# IGEA Pharma N.V.
# Annual report 2020

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# Section I - Management review 2020

## 1 Company profile

IGEA Pharma N.V. 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 integrate the non-bound copper detection-based pipeline with a diabetes type II prevention set in 2021. Non-bound copper is an expected Alzheimer's and diabetes type II associated biomarker. Controlling non-bound copper can contribute to reduce the risk of Alzheimer's and diabetes type II. IGEA furthermore commercializes a COVID19 rapid test for the detection of IgM and IgG SARS-CoV-2 related antibodies. Med-tech products focuses on selected solutions and specialties, among which dry aerosol generators for air and inanimate environmental surfaces sanitization and sterilization and air purification devices.

IGEA is listed on the SIX Swiss Exchange (ticker IGPH) and is headquartered in Hoofddorp, the Netherlands.

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 Operating and financial overview 2020

***Profit and loss***

- The Group generated marginal revenues of TUSD 79.2 for the year ended 31 December 2020 (previous year: none or not material) due to the ongoing efforts to establish market acceptance and position for the health prevention solutions offered;
- Cost of sales were TUSD 290.9 (2019: TUSD 439.9). No impairment charges were recognized during 2020 (2019: TUSD 166.90), which substantially contributed to the reduction;
- Operating expenses were TUSD 753.4 (2019: TUSD 1,491.3). The significant decrease is mainly due to the reduction for TUSD 352.4 (2019: increase for TUSD 528.7) in the sales and marketing expenses, occurred after the Group's decision to focuses on the wholesale distribution and to the continuing optimisation process on the general and administration operations that generated a further reduction for TUSD 269.4 (2019: TUSD 366.8, net of any exceptional cost items recognized in 2018 and referring to the listing process). Other income, net of other expenses, related to certain non-core operations for TUSD 53.3 (2019: none or not material) contributed furthermore to decrease operating expenses;
- The EBITDA as adjusted (before any impairment charge) and EBIT figures for the reporting year amount to TUSD -1'040.7 (2019: TUSD -1,616.7) and TUSD -1'135.7 (2019: TUSD -1,929.8) respectively;
- Finance income and finance costs were not material (same as for 2019) except for exchange losses of TUSD 185.4 mainly driven by a year-end worsening of the EUR/USD in respect of the previous year;
- The net loss for the year 2020 is TUSD 1'140.2 (2019: TUSD 1,907.9), representing a basic and diluted loss per share of USD 0.045 and 0.044 respectively (2019: basic and diluted loss per share of USD 0.076).

***Balance sheet and cash flow***

- As of 31 December 2020, the Group held total assets of TUSD 731.1 (2019: TUSD 1,066.9), of which TUSD 441.6 in non-current assets (2019: TUSD 496.2) and TUSD 289.5 in current assets (2019: 570.7). The decrease of TUSD 335.8 (2019: TUSD 2,419.9) is mainly due to the decrease of cash and cash equivalents during the period;
- Liabilities were TUSD 546.6 (2019: TUSD 523.1), without any material change, and the total shareholder's equity was TUSD 184.5 (2019: TUSD 543.8);
- The cash used during 2020 (net of any exchange difference effects) was TUSD 311.9 (2019: TUSD 1'705.6), of which TUSD 901.0 (2019: TUSD 1,436.4) used for operations and none for investing activities (2019: TUSD 175.2), partially compensated by a net cash inflow of TUSD 559.0 from financing activities (2019: use of TUSD 61.6 for the net settling of financing activities);
- Cash and cash equivalents at year's end is TUSD 134.5 (2019: TUD 446.4). The Group ensured additional cash and cash equivalents beginning of 2021 necessary to finance its level of activities for at least twelve months.

## 3 Outlook 2021

In August 2020, the Group entered a letter of intent, binding in terms, with Blue Sky Natural Resources LTD ("BSNR"), a privately held company focused on vegetable matrices-based solutions for the health prevention, nutraceutical, pharma and cosmeceutical industry, to combine the two companies' businesses (the "Combination").

Key elements of the Combination strategy include establish market acceptance and position for the offered solutions, leverage commercial capabilities and capitalize on the financial leverage and operational synergies to improve return on capital and achieve profitability. The Combination aims to create an EU headquartered and SIX-listed company with an innovative early-stage commercial portfolio of health prevention, pharma, nutraceutical, and cosmeceutical solutions focused on high quality featured cannabidiol (CBD), terpenes, policosanol, and plant sterols.

The Combination has been structured through a contribution in-kind by the BSNR shareholders of their ownership in BSNR into IGEA by subscribing IGEA's newly issued shares. The reference value of BSNR has been set by the Board in CHF 186 million (on a fully diluted and post-money basis). On 28 April 2021, the extraordinary General Meeting of IGEA approved, among other agenda items, the resolution of the Board to enter the Combination as required by Dutch law and the Articles and resolved to appoint the Board to issue up to a maximum of 309,600,000 new shares at par, reserved for issuance to the shareholders of BSNR only, to finalize the Combination, which is expected to be within the first half of 2021.

The Group's 2021 activity will be focused on the accomplishment of the Combination and the set-up and start of the own industrial activities for CBD, terpenes, policosanol, and other vegetable matrices-based extractions as well as the market launch of the offered solutions for the health prevention, pharma, nutraceutical and cosmeceutical industry.

# Section II - Corporate Governance

This Corporate Governance Report follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance dated 20 March 2018 and takes into account the Swiss Code of Best Practice for Corporate Governance and the Dutch Corporate Governance Code (the 'Code'). The Company, being Dutch, is not subject to the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies.

The Company's corporate governance principles are laid out in the Articles, in the Board rules (the 'Board Rules') as adopted and in a set of other directives. The Articles, the Board Rules as well as the other documents building the corporate governance framework of the Company can be viewed or downloaded on the Company's webpage at https://www.igeapharma.nl/corporate-governance/. To avoid redundancies, references are inserted to other parts of this Annual Report and links to IGEA's website that could provide additional, more detailed information.

Some changes to the Company's corporate governance occurred between 31 December 2020 and the date of disclosure of this Annual Report due to the ongoing Combination. Where required, reference to these changes has been made in this Corporate Governance Report for disclosure to investors in an appropriate and comprehensible form.

## 1 Group structure and shareholders

### 1.1 Group structure

#### 1.1.1 Operational group structure

The business was initiated and operated by IGEA Research Corporation ('IGEA Research'), a company incorporated on 1 May 2015 under the laws of the State of Florida, US. On 14 December 2017, IGEA, incorporated on 1 December 2017 as a private company with limited liability (*besloten vennootshap*) under the laws of Netherland, acquired IGEA Research, ultimately controlled by the same group of shareholders, to manage the existing business activities in the US and to roll out in the EU market under a single holding entity. The Company converted into a public company with limited liability (*naamloze vennootschap*) on 16 March 2018 and changes its legal name to IGEA Pharma N.V.

IGEA is the holding and finance company of the Group. IGEA controls 98.673% of IGEA Research, 2600 SW 3rd Avenue, Suite 350, Miami, FL, 33129, US, having an outstanding share capital consisting of 60'000'000 shares without par value. The operations of IGEA Research focuses on commercialization in the US territory (delivery of products and services, including the performance of certain laboratory analysis).

The operations of the Group are managed by the Chief Executive Officer (CEO) together with the other Executive Directors and the Chief Financial Officer (CFO).

#### 1.1.2 Listed company

IGEA is registered in the trade register of the Dutch Chamber of Commerce of Amsterdam (*Kamer van Koophandel)* under number 70212821, with headquarter and registered office is in Siriusdreef 17, 2132 WT Hoofddorp, the Netherlands. Its shares have been listed on the SIX Swiss Exchange in Zürich, Switzerland, since 18 December 2018 under the ticker symbol 'IGPH', Swiss Security Number 41217478 and ISIN code NL0012768675. The market capitalization on 31 December 2020 was CHF 13.5 million.

#### 1.1.3 Non-listed companies

The Group subsidiaries are listed in note 29 of the consolidated financial statements in this Annual Report.

### 1.2 Significant shareholders

Following shareholders (or group of shareholders) have disclosed a shareholding of 3% or more of the share capital and voting rights of IGEA as of 31 December 2020:

| Shareholder/Group of shareholders | Number of shares / number of shares for which voting rights can be exercised | Percentage of voting rights |
|---|---|---|
| Group consisting of Mr. Pierpaolo Cerani, Mrs. Cristina Canepa and Mr. Giovanni Cusmano (1) …… | 7,513,500 | 30.00% |
| Group consisting of Mr. Canio Mazzaro, Mrs. Daniela Garnero Santanché, Mr. Giovanni Mazzaro and Mr. Michele Mario Mazzaro (2) …… | 13,356,069 | 53.32% |
| Carolina Cerani, Milano, Italy …… | 2,742,731 | 10.95% |
| Diego Mortillaro, Milano, Italy (3) …… | 2,168,441 | 8.66% |
| D&D - Trust & directors Srl., Milano, Itlay (4) …… | 1,950,000 | 7.78% |
| Olivetree Foundation, c/o Counselor Trust reg., Vaduz, Liechtenstein …… | 2,500,000 | 9.98% |

(1) Mr. Pierpaolo Cerani, Estoril, Portugal, Mrs. Cristina Canepa, Milano, Italy and Mr. Giovanni Cusmano, Milano, Italy, are shareholders acting in concert by virtue of a shareholder's agreement. With respect of Mr. Pierpaolo Cerani only, the shares are held indirectly through C.H.I. B.V. a company existing under Dutch law with registered office in Hoofddorp, the Netherlands;

(2) Mr. Canio Mazzaro, Milano, Italy, Mrs. Daniela Garnero Santanché, Milano, Italy, Mr. Giovanni Mazzaro, Milano, Italy, and Mr. Michele Mario Mazzaro, Milan, Italy, indirectly through Meditalia Holding Srl, Milano, Italy, are shareholders acting in concert by virtue of a lock-up understanding. Shares or number of shares for which voting rights can be exercised result from shares as consideration in connection with IGEA's contemplated acquisition of a 66% stake in the spin-off of the med-tech activities of Meditalia S.r.l. The shares to be acquired will be subject to lock-up for the duration of one year. Under the transaction agreement entered into with IGEA, Mr. Giovanni Mazzaro and Meditalia Holding S.r.l. have agreed to support an equity fundraising of IGEA Pharma N.V. in an amount of up to EUR 1,000,000 (subject to the overall placement result). Under such commitment, IGEA has the right to sell such numbers of newly issued shares as are required to reach proceeds of up to EUR 1,000,000. IGEA can exercise its rights under the commitment partially or in full and in connection with its equity fundraising which is expected to occur in March or April 2020. The newly issued shares will be sold by IGEA at the relevant offer price and against cash contribution. The number of shares corresponding to such commitment has been calculated based on the closing price of IGEA shares on 20 November 2019 and the CHF/EUR exchange rate of the same date;

(3) Diego Mortillaro holds 0.87% of the share capital and 17.77% of the voting rights of IGEA. Diego Mortillaro holds 218'441 shares of IGEA and can discretionarily exercise the voting rights on additional 4'450'000 shares directly held by Dmh S.r.l. (see note (4) below);

(4) Dmh S.r.l. Milano, Italy, hold 17.77% of the share capital and 17.77% of the voting rights of IGEA. Dmh S.r.l is held by T&D - Trust Directors S.r.l, Miano, Italy, acting as trustee of Teca Trust, a discretionary and irrevocable trust established under the laws of England.

For a comprehensive list of notifications of shareholdings received during 2020 pursuant to article 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) and its implementing ordinances, please refer to the SIX website https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=IGEA.

### 1.3 Cross-shareholding

There are no cross-shareholdings.

## 2 Capital structure

### 2.1 Share capital

As of 31 December 2020, the issued share capital of the Company was EUR 250'487.69, consisting of 25'048'769 fully paid-up shares with a nominal value of EUR 0.01 per share.

### 2.2 Authorized and conditional share capital

The Swiss law concept of conditional share capital is not known under Dutch law and accordingly, there is no and there will be no conditional share capital. The Swiss law concept of authorized capital deviates from the applicable Dutch law. The General Meeting, following to a proposal of the Board, or the corporate body so authorized by the General Meeting, may resolve to issue shares. This also applies to the granting of rights to subscribe for shares, such as options, but is not required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares. An authorization as referred to above is valid for a fixed term of no more than five years and may each time only be extended for a maximum period of five years.

As of 31 December 2020, following authorizations (cumulative and non-substitutive) to issue shares are outstanding:

– with resolution dated 10 October 2018 (then becoming effective as per the date of the executed deed on 14 December 2018), the General Meeting authorized the Board, within 14 December 2023, to issue up to 12'524'384 new shares with a par value of EUR 0.01 and to limit or exclude pre-emptive rights in respect thereof;

- with resolution dated 8 January 2020 (then becoming effective as per the executed deed on 26 March 2020), the General Meeting authorized the Board, within 26 March 2025, to issue up to 12’524’384 new shares with a par value of EUR 0.01 and to limit or exclude pre-emptive rights in respect thereof.

On 28 April 2021, the General Meeting furthermore:

- authorized the Board, within 28 April 2022, to issue, at par, up to 309’600’000 new shares with a par value of EUR 0.01, reserved for issuance to the shareholders of BSNR only, against contribution in-kind of their shares and votes in BSNR;
- appointed the Board, within 28 April 2026, to issue up to 70’000’000 new shares with a par value of EUR 0.01 and to limit or exclude pre-emptive rights in respect thereof.

### 2.3 Changes in share capital

On 31 December 2017, the Company had a share capital of EUR 200’001 consisting of 20’000’100 issued shares with a par value of EUR 0.01 each.

The General Meeting on 16 April 2018 resolved to increase the Company’s share capital by issuing 4’000’000 new shares to perform the acquisition of a further 21.99% of IGEA Research and to restructure the Group’s financial debts. During November and December 2018, the Company’s share capital was increased through issuance of 1’048’669 new shares with a par value of EUR 0.01 each to perform private placements, with exclusion of any pre-emptive rights of existing shareholders. As of 31 December 2018, the Company has an issued share capital of EUR 250’488 consisting of 25’048’769 shares with a par value of EUR 0.01 each.

