IGEA Pharma N.V.
Annual report 2022

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Section I - Management review 2022

1 Company profile

IGEA Pharma N.V. focuses on highly controlled vegetable matrices and their industrial processing to extract cannabidiol, terpenes, polycosanol, and other valuable components and in the distribution of food supplements, functional food as well as health-tech and med-tech preventative products and devices after having merged with Blue Sky Natural Resources LTD during the second half of 2021.

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 2022

Profit and loss

- The Group did not start to generate revenue in the 'Industrial processing' segment as expected (same as previous period) and the 'Distribution' segment did not operate as expected due to defocused activities (2021: marginal revenue for TEUR 103.3).
- Costs of the sales activity were TEUR 10.7 (2021: TEUR 126.2) and were generated by write-offs of previous years' financial positions exclusively. Impairments on financial assets are disclosed separately in the profit or loss statement and therefore the item was not included in the gross result.
- Operating expenses, net of other income, were TEUR 10,458.2 (2021: TEUR 1'248.3), of which TEUR 10,223.7 (2021: TEUR 413.5) due to impairment charges. Other income substantially due to non-recurring operations was EUR 361.7 (2021: TEUR 179.9).
- The Group recognized impairments of associates and joint ventures accounted for using the equity method was TEUR 1,297.3 (2021: none) without any share of loss of associate and joint ventures accounted for using the same method (2021: share of loss of TEUR 132.3).
- EBITDA as adjusted (before impairment charges) and EBIT was TEUR (234.6) (2021: (863.8)) and TEUR (11,755.5) (2021: TEUR (1,277.3)) respectively.
- Net finance result was negligible (same as previous period).
- Net loss of the period was TEUR 11,778.1 (previous period: TEUR 1,258.9), representing a basic and diluted loss per share of EUR 0.0347 (2021: basic and diluted loss per share of EUR 0.0039).

Balance sheet and cash flow

- As of 31 December 2022, the Group held total assets of TUER 222.0 (2021: TEUR 11,448.3), all of which are of current nature (2021: non-current asset of TEUR 10,321.2 and current assets for 1,127.1). The decrease of TEUR 11,226.3 (2021: increase of TEUR 8,935.3) is substantially due to the relevant impairments recognized during the period.
- Liabilities were TEUR 2,622.0 (2021: TEUR 2,144.8), with an increase substantially due to loans convertibles in share of IGEA only still classified as financial liabilities on 2022, and the total shareholder's equity was TEUR (2,400.0) (2021: TEUR 9,303.5).
- The cash flow during 2022 (net of any exchange difference effects) was TEUR 5.7 (2021: cash use for TEUR 162.1), of which TEUR 401.2 (2021: TEUR 1,085.9) used for operations, TEUR 107.4 used for investing activities (2021: cash inflow from investing activities of TEUR 291.8) and TEUR 514.3 deriving from financing activities (2021: TEUR 632.0).
- Cash and cash equivalents at year's end is TEUR 29.9 (2021: TEUR 17.1). The Group ensured additional cash and cash equivalents during 2023 necessary to finance its level of activities for at least twelve months.

3 Outlook 2023

Pursuant to the new board of directors of IGEA (Board) in office since end of April 2023, the expected setup of an own industrial site to transform CBD and other vegetable-based matrices into high value products for the health prevention, cosmeceutical and other selected industries in Biasca, Switzerland, has been stagnating for almost three years now, the funding remains highly uncertain and the start of the activities – if ever – highly unpredictable, casting herewith serious doubts on the continuation of those activities. In the best interests of IGEA and its stakeholders, the Board decided therefore on 27 May 2023 to sell the 'Industrial processing' segment as well as certain activities of the 'Distribution' segment. The transaction has been performed by selling all equity interests of IGEA in BSNR to Pharma Tech Holdings SA (Pharmatech), which is a related party to the Company - please refer to notes 21 and 22 of the consolidated financial statements in this annual report 2022 (Annual Report) for more details. IGEA did not grant any liabilities or had any constructive obligation ensuring that previously participating interest would pay their liabilities and this operation will strengthen the equity of IGEA with a reduction from TEUR (2,400.0) as of 31 December 2022 down to expected TEUR (317.7) net of the effects of the transaction, the further conversion of outstanding notes into shares and before any result of 2023, generally reduce the overall IGEA's liabilities from TEUR 2,622.0 down to TEUR 613.4 (net of the further conversion of outstanding notes into shares of IGEA), and simplified the Group's corporate and operational structure, which the Board considers strategic conditions to pursue operations.

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 2022 and the date of disclosure of this Annual Report. 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 December 2017, IGEA, newly incorporated 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 March 2018 and changes its legal name to IGEA Pharma N.V. In 2021, IGEA and Blue Sky Natural Resources LTD (BSNR), a private company limited by shares incorporated under the law of England and registered under company number 10142949 with the Registrar of Companies of England and Wales with headquarter and registered office is in 10 Philpot Lane EC3M BAA, London, England and principal place of business is Europe, focused on highly controlled vegetable matrices and their industrial processing to extract cannabidiol, terpenes, polycosanol, and other valuable components and in the distribution of food supplements and functional food, combined their businesses.

All operations of the Group are managed by the Executive Director who is also the Chief Executive Officer (CEO) together with the other officers of the Group.

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 2022 was CHF 10.1 million.

The Directors elected by the General Meeting on 24 April 2023 become aware of the total absence of any financial reporting within the Group and the consequent inability of the Board to disclose the annual report 2022 within the mandatory deadlines and disclosed immediately to the market. The deadline of 31 May 2023 to disclose the annual report 2022 immediately granted by the SIX could not be respected. In the meantime, the SIX suspended trading of the Company shares.

1.1.3 Non-listed companies

The Group subsidiaries are listed in note 2.3 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 2022:

Shareholder/Group of shareholders	Number of shares / number of shares for which voting rights can be exercised	Percentage of voting rights
Mr. Gerardo Caradonna, Lugano, Switzerland (1)	102,128,747	30.30%
Blue Sky Angel Lab SRL Milano, Italy	30,690,000	9.11%
Mr. Pierpoalo Cerani, Estoril, Portugal (2)	30,365,010	9.01%
Cristina Canepa, Milano, Italy	26,700,000	7.92%

(1) Mr. Gerardo Caradonna, Lugano, Switzerland, holds shares directly as well as indirectly through controlling stakes in All Asset Management SA, Luxembourg, Grand Duchy of Luxembourg and Pharmatech Holding SA, Lugano, Switzerland.

(2) Mr. Pierpaolo Cerani, Estoril, Portugal, holds shares indirectly through C.H.I. B.V., Hoofddorp, The Netherlands.

