).

3 Balance sheet and cash flow

- As of 30 June 2020, the Group held total assets of TUSD 918.7 (31 December 2019: 1,066.9), of which TUSD 436.8 in non-current (31 December 2019: 496.2) and TUSD 481.9 in current assets (31 December 2019: 570.7), with no changes due to relevant events;
- The Group does not have long-term liabilities (same ad 31 December 2019). Current liabilities were TUSD 465.2 (31 December 2019: 523.1), with no substantial changes during the periods. The shareholder's equity was TUSD 453.5 (31 December 2019: 543.8);
- The net cash decrease during the six months ended 30 June 2020 (net of any exchange difference effects) was TUSD 86.4 (previous period: 1,163.0), of which a decrease of TUSD 502.8 (previous period: 949.5) for operating activities, no flows from investing activities (previous period: outflow of 171.1) and a cash inflow of TUSD 405.2 (previous period: outflow of 24.0) from financing activities, mainly due to proceeds for TUSD 435.1 from issuance on April 2020 of a non-redeemable loan convertible in shares of the Company only;
- Cash and cash equivalents at period's end are TUD 360.0 (previous period: 989.0). The Group ensured additional cash during the second half of 2020 and has enough cash and cash equivalents necessary to finance its actual level of activities for at least twelve months.

Interim condensed consolidated financial statements

Condensed consolidated balance sheet, unaudited

(in thousand USD, unless otherwise stated)

	Notes	As at 30.6.2020	As at 31.12.2019
ASSETS			
Property, plant and equipment		38.5	59.5
Right-of-use assets		-	25.9
Intangible assets	6	398.3	410.8
Non current assets		**436.8**	**496.2**
Inventories		27.1	13.6
Trade and other receivables		94.8	110.7
Cash and cash equivalents		360.0	446.4
Current assets		**481.9**	**570.7**
Total assets		**918.7**	**1,066.9**
EQUITY AND LIABILITIES			
Share capital	8	296.5	296.5
Reserves	9	5,295.9	4,838.9
Accumulated loss		(5,111.6)	(4,568.2)
Equity attributable to owners of IGEA Pharma N.V.		480.8	567.2
Non-controlling interests		(27.3)	(23.4)
Total shareholders' equity		**453.5**	**543.8**
Trade and other payables		296.1	257.0
Financial debts		47.4	45.2
Lease liabilities		-	27.2
Accruals		121.7	193.7
Current liabilities		**465.2**	**523.1**
Total equity and liabilities		**918.7**	**1,066.9**

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

Condensed consolidated statement of profit or loss, unaudited

(in thousand USD, unless otherwise stated)

	Notes	Half-year 2020	Half-year 2019
Revenue		46.8	0.7
Cost of revenue	10	(138.4)	(172.4)
Gross result		**(91.6)**	**(171.7)**
Research and development	10	(23.7)	-
Sales and marketing	10	(62.9)	-
General and administration	10	(357.8)	(779.0)
Other income		-	0.5
Operating result		**(536.0)**	**(950.2)**
Finance income		2.4	7.9
Finance costs		(13.7)	(4.6)
Result before income tax		**(547.3)**	**(946.9)**
Income tax expense		-	-
Result of the period		**(547.3)**	**(946.9)**
Attributable to:			
Owners of IGEA Pharma N.V.		(543.4)	(943.0)
Non-controlling interests		(3.9)	(3.9)
		(547.3)	**(946.9)**
Basic and diluted loss per share (in USD)		**-**	**(0.038)**
Basic loss per share (in USD)		**(0.022)**	**-**
Diluted loss per share (in USD)		**(0.021)**	**-**

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

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

	Half-year	
	2020	**2019**
Result of the period	**(547.3)**	**(946.9)**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	21.9	(22.6)
Other comprehensive result for the period, net of tax	**21.9**	**(22.6)**
Total comprehensive result for the period	**(525.4)**	**(969.5)**
Attributable to:		
Owners of IGEA Pharma N.V.	(521.5)	(965.6)
Non-controlling interests	(3.9)	(3.9)
	(525.4)	**(969.5)**