There were no changes in the Company’s share capital during the years 2019 and 2020. As of 31 December 2020, the Company has an issued share capital of EUR 250’488 consisting of 25’048’769 shares with a par value of EUR 0.01 each. Further information on share capital is provided in note 15 of the consolidated financial statements.

### 2.4 Shares

As of 31 December 2020, the Company’s outstanding shares were 25’048’769. The only class of shares is ‘ordinary shares’ without any special right attached to them. Furthermore, there are no special shareholders rights for any of the shareholders of the Company. Each share carries one vote and is entitled to dividends if the General Meeting resolves in favour of a dividend payment.

Upon issue of shares, the existing shareholders have a pre-emptive right in proportion to their existing shareholding except (i) for shares issued to employees of the Company or a Group company, (ii) share issued against payment other than in cash and (iii) shares issued to persons exercising a previously granted right to subscribe for shares. Pre-emptive rights may be restricted or excluded by a resolution of the General Meeting at the proposal of the Board, or by the Board if and to the extent the Board has been designated by the General Meeting to resolve to issue shares and to restrict or exclude pre-emptive rights hereto. Such resolution of the General Meeting requires a majority of at least two-thirds of the votes cast, if less than 50% of the issued and outstanding share capital is represented at the General Meeting. The designation of the Board will only be valid for a specific period and may from time to time be extended by the General Meeting, in each case not exceeding five years. Unless provided otherwise in the designation, the designation cannot be withdrawn by the General Meeting.

The Shares are in registered form (*op naam*). No share certificates (*aandeelbewijzen*) are or may be issued. The Board keeps a shareholder register. For shares as referred to in the Dutch Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*), as the shares of the Company are, only the name and address of the intermediary or the central institute shall be entered in the shareholders register, stating the date on which those shares became part of such collective depot or giro depot, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each share. As of 31 December 2020, Euroclear Nederland as the central institute which keeps the shares in its collective depot, is the only shareholder registered in the Company's shareholder’s register.

### 2.5 Transfer of shares

The shares are freely transferable and no limitations on transfer restrictions apply. The transfer of book-entry rights representing deposit shares shall be made in accordance with the provisions of the Dutch Act on Securities Transactions by Giro. The booking of the shares in the share account of the acquirer is sufficient for the transfer of the shares. The same applies to the establishment of a right of pledge and the establishment or transfer of a right of usufruct on these book-entry rights.

## 2.6 Participation certificates and profit-sharing certificates

The Company has not issued any non-voting securities, such as participation certificates or profit-sharing certificates, nor has it issued any preference shares or any similar instruments under Dutch law.

## 2.7 Convertible bonds, options, and warrants

As of 31 December 2020, following rights on the Company's securities are outstanding:

- right to convert, at any time and at the discretion of C.H.I. B.V., but in whole only, a non-interest-bearing, unsecured and non-redeemable loan into 571'428 newly issued shares in the share capital of the Company;
- right to convert, at any time after 28 April 2021 at the discretion of Pharma Tech Holding SA, but in whole only, a non-interest-bearing, unsecured and non-redeemable loan into 184'247 newly issued shares in the share capital of the Company.

From 1 January 2021 onward and until the date of disclosure of this Annual Report, following rights on the Company's securities are outstanding:

- right to convert, at any time after 1 July 2021 and at the discretion of C.H.I. B.V., but in whole only, a non-interest-bearing, unsecured and non-redeemable loan into 150'935 newly issued shares in the share capital of the Company;
- commitment of Negma Group Ltd. to subscribe within a period of two years from 15 April 2021 onward, subject to Company's drawdowns, non-interest-bearing, convertible notes for up to EUR 2 million, extendable up to EUR 10 million in case of completion of the Combination. Based on information available on 15 April 2021, Negma Group Ltd owns rights, subject to terms, to convert up to 6'298'549 newly issued shares in the share capital of the Company.

# 3 Board of directors

## 3.1 Members

Since beginning of 2020, IGEA has a one-tier governance structure with a board of directors (the 'Board of Directors' or 'Board') consisting of executive directors (the 'Executive Directors') and non-executive directors (the 'Non-executive Directors', and jointly with the Executive Directors, the 'Directors'), substituting the former two-tier structure with a supervisory board and a management board.

The following table sets out information with respect to each Director as of 31 December 2020:

| Name | Nationality | Year of birth | Position | First elected | Elected until |
|---|---|---|---|---|---|
| Francesco Mario Patrocollo | Italian/Swedish | 1942 | chairman, non-executive | 2020 | 2024 |
| Giovanni Ferrario | Italian | 1948 | non-executive | 2020 | 2024 |
| Barth Armand Green | US | 1945 | non-executive | 2020 | 2024 |
| Camillo Ricordi | US | 1957 | non-executive | 2020 | 2024 |
| Lieven Baten | Belgian | 1981 | non-executive | 2020 | 2024 |
| Vincenzo Moccia | Italian | 1960 | executive, CEO | 2018 | - |
| Rosanna Squitti | Italian | 1968 | executive, CSO | 2018 | - |

Professional background and other activities and functions of the Directors is as follow. All Non-executive Directors meet the independence requirements established by the Dutch Corporate Governance Code and unless stated otherwise, they have no significant business relationship with IGEA:

- **Francesco Mario Patrocollo** is a business consultant. Mr. Patrocollo's career spans the full range from Rx pharmaceuticals, through OTC medication to FMCG. His career began in advertising with McCann Eriksson, progressing through to hands-on marketing with companies and brands that are household names: Colgate, Wilkinson, Mars and Vicks. He has held many senior positions, including member of the executive committee at Nobel Consumer Goods (Stockholm), senior vice president at Nordbanken (Stockholm), divisional president at Hackman (Helsinki), regional president at Pharmacia (Milan) and director (Europe) at Boots Healthcare International. Mario led many successful reorganisations and acquisitions projects. Currently, Mr. Patrocollo is engaged in following activities outside IGEA: Walgreens Alliance Boots group, various positions as advisor to the co COO, chairman, managing director and strategic leadership team member; InterPharma Investments LTD, chairman; Marbea International, partner;
- **Giovanni Ferrario** is a business economist with a degree in economics from the Bocconi University of Milan, Italy. Former activities and functions were in Ciments Français S.A.S., Chairman and General Manager; Italcementi S.p.A., COO; Olivetti S.p.A., CEO; Morgan Stanley S.p.A., Senior Advisor; Tower Brook Capital Partners LP, Advisor; Pirelli & C. S.p.A., CEO and Board Member; Pirelli Pneumatici S.p.A., Different Positions (CEO, Italy Commercial

Manager, Italy Country General Manager); Pirelli Armstrong Tire Corp., CEO. Currently, Mr. Ferrario is engaged in following activities outside of IGEA: Ikaria Consulting S.r.l., Chairman; Alfagomma S.p.A., non-executive director;

- **Barth Armand Green** received his MD from Indiana University School of Medicine and completed his general surgery training at the Henry Ford Hospital in Detroit and his neurosurgical residency at Northwestern University in Chicago. Dr. Green is Executive Dean for Global Health and Community Service after having served for 20 years as Chairman of the Department of the Neurological Surgery at the University of Miami Miller School of Medicine. He is a Professor of Neurological Surgery, Neurology, Orthopedics, and Rehabilitation Medicine and a world-renowned specialist in the surgical management of complex spine and spinal cord injuries and disorders. He is chairman of 'The Miami Project to Cure Paralysis', an internationally acclaimed spinal cord injury and paralysis research center, and a diplomat of the American Board of Neurological Surgeons and of the American College of Surgeons. He served 37 years in the US Army Reserve Medical Corps where he reached the rank of Lt. Colonel;
- **Camillo Ricordi** graduated and post-graduate with the highest scores and honors in Milan. After medical school, board certification and military service as a medical officer in the Italian Air Force, he moved to Washington University in St. Louis, Missouri, where he received an NIH Research Trainee Award working with islet cell transplant pioneer Prof. Paul E. Lacy. Dr. Ricordi subsequently spent many years with transplant pioneer, Prof. Thomas E. Starzl, as Director of Cellular Transplantation at the University of Pittsburgh Transplantation Institute. Since 1993, he has been working at the University of Miami. Dr. Ricordi is the Stacy Joy Goodman Professor of Surgery, Distinguished Professor of Medicine, Professor of Biomedical Engineering, and Microbiology and Immunology of the University of Miami, where he serves as Director of the Diabetes Research Institute and the Cell Transplant Center. Dr. Ricordi also serves as Head of the NIH funded Human Cell Processing Facility for the manufacturing of advanced human cell and other biologic products for research and clinical applications at University of Miami, in the US and worldwide;
- **Lieven Baten** holds a degree in gerontology from the Free University in Brussels, Belgium. Former activities were in Bona Dea International Hospital, COO; Nursing home Ziverlinde, Board Member; Nursing home De Kleine Kasteeltjes, director; Hict, business development consultant; College of Ghent, Lector. Currently, Mr. Baten is engaged in following activities outside of IGEA: Acalis EMEIA (Riyadh), partner; ZAMR (Belgium), CEO and founder;
- **Vincenzo Moccia** holds a degree in business administration from Sapienza University of Rome, Italy. Former activities and functions were in MV Yachting S.r.l., President and Owner; Leopard Yachts S.r.l., CEO; Azimut Benetti S.p.A., Sales & Marketing Director; Camuzzi Nautica S.p.A., Sales & Marketing Director; Christian Dior Italia S.r.l., General Manager; Gucci Italia S.p.A., District Manager North Italy; Bulgari Italia S.p.A, Retail Senior Director; Bulgari S.p.A, various positions; American Express Co. S.p.A. and Mercedes Benz Finanziaria S.p.A., various positions. Currently, Mr. Moccia is not engaged in other activities outside of IGEA;
- **Rosanna Squitti** holds a degree in Biology as well as a PhD in Cellular and Developmental Biology from Sapienza University of Rome, Italy and a post-doc degree in Molecular Biology from the University of Liverpool, UK. Former activities and functions were in CNR (National Research Council Italy), Associated Researcher; IGEA Research Corporation, Consultant; Leonard M. Miller School of Medicine, University of Miami, Visiting Professor of Neurology; Canox4drug S.p.A., Consultant; IRCCS (Italian Research Hospital) San Raffaele Pisana, Consultant; "Campus Bio-medico" University of Rome, Department of Neurology; Head of Laboratory of Neurobiology and Professor in Neurochemistry and Neuroimmunology and Sapienza University of Rome, Department of Cellular and Developmental Biology, Research Assistant and Graduate Teaching Assistant. Currently Mrs. Squitti is engaged in following activities outside of IGEA: IRCCS (Italian Research Hospital) Istituto Centro San Giovanni di Dio, Researcher Molecular Markers Laboratory; Ospedale Fatebenefratelli San Giovanni Calibita, Department of Neuroscience, Head of Laboratory of Neurobiology.

### 3.2 Other activities and vested interests

None other than described above for all Directors.

### 3.3 Changes

During 2020, the Board changed as follow:

- On 8 January 2020 (then coming into force with the deed of amendment dated 26 March 2020), the General Meeting adopted an amendment of the Articles introducing a one-tier governance structure substituting the former two-tier structure with a management board and a supervisory board. Rosanna Squitti, Vincenzo Moccia and Marco Seniga, former members of the management Board, became Executive Directors. The supervisory board has been abolished as a corporate body. Giovanni Ferrario and Mark De Simone, former members of the supervisory board, were newly appointed as Non-executive Directors together with Francesco Mario Patrocollo, Camillo Ricordi and Barth Armand Green, bindingly nominated for appointment by the former supervisory board;
- On 3 July 2020, the General Meeting appointed Lieven Baten as Non-executive Director following to a binding nomination by the Board;
- Marco Seniga resigned from his role of Executive Director on 7 August 2020;
- Mark De Simone resigned from his role as Non-executive Director on 21 October 2020.

From 1 January 2021 and until the date of disclosure of this Annual Report, the Board changed as follow:

- Camillo Ricordi and Barth Armand Green resigned from their role as Non-executive Directors on 4 March 2021;
- On 28 April 2021, Giovanna Puppo, Massimiliano Colella and Raffaele Bruto Bertoni were newly appointed by the General Meeting as Non-executive Directors following to a binding nomination by the Board.

### 3.4 Appointment, terms of office and removal

Directors are appointed as such by a resolution of the General Meeting on a binding nomination by the Board. The General Meeting may at any time overrule binding nominations and appoint on a free basis by a two-thirds majority of the votes cast representing more than 50% of the issued share capital. If binding nominations are overruled, the General Meeting may appoint on a free basis in a second convened General Meeting on simple majority of the vote cast.

Directors are appointed for a term of four years (a year being normally the period from the appointment to the annual General Meeting held in the year after the year of appointment), unless specified otherwise in the nomination for their appointment. Reappointment is allowed.

The General Meeting may at any time suspend or dismiss a Director. A resolution to suspend or dismiss a Director other than at the proposal of the Board requires a two-thirds majority of the votes cast representing more than 50% of the issued share capital and if no such resolution can be adopted, by simple majority of the vote cast in a second convened General Meeting. The Board may always suspend but not dismiss a Director. A General Meeting must be held within three months after the suspension of a Director has taken effect, in which meeting a resolution must be adopted to either dismiss the Director or to terminate or continue the suspension. If no such resolution is adopted, the suspension will cease after the period of suspension has expired. The suspended Director is entitled to be heard at the General Meeting. A suspension of a Director may, at any time, be discontinued by either the Board or the General Meeting with a two-thirds majority of the votes cast representing more than 50% of the issued share capital.

### 3.5 Internal organisation structure

The Board is the ultimate governing body of the Company. It is responsible for the management of the Company's operations as well as the operations of the Group. This includes, among other things, setting the Company's management agenda, enhancing the Group's performance, developing a general strategy, identifying, analysing and managing the risks associated with the Company's strategy and risks connected to the Group's business activities, determining and pursuing operational and financial objectives, structuring and managing internal business control systems, overseeing the Group's financial reporting processes, preparing the Company's management report, the annual budget and significant capital expenditures and monitoring corporate social responsibility issues. The Board attends to all matters which are necessary or useful for achieving the Company's objectives, except for those acts that are prohibited or are expressly attributed by law or by the Articles to others. In performing their duties, the Directors are guided by the interests of the Company and its business enterprise, taking into consideration the interests of all the Group's stakeholders.