For a comprehensive list of notifications of shareholdings received during 2022 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 2022, the Company had an issued share capital of TEUR 3,370.3, consisting of 337,030,142 fully paid-up shares with a par value of EUR 0.01 each.

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 2022, 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.

– With resolution dated 28 April 2021, the General Meeting authorized 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 and 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.

Based on the authorization received by the General Meeting on 28 April 2021, on 11 August 2021 the Board resolved to increase the Company's share capital by issuing 307,700,514 new shares to perform the acquisition of BSNR. Furthermore, during 2021, non-interest-bearing notes for TEUR 250.00 and non-redeemable loans for TEUR 625.0 were converted into 893,658 and 1,079,509 respectively newly issued shares with a par value of EUR 0.01

As of 31 December 2021, the Company has an issued share capital of TEUR 3,347.2 consisting of 334,722,450 fully paid-up shares with a nominal value of EUR 0,01 per share.

During 2022, non-interest-bearing notes for TEUR 300.0 were converted into newly issued 2,307,692 fully paid-up shares with a par value of EUR 0.01.

As of 31 December 2022, the Company had an issued share capital of TEUR 3,370.3, consisting of 337,030,142 fully paid-up shares with a par value of EUR 0.01 each.

Further information on the share capital is provided under note 15 of the 'Consolidated financial statements' under Section III of this Annual Report.

2.4 Shares

As of 31 December 2022, the Company's outstanding shares were 337,030,142. 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 2022, following rights on the Company's securities are outstanding:

– right to convert, at any time and at the discretion of Love Gratitude SRL, but in whole only, a non-interest-bearing, unsecured and non-redeemable loan of TEUR 50.0 into 1,000,000 newly issued shares in the share capital of the Company.

– right to convert, at any time and at the discretion of Dal Molise SRL, but in whole only, a non-interest-bearing, unsecured and non-redeemable loan of TEUR 200.0 into 5,000,000 newly issued shares in the share capital of the Company.

From 1 January 2023 and until the date of disclosure of this Annual Report, following rights on the Company's securities were issued and/or amended:

– right to convert, at any time and at the discretion of Negma Group

  - but within 10 March 2023, 15 non-interest-bearing notes for globally TEUR 150.0 into 7.5 million newly issued shares in the share capital of the Company.
  - but within 6 March 2024, 30 non-interest-bearing notes for globally TEUR 300.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Non converted notes will then simply expire.
  - but within 6 March 2024, 6 non-interest-bearing notes then to be newly issued in 2023 for globally TEUR 60.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Non converted notes will then simply expire.

– All outstanding 45 notes of Negma Group on the Company securities as of 31 December 2022 for TEUR 450.0 were furthermore renegotiated by the Board entered in office after April 2023 to finally release on previous contractual breaches by IGEA beginning of 2022 and beginning 2023. Pursuant to the new terms, Negma Group has the right to convert, at any time and at the discretion of Negma Group, 51 non-interest-bearing notes for globally TEUR 510.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Mr. Pierpaolo Cerani, Executive Director and CEO of the Company and Enosi S.p.A., a company referring to Mr. Angelo Strazzella, Non-executive Director and Chairman of the Board, are guarantors for and towards the right of Negma Group for 21,3 million shares of IGEA.

2.8 Members

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'),.

The following table sets out information with respect to each Director as of 31 December 2022:

Name	Nationality	Year of birth	Position	First elected	Elected until
Marcello Venditelli	Italian/Swiss	1979	chairman, non-executive	2022	2026
Nicola Mona	Swiss	1975	executive, CEO	2022	2026
Reinout Oussoren	Dutch	1961	non-executive	2022	2026

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:

– **Marcello Venditelli** is a certified expert in finance and controlling and a certified accountant in in Switzerland. Former activities were in various economic realities in the northern Italy and southern Switzerland until 2011, when he entered in Revigeco SA, a regional-based provider of operating management, accounting, audit and HR management services, where he serves actually. Except as described, Venditelli was not engaged in other relevant activities outside of IGEA.
– **Nicola Mona** hods a Master of Sciences degree and an MBA from the Said Business School, University of Oxford. Former activities were at the World Economic Forum, Switzerland and in various economic realities in southern Switzerland. In 2014, he co-founded the engineering and consultancy provided Puricelli-Mona, for which he served as managing director until 2019, continuing then to serve for his company as well as board member and chairman of various economic realities mainly in southern Switzerland. Except as described, Mona was not engaged in other relevant activities.
– **Reinout Oussoren** ia a serial entrepreneur with proven track record that spans more than 25 years of commercial and operational executive leadership focused on filtration industry, wind energy and renewables industry. He is the holder of various international patents. Former activities were in various local start-ups' and international realities including serving as managing directors Europe of BHA Group Holding, Inc. and as CEO of Northern Power Systems, Zürich. Except as described, Oussoren was not engaged in other relevant activities.

2.9 Other activities and vested interests

None other than described above for all Directors.

2.10 Changes

During 2022, the Board changed as follow:

- On 1 February 2022 (the resignation becoming effective as of 31 January 2022) the Company announced the resignation of Mrs. Giovanna Puppo, Mr. Raffaele Bertoni, Mr. Lieven Baten, and Mr. Massimiliano Colella from the Board. The Company did not anticipate any substitution.
- On 19 October 2022 (the resignation then becoming effective with the General Meeting of 1 December 2022) the Company announced the resignation of Mr. Francesco Mario Patrocollo and Mr. Vincenzo Moccia from the Board and anticipated the proposal to appoint Mr. Nicola Mona an Executive Directors, and Mr. Marcello Venditelli and Mr. Reinout Oussoren both as Non-Executive Directors pursuant to a binding nomination by the Board.

From 1 January 2023 and until the date of disclosure of this Annual Report, the Board changed as follow:

- On 13 March 2023 (the decision then becoming effective with the General Meeting of 24 April 2023) the Company announced the resignation of Mr. Nicola Mona, Mr. Marcello Venditelli and Mr. Reinout Oussoren from the Board, and anticipated the proposal to appoint Mr. Angelo Strazzella and Mr. Pellegrino De Santis as Non-executive Directors and Mr. Pierpaolo Cerani as Executive Directors of the Company pursuant to a binding nomination of the Board.

2.11 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.