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

Condensed consolidated statement of changes in equity, unaudited

(in thousand USD, unless otherwise stated)

	Notes	Attributable to owners of IGEA Pharma N.V.			Non controll. interest	Total
		Share capital	Reserves	Retained earnings		
Balance at 31 December 2018		**296.5**	**4,938.6**	**(2,661.2)**	**(22.6)**	**2,551.3**
Result of the period		-	-	(943.0)	(3.9)	(946.9)
Other comprehensive result for the period		-	(22.6)	-	-	(22.6)
Total comprehensive result for the period		**-**	**(22.6)**	**(943.0)**	**(3.9)**	**(969.5)**
Purchase (net of sales) of treasury shares		-	(39.5)			(39.5)
Total transactions with owners		**-**	**(39.5)**	**-**	**-**	**(39.5)**
Balance at 30 June 2019		**296.5**	**4,876.5**	**(3,604.2)**	**(26.5)**	**1,542.3**
Balance at 31 December 2019		**296.5**	**4,838.9**	**(4,568.2)**	**(23.4)**	**543.8**
Result of the period		-	-	(543.4)	(3.9)	(547.3)
Other comprehensive result for the period		-	21.9	-	-	21.9
Total comprehensive result for the period		**-**	**21.9**	**(543.4)**	**(3.9)**	**(525.4)**
Proceeds from issuance of non-redeemable loans convertible into IGEA shares only	9	-	435.1	-	-	435.1
Total transactions with owners		**-**	**435.1**	**-**	**-**	**435.1**
Balance at 30 June 2020		**296.5**	**5,295.9**	**(5,111.6)**	**(27.3)**	**453.5**

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

Condensed consolidated statement of cash flows, unaudited

(in thousand USD, unless otherwise stated)

	Notes	Half-year 2020	Half-year 2019
Cash generated from operations	12	(502.8)	(949.5)
Interest and income tax paid		-	-
Net cash flow from operating activities		**(502.8)**	**(949.5)**
Purchase of intangible assets		-	(171.1)
Cash flow from investing activities		**-**	**(171.1)**
Purchase (net of sale) of treasury shares		-	(39.5)
Proceeds from financial debts		-	47.3
Proceeds from issuance of non-redeemable loans, convertible into IGEA shares only	9	435.1	-
Repayments of financial debts, including lease liabilities		(27.2)	(29.2)
Finance cost		(2.7)	(2.6)
Cash flow from financing activities		**405.2**	**(24.0)**
Net effect of currency translation		11.2	(18.4)
Increase (decrease) in cash and cash equivalents		**(86.4)**	**(1,163.0)**
Cash and cash equivalents at beginning of period		446.4	2,152.0
Cash and cash equivalents at end of period		**360.0**	**989.0**

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

Notes to the condensed consolidated financial statements, unaudited

1 General information

IGEA Pharma N.V. is incorporated under Dutch law (*naamloze vennootschap*) and registered with the trade register of the Dutch Chamber of Commerce of Amsterdam. The Company headquarter and registered office is in Siriusdreef 17, 2123 WT Hoofddorp, the Netherlands.

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), and expects to launch a diabetes type II prevention set in 2020. Non-ceruloplasmin bound copper is an expected Alzheimer's and diabetes type II associated biomarker. Determining and regulating non-bound copper can contribute to reduce the risk of Alzheimer's and diabetes type. IGEA furthermore commercializes a COVID-19 rapid test for the detection of IgM and IgG SARS-CoV-2 related antibodies;

- med-tech products focus on selected solutions and specialities. IGEA commercializes dry aerosol generators for air and inanimate environmental surfaces sanitization and air sterilization and purification devices.

IGEA Pharma N.V.'s shares are traded on the SIX Swiss Exchange under the ticker 'IGPH'.

These unaudited condensed consolidated interim financial statements include the Company and its subsidiaries. Unless the context indicates otherwise, all reference to 'IGEA' or the 'Company' or the 'Group' refer to IGEA Pharma N.V and its consolidated subsidiaries.