The Board appoints a chairman among its Non-executive Directors and the Chief Executive Officer (CEO) among its Executive Directors. The Board may grant other titles to its Executive Directors as it may deem fit. The day-to-day management of the Company shall be entrusted to the Executive Directors. The task to supervise the performance by the Directors of their duties cannot be taken away from the Non-executive Directors. The chairman shall ensure the proper and independent functioning of the Board and of the other bodies of the Company.

Pursuant to the Articles, the Board may adopt written rules (the 'Board Rules') governing, among other things, its decision-making process including specification of how duties are divided between the Directors. The Board Rules shall not conflict with the law and the Articles. Furthermore, the Board may designate one or more of its Directors to exercise one or more of its powers or activities. The Board Rules as adopted are published on the Company's website under https://www.igeapharma.nl/corporate-governance/.

The Board must obtain the approval of the General Meeting for resolutions entailing a significant change in the identity or character of the Company or its associated business enterprise, including in any event: (i) the transfer of the business enterprise, or practically the entire business enterprise of the Company, to a third party; (ii) concluding or cancelling a long-lasting cooperation of the Company or a subsidiary with another legal person or company or as fully liable general partner in a partnership, provided that the cooperation or cancellation is of material significance to the Company; and (iii) acquiring or disposing of a participating interest in the capital of a company with a value of at least one-third of the Company's assets, as shown in the consolidated balance sheet with explanatory notes according to the last adopted annual accounts by the Company or one of its subsidiaries.

The Board as a whole or two executive Director acting jointly are authorized to represent the Company. The Board may authorize one or more persons to represent the Company on a continuing basis whether or not employed by the Company and may grant these persons a title.

The Board meets at least four times pursuant to an annually set schedule or at any Director's request. Resolutions may only be adopted when at least the majority of the Directors is present or represented at the meeting, provided that any Director with a direct or indirect personal conflict of interest (as specified in the Board Rules) with the Company, is not taken into account when establishing this quorum. Each Director has one vote. An Executive Director may grant another Executive Director a written proxy to represent him at a Board meeting. Non-executive Directors cannot be represented in this manner. Resolutions may also be adopted without holding a meeting, provided that such resolutions are adopted in writing or by reproducible electronic communication, and all Directors entitled to vote have consented to adopting the resolutions without holding a meeting. Where the law, the Articles or the Board Rules do not prescribe otherwise, resolutions are adopted by a majority of votes cast. In the event of a tie vote, the resolution is rejected.

The Board appointed by the General Meeting on 8 January 2020 entered in charge on 26 March 2020 and meet four times during 2020. On 23 April 2020, the Board meet to organize itself, including the creation of committees, to resolve on the adoption of the new Board Rules and to update certain other documents being part of the Company's governance framework. On 22 May 2020, the Board meet to approve the annual report 2019, to approve the new Board Rules, to review the remuneration policy which newly included the opportunity to issue shares or right to subscribe for shares as a remuneration component, to be then submitted for approval to the General Meeting, and to convene the ordinary General Meeting. On 7 August 2020, the Board meet to resolve on a strategic business combination involving privately held Blue Sky Natural Resources LTD and on certain other matters strictly linked to this strategic development such as the wholesale rights for the US territory on 'Alz1' granted on an exclusive basis beginning of May 2020 to Acalis and the terms of a financing understanding with Acalis, both no longer fitting with the strategic scenario of the Group after completion of the business combination. On 25 September 2020, following to an equity investment proposal in IGEA supported by a group of investors led by some executives of Acalis, the Board meet to assess the consistency of this alternative scenario. As there has been no further feedback form these promoters, the Board has no longer followed up on this initiative. All Directors have always attended the meetings.

### 3.6 Information and control system

The Board ensures that it received all necessary information to perform its duties and to make decisions that are reserved for the executive management. The CEO informs the chairman of the Board on a regular basis about significant matters involving the Group and the Group's business.

### 3.7 Committees

The Board has established an audit committee and a nomination and remuneration committee. The committees have a preparatory and/or advisory role to the Board. The Board Rules drew up rules on each committee's role, responsibilities, and functioning. The committees report their findings to the Board, which is ultimately responsible for all decision-making. Membership of the committees as of 31 December 2020 is as follows:

| **Name** | **Position** | **Audit committee** | **Nomination and comp. committee** |
|---|---|---|---|
| Francesco Mario Patrocollo | chairman | - | - |
| Giovanni Ferrario | non-executive | chair | - |
| Barth Armand Green | non-executive | - | - |
| Camillo Ricordi | non-executive | member | - |
| Lieven Baten | non-executive | - | - |
| Vincenzo Moccia | executive, CEO | - | member |
| Rosanna Squitti | executive, CSO | - | - |

Mark De Simone, chair of the nomination and compensation committee, resigned from his role as non-executive director on 21 October 2020 and Camillo Ricordi, member of the audit committee, resigned from his role as non-executive directors on 4 March 2021. Given the ongoing Combination and the impact the former was expected to have on the corporate governance of the Company, then concretized with the definition of the exchange ratios between shareholders and the appointment of three new non-executive directors by the General Meeting on 28 April 2021, the Board postponed the reorganisation of the roles within the committees.

***Audit Committee***

The audit committee oversee the accounting and financial reporting processes and the internal risk management and control system and prepares the Board's decision making thereof. The audit committee focuses on, among other things:

– the provision of financial information by the company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts, work of internal and external auditors, etc.);

- the internal risk management and control systems, including supervision of the enforcement of relevant primary and secondary legislation, and supervising the operation of the codes of conduct;
- the relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the Company and compliance with recommendations and observations of external auditors;
- the Company's tax policy;
- the Company's funding;
- the applications of information and communication technology, including risks relating to cyber security;
- annually reviewing the need for an internal audit function. An internal audit function does for the time being not exists since the current scope of the business does not justify such a role. The AC is focused on in the design, implementation and monitoring of internal risk management and control system to manage the significant risks to which the Company is exposed.

The audit committee met one time during 2020 for discussing the financial statements and the other sections of the annual report 2019.

***Nomination and Remuneration Committee***
The nomination and remuneration committee advises the Board in reviewing, approving, or recommending the remuneration policy to be adopted by the General Meeting, including all forms of compensation of the Directors with regards to the amount and structure of their own remuneration, and on the remuneration of the individual Executive Directors. The nomination and remuneration committee furthermore advised the Board in selecting individuals qualified to become directors, in determining the composition of the Board and its committees and in periodically assessing the performance of the individual Directors. The nomination and remuneration committee also proposed on appointments and reappointments.

The nomination and remuneration committee meet one time during 2020 for defining the new remuneration policy but did not advice on the binding nominations of the new proposed Non-executive Directors for election to the General Meeting on 28 April 2021.

## 4 Executive Management

The Executive Directors together with other officers represents the executive management of the Company. Patrick Pozzorini is the sole person within the Group who is not an Executive Director and operates as CFO. Patrick Pozzorini (1967) is Swiss citizen. He has more than 29 years' experience in financial and operating management, ranging from 'Big Four' at PricewaterhouseCoopers to CFO's positions primarily in start-up environments in various industries, among others, biotech, enterprise management, and technology. He holds a degree in business economics from the University of Zürich. Patrick Pozzorini does not have any other activities in and with important organizations.

Patrick Pozzorini resigned from his role as CFO in April 2021. Given the ongoing Combination and the impact the former is expected to have on the executive management of the Group, a CFO *ad-interim* has been appointed in the person of Vincenzo Moccia.

IGEA does not have management contracts delegating portions of the management to third parties who are not related parties to the Group.

## 5 Compensation, equity holdings and loans

The Board determines the remuneration of the Directors under due observance of the Company remuneration policy. The remuneration policy is adopted by the General Meeting at the proposal of the Board. The remuneration policy of the Company in place was adopted by the General Meeting on 3 July 2020 and is available at the Company website under https://www.igeapharma.nl/corporate-governance/.

The remuneration policy determines that the remuneration should be in line with standard market conditions as observable in listed companies and considering size, scale and complexity of the Group activities. Publicly disclosed data are generally used. The Nomination and remuneration committee may consult professional independent remuneration advisors to tabulate the remuneration data of peer group companies. The remuneration should be settled in a mix of cash and equity instruments of the Company, allowing persons to share in the profits. For the base fixe remuneration and other benefits, the equity instruments to remuneration ratio should not exceed 50%.

The remuneration of Non-executive Directors shall be in line with the overall policy, including the remuneration for acting as Chairman of the Board or being part of the Committees. Consistent with the Dutch Corporate Governance Code, the remuneration of Non-executive Directors should not depend on the Company's results. Consequently, no performance bonuses are to be granted to the Non-executive Directors as part of their remuneration.

The remuneration of Executive directors, officers and other senior management shall consist of a mix between fixed, variable, and other benefits remuneration components. The base fixe remuneration shall be in line with the overall policy. The variable remuneration is based on performance criteria aimed at value creation in both the short and long term.

Executive Directors, officers or other senior management may be employed under employment agreements or engaged under service agreements with the Company or the Group that comply with the law and the relevant jurisdiction. Contracts do not contain golden parachute clauses, and none automatically trigger a restraint payment and contains a three months' notice period.

Pursuant to Dutch law, the remuneration of Directors may be reduced, or Directors may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply. The Board will have the authority under Dutch law to recover from a Director any variable remuneration awarded on the basis of incorrect financial or other data in respect of underlying targets or other circumstances of which the variable remuneration is dependent (claw back). The Board may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to the requirements of reasonableness and fairness.

### 5.1 Compensation

***Board***

Except for the compensation of the Executive Directors, the Board renounced to a compensation during the period. The compensation of Vincenzo Moccia and Rosanna Squitti, acting as CEO and CSO of IGEA, amount to TUSD 70.5 and TUSD 31.5, respectively (previous year: TUSD 62.7 and TUSD 30.8). The compensation was in fixed form only. No additional fees and remunerations have been charged to the Group by any parties closely linked to the CEO or the CSO for additional services during 2020, nor was the CEO or the CSO respectively entitled to any fringe benefit.

***Management***

The compensation of Patrick Pozzorini acting as CFO of IGEA amount to TUSD 70.5. No additional fees and remunerations have been charged to the Group by any parties closely linked to the CFO for additional services performed during 2020, nor was the CFO entitled to any fringe benefit.

### 5.2 Ownership of shares and options

As of 31 December 2020, Directors and key management held following shares ownership:

| Name | Position | Number of shares | Voting rigjhts in % |
|---|---|---|---|
| Francesco Mario Patrocollo | chairman, non-executive | 200,000 | 0.80% |
| Giovanni Ferrario | non-executive | 160,000 | 0.64% |
| Barth Armand Green | non-executive | 200,000 | 0.80% |
| Camillo Ricordi | non-executive | 614,000 | 2.45% |
| Vincenzo Moccia | executive, CEO | 10,000 | 0.04% |
| Rosanna Squitti | executive, CSO | 600,000 | 2.40% |
| Patrick Pozzorini | CFO | 472,300 | 1.89% |

No options were granted during 2020 or even before to any Directors or to key management.

### 5.3 Loans granted

The remuneration policy generally prohibits to provide loans, guarantee or the like to Directors, officers, and other senior management except with the approval of the non-executive Directors. To date, no loans were granted.

## 6 Shareholder's participation rights

### 6.1 General meeting and shareholder's voting rights

All shareholders as well as other persons with voting rights or meeting rights may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to their shareholding, either in person or by proxy. The Board may determine that those shareholders may exercise these rights, that are the holders of shares on the record date, which, as required by Dutch law, is the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing or by any other electronic means that can be reproduced on paper at the address and by the date specified in the notice of the General Meeting.

Unless the law or the Articles provides otherwise, resolutions of the General Meeting shall be adopted by an absolute majority of votes cast regardless of which part of the issued capital such votes represent.

No voting rights may be exercised for any shares held by the Company or its subsidiaries. The Company or its subsidiaries may not exercise voting rights in respect of shares for which it or its subsidiaries have a right of usufruct or a pledge. No other voting right restrictions apply to the shares of the Company. Furthermore, there are not procedure and conditions for abolishing voting rights restrictions laid down in the Articles.

General Meetings can be held in Amsterdam, Hoofddorp and Haarlemmermeer (Schiphol Airport), the Netherlands. Annually, at least one General Meeting must be held, within six months after the end of the financial year. Extraordinary General Meetings may be held, as often as the Board of Directors deem desirable. Pursuant to Dutch law, one or more shareholders, who solely or jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. Within three months of it becoming apparent to the Board of Directors that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the capital, a General Meeting will be held to discuss any requisite measures.

The General Meeting is chaired by the chairman of the Board or another person charged by the chairman to do so or by a Director appointed by the Board of Directors present at the meeting. The chairman will have all powers necessary to ensure the proper and orderly functioning of the General Meeting. Directors may attend a General Meeting. In these General Meetings, they have an advisory role. The chairman of the General Meeting may decide at its discretion to admit other persons to the General Meeting.

### 6.2 Convocation of general meetings

General Meeting are convened by notice that must be published through an announcement in a Dutch national newspaper. The notice must state the subjects to be considered at the meeting, time and place of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The notice must be given by at least such number of days prior to the day of the meeting as required by law and in accordance with the law and the regulations of any stock exchange where the shares are quoted on the official list.

### 6.3 Agenda rules

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of profits, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Board or shareholders (with due observance of Dutch law as described below). The agenda shall also include such items as one or more shareholders and others entitled to attend General Meetings, representing, pursuant to the Articles, at least the percentage of the issued and outstanding share capital as required by law, have requested the Company by a motivated request to include in the agenda, no later than on the day prescribed by law. The Board does not place such proposals on the agenda if the Board judges them to be evidently not in the interest of the Company. No resolutions may be adopted on items other than those which have been included in the agenda.