2.12 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 meet four times during 2022:

- On 25 January 2022, the Board meet to ascertain the resignation, effective as of 31 January 2022, of Mrs. Giovanna Puppo, Mr. Raffaele Bertoni, Mr. Lieven Baten, and Mr. Massimiliano Colella from the Board. The Board did not anticipate any substitution.
- On 27 July 2022, the Board meet to grant the rights to subscribe for shares at the conditions as defined in the loan agreements with Love Gratitude SRL and Dal Molise SRL and to exclude any pre-emption rights with regards to this granting in accordance with the Company's Articles.
- On 28 September 2022, the Board meet to approve the annual report 2021 subject to the receiving of the audit opinion, and to convene the annual General Meeting, with the proposal, among the usual agenda items, to elect three new directors in the Board (and the resignation from the corporate body of the two current Directors), and to propose to re-elect Mazars Netherlands as the Company auditor for a further mandate (subject to Mazars' approval).
- On 22 December 2022, the Board elected by the General Meeting of 1 December 2022 meet to update on the hand-over from the previous governance, the engagements of the Directors and officers and the overall situation of the business and to define signature powers.

2.13 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.

2.14 Committees

Since the resignation of certain Directors on 31 January 2022, the Board did not renew the composition of the audit committee and the nomination and remuneration committee for lack of prerequisites related to the limited number of Directors remained. The Board in charge expects to cure the default during 2023.

Notwithstanding the foregoing, the governance framework of the Company continues to keep contemplating 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.

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 in charge beginning of 2022 was formed by Raffaele Bertoni and Giovanna Puppo, who both resigned on 31 January 2022. Since then, the Board did not renew the composition of the audit committee for lack of prerequisites. The committee shall consist of at least two Directors who shall satisfy the applicable independence as well as other membership requirements under the Code or any other applicable corporate governance rules and law, and this was not feasible with two Directors only remaining in charge.

The meeting for discussing the financial statements and the other sections of the annual report 2021 did not take place and the task of the audit committee have been taken over directly by the Board.

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 in charge beginning of 2022 was formed by Francesco Mario Patrocollo and Massimo Colella, who resigned on 31 January 2022. Since then, the Board did not renew the composition of the nomination and remuneration committee for lack of prerequisites. The committee shall consist of at least two Directors who shall satisfy the applicable independence as well as other membership requirements under the Code or any other applicable corporate governance rules and law, and this was not feasible with two Directors only remaining in charge.

The nomination and remuneration committee did therefore not meet during 2022 and the major tasks of the nomination and remuneration committee have been taken over directly by the Board.

3 Officers, Executive Management

The Executive Directors together with other officers – if any - represents the executive management of the Company. During 2022, following officers operated within the Group:

- **Rosanna Squitti**, serving as Chief Scientific Officer (CSO) of IGEA. Mrs 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 Biomedico" 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.
- **Diego Fiorentini**, serving as Chief Financial Officer (CFO) of IGEA since 8 December 2022. Mr. Fiorentini hods a degree in corporate finance from the Università Bocconi of Milano and is a qualified accountant trustee in Ticino, Switzerland. Former activities were as treasurer in ABB Italy and in Italmobiliare as responsible of the treasury and group financial department, becoming then co-director of the controlled Swiss-based Finter Bank. In 2009, he became the CFO of Cavotech, managing the delisting from the New Zaland stock exchange, the debt restructuring and the

listing at the Nasdaq OMX. In 2015, Fiorentini founded yourCFO in Switzerland, an international-based provided offering CFO services.

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

Rosanna Squitti served as CSO of IGEA until 30 June 2022. The role was no longer maintained because Group's needs should have focused on industrial production. Diego Fiorentini entered in charge beginning of December 2022. The Board challenged the role of CFO of Diego Fiorentini when the Directors elected by the General Meeting on 24 April 2023 entered in charge and become aware of the total absence of any financial reporting within the Group and the consequent inability of the Board to disclose the annual report 2022 within the mandatory deadlines.

4 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 and officers 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 and officers 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.

4.1 Compensation

Board

The compensation paid to or accrued for Vicenzo Moccia and Nicola Mona, both acting as Executive Directors and CEO of IGEA from 1 January 2022 until 30 November 2022 and from 1 December 2022 onward amounted to TEUR 59.3 and TEUR 5.2 respectively. No additional fees and remunerations have been charged to the Group by Vincenzo Moccia and Nicola Mona or any parties closely linked to Vincenzo Moccia and Nicola Mona for additional services performed during 2022, nor was Vincenzo Moccia or Nicola Mona entitled to any fringe benefit.

The compensation paid to or accrued for Non-Executive Directors of IGEA during 2022 amounted to TEUR 23.3. No additional fees and remunerations have been charged to the Group by the Non-Executive Directors or any parties closely linked to the Non-Executive Directors for additional services performed during 2022, nor were the Non-Executive Directors entitled to any fringe benefit.

Officers

The compensation paid to or accrued for Rosanna Squitti acting as CSO of IGEA and Diego Fiorentini acting as CFO of IGEA during 2022 amounted to TEUR 13.3 and TEUR 7.2 respectively. No additional fees and remunerations have been charged to the Group by the officers or any parties closely linked to the officers for additional services performed during 2022, nor were the officers entitled to any fringe benefit.

4.2 Ownership of shares and options

As of 31 December 2022, none of the Directors and officers have disclosed any shares ownership in the Company. No options were granted during 2022 or even before to any Directors or officers.

4.3 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.

5 Shareholder's participation rights

5.1 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.

5.2 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.

5.3 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.

6 Changes in control and defence measures

6.1 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.

6.2 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.

7 Auditors

7.1 Duration of the mandate and term of office of the lead auditor

The General Meeting on 1 December 2022 decided to renew the mandate to Mazars Netherlands as Company auditors for one additional year. The auditor in charge is Mr. Onno Opzitter. He assumed his responsibility on 5 January 2023.

7.2 Audit and additional fees

The total auditing fees paid or accrued for the year 2022 amounts to TEUR 60.0 (2021: EUR 60.5) of which Mazars, including network firms, in their capacity as Group auditors, receive the full amount. Additional fees for TEUR 62.1 (2021: none) and TEUR 7.9 (2021: none) were charged by Mazars for services incurred on the 2021 annual report audit and for tax related services respectively. For further details, please refer to note 23 of the consolidated financial statements of the Company.

8 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 each 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 adversely affect the ability of the Group's business, result of operations and/or financial condition.	This is an inherent risk for any business. Cost-benefit analysis 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 certain aspects of its value chain (including among others regulatory approval; 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.
Trade secrets, intellectual property and other similar rights	The Group depends on certain trade secrets 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 2022 and 2021 (see note 12.3) respectively and the additional funds the Group was able to ensure as further described in note 2.2, 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 board maintain detailed financial forecasts 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 maximum credit risk exposure of the Group is limited to the carrying amounts of its financial assets, amounting as of 31 December 2022 and 2021 to TEUR 166.2 and TEUR 159.6 respectively.