2 Basis of preparation

These condensed consolidated interim financial statements of the Company for the six months ended 30 June 2020 have been prepared under the historical cost convention 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 2019 and any public announcement made by IGEA during the interim reporting period.

The preparation of financial statements in accordance with IAS 34 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 2019.

A number of new or amended standards and interpretations became applicable for financial periods beginning on or after 1 January 2020. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 Critical accounting estimates and judgements

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 follow:

- ***Going concern***. The Group's accounts are prepared on a going concern basis. To date, IGEA has financed its cash requirements primarily from share issuance. With the signature, beginning of 2020, of non-redeemable loan agreements convertible in shares of the Company only, the Group gets the funds granted to continue to operate the business as planned. The Group ensured further funds by entering in August 2020 info a loan agreement as a result of the combining discussions with Blue Sky Natural Resources LTD, as further mentioned under note 14, granting herewith the funds management requires essential to operate the business as planned and to meet the Group obligations as they fall due through 30 June 2021. However, the ability of the Group to start generating revenue and consistent cash flows to adequately support its operations is still uncertain, and this exposes the Group to all the risks inherent in establishing a business.

- ***COVID 19***. The Group is not aware of any potentially adverse effect COVID-19 could have on the Group's activities during 2020. The Group concluded that there is no material uncertainty due to COVID-19 that may cast a significant doubt upon the Group's ability to continue as a going concern.

- ***Impairment on intangible assets.*** As part of a diversification strategy in distributing its products, the Group entered in May 2020 into an agreement with Acalis, an international healthcare group dealing in elderly care, home care, rehabilitation and post-hospital support with more than 40 centres, over 3,000 beds and more than 2,600 employees, for the wholesale distribution in the US of the health-tech product Alz1, for which the Group owns intangible assets acquired in 2015 to secure protection and freedom to operate. Based on the agreed terms, the Group will supply Alz1 and provide certain services including lab testing and users' data capture and will get a license fee determined pursuant to a shared risk-reward concept. Acalis is expected to start activities by end of 2020. The Group will instead continue to maintain the right for the retail-based distribution in the US of Alz1, for which a scientific review as minimally invasive and cost-effective prognostic biomarker from mild cognitive impairment to symptomatic Alzheimer's disease is ongoing with the FDA. Even if currently no elements exists that could give raise to an impairment on the intangible assets and reasonable evidence exists that the carrying amount of the intangible assets of TUSD 398.3 as of 30 June 2020 continue to be supported by the new distribution strategy of Alz1 in the US, it cannot be excluded that the estimates made as well as the underlying assumptions will continue to occur as assumed also in the future, which may involve the existence of a risk on the carrying value of the intangible asset concerned.

- ***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 2020, the Group did not capitalize any deferred tax assets because the capitalization criteria are not met.

4 Segment information

4.1 Reportable segments

The Group operates in one segment, which is the commercialization of health-tech and med-tech products and devices.

4.2 Entity wide information

The geographical information about revenue, cost of revenue and operating expenses is as follow. Revenue for the six months ended 30 June 2020 (same as in the previous period) remains of casual nature only, and accordingly, the Group renounce to a major customers analysis:

	Half-year 2020	Half-year 2019
Revenue:		
Netherlands	46.4	-
United States	0.4	0.7
	46.8	**0.7**
Cost of revenue:		
Netherlands	(51.1)	(51.2)
United States	(87.3)	(121.2)
	(138.4)	**(172.4)**
Operating costs:		
Netherlands		
research and development	(20.7)	-
sales and marketing	(28.6)	-
general and administration	(297.0)	(666.2)
United States		
research and development	(3.1)	-
sales and marketing	(34.3)	-
general and administration	(60.7)	(112.8)
	(444.4)	**(779.0)**

The geographical information about assets is as follow.