## 7 Changes in control and defence measures

### 7.1 Duty to make an offer

In line with Swiss law, which is applicable to IGEA as a Dutch entity since listing to the SIX, the Company's shareholders (and any direct or indirect holder, acquirer, or seller of shares) are required to comply with the provisions as set forth in Articles 125 ss. of the FMIA and pertinent regulations, including FMIO-FINMA Articles 30 ss. and the Ordinance of the Takeover Board on Public Takeover Offers of August 21, 2008, as amended (all such laws and regulations, the 'Swiss Tender Offer Laws'). The Swiss Tender Offer Laws provide, among other things, that if a person acquires shares of a company, whether directly or indirectly or acting in concert with third parties, which, when added to the shares already held by such person, exceed the threshold of 33 1/3% of the voting rights (whether exercisable or not) of such company, that person must make an offer to acquire all of the listed shares of that company. A company's articles of association may either eliminate application of the FMIA or may raise the relevant threshold to 49% ("opting out" or "opting up", respectively). The Articles do not contain an opting-out or an opting-up provision.

Since the Dutch rules on public takeovers and mandatory bid rules do not apply to a Dutch company listed at SIX Swiss Exchange, no exception applies to the application of Swiss takeover rules and, consequently, mandatory bid rules.

### 7.2 Clause on change of control

There are no change-of-control agreements or schemes in place benefiting members of the Board or the Management. In particular, no agreements on severance payments in the event of takeover, special provisions on the cancellation of contractual arrangements, agreements concerning special notice periods or longer-term contracts exceeding three months exist that protect the abovementioned persons in case of take overs.

## 8 Auditors

### 8.1 Duration of the mandate and term of office of the lead auditor

The General Meeting on 10 October 2018 (with the resolution becoming effective with the respective deed on 14 December 2018) elected Mazars Netherlands as Company auditors for a period of four years. The auditor in charge is Mr. Onno Opzitter. He assumed his responsibility in December 2018.

### 8.2 Audit and additional fees

The total of the auditing fees for the year 2020 amounts to TUSD 93.8, of which Mazars, including network firms, in their capacity as Group auditors, receive the full amount. Additional fee for TUSD 8.3 were charged by Mazars for tax matters related services. For further details, please refer to note 30 of the consolidated financial statements of the Company.

## 9 Risk management and internal control system

The business of IGEA is subject to numerous risks and uncertainties. In order to manage risks and offer reasonable assurance that the Company's targets can be realized, that the financial information is reliable, and that applicable laws and regulations are observed, the Company has adopted and is committed on promoting and maintaining an internal control and risk management system. The Board has a control function hereof.

The key risks are those that threaten the achievement of the Company's corporate objectives. If any of these risks occurs, the business, prospects, operating results and financial condition could suffer materially. The table below focus on the key risks and uncertainties the Group currently faces.

| Risk related to | Risk area | Expected impact | Mitigation actions |
|---|---|---|---|
| ***Regulatory approval of the products*** | The products will not be approved for commercialization. | The Group will be unable to commercialize products and generate revenues and/or will generate revenues in a manner that negatively affects the Group's business, result of operations and/or financial condition | The Group monitors the progress of the approval process and relay to qualified third party service providers. |
| | The regulatory environment changes and become averse to the Group's products. | | Changes in the regulatory environment is outside the Group's control, but this generally occur progressively. |
| ***Commercialization of the products*** | The Group faces competition at products and technology level. | If competitors develop products and/or technologies which are more effective, the ability of the Group to commercialize products may be adversely affected. | Competition is an inherent risk for any business. Through intellectual property, the Group attempt to have freedom to operate. Development by third parties is out of control, but the Group monitors the competitive landscape. |
| | The Group faces market acceptance of its products. | Negative effects from safety, quality and efficacy on its products or effectiveness of competitors' products could adversely affect the Group 's business. | The Group does not have a quality management system in place and relay on first class suppliers. |
| | The Group faces changes in consumer habits. | Changes in health and prevention consciousness could adversely affect the ability of the Group to commercialise its products. | This is an inherent risk for any business. The Group monitors the social and economic stratification of the selected and potential markets. |
| | The pipeline of the Group is highly concentrated. | If a product fails on the market, the Group will be unable to commercialize and generate revenues. | This is an inherent risk for any new started business. The Group is looking continually for new products and market opportunities. |
| | The Group faces product liability. | The Group faces potential liability risks that could | This is an inherent risk for any business. Cost-benefit analysis |

| | | | |
|---|---|---|---|
| | | adversely affect the ability of the Group's business, result of operations and/or financial condition. | is performed before deciding to ensure product liability. |
| ***Reliance on third parties*** | The Group relay upon third party contractors and service providers for the execution of most of the aspects of its value chain (including among others regulatory approval; manufacturing; distribution and communication) | Failure of third parties to provide services of suitable quality and quantity may cause delay or failure on the Group's commercial program | The Group relay on first class suppliers and review and monitors their activities. |
| ***Capital needs and financial position*** | Until revenues will not be generated in such a way that adequate liquidity is ensured to finance operating, investing and financing activities, the Group depends on equity and/or debt financing. | Delays or failures in the commercialization roadmap, volatility of the Company's share price and concentration in the shareholding structure are, among others, factors that may have a negative impact on the Group's ability to obtain future financing. | The ability to raise funds also depends on external factors and is not entirely in the Group's control. The Group explore the market conditions for opportunities to add additional funds. |
| ***Intellectual property and other similar rights*** | The Group depends on certain intellectual property rights acquire and on intellectual property rights that could additionally be necessary to perform and is subject to the risk of infringing third party intellectual property rights. | The Group faces restriction of business freedom that could adversely affect the ability of the Group's business, result of operations and/or financial condition. | The intellectual property is managed by specialized consultants. Before acquiring intellectual properties, investigations take place. |

In addition to the above key risks, the Group's activity and stage expose it to following financial risks controlled pursuant to the Group's risk management. The following sections provide an overview of the extent of the individual risks and the goals, principles and process employed to handle these risks:

- Liquidity risk is the risk that the Group will face difficulties to meet obligations when due. Liquidity risk management implies maintaining enough liquidity in adequate form to meet financial obligations when due. The liquidity sources of the Group are represented by its cash and cash equivalents position as of 31 December 2020 of TUSD 134.5 (2019: TUSD 446.4) and the additional funds the Group was able to ensure as further described in note 4 of the consolidated financial statements, granting herewith the necessary liquidity reserve until revenues will reach – if ever - such an adequate level to generate cash in the manner necessary to sustain the Group operation. Consequently, the Group is exposed to significant liquidity risk. The management maintain detailed financial forecasts and monitors actual results on a regular basis so that measures can be taken to ensure the Group remains solvent;
- Credit risk is the risk of financial losses to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Group's bank receivables. The creditworthiness of the bank institution is reviewed periodically. The maximum credit risk exposure of the Group is limited to the carrying amounts of its financial assets, amounting at the reporting date to TUSD 134.5 (2019: TUSD 446.4);
- Capital risk. The Group's objectives in managing capital are to grant the Group's ability to continue as a going concern in order to get return for shareholders and to maintain a capital structure that optimize cost of capital. The instruments for achieving an optimal capital structure depends for the time being on external factors not entirely under the Group's control. The Group explore constantly the market conditions for opportunities to raise funds and optimally structure its capital. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements;
- Market risk - Foreign exchange risk arises from future transactions and recognized financial assets and liabilities not denominated in the Group's functional currency. The actual level of the Group activities does not require an active management of the foreign exchange risks different from maintaining currency correlation between financial asset and liabilities and the Group does not considers material shifts in the exchange rates of all involved currencies as a realistic scenario. Variations in all Group currencies in respect of the USD would have an immaterial impact compared to the year-end 2020 status (same as the previous year).

The risk management and internal control framework is reviewed, improved, and optimized on an ongoing basis within the Group as a result of internal evaluations, discussions and interaction between the involved parties. A whistle-blower's policy as part of that framework has also been adopted by the Group.

In accordance with best practice 1.4.3 of the Code, the Board of Directors confirms that:

- this report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
- this report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report.

## 10 Information policy

IGEA intends to undertake a significant effort to keep its shareholders informed and to properly achieve capital markets and public interest. Near to a regular update of the corporate website (www.igeapharma.nl), the regular and extraordinary reporting to the SIX Swiss Exchange and the general public and the possibility to receive from IGEA free and timely notification of potentially price-sensitive facts by way of the webpage pull service and the webpage push service, the Group is implementing an active communication policy oriented to the presentation of IGEA to opinion leaders, multiplicators of public opinion, analysts and other stakeholder's having a potential interest in the business of IGEA.

The push and pull service of IGEA is available at https://www.igeapharma.nl/corporate-information/.

Important dates for 2021 are the annual General Meeting on June 2021 and the presentation of the half-year financials on August 2021.

## 11 Deviations from the Dutch Corporate Governance Code

The Code applies to all companies whose registered offices are in the Netherlands and whose shares have been admitted to listing on a stock exchange, or more specifically to trading on a regulated market or a comparable system and contains principles and best practice provisions that regulate relations between the corporate bodies in charge with the management and the shareholders and is based on a "comply or explain" principle. Accordingly, the Company is required to disclose in its annual report which principles and best practices of the Code it does not apply and the reason why.

IGEA acknowledge the importance of good corporate governance. However, at this stage, the Group does not comply with all the provisions of the Code for specific reasons. The main deviations are listed below. It is expressly noted that any information not contained or mentioned in this Governance Report is either non-applicable or its omission is to be construed as a negative declaration:

- Given its small size, the Group does not maintain an internal audit department pursuant to best practice rules 1.3.1 through 1.3.6;
- In relation to best practice provision 2.1.5, it is noted that a diversity policy exists but given its small size, the Group expects not to be in the condition to comply with this best practice provision within at least the next years;
- The Non-executive Directors did not render account on the supervision exercised in the 2019 financial year because of the adoption of a one-tier governance structure (with abolishment of the previous existing supervisory board) in January 2020. Given the ongoing Combination and the impact the former was expected to have on the corporate governance, the task in accordance with best practice 2.2.8 has been postponed to 2021;
- The Board maintains a nomination and remuneration committee which is a combined committee and not separated in two committees as required by the best practice 2.3.2;
- By end of 2020 and before the date of disclosure of this Annual Report, the composition of the Board committees changed due to the resignation of non-executive directors. Given the ongoing Combination and the impact the former was expected to have on the corporate governance, the Board postponed a reorganisation of the roles within the committees;
- The Group does not announce, for practical reasons, meeting with analysts and presentations to analysts and (institutional) investors, nor does the Group provide for shareholders to follow these meetings in real time. As such, best practice provision 4.2.3 is not applied. IGEA believe that enabling shareholders to follow in real time all the meetings with analysts, presentations to analysts and presentations to (institutional) investors would create an excessive burden on its resources and therefore, the Company does not intend to comply with the above requirements. However, presentations used by the Group are posted on its website and regularly updated;
- Best practice provision 4.3.3 provides that the general meeting may pass a resolution to cancel the binding nature of a nomination to appoint or remove a director by an absolute majority of the votes cast. The articles of association provided that such a resolution not in conformity with or without a proposal of the Board can only be adopted in a first general meeting with at least a two/third majority which must represent more than 50% of the issued share capital

because IGEA believe that the decision to overrule binding nominations should be widely supported by its shareholders;

- In view of best practice provision 4.2.6, it is noted that the Group has no outstanding or potential protection measures against a takeover of control.

## Section III – Consolidated financial statements

### Consolidated balance sheet (*)

(in thousand USD, unless otherwise stated)

| | Notes | 2020 | 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | 7 | 23.9 | 59.5 |
| Right-of-use assets | 8 | - | 25.9 |
| Intangible assets | 9 | 417.7 | 410.8 |
| **Non current assets** | | **441.6** | **496.2** |
| Inventories | 11 | 22.7 | 13.6 |
| Trade receivables | 12 | 43.8 | - |
| Other assets | 13 | 88.5 | 110.7 |
| Cash and cash equivalents | 14 | 134.5 | 446.4 |
| **Current assets** | | **289.5** | **570.7** |
| **Total assets** | | **731.1** | **1,066.9** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 15 | 296.5 | 296.5 |
| Reserves | 16 | 5,619.8 | 4,838.9 |
| Accumulated loss | | (5,698.8) | (4,568.2) |
| Equity attributable to owners of IGEA Pharma N.V. | | 217.5 | 567.2 |
| Non-controlling interests | | (33.0) | (23.4) |
| **Total shareholders' equity** | | **184.5** | **543.8** |
| Financial debts | 17 | 24.4 | - |
| **Non-current liabilities** | | **24.4** | **-** |
| Trade and other payables | 18 | 219.5 | 257.0 |
| Financial debts | 17 | 144.0 | 45.2 |
| Lease liabilities | 8 | - | 27.2 |
| Accruals | 19 | 158.7 | 193.7 |
| **Current liabilities** | | **522.2** | **523.1** |
| **Total equity and liabilities** | | **731.1** | **1,066.9** |

(*) After appropriation of result

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

# Consolidated statement of profit or loss

(in thousand USD, unless otherwise stated)

| | Notes | 2020 | 2019 |
|---|---|---|---|
| Revenue | | 79.2 | 1.4 |
| Cost of sales | 20 | (290.9) | (439.9) |
| **Gross result** | | **(211.7)** | **(438.5)** |
| Research and development | 20 | (59.3) | (122.1) |
| Sales and marketing | 20 | (176.3) | (528.7) |
| General and administration | 20 | (571.7) | (841.1) |
| Other income | 21 | 321.4 | 0.6 |
| Other expenses | 21 | (267.5) | - |
| **Operating result** | | **(965.1)** | **(1,929.8)** |
| Finance income | 22 | 14.8 | 34.6 |
| Finance costs | 22 | (188.0) | (12.7) |
| **Result before income tax** | | **(1,138.3)** | **(1,907.9)** |
| Income tax expense | 23 | (1.9) | - |
| **Result of the period** | | **(1,140.2)** | **(1,907.9)** |
| **Attributable to:** | | | |
| Owners of IGEA Pharma N.V. | | (1,130.6) | (1,907.1) |
| Non-controlling interests | | (9.6) | (0.8) |
| | | (1,140.2) | (1,907.9) |
| **Basic loss per share (in USD)** | 24 | **(0.045)** | **(0.076)** |
| **Diluted loss per share (in USD)** | 24 | **(0.044)** | **(0.076)** |