- 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. The Group is subject to foreign exchange risk only. Foreign exchange risk arises from future transactions and recognized financial assets and liabilities not denominated in the Group's functional currency. If the Group currency rates were to change up to 5% compared to year-end 2022 status, this would have had a net negative impact (in case of a straightening of the EUR towards other currencies) of up to TEUR 58.1 or a net positive impact (in case of a straightening of the other currencies toward the EUR) of up to TEUR 35.5 on the Group's result. If the Group currency rates were to change up to 10% compared to year-end 2022 status, this would have had a net negative impact (in case of a straightening of the EUR towards other currencies) of up to TEUR 104.8 or a net positive impact (in case of a straightening of the other currencies toward the EUR) of up to TEUR 82.4 on the Group's result.

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 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.

9 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 2023 are the annual General Meeting approving the annual report 2022 and the presentation of the half-year financials in September 2023.

10 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 2022 financial year in accordance with best practice 2.2.8 because of the limited number of Directors operating within the Board. The task has been postponed to 2023.
- 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. Furthermore, since the resignation of certain Directors on 31 January 2022, the Board did not renew the composition of the audit committee and the nomination and remuneration committee for lack of prerequisites related to the limited number of Directors remained. The Board actually in charge expects to cure the default during 2023.
- 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 EUR, unless otherwise stated)

	Notes	31.12.2022	31.12.2021 as restated
ASSETS			
Intangible assets	6;11	-	8,977.5
Investments accounted for using the equity method	19	-	1,213.7
Financial assets at amortized cost	12.1	-	130.0
Non current assets		**-**	**10,321.2**
Inventories	13	-	914.4
Trade receivables	12.2	-	12.5
Other assets	14	55.8	183.1
Financial assets at amortized cost	12.1	136.3	-
Cash and cash equivalents	12.3	29.9	17.1
Current assets		**222.0**	**1,127.1**
Total assets		**222.0**	**11,448.3**
EQUITY AND LIABILITIES			
Share capital	15	3,370.3	3,347.2
Share premium	4.2; 16	16,361.0	16,334.1
Reserves	4.2; 16	445.3	422.7
Accumulated loss	4.2	(22,475.6)	(10,787.5)
Equity attributable to owners of IGEA Pharma NV		**(2,299.0)**	**9,316.5**
Non-controlling interests	4.2	(101.0)	(13.0)
Total shareholders' equity		**(2,400.0)**	**9,303.5**
Financial debts	12.4	1,422.6	590.1
Non-current liabilities		**1,422.6**	**590.1**
Trade and other payables	12.5	709.2	698.4
Financial debts	6;12.4	156.7	562.5
Current tax liabilities		24.5	-
Accruals	12.6	309.0	293.8
Current liabilities		**1,199.4**	**1,554.7**
Total equity and liabilities		**222.0**	**11,448.3**

(*) After appropriation of result

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

Consolidated statement of profit or loss

(in thousand EUR, unless otherwise stated)

	Notes	Year 2022	Year 2021 as restated
Revenues	7	-	103.3
Cost of sales	9.1	-	(126.2)
Gross result		**-**	**(22.9)**
Research and development	9.1	(13.4)	(148.9)
Sales and marketing	9.1	-	(0.2)
General and administration	9.1	(9,560.3)	(1,152.9)
Other income	9.2	361.7	179.9
Impairments on financial assets	12.2	(1,246.2)	-
Operating result		**(10,458.2)**	**(1,145.0)**
Finance income	9.3	2.2	24.9
Finance costs	9.3	(0.3)	(6.5)
Finance income - net		1.9	18.4
Impairment on associates and joint ventures accounted for using the equity method	19	(1,297.3)	-
Share of result of associates and joint ventures accounted for using the equity method	19	-	(132.3)
Result before income tax		**(11,753.6)**	**(1,258.9)**
Income tax expense	10	(24.5)	-
Result of the period		**(11,778.1)**	**(1,258.9)**
Attributable to:			
Owners of IGEA Pharma NV - as restated	4.2	(11,688.1)	(1,226.0)
Non-controlling interests - as restated	4.2	(90.0)	(32.9)
		(11,778.1)	**(1,258.9)**
Basic and diluted loss per share (in EUR units) - as restated	4.2; 24	(0.0347)	(0.0039)

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

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

	Notes	Year 2022	Year 2021 as restated
Result of the period		**(11,778.1)**	**(1,258.9)**
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		24.6	116.2
Income tax relating to these items		-	-
Items that will not be reclassified to profit or loss		-	-
Other comprehensive result for the period		**24.6**	**116.2**
Total comprehensive result for the period		**(11,753.5)**	**(1,142.7)**
Attributable to:			
Owners of IGEA Pharma NV - as restated	4.2	(11,665.5)	(1,109.8)
Non-controlling interests - as restated	4.2	(88.0)	(32.9)
		(11,753.5)	**(1,142.7)**

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

Consolidated statement of changes in equity

(in thousand EUR, unless otherwise stated)

	Notes	Attributable to the owners of IGEA Pharma N.V.					
		Share capital	Share premium	Reserves	Accum. loss	Non controll. interest	Total equity
Equity as of 1 January 2021		**3,062.0**	**1,439.5**	**306.5**	**(4,342.5)**	**-**	**465.5**
Result of the period - as restated	4.2	-	-	-	(1,226.0)	(32.9)	(1,258.9)
Other comprehensive result for the period		-	-	116.2	-	-	116.2
Total comprehensive income		**-**	**-**	**116.2**	**(1,226.0)**	**(32.9)**	**(1,142.7)**
Transactions with owners:							
Issuance of shares in BSNR - as restated	4.2	15.0	668.8	-	-	-	683.8
Reverse merger IGEA-BSNR - as restated	4.2	252.2	14,093.8	-	(5,219.0)	19.9	9,146.9
Conversion of notes and loans in shares		18.0	(18.0)	-	-	-	-
Issuance of convertible notes and loans		-	150.0	-	-	-	150.0
		285.2	**14,894.6**	**-**	**(5,219.0)**	**19.9**	**9,980.7**
Equity as of 31 December 2021 as restated	4.2	**3,347.2**	**16,334.1**	**422.7**	**(10,787.5)**	**(13.0)**	**9,303.5**
Equity as of 1 January 2022		**3,347.2**	**16,334.1**	**422.7**	**(10,787.5)**	**(13.0)**	**9,303.5**
Result of the period		-	-	-	(11,688.1)	(90.0)	(11,778.1)
Other comprehensive result for the period		-	-	22.6		2.0	24.6
Total comprehensive income		**-**	**-**	**22.6**	**(11,688.1)**	**(88.0)**	**(11,753.5)**
Transactions with owners:							
Conversion of notes and loans in shares	15;16	23.1	(23.1)	-	-	-	-
Issuance of convertible loans	16	-	250.0	-	-	-	250.0
Reversal of previously recognized convertible notes due to contractual breaches by IGEA	12.4;15;16;21	-	(200.0)	-	-	-	(200.0)
		23.1	**26.9**	**-**	**-**	**-**	**50.0**
Equity as of 31 December 2022		**3,370.3**	**16,361.0**	**445.3**	**(22,475.6)**	**(101.0)**	**(2,400.0)**