	As at 30.6.2020	As at 31.12.2019
Assets:		
Netherlands		
non-current	398.3	-
current	432.3	526.0
United States		
non-current	38.5	496.2
current	49.6	44.7
	918.7	**1,066.9**

5 Seasonality

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

6 Intangible assets

	Patent and similar rights
Year ended 31 December 2019:	
Cost value	728.1
Accumulated amortisation and impairment	(317.3)
Net book amount	**410.8**
Six months ended 30 June 2020:	
Opening net book amount	410.8
Disposals	-
Amortization charges	(16.1)
Currency translation effects	3.6
Closing net book amount	**398.3**
Cost value	559.5
Accumulated amortisation and impairment	(161.2)
Net book amount	**398.3**

All amortization expense (same as previous period) is included in ‘Cost of revenue’. The Group anticipated in 2019 its intention to discontinue the agreement existing with Innbiotec Pharma S.r.l. (formerly Solosale S.r.l.) and consequently, the carrying value of the respective rights, acquired beginning of 2019, were fully impaired in 2019. The rights were definitively dismissed and returned to Innbiotec Pharma S.r.l. on 30 June 2020.

7 Financial instruments

	As at 30.6.2020	As at 31.12.2019
Financial assets at amortized cost:		
Trade and other receivables	11.5	-
Cash and cash equivalents	360.0	446.4
Total financial assets	**371.5**	**446.4**
Liabilities at amortized costs:		
Financial debts	47.4	45.2
Trade and other payables	281.5	253.6
Accruals	79.5	147.0
Lease liabilities	-	27.2
Total financial liabilities	**408.4**	**473.0**

No fair value disclosure is presented for the financial instruments as their fair values approximate their carrying amounts.

8 Share capital

As at 30 June 2020, the Company has an issued share capital of TUSD 296.5 (same as at 31 December 2019), consisting of 25’048’769 fully paid-up shares with a par value of EUR 0.01 each, and 25’048’768 unissued authorized shares (31 December 2019: 12’524’384) the board of directors is authorized to issue, of which 12’524’384 shares within 14 December 2023 (same as at 31 December 2019) and 12’524’384 shares within 26 March 2025.

9 Reserves

	Share premium	Other reserves	Translation reserve	Total
Balance at 1 January 2019	**4,458.5**	**496.3**	**(16.2)**	**4,938.6**
Currency translation differences	-	-	(60.9)	(60.9)
Purchase (net of sales) of treasury shares	(39.4)	-	-	(39.4)
Discontinued subsidiry			0.6	0.6
Balance at 31 December 2019	**4,419.1**	**496.3**	**(76.5)**	**4,838.9**
Balance at 1 January 2020	**4,419.1**	**496.3**	**(76.5)**	**4,838.9**
Currency translation differences	-	-	21.9	21.9
Issuance of non-redeemable loans, convertible into IGEA shares only	-	435.1	-	435.1
Balance at 30 June 2020	**4,419.1**	**931.4**	**(54.6)**	**5,295.9**

On April 2020, the Company issued a non-redeemable, non-interest bearing and unsecured loan, convertible into shares of the Company only. The Company does not have any obligation to repay the loan under any circumstances and has recognized the amount received of TUSD 435.1 as a capital contribution under ‘Other reserves’.

10 Expenses by nature

	Half-year 2020	Half-year 2019
Products and services	(123.1)	(407.2)
Travel expenses	(52.0)	(25.8)
Corpoprate services	(255.4)	(309.4)
Facilities, rent and other occupancy expenses	(11.5)	(15.0)
General and administration	(12.3)	(15.4)
Depreciation	(47.0)	(77.8)
Amortisation	(15.0)	-
Impairment charges on intangible assets	-	(41.7)
Employee benefit expenses	(66.5)	(59.1)
Total	**(582.8)**	**(951.4)**
Reported as:		
Cost of revenue	(138.4)	(172.4)
Research and development	(23.7)	-
Sales and Marketing	(62.9)	-
General and administration	(357.8)	(779.0)
Total	**(582.8)**	**(951.4)**