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

# Consolidated statement of other comprehensive income
(in thousand USD, unless otherwise stated)

| | 2020 | 2019 |
|---|---|---|
| **Result of the period** | **(1,140.2)** | **(1,907.9)** |
| *Items that may be reclassified to profit or loss* | | |
| Exchange differences on translation of foreign operations | 222.9 | (60.9) |
| **Other comprehensive result for the period, net of tax** | **222.9** | **(60.9)** |
| **Total comprehensive result for the period** | **(917.3)** | **(1,968.8)** |
| **Attributable to:** | | |
| Owners of IGEA Pharma N.V. | (907.7) | (1,968.0) |
| Non-controlling interests | (9.6) | (0.8) |
| | **(917.3)** | **(1,968.8)** |

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

# Consolidated statement of changes in equity

(in thousand USD, unless otherwise stated)

| | Notes | Attributable to owners of IGEA Pharma N.V. Share capital | Reserves | Retained earnings | Non controll. interest | Total |
|---|---|---|---|---|---|---|
| **Balance at 31 December 2018** | | **296.5** | **4,938.6** | **(2,661.1)** | **(22.6)** | **2,551.4** |
| Result of the period | | - | - | (1,907.1) | (0.8) | (1,907.9) |
| Other comprehensive result for the period | | - | (60.9) | - | - | (60.9) |
| **Total comprehensive result for the period** | | **-** | **(60.9)** | **(1,907.1)** | **(0.8)** | **(1,968.8)** |
| Purchase (net of sales) of treasury shares | | - | (39.4) | - | - | (39.4) |
| Discontinued subsidiary | | - | 0.6 | - | - | 0.6 |
| **Total transactions with owners** | | **-** | **(38.8)** | **-** | **-** | **(38.8)** |
| **Balance at 31 December 2019** | | **296.5** | **4,838.9** | **(4,568.2)** | **(23.4)** | **543.8** |
| **Balance at 1 Janaury 2020** | | **296.5** | **4,838.9** | **(4,568.2)** | **(23.4)** | **543.8** |
| Result of the period | | - | - | (1,130.6) | (9.6) | (1,140.2) |
| Other comprehensive result for the period | | - | 222.9 | - | - | 222.9 |
| **Total comprehensive result for the period** | | **-** | **222.9** | **(1,130.6)** | **(9.6)** | **(917.3)** |
| Non-redeemable loans convertible into IGEA shares only | 16 | - | 558.0 | - | - | 558.0 |
| **Total transactions with owners** | | **-** | **558.0** | **-** | **-** | **558.0** |
| **Balance at 31 December 2020** | | **296.5** | **5,619.8** | **(5,698.8)** | **(33.0)** | **184.5** |

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

# Consolidated statement of cash flows

(in thousand USD, unless otherwise stated)

| | Notes | 2020 | 2019 |
|---|---|---|---|
| Cash generated from operations | 25.1 | (901.0) | (1,436.4) |
| Interest and income tax paid | | - | - |
| **Net cash flow from operating activities** | | **(901.0)** | **(1,436.4)** |
| Purchase of intangible assets | | - | (175.2) |
| **Cash flow from investing activities** | | **-** | **(175.2)** |
| Purchase (net of sale) of treasury shares | | - | (39.4) |
| Proceeds from financial debts | 17 | 30.8 | 45.2 |
| Proceeds from issuance of non-redeemable loans, convertible into IGEA shares only | 17 | 558.0 | - |
| Repayments of financial debts, including lease liabilities | 8 | (27.2) | (60.6) |
| Finance cost | | (2.6) | (6.8) |
| **Cash flow from financing activities** | | **559.0** | **(61.6)** |
| **Increase (decrease) in cash and cash equivalents** | | **(342.0)** | **(1,673.2)** |
| Cash and cash equivalents at beginning of period | | 446.4 | 2,152.0 |
| Net effect of currency translation | | 30.1 | (32.4) |
| **Cash and cash equivalents at end of period** | | **134.5** | **446.4** |
| **Non-cash transactions** | 25.2 | | |

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

# Notes to the consolidated financial statements 2020

## 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 (*Kamer van Koophandel)* under number 70212821. The Company headquarter and registered office is in Siriusdreef 17, 2123 WT Hoofddorp, the Netherlands. The principal place of business is in the US. The consolidated financial statements 2020 of the Company 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.

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 integrate the non-bound copper detection-based pipeline with a diabetes type II prevention set ('Dbt2') in 2021. Non-bound copper is an expected Alzheimer's and diabetes type II associated biomarker. Controlling non-bound copper can contribute to reduce the risk of Alzheimer's and diabetes type II. IGEA furthermore commercializes a COVID19 rapid test for the detection of IgM and IgG SARS-CoV-2 related antibodies. Med-tech products focuses on selected solutions and specialties. IGEA commercializes dry aerosol generators for air and inanimate environmental surfaces sanitization and sterilization and air purification devices.

These Group consolidated financial statements have been approved for disclosure on 31 May 2021 and are subject to approval of the general meeting.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU) and Title 9 Chapter 2 of the Dutch Civil Code.

These consolidated financial statements have been prepared on a historical cost basis. The presentation currency is USD. All figures included in these consolidated financial statements and notes are rounded to the USD thousands, except when otherwise indicated.

The preparation of financial statements in accordance with IFRS EU 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. It also requires management to make judgements in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 'Critical estimates and judgements' of these consolidated financial statements.

### 2.2 Principles of consolidation

Subsidiaries are all entities over which the Company has direct or indirect control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The following legal entities are subsidiaries of IGEA and together form the Group:

| | | | Ownership interest | |
|---|---|---|---|---|
| **Name** | **Country** | **Consolid.** | **2020** | **2019** |
| IGEA Pharma NV | Hoofddorp, the Netherlands | - | parent | parent |
| IGEA Research Corporation | Miami, United States | full | 98.67% | 98.67% |

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognized in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 2.3 Segment reporting

The Group operates in one segment, which is the commercialization of health-tech and med-tech solutions. A small management team that reports to the Chief Executive Officer comprehensively manages the entire business. The operating decision-maker is the Chief Executive Officer who reviews the Group operations and makes decisions in the segment. The activities of the Group are not affected by any significant seasonal effect. The Group is focused on the US market and operates on other markets with an opportunistic approach, but the Group does not consider geographies to be separate segments.

### 2.4 Foreign currency translation

***Functional and presentation currency***
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in USD, which is IGEA's presentation currency.

***Transactions and balances***
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in other currencies are recognized in the statement of profit or loss.

***Group companies***
Assets and liabilities of Group entities using a functional currency different from the presentation currency are translated into the presentation currency using year-end rates of exchange. Income and expenses and cash flows are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case they are translated at the dates of the transactions). All resulting translation differences are recognized directly in other comprehensive income. On the divestment of a foreign entity, the identified cumulative currency translation difference relating to that foreign entity is recognized in income as part of the gain or loss on divestment. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 2.5 Property, plant, and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical costs include expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss. Depreciation is calculated using the straight-line method to allocate costs to residual values over each asset's estimated useful lives as follows:

- Leasehold improvements: over life of lease (at present: less than 1 year)
- Lab equipment: 5 years
- Furniture and fixtures: 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

### 2.6 Leases

From 1 January 2019, nearly all contracts that convey the right to use an underlying physical asset for a period of time in exchange for consideration are recognized as a right-of-use asset together with a corresponding liability at the date at which the leased asset is available for use, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension option are only considered if the lease is reasonably certain to be extended. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances, that is within the control of the lessees, occurs.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liabilities include the net present value of the future payments, discounted using the interest rate implicit in the lease or, if not readily determinable, an incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset, in a similar economic environment. Lease payments are allocated between principal and finance cost. The right-of-use assets are initially recognized at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received, and any initial direct costs incurred by the Group, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are assessed for impairment whenever there is an indication that the balance sheet carrying amount may not be recoverable using cash flow projections for the useful life.

### 2.7 Intangible assets

Separately acquired intangible assets are shown at cost. Intangible assets acquired through a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life, which for patent and similar rights is 12 years as at 31 December 2020 (previous period: 13 years), and assessed for impairment whenever there is an indication that the intangible asset may be impaired:

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### 2.8 Impairment of non-financial assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.9 Financial instruments

#### 2.9.1 Financial assets

The classification of financial assets depends on the Group's business model for holding the financial assets and the contractual terms of the cash flows. The Group has only one category of financial assets which is 'Financial assets at amortized cost'. Financial assets are initially recognized at fair value plus any directly related transaction costs if applicable and subsequently measured at amortized cost using the effective interest method. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 3 for more information.

***Trade receivables***
Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. Due to their short-term nature, their carrying amount generally correspond to their fair value.

***Cash and cash equivalents***
Cash and cash equivalents are stated at nominal value. They only include deposits held at call with financial institutions immediately available for use by the Group.

#### 2.9.2 Financial liabilities

Financial liabilities are initially recognized at fair value less any directly attributable transaction costs. They are subsequently stated at amortized cost.

***Financial debts***
Financial debts are initially recognized at fair value, net of transaction costs incurred, and subsequently stated at amortized cost. Any difference between the proceeds received (net of transaction costs) and the redemption amount is recognised in profit or loss over the debt period using the effective interest method. Financial debts are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial debt that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

***Trade and other payables***
Trade and other payables are initially recognized at fair value and subsequently measured at amortized costs. Due to their short-term nature, their carrying amount generally correspond to their fair value.

***Lease liabilities***
Finance lease liabilities were included in financial debts until 31 December 2018. In adopting the new standard, liabilities deriving from lease arrangements are classified separately.

### 2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated market price less applicable variable selling expenses. Inventories consist of health-tech products and devices in finished form ready for sale.

### 2.11 Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, from the proceeds and accounted for within equity. In cases where the costs of issuing new shares goes to the benefit of all existing shares (listing), the issuance costs are reduced proportionally with a correction based on the issuance parameters that occurred previously.

### 2.12 Treasury shares

Own equity instruments reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized directly in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

### 2.13 Non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a change of control as transactions with equity owners of the group. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognized in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 2.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

### 2.15 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when the following is given. All other assets are classified as non-current:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle or to be realized within twelve months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when the following is given. All other liabilities are classified as non-current:

- It is expected to be settled in the normal operating cycle or it is due to be settled within twelve months after the reporting period;

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

### 2.16 Income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable income will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax is recognized in the statement of profit or loss except to the extent that it releases to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 2.17 Employee benefits

***Short-term obligations***
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

***Pension and other post-employment cost***
The Group did not operate pension and other post-employment benefits schemes during the reporting period.

***Share-based compensation***
The Group did not operate equity incentive plans during the reporting period.

### 2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for products sold, stated net of discounts, cancellations and value added taxes, based in the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognizes revenue when it transfers control of the product to a customer, which is generally when the goods have left the warehouse for shipment to the customer.

### 2.19 Earnings per share

Basic earnings or losses per shares are calculated by dividing the net result of the period attributable to the equity holders of IGEA by the weighted average number of shares outstanding during the period. The number of shares outstanding varied as a result of different operations on the share capital structure of the Company. Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.20 Related party transactions

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Please refer to note 28 for additional details.

## 3 Changes in accounting policies

### 3.1.1 Changes

There were no changes in the accounting policies used in the preparation of these consolidated financial statements in respect of those adopted in the previous year.

### 3.1.2 New standards and interpretations

The following new, revised or amended standards and interpretations which are mandatory for the financial periods beginning on 1 January 2020 did not have any material impact on the Group's consolidated financial statements:

- IAS 1 and IAS 8: definition of material
- IFRS 3: definition of a business
- IFRS 9, IAS 39 and IFRS 17: interest rate benchmark reform
- Revised conceptual framework for financial reporting.

Certain new, revised or amended standards and interpretations have been published but are not yet mandatory and have not been adopted by the Group. They are not expected to have a significant impact on the Group's consolidated financial statements.

## 4 Critical estimates and judgements

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

- ***Uncertainty and ability to continue operations***. On 15 April 2021, the Company entered into an agreement with Negma Group Ltd that will make available, within the next 24 months, up to EUR 2 million to IGEA, to be use at its discretion and which IGEA will use in pursuing ongoing efforts to establish and strengthen both acceptance and market position for its health prevention portfolio. With this commitment, in zero coupon note tranches convertible into newly issued shares of IGEA at a strike price of 93% of the stock price, the Group gets granted the funds management requires essential to operate the business as expected in a scenario that does not consider the Combination and to meet its obligations as they fall due at least through 31 May 2022, and hence these consolidated financial statements have been prepared on a going concern basis. The commitment of Negma Group Ltd extends up to EUR 10 million once the Combination is finalized, which will contribute to further strengthen the Group's position in relation to the funds available for the continuation of operations in 2021. However, the ability of the Group to start generating revenues and consistent cash flows to adequately support its operations remains still uncertain, and this exposes the Group to all the risks inherent in establishing a business;
- ***Impairment on intangible assets.*** The e-commerce distribution of 'Alz1' in the US in the second half of 2019, for which the Group owns certain rights to ensure protection and freedom to operate, did not grow up as expected. Beginning of 2020, the Group diversified to the wholesale distribution, entering an exclusive partnership with Belgian based Acalis group while maintaining own distribution right. In 2021 the Group has ensured the necessary funds to relaunch the 'Alz1' e-commerce distribution and further integrate the non-bound copper detection-based pipeline with the diabetes type II prevention set ('Dbt2'). This strategic adjustment for 2021 could include elements triggering for impairment. The results of the test, as further indicated under note 0, reasonably evidence that the Group strategy continues to support the carrying value of the intangible assets concerned. This would also be confirmed by the reference value of IGEA of approx. USD 16 million resulting from the Combination. However, it cannot be excluded that the assumptions made will continue to exist also in the future and that the outcome of the strategies implemented will contribute to adequately support the carrying value of intangible assets, and this exposes the Group to impairment risks;
- ***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 31 December 2020 the Group did not capitalize any deferred tax assets because the capitalization

criteria are not met. Deferred tax assets relating to tax loss carry-forwards and temporary differences that have not been recognized are reported in note 23.