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

Consolidated statement of cash flows

(in thousand EUR, unless otherwise stated)

	Notes	Year 2022	Year 2021 as restated
Cash generated from operations	16.1	(401.2)	(1,085.9)
Interest and income tax paid		-	-
Net cash flow from operating activities		**(401.2)**	**(1,085.9)**
Payments for the acquisition of subsidiaries, net of cash acquired		-	59.4
Investments in associates and joint ventures		(107.4)	(214.9)
(Increase)/decrease in financial assets		-	447.3
Cash flow from investing activities		**(107.4)**	**291.8**
Proceeds from issuance of shares - as restated	4.2	-	683.8
Proceeds from convertible notes and loans		500.0	-
Proceeds (repayment) from/of financial debts, net		14.6	(70.2)
Finance cost		(0.3)	18.4
Cash flow from financing activities - as restated		**514.3**	**632.0**
Increase (decrease) in cash and cash equivalents - as restated		**5.7**	**(162.1)**
Cash and cash equivalents at beginning of period		17.1	88.6
Net effect of currency translation - as restated	4.2	7.1	90.6
Cash and cash equivalents at end of period		**29.9**	**17.1**

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

Notes to the consolidated financial statements 2022

1 General information

IGEA Pharma N.V. (IGEA or the Company) 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 Europe and the US.

In 2021, IGEA and Blue Sky Natural Resources LTD (BSNR), a private company limited by shares incorporated under the law of England and registered under company number 10142949 with the Registrar of Companies of England and Wales with headquarter and registered office is in 10 Philpot Lane EC3M BAA, London, England and principal place of business is Europe, combined their businesses. The transaction qualified as a reverse merger pursuant to IFRS, with the disclosed consolidated financial statements of IGEA being the continuation of the consolidated financial statements of BSNR including IGEA and its subsidiaries from the date of the combination onwards. Unless the context indicates otherwise, all references to 'IGEA' or the 'Company' or the 'Group' refer to IGEA together with all its consolidated subsidiaries under consideration of the reverse merger impact of 2021.

The Group focused on highly controlled vegetable matrices and their industrial processing to extract cannabidiol, terpenes, polycosanol, and other valuable components and in the distribution of food supplements, functional food as well as health-tech and med-tech preventative products and devices. On 27 May 2023, the board of IGEA (Board) entered in charge in April 2023 decided to sell the 'Industrial Process' segment and certain activities of the 'Distribution' segment, the transaction being performed by the sale of all equity interests of IGEA in BSNR to Pharma Tech Holding SA (Pharmatech), which is a related party to the Company (see note 21 and note 22 for more details).

These Group consolidated financial statements have been approved for disclosure on 28 July 2023 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 EUR. All figures included in these consolidated financial statements and notes are rounded to the EUR 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 2.2 below and in note 4 of these consolidated financial statements.

2.2 Uncertainty and ability to continue operations

On 27 May 2023 IGEA decided to sell the 'Industrial Process' segment and certain activities within the 'Distribution' segment. The decision to sell was a consequence of the considerable uncertainty about the ability of the joint venture Blue Sky Swiss SA (BSS), a company existing under Swiss law where all industrial process activities based on the CO_2 supercritical extraction were expected to be set up with the reverse merger of mid-2021, to continue operations. IGEA did not grant any liabilities or had any constructive obligation ensuring that previously participating interest would pay their liabilities and thus, this transaction has strengthened the equity of the Group, eliminated any financial debts, generally reduced the further Group liabilities, and simplified the Group's corporate and operational structure, which the Board considers strategic conditions to pursue operations.

The cash needs required to maintain the actual level of activities and allowing the Board to evaluate new opportunities to relaunch the business are estimated in TEUR 680. The sale transaction on 27 May 2023 generated a net cash inflow of TEUR 200. Further TEUR 40.0 were contributed by way of a convertible loan agreement (as further disclosed under note 21) and on 15 May 2023, IGEA entered into two loan facility agreement with Mr. Pierpaolo Cerani, Executive Director and CEO of the Company, and Enosi S.p.A., a company referring to Mr. Angelo Strazzella, Non-executive Director and Chairman of the Company, granting herewith additional funds up to TEUR 460 (of which TEUR 60 still used). The funds are made available to the Company pursuant to the necessities, are unsecured, subordinated, interest-free, and redeemable within 31 December 2025 – if ever.

To date, the Company has not anticipated nor is the Company aware of any events or circumstances which could negatively affect its ability to continue evaluating new opportunities to relaunch the business. The funds to meet the Company obligations as they fall due for at least 12 months after the balance sheet date were granted and accordingly, these consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the foregoing, the Company remains subject to uncertainties about its relaunch and its ability to start generating revenues and consistent cash flows to adequately support its operations, and this exposes the Group to all the risks inherent in establishing a business.

2.3 Principles of consolidation

Subsidiaries

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 consolidated within the Group and are direct subsidiaries of IGEA or BSNR:

				Interest in capital %	
Name	**Country**	**Capital**		**2022**	**2021**
Blue Sky Natural Resources LTD, London	UK	GBP	114,930	95.65%	95.65%
Universal Trade Elite LTD, London	UK	GBP	8,820	95.65%	95.65%
Equilibrium Life Science Sagl, Switzerland	Switzerland	CHF	20,000	95.65%	95.65%
IGEA Research Corporation, Miami	US	USD	-	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.

Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Under IFRS 11 - Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group does only have joint ventures. Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognized at cost.

The following entities are associates or joint ventures of the Group:

Name	**Country**	**Nature of relation-ship**	**Ownership interest 2022**	**2021**
Blue Sky Swiss SA, Switzerland	Switzerland	Joint Venture	50.0%	50.0%
ATI Biotech SRL, Italy	Italy	Associate	20.0%	20.0%
BSALeit SRL, Italy	Italy	Associate	46.7%	-
Other*			-	-

* The Group owns or expects to own 51% of the equity of Blue Sky Ecotopia S.A.S., Dakar, a company under the Law of Senegal. The Group does not have any control over this entity and consequently, the entity is not consolidated but treated as an associate. Furthermore, no financial information on Blue Sky Ecotopia S.A.S. exists or is available to the Group and it is even not known if this entity still exists.

Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note "Impairment of non-financial assets"

2.4 Segment reporting

A small team of managers that reports to the CEO comprehensively manages the entire business and has defined from a product and operations perspective view reportable segments. The operating decision-maker is the CEO who reviews the Group operations and makes decisions in the segments. The activities of the Group are not affected by any significant seasonal effect. The Group intends to focus on the US and EU market and operates on other markets on an opportunistic approach, but geographies are not considered to be separate segments.

2.5 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.

2.6 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 10 years as of 31 December 2022 (previous period: 11 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.

Goodwill acquired in or a as a result of a business combination is not amortized but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2.7 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.

2.8 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- The fair values of the assets transferred.
- The liabilities incurred to the former owners of the acquired business.
- The equity interests issued by the group.
- The fair value of any asset or liability resulting from a contingent consideration arrangement.
- The fair value of any pre-existing equity interest.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of:

- the consideration transferred;
- the amount of any non-controlling interest in the acquired entity; and
- the acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recognized as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability and is measured at fair value at initial recognition. Contingent consideration that is classified as a liability is remeasured to fair value at each reporting date, with changes included in the income statement. Contingent consideration that is classified as equity is not subsequently remeasured.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

A reverse acquisition occurs if the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes and the entity whose equity interests are acquired (legal acquiree) is the acquirer for accounting purposes. A reverse acquisition that is a business combination can occur only if the accounting acquiree meets the definition of a business under IFRS 3. In such case, like other business combinations, reverse acquisitions must be accounted for using the acquisition method, and all of the recognition and measurement principles in IFRS3, including the requirement to recognize goodwill, apply.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

The owners of the accounting acquirer who do not exchange their equity interests for equity interests of the accounting acquiree are treated as a non-controlling interest in the consolidated financial statements. The non-controlling interest reflects the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of the legal acquiree's net assets.

2.9 Financial instruments

2.9.1 Financial assets

Investments and other financial assets
The Group classifies its financial assets in the following measurement categories:

- At amortised cost. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are included in the result from continuing operations and separately disclosed in the notes.

- At fair value through other comprehensive income. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) in finance result and impairment losses are included in the result from continuing operations and separately disclosed in the Notes. No financial assets have been classified under this category in the reported periods.

- At fair value through profit or loss. Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured consequently is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement of financial assets depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

Equity instruments are measured at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

The Group assesses on a forward-looking basis the expected credit loss associated with its investments and other financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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.

Contingent considerations
Contingent consideration is classified as a liability or equity and is measured at fair value at initial recognition. Contingent consideration that is classified as a liability is remeasured to fair value at each reporting date, with changes included in the income statement. Contingent consideration that is classified as equity is not subsequently remeasured.

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 22 for additional details.

3 Changes in accounting policies

3.1 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.

3.2 New standards and interpretations

The following new, revised or amended standards and interpretations which are mandatory for the financial periods beginning on 1 January 2022 did not have any material impact on the Group's consolidated financial statements:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Onerous contracts – Cost of fulfilling a contract – Amendments to IAS 37
- Annual improvements to IFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to IFRS 3.

Certain new, revised or amended standards and interpretations have been published as t 30 June 2022 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, judgements, and errors

4.1 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***. See section 2.2 'Uncertainty and ability to continue operationsin'

- ***Interest in other entities***. The Group hold various interest in other entities, as further disclosed in note 19, which requires significant judgements on the financial conditions of the entities concerned. During 2022, the interest in the joint venture BSS has been fully impaired because all companies under the joint venture are expected to be over-indebted pursuant to the respective law environments and - as history still demonstrated – no evidence exists that the joint venture will success in raising the funds necessary to complete the set-up and to start the industrial activities, casting hereby significant doubt on its continuation as a going concern. The Group also decided to fully impair, beginning of 2022, the investment in ATI Biotech SRL, acquired in 2021 as a consequence of the merger of previously held subsidiary Blue Sky Lycopene SRL with ATI Biotech SRL because of the overall uncertainty surrounding the future development of this entity. Furthermore, the Group acquired in the second half of 2022 an equity interest of

46.7% in BSALeit SRL (BSAL), a company existing under the laws of Italy focuses on e-commerce-based retail distribution, for TEUR 107.4. BSAL underwent a financial restructuring in the second half of 2022, with the reduction in full of share capital and reserves and creditors that furthermore waived their claims against the company to absorb the previously accumulated losses of TEUR 332.5 and the issuance of new equity for TEUR 290.0, of which TEUR 65.0 in share capital and TEUR 225.0 in share premium to relaunch the company's activities. Based on the financial statements 2022 of BSAL evidencing a negative gross margin and a slight positive result solely due to the portion of the waives recognized in profit or loss and to the overall uncertainty surrounding the future development of BSAL, the Group decided to fully impair the investment.

- ***Impairment of intangible assets***. On 27 May 2023, the Board decided to sell the 'Industrial Processing' segment and certain activities of the 'Distribution' segment. The goodwill of TEUR 8,977.5 recognized in 2021 because of the reverse merger of IGEA with BSNR does therefore no longer have a net recoverable amount as of 31 December 2022 and has been fully impaired.

- ***Trade receivables***. During 2022, the raw materials inventory deriving from the agricultural campaign 2019 in the form (mainly) of frozen hemp flowers were sold out to the joint venture BSS in the condition as they were stored at an external service provider in Italy. The Group decided to fully impair the receivables deriving from the transaction based on the financial condition of the joint venture. Please see note 12.2 for more details.

- ***Financial liabilities***. Financial liabilities recognized in the acquisition of Equilibrium Life Science Sagl in 2019 and arising from an option granted to the seller to sell-back, at certain defined conditions, equity instruments of BSNR received, together with cash, as settlement of the purchase price of Equilibrium Life Science Sagl, were not settled as contractually agreed by BSNR and the seller started therefore a law suit against this entity (jointly with Universal Trade Elite LTD) at the competent court in Lugano, Switzerland. The lawsuit is pending and each of the parties argued their positions but to date it is not possible to make reliable estimations. The timeframe and the outcome of the litigation could therefore vary significantly form what has been recognized in financial liabilities to date. Furthermore, the Group estimates that the lawsuit will not be resolved (at least in the first instance of judgment) before a period of 1-2 years from the date of this consolidated financial statements. Please see note 12.4 for further details.

- ***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. On 31 December 2022 the Group did not capitalize any deferred tax assets because the capitalization criteria are not met. The gross value of unused tax losses which have not been capitalized as deferred tax asset is reported in note 10.