11 Cash flow information

	Half-year 2020	Half-year 2019
Result before income tax, including discontinued operations	(547.3)	(946.9)
Adjustments for:		
Depreciation and amortization	63.0	77.8
Impairment of intangible assets	-	41.7
Exchange gain on sale of subsidiaries	-	(0.5)
Unrealized foreign currency gains	9.9	(6.9)
Items with cash effects of financing nature	2.7	2.9
Changes in operating assets and liabilities:		
Inventories	(13.5)	-
Trade and other receivables	15.9	417.8
Trade and other payables	39.5	(428.0)
Accruals	(73.0)	(107.4)
Cash flow from operations	**(502.8)**	**(949.5)**

12 Commitments

12.1 Capital commitments

The Group does not have capital expenditures contracted for at the end of the reporting period but not recognized as liabilities (previous period: TUSD 345.8).

12.2 Non-cancellable operating leases

The Group leases laboratories and offices facilities under non-cancellable operating leases. IFRS 16 applies for those leases except for short-term and low-value leases. From June 2020 onward, laboratories and offices are leased under agreement of 12 months or less. The expenses for those leases in the six months ended 30 June 2020 amounted to TUSD 41.4 (previous period: TUSD 28.7).

13 Related party transactions

Related parties include members of the board (formerly members of the supervisory board and members of the management board) as well as key management of the Group. The following transactions were carried out with related parties:

13.1 Board members and key management compensation

	Half-year	
	2020	**2019**
Compensation of board members (formerly supervisory and management board members)	(76.8)	(146.9)
Compensation of key management	(33.6)	-
Total	**(110.4)**	**(146.9)**

None of the board members as well as the key management is an employee of the Group. Services are delivered under consulting contracts. Vincenzo Moccia (CEO and executive board member) as well as Patrick Pozzorini (CFO) deliver their consulting services through MVY Ltd and nbp AG respectively. There are no net liabilities towards directors and key management as at 30 June 2020 (31 December 2019: TUSD 7.9).

13.2 Transactions with other related parties

There were no transactions with other related parties during the reporting period (previous period: purchase of intellectual property rights and purchase of services for TUSD 207.2)

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

There were no period-end balances arising from purchase of products and services from related parties (except as disclosed in note 13.1 as at 31 December 2019).

14 Events after the balance sheet date

- In August 2020, the Group entered into a letter of intent, binding upon the parties in terms, with Blue Sky Natural Resources, a privately held company specialized in transforming vegetables matrices into innovative and hight-tech value products for the health prevention and nutraceutical industry, to combine the two companies' businesses. The combination aims to create an EU headquartered group with an innovative early-stage commercial portfolio and a strong development pipeline focusing on health prevention and nutraceutical solutions. The combination is expected to lead the Group to gain and establish acceptance and market position for health prevention and nutraceutical products and services, leverage commercial capabilities and partnerships, and capitalize on the financial leverage and operational synergies to improve return on capital and achieve profitability. The combination, subject to the approval by both companies' respective general meetings and satisfaction of certain other closing conditions, is expected to close by end of 2020. As a result of the combining discussions, a loan agreement was furthermore signed, granting herewith the funds management requires essential to operate the business as planned, as mentioned under note 3 - Critical accounting estimates and judgements. The loan is unsecured, bears an interest of 1% per year and shall be reimbursed within six months after completion of the transaction.

- The Group entered beginning of May 2020, with execution 30 June 2020, into an unsecured, non-interest-bearing and non-redeemable loan contract, convertible into shares in the capital of IGEA only at the strike of EUR 0.70 per share. The loan agreement furthermore contemplated a 20 days' right of first refusal on any further issuance of convertible loans or convertible bonds by the Company that - if exercised - granted the loan holder the right to subscribe for those newly issued instruments at the same above mentioned conditions. The negotiation between IGEA and Blue Sky Natural Resources for combining their businesses, started by end of May/beginning of June 2020, substantially changed the Group's financial environment, strongly questioning the adequacy of said loan agreement, no longer considered sustainable in the new scenario. The management consequently operated to close and cancel the contract which never entered into force.

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