## 5 Segment information

### 5.1 Reportable segments

The Group has identified one single segment, related to the commercialization of health-tech and med-tech products and devices.

### 5.2 Entity wide information

The geographical information about revenue, cost of sales, operating expenses and assets is as follow. Revenues for the year ended 31 December 2020 (same as in the previous year) continues to be immaterial and of casual nature only, and accordingly, the Group renounce to a major customers analysis:

| | 2020 | 2019 |
|---|---|---|
| **Revenue:** | | |
| Netherlands | 78.4 | - |
| United States | 0.8 | 1.4 |
| | **79.2** | **1.4** |
| **Cost of sales:** | | |
| Netherlands | (129.3) | (178.2) |
| United States | (161.6) | (261.7) |
| | **(290.9)** | **(439.9)** |
| **Operating costs:** | | |
| Netherlands | | |
| research and development | (48.4) | (80.2) |
| sales and marketing | (120.6) | (447.1) |
| general and administration | (445.2) | (716.0) |
| United States | | |
| research and development | (10.9) | (41.8) |
| sales and marketing | (55.7) | (81.7) |
| general and administration | (126.5) | (125.1) |
| | **(807.3)** | **(1,491.9)** |
| **Assets:** | | |
| Netherlands | | |
| non-current | 417.7 | - |
| current | 233.0 | 526.0 |
| United States | | |
| non-current | 23.9 | 496.2 |
| current | 56.5 | 44.7 |
| | **731.1** | **1,066.9** |

## 6 Business combinations

The Group did not perform any business combination during 2020. The transactions with Meditalia Industriale SRL and Medical Jet SRL, as announced by end of 2019 and beginning of 2020 respectively, were put on stand-by due to the sudden shutdown in the capital markets and the various government-ordered lockdown following the global spread of COVID-19 beginning of 2020. Those announced transactions have then been progressively postponed and abandoned following to the decision of the Group to accomplish the Combination.

## 7 Property, plant, and equipment

| | Leasehold improve-ments | Lab equipment | Furniture and fixtures | Total |
|---|---|---|---|---|
| **Year ended 31 December 2019:** | | | | |
| Cost value | 51.4 | 156.1 | 14.4 | 221.9 |
| Accumulated depreciation | (47.0) | (106.9) | (8.5) | (162.4) |
| **Net book amount** | **4.4** | **49.2** | **5.9** | **59.5** |
| | | | | |
| **Year ended 31 December 2020:** | | | | |
| Opening net book amount | 4.4 | 49.2 | 5.9 | 59.5 |
| Depreciation charges | (4.4) | (29.1) | (2.1) | (35.6) |
| **Closing net book amount** | **-** | **20.1** | **3.8** | **23.9** |
| | | | | |
| Cost value | 51.4 | 156.1 | 14.4 | 221.9 |
| Accumulated depreciation | (51.4) | (136.0) | (10.6) | (198.0) |
| **Net book amount** | **-** | **20.1** | **3.8** | **23.9** |

Depreciation charges of TUSD 35.5 (2019: TUSD 44.0) is included in ‘Cost of sales’.

## 8 Leases

| | 2020 | 2019 |
|---|---|---|
| Buildings | - | 25.9 |
| **Right-of-use assets** | **-** | **25.9** |
| | | |
| Current lease liabilities | - | 27.2 |
| **Lease liabilities** | **-** | **27.2** |

During 2020 the Group terminated all agreement containing a lease and there is no more carrying value for right-of-use assets and lease liabilities as at 31 December 2020 (previous period: TUSD 25.9 and TUSD 27.2 due within 1 year respectively). The right-of-use assets is depreciated on a straight-line basis over the duration of the lease. Depreciation charges for TUSD 25.9 (previous period: TUSD 61.9) are included in ‘Cost of sales’ for TUSD 12.9 and in ‘Sales and marketing’ and ‘General and administration’ for TUSD 6.5 each. The interest expense for lease and the proceeds used for repaying the lease liability during 2020 amounts to TUSD 0.6 and 27.2 respectively (2019: TUSD 4.6 and TUSD 60.6).

The Group accounts for the expenses of short-term leases of twelve months or less and low value leases on a straight-line basis over the lease term. The expense for the year ended 31 December 2020 related to these leases amounted to TUSD 53 (2019: TUSD 26.1).

## 9 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** |
| | |
| **Year ended 31 December 2020:** | |
| Opening net book amount | 410.8 |
| Disposals* | - |
| Amortization charges | (33.6) |
| Currency translation effects | 40.5 |
| **Closing net book amount** | **417.7** |
| | |
| Cost value | 603.9 |
| Accumulated amortisation and impairment | (186.2) |
| **Net book amount** | **417.7** |

* Diposals include assets with cost value and accumulated amortization and impairment of TUSD 154.8 each, for a nil net amount disclosed.

Amortization expenses of TUSD 33.6 (2019: TUSD 40.3) is included in 'Cost of sales'. The 2019 fully impaired rights following the decision of the Group to discontinue the agreement entered in 2018 with Innbiotec Pharma SRL (formerly Solosale SRL) were definitively disposed during the second half of 2020.

As anticipated under note 4 - subsection 'Impairment on intangible assets', management performed an impairment analysis on the rights the Group hold to ensure protection and freedom to operate in the US with 'Alz1' and 'Dbt2' using a risk-adjusted net present value model which contains several assumptions in order to verify the recoverable amount. Five years of cash flow were considered from 2021 onward with no further long-term appraisal on future outcomes or terminal value calculation. Key assumptions used are a risk adjustment factor on revenues from the e-commerce distribution in the US (10%) and a discount rate in the form of a pre-tax weighted average cost of capital (13.5%). Other input elements for the calculation of the net present value are based on individual arrangements together with management estimates such as expected revenues based on kits to be sold and product-related costs considering externally available data where relevant. The impairment test preformed, including sensitivity analysis considering reasonable changes in the risk factors, did not result in the requirement to recognize an impairment as at the reporting date.

## 10 Financial instruments

| | 2020 | 2019 |
|---|---|---|
| Trade receivables | 43.8 | - |
| Cash and cash equivalents | 134.5 | 446.4 |
| **Total financial assets** | **178.3** | **446.4** |
| | | |
| Financial liabilities at amortized costs: | | |
| Financial debts | 168.4 | 45.2 |
| Trade and other payables | 216.0 | 253.6 |
| Accruals | 158.7 | 147.0 |
| Lease liabilities | - | 27.2 |
| **Total financial liabilities** | **543.1** | **473.0** |

No fair value disclosure is presented for the financial instruments as their fair values approximate their carrying amounts. The Group's exposure to risks associated with the financial instruments is disclosed under note 26.

## 11 Inventories

| | 2020 | 2019 |
|---|---|---|
| Finished goods - at cost | 53.9 | 45.1 |
| Write-downs | (31.2) | (31.5) |
| | **22.7** | **13.6** |

## 12 Trade receivables

| | 2020 | 2019 |
|---|---|---|
| Trade receivables | 33.7 | - |
| Trade receivables towards related parties | 10.1 | - |
| Provision for doubtful accounts | - | - |
| **Trade receivables** | **43.8** | **-** |

## 13 Other assets

| | 2020 | 2019 |
|---|---|---|
| Receivables towards tax authorities (for items not related to income tax) | 68.7 | 89.8 |
| Advance payments | 3.5 | - |
| Caution deposits and grants | 16.3 | 20.9 |
| **Trade and other receivables** | **88.5** | **110.7** |

## 14 Cash and cash equivalents

Cash and cash equivalents refer to cash at banks exclusively and amount to TUSD 134.5 and TUDS 446.4 as at 31 December 2020 and 2019 respectively.

## 15 Share capital

As at 31 December 2020, the Company has an issued share capital of USD 296’542, consisting of 25’048’769 fully paid-up shares with a par value of EUR 0.01 each (same as previous period) and 25’048’769 unissued authorized shares (2019: 12’524’384) the so empowered corporate body is authorized to issue within 14 December 2023 (12’524’384) and 23 March 2025 (12’524’385).

## 16 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 subsidiary | | | 0.6 | 0.6 |
| **Balance at 31 December 2019** | **4,419.1** | **496.3** | **(76.5)** | **4,838.9** |
| Currency translation differences | - | - | 222.9 | 222.9 |
| Issuance of non-redeemable loans, convertible into IGEA shares only | - | 558.0 | - | 558.0 |
| **Balance at 31 December 2020** | **4,419.1** | **1,054.3** | **146.4** | **5,619.8** |

* ‘Other reserves’ as at 1 January 2019 includes any difference deriving from the capital restructuring transaction between entities under common control performed in 2017, any difference deriving from transactions with non-controlling interests then followed during 2018 and an amount deriving from the unconditional waiver of certain loans of shareholders towards IGEA Research Corporation without issuance of any related equity instruments as a result of the Company’s strategy to reduce the overall Group indebtedness.

During 2020, the Company entered and converted borrowings respectively into non-interest bearing, unsecured and non-redeemable loans. Those contracts will be settled by the Company delivering 755’675 newly issued shares in exchange for an overall cash amount received of TUSD 558.0 and have been consequently recognized as equity components.

As of 31 December 2020, the Company held 35’405 treasury shares (same as previous year). The Company does not actively trade in own shares.

## 17 Financial debts

| | 2020 | 2019 |
|---|---|---|
| Borrowings | 168.4 | 45.2 |
| **Total** | **168.4** | **45.2** |
| | | |
| Reported as: | | |
| non-current | 24.4 | - |
| current | 144.0 | 45.2 |
| **Total** | **168.4** | **45.2** |

The movement during the periods of the financial debts is as follow:

| | 2020 | 2019 |
|---|---|---|
| At beginning of period | 45.2 | - |
| Increase in borrowings | 24.4 | 43.0 |
| Reclassification of trade payables into financial debts | 92.5 | - |
| Capitalized interests on financial debts | 1.9 | 2.2 |
| Exchange differences | 4.4 | - |
| **At end of the period** | **168.4** | **45.2** |

The increase in borrowings of TUSD 24.4 refers to a CARES Act based loan received by the Group in the US. The loan has a maturity date of 5 year and bears an interest of 1% per year. A loan forgiveness application as ruled by the CARES Act the has been filed on April 2021. Furthermore, trade payables for TUSD 92.5 have been reclassified into financial debts which will be converted into unsecured, non-interest bearing and non-redeemable borrowings in 2021.

## 18 Trade and other payables

| | 2020 | 2019 |
|---|---|---|
| Trade payables | 199.9 | 245.7 |
| Trade payables towards related parties | 16.4 | 7.9 |
| Tax authorities (for items not related to income tax) | 3.2 | - |
| Other | - | 3.4 |
| **Trade and other payables** | **219.5** | **257.0** |

## 19 Accruals

| | 2020 | 2019 |
|---|---|---|
| Services | 5.3 | - |
| Corporate services | 141.4 | 147.0 |
| Facilities, rent and other occupancy cost | - | 3.0 |
| Other | 12.0 | 43.7 |
| **Total** | **158.7** | **193.7** |

## 20 Expenses

### 20.1 Breakdown by nature

| | 2020 | 2019 |
|---|---|---|
| Products and services | (293.1) | (844.8) |
| Travel expenses | (83.5) | (63.9) |
| Corpoprate services | (427.8) | (542.8) |
| Facilities, rent and other occupancy expenses | (54.0) | (27.6) |
| General and administration | (11.7) | (14.1) |
| Depreciation | (61.4) | (105.9) |
| Amortisation | (33.6) | (40.3) |
| Impairment charges on intangible assets | - | (166.8) |
| Employee benefit expenses | (133.1) | (125.6) |
| **Total** | **(1,098.2)** | **(1,931.8)** |
| Reported as: | | |
| Cost of sales | (290.9) | (439.8) |
| Research and development | (59.3) | (122.1) |
| Sales and Marketing | (176.3) | (528.8) |
| General and administration | (571.7) | (841.1) |
| **Total** | **(1,098.2)** | **(1,931.8)** |

The Group discloses all costs directly related to the revenue generation - regardless of the actual activity level - as 'Cost of sales'. They mainly include the costs for having an authorized laboratory in the US ready to operate, the cost of maintaining freedom to operate from third party rights and the costs of the products and services sold and are relevant because of their fixed character in respect of the actual reduced revenue level.

### 20.2 Employee benefit expenses

| | 2020 | 2019 |
|---|---|---|
| Wages and salaries | (123.6) | (116.6) |
| Social security charges | (9.5) | (9.0) |
| **Total** | **(133.1)** | **(125.6)** |

As of 31 December 2020, the Group employed a total of 2 persons (full time equivalent) and the average number of employees was 2 (previous year: 2). All employees work outside of the Netherlands.

## 21 Other income and expenses

Other income for TUSD 321.4 deriving from casual commercial transactions outside of the scope of the Group was recognized during the current year as other income, against cost generated by such transactions for TUSD 267.5 consequently recognized as other expenses.

## 22 Finance income and costs

| | 2020 | 2019 |
|---|---|---|
| Foreign exchange gains | 14.8 | 34.6 |
| **Finance income** | **14.8** | **34.6** |
| Interest on financial debts | (2.0) | (2.2) |
| Interest on lease | (0.6) | (4.6) |
| Foreign exchange losses | (185.4) | (5.9) |
| **Finance costs** | **(188.0)** | **(12.7)** |
| **Finance result, net** | **(173.2)** | **21.9** |

## 23 Taxes

### 23.1 Income taxes

| | 2020 | 2019 |
|---|---|---|
| Current tax | (1.9) | - |
| Deferred tax | - | - |
| **Total income tax** | **(1.9)** | **-** |

The average applicable tax rate of the Group is 26.6% (2019: 25.2%) and was determined using the domestic tax rates applicable to results in the countries concerned including the Netherlands (25%), the US (27%) and Italy (35%). The reconciliation of the Group's income tax is as follow:

| | 2020 | 2019 |
|---|---|---|
| Net loss before income taxes | (1,138.3) | (1,907.9) |
| Tax income at the domestic rates applicable in the country concerned | 295.0 | 484.1 |
| Utilization of previous not recognized deferred tax losses | 11.9 | - |
| Tax losses for which no deferred income tax asset was recognized | (308.8) | (484.1) |
| **Total income tax charged to statement of profit or loss** | **(1.9)** | **-** |

### 23.2 Deferred taxes

The Group did not capitalize any deferred tax asset relating to tax losses carry-forwards since the criteria for recognition are unmet. The gross value of unused tax losses which have not been capitalized as deferred tax asset amount to USD 6.5 million (2019: 5.3 million) and will expire between 2 and 5 years for USD 3.1 million (2019: 1.8 million) and in more than 5 years for USD 3.4 million (2019: 3.4 million). The Group did not recognize deferred tax liabilities on temporary differences (2020: 2.4 million; 2019: USD 1.64 million) associated with investments in subsidiaries. Other temporary differences do not have any material impact on these consolidated financial statements (same as previous year).