4.2 Correction of errors

The presentation of the consolidated financial statements 2021 contained errors that were retrospectively amended in the presentation of the consolidated financial statements 2022 as follow:

- ***Consolidated balance sheet***. The 2021 disclosed consolidated balance sheet evidenced a total amount of equity and liabilities of TEUR 11,388.3. Non-current and current liabilities were TEUR 590.1 and TEUR 1,494.7 respectively, and equity was TEUR 9,303.5 instead of the wrongly disclosed TEUR 9,578.7. The error has been corrected and the concerned 2021 figures restated consequently.

- ***Consolidated statement of changes in equity***. The consolidated equity as of 31 December 2021 was TEUR 9,303.5 instead of the disclosed TEUR 9,578.7. The difference of TEUR (275.2) refers to:

    - An error of TEUR (13.1) in determining the equity increase deriving from the issuance of shares in BSNR in the first part of 2021, which was globally TEUR 683.8 instead of the wrongly disclosed TEUR 696.6, due to an exchange rate error in converting GBP to EUR – see furthermore '*Consolidated cash flow statement*'.
    - An error of TEUR (262.1) in disclosing the equity increase deriving from the reverse merger of September 2021 between IGEA and BSNR, which was globally TEUR 9'146.9 instead of the wrongly disclosed TEUR 9,408.9 (then disclosed correctly in note 6 of the 2021 consolidated financial statements). The TEUR (262.1) refers to:

        - An error of TEUR (465.9) on the share premium, which was TEUR 14,093.8 instead of the wrongly disclosed TEUR 14,559.7.
        - An error of TEUR 170.8 in the accumulated loss, which was TEUR (5,219.0) instead of the wrongly disclosed TEUR (5,389.8).
        - An error of TEUR 33.1 in the non-controlling interests, which was TEUR 19.9 instead of the wrongly disclosed TEUR (13.2) – see furthermore '*Non-controlling interests'*.

  The errors have been corrected and the concerned 2021 figures restated consequently.

- ***Consolidated cash flow statement***. The error of TEUR 13.1 in the determination of the equity increase deriving from the issuance of shares in BSNR caused a corresponding error in the determination of:

  - The cash flow from financing activities, which was TEUR 683.8 instead of the wrongly disclosed TEUR 696.6.
  - The decrease in cash and cash equivalents, which was TEUR 162.1 instead of the wrongly disclosed TEUR 148.9.
  - The net effect of currency translation, which was TEUR 90.6 instead of the wrongly disclosed TEUR 77.4.

  The error has been corrected and the concerned 2021 figures restated consequently.

- ***Non-controlling interests***. The non-controlling interests in the 2021 disclosed consolidated balance sheet and consolidated statement of changes in equity was TEUR (13.0) instead of the previously disclosed TEUR (24.6) and TEUR (32.9) instead of the previously disclosed TEUR (11.5) in the 2021 profit or loss statement The errors were generated by the minorities in BSNR (that did not follow the reverse merger), which were erroneously determined in a quote of 0.62% instead of the effective quote of 4.35% since ownership and votes differs in BSNR due to the existence of 13 different classes of share in 3 different currencies.

  The overall difference of TEUR 11.6 in the consolidated balance sheet and consolidated statement of changes in equity is due to:

  - An error of TEUR 33.1 in determining the minority interests in the reverse merge as described above – see '*Consolidated statement of changes in equity'*.
  - An error of TEUR (21.5) in determining the result of the period attributable to the non-controlling interests, being of TEUR (32.9) instead of the previously disclosed TEUR (11.5)

  The errors have been corrected and the concerned 2021 figures restated consequently.

- ***Consolidated statement of profit or loss*** and ***other comprehensive results***. The errors in determining the non-controlling interest in 2021 caused a related error in the results attributable to the owners of the holding as follow:

  - The result of the period is newly TEUR (1.226.1) instead of the previously disclosed TEUR (1,247.4)
  - The other comprehensive result of the period is newly TEUR (1,109.9) instead of previously disclosed TEUR (1,131.2).

  The errors have been corrected and the concerned 2021 figures restated consequently.

- ***EPS figures***. The EPS figures 2021 were restated consequently to the newly determined result attributable to the owner of the holding for 2021.

- Where necessary, the effects of the previously disclosed restatements have been transposed also in other notes and disclosures.

- Further minor errors with no impact on these consolidated financial statements (i.e., differences between statements and notes or further errors in the notes themselves) have been corrected and restated.

5 Segment information

5.1 Reportable segments

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

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

The 2022 segments' information was as follow:

	Year 2022			
	Industrial process.	Distri-bution	Corporate	Total
Revenues from external customers	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	(0.3)	(0.3)
Depreciation and amortization	-	-	-	-
Other material non-cash items				
- impairment of intangible assets	-	-	(8,977.5)	(8,977.5)
- impairment of associetes and joint ventures accounted using the equity method	(1,189.8)	(107.4)	-	(1,297.2)
- impairment of financial assets	(1,236.0)	-	(10.2)	(1,246.2)
- other income	248.6	113.1	-	361.7
- loss of associates and joint ventures accounted for using the equity method	-	-	-	-
- income tax expense	-	-	(24.5)	(24.5)
Segment result	(2,177.3)	5.7	(9,606.5)	(11,778.1)
Total segment assets	-	7.0	215.0	222.0
Total segment liabilities	931.9	537.3	1,152.8	2,622.0

The 2021 restated segments' information was as follow:

	Year 2021 - as resteted			
	Industrial process.	Distri-bution	Corporate	Total
Revenues from external customers	-	103.3	-	103.3
Interest income	-	24.9	-	24.9
Interest expense	(5.3)	(1.2)	-	(6.5)
Depreciation and amortization	-	-	(8,977.5)	(8,977.5)
Other material non-cash items				
- impairment of intangible assets	-	(325.5)	-	(325.5)
- impairment of financial assets	(88.0)	-	-	(88.0)
- profit or loss of associates and joint ventures accounted for using the equity metho	(132.3)	-	-	(132.3)
- gain from extraordinary transactions	175.0	-	-	175.0
Segment result	(424.4)	(313.6)	(520.9)	(1,258.9)
Total segment assets	1,881.7	9,359.5	147.1	11,388.3
Total segment liabilities	129.8	862.4	1,092.6	2,084.8

The 2021 disclosed segment information stated that revenues from external customers were derived almost entirely from the sales of the 'Alz1' test kit in the US only, classified under the segment 'Industrial processing'. Revenues were instead generated by the sale on a wholesale and e-commerce basis, of food supplements and functional food products exclusively, falling under the segment 'Distribution'. The disclosure error has been restated retrospectively.