## 24 Losses per share

Basic loss per share is as follow:

| | 2020 | 2019 |
|---|---|---|
| Net loss attributable to owners of IGEA | (1,130.6) | (1,907.1) |
| Weighted average number of shares outstanding | 25,013,364 | 25,017,123 |
| **Basic loss per share** | **(0.045)** | **(0.076)** |

Diluted loss per share is as follow:

| | 2020 | 2019 |
|---|---|---|
| Net loss attributable to owners of IGEA | (1,130.6) | (1,907.1) |
| Weighted average number of shares outstanding | 25,013,364 | 25,017,123 |
| adjusted by potential future option rights* | 755,675 | - |
| Weighted average number of shares outstanding | 25,769,039 | 25,017,123 |
| **Diluted loss per share** | **(0.044)** | **(0.076)** |

* In 2021, the Company furthermore entered following contracts to be settled in equity instruments of the company only, impacting the weighted average number of shares then outstanding:

- right to convert, at any time after 1 July 2021 and at the discretion of C.H.I. B.V., a non-interest-bearing, unsecured and non-redeemable loan into 150'935 newly issued shares in the share capital of the Company;
- commitment of Negma Group Ltd. to subscribe within a period of two years from 15 April 2021 onward and subject to Company's drawdowns, non-interest-bearing, convertible notes for up to EUR 2 million, extendable up to EUR 10 million in case of completion of the Combination. Based on information available on 15 April 2021, for EUR 2 million commitment, Negma Group Ltd owns rights to convert up to 6'298'549 newly issued shares in the share capital of the Company.

## 25 Cash flow information

### 25.1 Net cash flow from operations

| | 2020 | 2019 |
|---|---|---|
| Result before income tax, including discontinued operations | (1,138.3) | (1,907.9) |
| Adjustments for: | | |
| Depreciation and amortization | 95.0 | 146.2 |
| Impairment of intangible assets | - | 166.9 |
| Exchange gain on sale of subsidiaries | - | (0.6) |
| Unrealized foreign currency gains | 171.4 | (27.3) |
| Items with cash effects of financing nature | 2.6 | 6.8 |
| Changes in operating assets and liabilities: | | |
| Inventories | (9.1) | (4.4) |
| Trade receivables | (43.7) | - |
| Other assets | 31.2 | 653.8 |
| Trade and other payables | 40.9 | (353.8) |
| Accruals | (51.0) | (116.1) |
| **Cash flow from operations** | **(901.0)** | **(1,436.4)** |

### 25.2 Non-cash transactions

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

| | 2020 | 2019 |
|---|---|---|
| Payables converted into non-redemable bonds, convertible into shares of IGEA only | 92.5 | |
| | **92.5** | **-** |

## 26 Financial risk management

The Group is exposed to following financial risks, controlled pursuant to the Group's risk management rules. The Group does not hold derivative financial instruments.

### 26.1 Liquidity risk

Liquidity risk is the risk that the Group will face difficulties to meet obligations when due. Liquidity risk management implies maintaining enough liquidity in adequate form to meet financial obligations when due. The liquidity sources of the Group are represented by its cash and cash equivalents position of TUSD 134.5 (2019: TUSD 446.4) and the additional funds the Group was able to ensure as further described in note 4 'Critical estimates and judgements', granting herewith the necessary liquidity reserve until revenues will reach - if ever - such an adequate level to generate cash in the manner necessary to sustain the Group operation. Consequently, the Group is exposed to significant liquidity risk. The management maintain detailed financial forecasts and monitors actual results on a regular basis so that measures can be taken to ensure the Group remains solvent. The tables below show the contractual maturities of the Group's financial liabilities at reporting date:

| | 0-6 months | 6-12 months | 1-2 years | 3-5 years | over 5 years |
|---|---|---|---|---|---|
| Financial debts | - | 144.0 | 24.4 | - | - |
| Trade and other payables | 209.7 | - | - | - | - |
| Accruals | 129.2 | 29.5 | - | - | - |
| **As at 31 December 2020** | **338.9** | **173.5** | **24.4** | - | - |
| | | | | | |
| Financial debts | - | 45.2 | - | - | - |
| Trade and other payables | 165.1 | 88.5 | - | - | - |
| Accruals | 147.0 | | | | |
| Lease liabilities | 27.2 | - | - | - | - |
| **As at 31 December 2019** | **339.3** | **133.7** | - | - | - |

### 26.2 Credit risk

Credit risk is the risk of financial losses to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Group's bank receivables. The creditworthiness of the bank institution is reviewed periodically. The maximum credit risk exposure of the Group is limited to the carrying amounts of its financial assets, amounting at the reporting date to TUSD 134.5 (previous year: TUSD 446.4).

### 26.3 Capital risk

The Group's objectives in managing capital are to grant the Group's ability to continue as a going concern in order to get return for shareholders and to maintain a capital structure that optimize cost of capital. The instruments for achieving an optimal capital structure depends for the time being on external factors not entirely under the Group's control. The Group explore constantly the market conditions for opportunities to raise funds and optimally structure its capital. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 26.4 Market risk

***Foreign exchange***

Foreign exchange risk arises from future transactions and recognized financial assets and liabilities not denominated in the Group's functional currency. The actual level of the Group activities does not require an active management of the foreign exchange risks different from maintaining currency correlation between financial asset and liabilities and the Group does not considers relevant shifts in the exchange rates of all involved currencies as a realistic scenario. The Group net exposure to foreign currency risk at the end of the reporting period was as follow:

| | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | **USD** | **EUR** | **GBP** | **CHF** | **USD** | **EUR** | **GBP** | **CHF** |
| Total financial assets | 23.3 | 126.0 | - | - | 14.8 | 415.3 | - | - |
| Total financial liabilities | 68.5 | 327.6 | 43.1 | 8.9 | 73.4 | 316.3 | 20.8 | 15.8 |
| **Net** | **(45.2)** | **(201.6)** | **(43.1)** | **(8.9)** | **(58.6)** | **99.0** | **(20.8)** | **(15.8)** |

Variations in all Group currencies in respect of the USD would have an immaterial impact (same as in 2019).

## 27 Commitments

### 27.1 Capital commitments

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

### 27.2 Non-cancellable operating leases

The expenses deriving from short-term and low value leases during 2020 - see note 8 for further information – amounted to TUSD 53.0 (2019: TUSD 26.1).

## 28 Related party transactions

Related parties also include Directors as well as key management. The following transactions were carried out with related parties:

### 28.1 Board and key management compensation

| | **2020** | **2019** |
|---|---|---|
| Compensation of non-executive directors (formerly supervisory board members) | - | (7.6) |
| Compensation of executive directors (former management board members) | (102.0) | (202.1) |
| Compensation of other key management | (70.7) | (39.1) |
| **Total** | **(172.7)** | **(248.8)** |

The detailed compensation disclosures are provided in the remuneration report on pages 12 to 13 of this Annual Report. None of the Non-executive Directors, the Executive Directors as well as other key management is an employee of the Group. Services are delivered under consulting contracts with the involved person or with entities of which the involved person is a related party. Vincenzo Moccia as well as Patrick Pozzorini deliver their consulting services through MVY Ltd and nbp AG respectively. The Group has a net liability towards the key management of TUSD 16.4 as at 31 December 2020 (2019: TUSD 7.9), as disclosed hereunder (section 28.3).

### 28.2 Transactions with other related parties

There were no transactions with other related parties during 2020 (previous period: purchase of intellectual property rights and purchase of services in IGEA Pharma N.V. for TUSD 171.1 and TUSD 39.2 respectively) except for a convertible loan agreement entered in April 2020 with C.H.I. B.V., a major shareholders of the Company (as further disclosed in note 1.2 ‘Significant shareholders’ of Section II of this Annual Report). The loan of TEUR 400 is unsecured, non-interest-bearing and not redeemable and grants C.H.I. B.V., at any time (starting from 1 October 2020) the option to convert the loan in full only into 571’428 shares in the capital of IGEA, corresponding to a strike of EUR 0.70 per share. Given the suspension, beginning of 2020, of any fundraising initiative due to the sudden shutdown in the capital market, the general downturn in market sentiment and the various government-ordered lockdown following the first global spread of COVID-19, the Company succeeded in negotiating alternative financing measures with its major shareholders at conditions that management has deemed acceptable for having granted the funds considered essential to continue operate the business as planned.

### 28.3 Year-end balances towards related parties

The Group has trade receivables from related parties in IGEA Pharma N.V. for TUSD 10.0 (previous year: none) and trade and other payables toward related parties in IGEA Pharma N.V. of TUSD 16.4 (2019: TUSD 7.9).

## 29 Group companies

IGEA Pharma N.V. as a holding company for the Group owns the following companies:

| | | | Ownership interest | |
|---|---|---|---|---|
| **Name** | **Country** | **Consolid.** | **2020** | **2019** |
| IGEA Pharma NV | Hoofddorp, the Netherlands | - | parent | parent |
| IGEA Research Corporation | Miami, United States | full | 98.67% | 98.67% |

## 30 Auditor’s fees

| | **2020** | **2019** |
|---|---|---|
| Mazars's Accountsnts N.V. | | |
| audit | 73.8 | 67.9 |
| tax advisory services | 4.3 | 20.4 |
| Other Mazers member firms and affiliaites | | |
| audit | 20.0 | 25.0 |
| tax advisory services | 4.0 | 5.0 |
| | **102.1** | **118.3** |
| Audit | 93.8 | 92.9 |
| Tax advisory services | 8.3 | 25.4 |
| **Total services** | **102.1** | **118.3** |

The total of the auditing fees for the year 2020 amounts to TUSD 93.8 (2019: TUSD 92.9), of which Mazars, including network firms, in their capacity as Group auditors, receive the full amount. Additional fee for TUSD 8.3 (2019: 25.4) were charged by Mazars for tax matters related services.

## 31 Events after the balance sheet date

- See note 4 - ‘Uncertainty and ability to continue operations’;
- As mentioned in note 4 - ‘Uncertainty and ability to continue operations’ and elsewhere in this Annual Report, the Group entered on April 2021 into a convertible bond commitment with Negma Group Ltd that will make available, within the next 2 years, up to EUR 2 million, already extendable up to EUR 10 million once the Combination will be performed, for IGEA to use at its discretion in pursuing its business programs. The commitment is structured in zero coupon note tranches subject to Company’s drawdown, convertible into newly issued shares of IGEA at a strike of 93% of the stock market;
- As mentioned in note 17 – ‘Financial debts’, trade payables for TUSD 92.5 have been reclassified into a financial debt during 2020. In April 2021, the debt has been converted into an unsecured, non-interest bearing and non-redeemable loan to be converted, at any time after 1 July 2021 and at the discretion of the owner, into 150’935 newly issued shares in the share capital of the Company;
- In March 2021, the Group gets granted a further CARES Act based loan of TUSD 25 with its US-based subsidiary. The loan has a maturity date of 5 year and bears an interest of 1% per year;

- As mentioned in section 1 – ‘Outlook 2021’ and elsewhere in this Annual Report, the Group entered a business combination process. The Combination has been structured through a contribution in-kind by the BSNR shareholders of their ownership in BSNR into IGEA by subscribing IGEA’s newly issued shares. The reference value of BSNR has been set by the Board in CHF 186 million (on a fully diluted and post-money basis). The extraordinary General Meeting of IGEA approved the resolution of the Board to enter the Combination as required by Dutch law and the Articles and resolved to appoint the Board to issue up to a maximum of 309,600,000 new shares at par, reserved for issuance to the shareholders of BSNR only, to finalize the Combination, expected within the first half of 2021. The Combination will qualify as a reverse acquisition, with the consolidated financial statements of IGEA after 1 January 2021 being the continuation of the consolidated financial statements of Blue Sky Natural Resources LTD including IGEA from the executed Combination onward;
- Given the gradual easing of the COVID-19 lockdown restrictions as well as the programs of several governments to return economic activities to normal levels, at the date of publication of these financial statements, the Group is not aware of any potentially adverse effect COVID-19 could have on the Group’s activities during 2021. The Group concluded that there is no material uncertainty that may cast a significant doubt upon the Group’s ability to continue as a going concern.

# Section IV – Company-only financial statements

## Balance sheet (*)

(in thousand USD, unless otherwise stated)

| | Notes | 2020 | 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 3 | 394.5 | - |
| Financial assets | 4 | 61.8 | 397.7 |
| **Non current assets** | | **456.3** | **397.7** |
| Inventories | | 9.3 | - |
| Trade receivables | 5 | 43.8 | - |
| Other assets | 6 | 68.8 | 94.4 |
| Cash and cash equivalents | 7 | 111.1 | 431.5 |
| **Current assets** | | **233.0** | **525.9** |
| **Total assets** | | **689.3** | **923.6** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 296.5 | 296.5 |
| Reserves | | 5,604.0 | 4,979.3 |
| Accumulated loss | | (5,683.0) | (4,708.6) |
| **Total shareholders' equity** | 8 | **217.5** | **567.2** |
| Trade and other payables | 9 | 193.1 | 151.0 |
| Financial debts | 10 | 144.0 | 45.2 |
| Accruals | 11 | 134.7 | 160.2 |
| **Current liabilities** | | **471.8** | **356.4** |
| **Total equity and liabilities** | | **689.3** | **923.6** |

(*) After appropriation of result

# Income statement

(in thousand USD, unless otherwise stated)

| | Notes | 2020 | 2019 |
|---|---|---|---|
| Revenues | | 78.4 | 2.4 |
| Cost of sales | 12 | (127.4) | (178.1) |
| **Gross profit** | | **(49.0)** | **(175.7)** |
| Research and development | 12 | (48.4) | (80.2) |
| Sales and marketing | 12 | (120.6) | (447.1) |
| General and administration | 12 | (445.3) | (718.4) |
| Other income | 13 | 321.4 | - |
| Other expenses | 13 | (267.5) | - |
| **Operating result** | | **(609.4)** | **(1,421.4)** |
| Finance result, net | 14 | 168.1 | 140.3 |
| **Result before income tax** | | **(441.3)** | **(1,281.1)** |
| Income tax | 15 | (1.9) | - |
| Share in result of investments | 4 | (531.2) | (654.0) |
| **Result of the period** | | **(974.4)** | **(1,935.1)** |

# Notes to the Company Financial Statements

## 1 General Information

Please refer to note 1 and 29 of the consolidated financial statements.

## 2 Basis of preparation

The company's financial statements of IGEA have been prepared in accordance with Part 9, Book 2 of the DCC with the application of sub 8 of article 362 allowing the use of the same accounting principles as applied for the consolidated financial statements. These accounting principles are described in the notes to the consolidated financial statements.

These financial statements have been prepared on a going concern and on a historical cost basis. The presentation currency is USD. All figures included in these financial statements and notes are rounded (to the first decimal) to the nearest thousand USD unit except when otherwise indicated.

In these company-only financial statements, consolidated subsidiaries are valued using the equity method. However, goodwill on subsidiaries is presented separately under intangible assets. The carrying values of investments with a negative equity are deducted from any long-term loan towards the related subsidiary. Provisions are formed for subsidiaries with negative net asset value in the amount the negative net asset value exceed the value of the financial assets.

In case no other policies are mentioned, please refer to the accounting policies as described in the summary of significant accounting policies in the consolidated financial statements of IGEA presented elsewhere in this Annual Report. For an appropriate interpretation, the Company financial statements should be read in conjunction with these consolidated financial statements.

## 3 Intangible assets

| | Patent and similar rights |
|---|---|
| **Year ended 31 December 2019:** | |
| Cost value | 173.4 |
| Accumulated amortisation and impairment | (173.4) |
| **Net book amount** | - |
| | |
| **Year ended 31 December 2020:** | |
| Opening net book amount | - |
| Additions | 408.7 |
| Disposals* | - |
| Amortization charges | (31.3) |
| Currency translation effects | 17.1 |
| **Closing net book amount** | **394.5** |
| | |
| Cost value | 427.8 |
| Accumulated amortisation and impairment | (33.3) |
| **Net book amount** | **394.5** |

* Diposals include assets with cost value and accumulated amortization and impairment of TUSD 154.8 each, for a nil net amount disclosed.

The Company acquired certain intellectual property rights beginning of 2020 from its US based subsidiary IGEA Research Corp. Amortization expenses of TUSD 31.3 (2019: TUSD 8.4) is included in 'Cost of sales'. Please refer to note 0 of the consolidated financial statements of the Company for any additional information.

## 4 Financial assets

| | 2020 | 2019 |
|---|---|---|
| IGEA Research Corporation, Miami, Florida, US | 2,415.2 | 2,035.4 |
| Movement in net asset value of investments | (2,353.3) | (1,637.7) |
| | **61.9** | **397.7** |

Movement in financial assets is as follows:

| | 2020 | 2019 |
|---|---|---|
| At beginning of period | **397.7** | **482.8** |
| Borrowings to subsidiaries, net | 6.6 | 437.0 |
| Capitalized interests | 166.5 | 141.1 |
| Share in result of investments | (531.2) | (654.0) |
| Exchange differences | 22.3 | (9.2) |
| **At end of the period** | **61.9** | **397.7** |

## 5 Trade receivables

| | 2020 | 2019 |
|---|---|---|
| Trade receivables | 33.7 | - |
| Trade receivables toward related parties | 10.1 | |
| **Trade receivables - net** | **43.8** | **-** |

## 6 Other assets

| | 2020 | 2019 |
|---|---|---|
| Receivables towards tax authorities (for items not related to income tax) | 68.8 | 89.8 |
| Other | - | 4.6 |
| | **68.8** | **94.4** |

## 7 Cash and cash equivalents

Cash and cash equivalents refer to cash at banks exclusively, amounting to TUSD 111.1 (2019: TUSD 431.5).

## 8 Shareholder's equity

| | Share capital | Reserves | Accum. loss | Total |
|---|---|---|---|---|
| **Balance 1 Janaury 2019** | **296.5** | **5,051.0** | **(2,773.5)** | **2,574.0** |
| Result of the period | - | - | (1,935.1) | (1,935.1) |
| Currency translation differences | - | (32.2) | - | (32.2) |
| Repurchase of treasury shares | - | (39.5) | - | (39.5) |
| **Balance at 31 December 2019** | **296.5** | **4,979.3** | **(4,708.6)** | **567.2** |
| | | | | |
| Result of the period | - | - | (974.4) | (974.4) |
| Currency translation differences | - | 66.7 | - | 66.7 |
| Non-redeemable loans, convertible in shares only | - | 558.0 | - | 558.0 |
| **Balance at 31 December 2020** | **296.5** | **5,604.0** | **(5,683.0)** | **217.5** |

Please refer to note 15 and 16 of the consolidated financial statements of the Company. Certain equity components in the consolidated financial statements are not recognized in equity at company-only level, reason why the results of the period differ slightly.

## 9 Trade and other payables

| | 2020 | 2019 |
|---|---|---|
| Trade payables | 176.7 | 143.1 |
| Trade payables toward related parties | 16.4 | 7.9 |
| **Total** | **193.1** | **151.0** |

## 10 Financial debts

The movement in financial debts is as follow:

| | 2020 | 2019 |
|---|---|---|
| At beginning of period | 45.2 | - |
| Increase in borrowings | - | 43.0 |
| Reclassification of trade payables into financial debts | 92.5 | - |
| Capitalized interests on financial debts | 1.9 | 2.2 |
| Exchange differences | 4.4 | - |
| **At end of the period** | **144.0** | **45.2** |

The increase in borrowings of TUSD 92.5 is due to the reclassification into financial debts of trade payables which will be then converted into unsecured, non-interest bearing and non-redeemable borrowings in 2021.

## 11 Accruals

| | 2020 | 2019 |
|---|---|---|
| Services | 5.3 | - |
| Corporate services | 117.4 | 120.8 |
| Other | 12.0 | 39.4 |
| **Total** | **134.7** | **160.2** |

## 12 Breakdown of expenses by nature

| | 2020 | 2019 |
|---|---|---|
| Products and services | (227.6) | (653.3) |
| Travel expenses | (83.0) | (61.9) |
| Corporate services | (388.8) | (507.0) |
| Facilities, rent and other occupancy expenses | (3.4) | (26.1) |
| General & administraiton | (7.1) | (0.3) |
| Amortisation | (31.8) | (8.4) |
| Impairment charges on intangible assets | - | (166.8) |
| **Total** | **(741.7)** | **(1,423.8)** |
| Reported as: | | |
| Cost of revenues | (127.4) | (178.1) |
| Research and development | (48.4) | (80.2) |
| Sales and marketing | (120.6) | (447.1) |
| General and administration | (445.3) | (718.4) |
| **Total** | **(741.7)** | **(1,423.8)** |

## 13 Other income and expenses

Please refer to note 21 of the consolidated financial statements of the Company.

## 14 Finance result, net

| | 2020 | 2019 |
|---|---|---|
| Interest income | 166.5 | 141.2 |
| Foreign exchange gains | 5.3 | 4.9 |
| **Finance income** | **171.8** | **146.1** |
| Interest expense | (1.9) | (2.2) |
| Foreign exchange losses | (1.8) | (3.6) |
| **Finance cost** | **(3.7)** | **(5.8)** |
| **Finance result, net** | **168.1** | **140.3** |

## 15 Income tax

Please refer to note 23.1 of the consolidated financial statements of the Company.

## 16 Auditor's fee

Please refer to note 30 of the consolidated financial statements of the Company.

## 17 Related party transactions

Related parties include members of the Board as well as key management of the Company. The following transactions were carried out with related parties:

### 17.1 Board and key management compensation

| | 2020 | 2019 |
|---|---|---|
| Compensation of non-executive directors (formerly supervisory board members) | - | (7.6) |
| Compensation of executive directors (former management board members) | (102.2) | (197.1) |
| Compensation of other key management | (70.7) | (39.1) |
| **Total** | **(172.9)** | **(243.8)** |

Please refer to note 28.1 of the Company's consolidated financial statements and to the detailed compensation disclosures provided in the remuneration report on pages 12 to 13 of this Annual Report for additional details.

### 17.2 Transactions with other related parties

No transactions with other related parties occurred during 2020 (previous year: purchase of intellectual property rights and purchase of services for TUSD 171.1 and TUSD 39.2 respectively) except for a convertible loan agreement entered in April 2020 with C.H.I. B.V., a major shareholders of the Company (as further disclosed in note 1.2 'Significant shareholders' of Section II of this Annual Report). The loan of TEUR 400 is unsecured, non-interest-bearing and not redeemable and grants C.H.I. B.V., at any time (starting from 1 October 2020) the option to convert the loan in full only into 571'428 shares in the capital of IGEA, corresponding to a strike of EUR 0.70 per share. Given the suspension, beginning of 2020, of any fundraising initiative due to the sudden shutdown in the capital market, the general downturn in market sentiment and the various government-ordered lockdown following the first global spread of COVID-19, the Company succeeded in negotiating alternative financing measures with its major shareholders at conditions that management has deemed acceptable for having granted the funds considered essential to continue operate the business as planned.

### 17.3 Year-end balances arising from purchase of products and services

The Company has trade receivables for TUSD 10.1 (previous year: none) and trade and other payables toward related parties of TUSD 16.4 (previous period: TUSD 7.9).

### 17.4 Transactions with subsidiaries

The Company acquired beginning of 2020 certain intellectual property rights form its US-based subsidiary IGEA Research Corp. for TUSD 408.7.

## 18 Events after the balance sheet date

Please refer to note 30 of the Company's consolidated financial statements.

## 19 Proposed appropriation of result for the year

The Board proposes to carry forward the loss of the year.

## 20 Signing of the financial statements

These financial statements have been signed by the members of the Board of Directors on 31 May 2020.

**Francesco Mario Patrocollo**
Chairman of the Board, non-executive director

**Giovanni Ferraio**
Non-executive director

**Lieven Baten**
Non-executive director

**Vincenzo Moccia**
CEO, executive director

**Rosanna Squitti**
CSO, executive director

# Section V – Other information

## 1 Other disclosures in accordance with Dutch law requirements

### 1.1 Profit appropriation according to the Articles

The Board of Directors proposes to carry forward the loss of the year.

Distribution of dividends pursuant to article 10.1 will take place after the adoption of the Annual Accounts which shows that the distribution is allowed.

The company may make distribution on Shares only to the extent that its shareholder's equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law or the Articles.

The Board may resolve to reserve the profits or part of the profits.

The profit remaining after application of article 10.1.3 will be at the disposal of the General Meeting.

### 1.2 Branch establishments

The Company has a branch establishment registered under Italian law with trade name 'IGEA Pharma BV'.

## 2 Independent auditor's report

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The Netherlands
T: +31 88 277 13 92
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# Independent auditor's report

To: The shareholders and the board of directors of IGEA Pharma N.V.

## Report on the audit of the financial statements 2020 included in the annual report

### Our opinion

We have audited the financial statements 2020 of IGEA Pharma N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of IGEA Pharma N.V. as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of IGEA Pharma N.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2020;
2. the following statements for 2020: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2020;
2. the company profit and loss account for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

**Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of IGEA Pharma N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 11,000. The materiality is based on 1.5% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of directors that misstatements in excess of EUR 330, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

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## Scope of the group audit

IGEA Pharma N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of IGEA Pharma N.V.

Our group audit mainly focused on significant group entities We have:

- performed audit procedures ourselves at group entity IGEA Pharma N.V.;
- used the work of Mazars USA when auditing entity IGEA Research Corporation;
- performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

## Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of  the audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of intangible assets

The intangible assets consist of patents, which has been valued at cost and are amortized over the lifetime period. The book value of the intangible assets amounts to USD 417,700. The valuation of the intangible assets is important since the patents will be used to set-up the business activities of the Group in the next coming years. The revenues and profitability of the future patents related business activities are still uncertain since no revenues are generated until now. The valuation is therefor subject to significant judgements and contains various assumptions.

The board of directors performed an impairment test using a high level DCF model which contains inherent uncertainties regarding commercialising of the activities and to start generating revenues. Furthermore the board of directors used the reference value from the external valuation report resulting from the intended business combination to determine if there is a need for an impairment. The board of directors decided to not account for an impairment on the intangible assets.

We have performed the following audit procedures:

- review of the reasonability of the key assumptions used in the high level DCF model;
- inquiries with the external financing party in order to gain a better understanding for the basis of the loan granted to the company;
- inquiries with the board of directors regarding the forecast and future plans of the patents related business activities;
- high level review of the external valuation report relating to the intended business combination used as reference value by the board of directors;
- review of the disclosures in the financial statements in accordance with IAS 36 – Impairment of Assets.

We refer to note 4 critical estimates and judgements and 9 intangible assets in the consolidated financial statements for further disclosure. We refer to note 4 and 9 in the consolidated financial statements for further disclosure.

## Going concern

The board of directors has prepared an assessment regarding the going concern basis of preparation of the financial statements which is based on a cash flow forecast. A key assumption in the cash flow forecast concerns the secured external financing of € 2 million obtained from the external financing party in April 2021. We have examined the conditions and covenants of the finance agreement including the creditworthiness of the borrower.

We refer to note 4 critical estimates and judgements for further disclosure of the risk and uncertainties regarding the ability to continue as a going concern.

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## Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management review report;
- the corporate governance report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management review report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## Description of responsibilities regarding the financial statements

### Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting, unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The board of directors is responsible for overseeing the company's financial reporting process.

## Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide  the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 31 May 2021

Mazars Accountants N.V.

Original has been signed by: O. Opzitter RA