5.2 Entity wide information

The geographical information about revenue, cost of sales, operating expenses and non-current assets is as follow. Revenue – if any - continues to be immaterial and of casual nature only, and accordingly, the Group renounce to a major customers analysis:

	Revenue	Cost of sales	Operat. expenses*	Non-curren assets
Year 2022:				
Europe	-	-	(10,383.5)	-
Other	-	-	(74.7)	-
	-	**-**	**(10,458.2)**	**-**
Year 2021:				
Europe	103.3	(126.2)	(1,099.3)	10,261.2
Other	-	-	(22.9)	-
	103.3	**(126.2)**	**(1,122.2)**	**10,261.2**

* Including impairment of financial assets and other income.

6 Business combination performed in 2021

On September 2021, IGEA completed the combination with BSNR, the transaction qualifying as a reverse merger pursuant to IFRS 3. The provisional fair value of the net asset acquired was determined in TEUR 200.4 and the resulting goodwill in TEUR 8,917.5. During 2022, the Group finalized the fair value determination exercise, resulting in following adjustments:

- The carrying amount of the short-term financial liabilities is increased by TEUR 60.0 as of 31 December 2021. The adjustment is measured at the fair value adjustment at the acquisition date of TEUR 60.0.
- The carrying amount of goodwill as of 31 December 2021 is increased by TEUR 60.0.

The 2021 comparative information is adjusted retrospectively to increase the fair value of the financial liability items at the acquisition date by TEUR 60.0, offset by an increase in goodwill of TEUR 60.0.

7 Revenues

During the reporting period, the Group did not recognize any revenue (previous period: revenue for TEUR 103.3).

8 Material profit and loss items

The Group has identified and listed separately the following items due to the significance of their nature and/or amounts to provide a better understanding of the financial performance for 2022 and 2021:

	Notes	Year 2022	Year 2021 as restated
Impairment charges on:			
- intangible assets	6;11	(8,977.5)	(325.5)
- investments in associates and joint ventures accounted for using the equity method	19	(1,297.2)	(88.0)
- financial assets	12.2	(1,246.2)	-
Share of net result of associates and joint ventures accounted for using the equity method	19	-	(132.3)
Total material items from continuing operations		**(11,520.9)**	**(545.8)**

The 2021 disclosure contained an error in the total amount of the disclosed items and has been consequently restated.

9 Other profit or loss items

9.1 Breakdown of expenses by nature

	Year 2022	Year 2021
Products and services	(57.3)	(266.4)
Travel expenses	(21.5)	-
Corporate services	(434.5)	(520.9)
Facilities, rent and other occupancy expenses	(18.1)	(3.3)
General and administration	(16.1)	(218.4)
Impairment charges	(10,223.7)	(413.5)
Employee benefit expenses	(48.7)	(5.7)
Total	**(10,819.9)**	**(1,428.2)**
Reported as:		
Cost of sales	-	(126.2)
Research and development	(13.4)	(148.9)
Sales and marketing	-	(0.2)
General and administration	(9,560.3)	(1,152.9)
Impairments on financial assets	(1,246.2)	-
Total	**(10,819.9)**	**(1,428.2)**

9.2 Other income

	Year 2022	Year 2021
Net gain from the sale off of inventories	249.3	-
- of which: gain from the sale of inventory-relarted services	*536.0*	-
- of which: loss from the realization of the inventoy items	*(286.7)*	-
Sale of a subsidiary	-	175.0
Reversal of previously written-off receivables	112.4	-
Other	-	4.9
Total other income	**361.7**	**179.9**

9.3 Finance income and costs

	Year 2022	Year 2021
Interests on cash and cash equivalents	-	2.3
Net exchange gain on foreign currencies	2.2	22.6
Finance income	**2.2**	**24.9**
Interest on financial debts	(0.3)	(6.5)
Finance costs	**(0.3)**	**(6.5)**
Finance result, net	**1.9**	**18.4**

10 Taxes

10.1 Income taxes

	Year 2022	Year 2021
Current tax on profits for the period	(24.5)	-
Deferred income tax from increase in deferred tax liabilities	-	-
Total income tax	**(24.5)**	**-**

The average applicable tax rate of the Group is 24.9% and was determined using the domestic tax rates applicable to results in the countries concerned. The reconciliation of the Group's income tax is as follow:

	Year 2022	Year 2021
Net loss before income taxes	(11,753.6)	(1,258.9)
Tax income at the domestic rates applicable in the country concerned	2,924.7	(402.6)
Tax losses for which no deferred income tax asset was recognized	(2,900.2)	402.6
Total income tax charged to statement of profit or loss	**(24.5)**	**-**

10.2 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 TEUR 20,010.7 (2021: TEUR 11,792.1 instead of the previously disclosed TEUR 885.4). The Group did not recognize deferred tax liabilities on temporary differences associated with investments in subsidiaries. Other temporary differences are of no material relevance.

11 Intangible assets

	Patents, and other similar rights	Goodwill	Total
Year ended 31 December 2021:			
Opening net book amount	325.5	-	325.5
Additions	-	8,917.5	8,917.5
Retrospective adjustments from the business combination - see note 6	-	60.0	60.0
Impairment charges	(325.5)	-	(325.5)
Closing net book amount	**-**	**8,977.5**	**8,977.5**
Cost value	325.5	8,977.5	9,303.0
Accumulated amortisation and impairment	(325.5)	-	(325.5)
Net book amount	**-**	**8,977.5**	**8,977.5**
Year ended 31 December 2022:			
Opening net book amount	-	8,977.5	8,977.5
Impairment charges	-	(8,977.5)	(8,977.5)
Closing net book amount	**-**	**-**	**-**
Cost value	325.5	-	325.5
Accumulated amortisation and impairment	(325.5)	-	(325.5)
Net book amount	**-**	**-**	**-**

On 27 May 2023, the Board decided to sell the 'Industrial Processing' segment and certain activities of the 'Distribution' segment. The goodwill of TEUR 8,977.5 recognized in 2021 from the reverse merger of IGEA with BSNR does therefore no longer have any net recoverable amount as of 31 December 2022 and has been fully impaired.

12 Financial instruments

	Notes	31.12.2022	31.12.2021
Financial assets at amortized cost			
Loans	12.1	136.3	130.0
Trade receivables	12.2	-	12.5
Cash and cash equivalents	12.3	29.9	17.1
Total financial assets		**166.2**	**159.6**
Liabilities at amortized costs:			
Financial debts	12.4	1,579.3	1,152.6
Trade and other payables*	12.5	706.4	698.3
Accruals*	12.6	309.0	-
Total financial liabilities		**2,594.7**	**1,850.9**

* Excluding non-financial components

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 18.

12.1 Loans

	31.12.2022	31.12.2021
Loan to a joint venture	136.3	130.0
	136.3	**130.0**
Reported as:		
non-current	-	130.0
current	136.3	-
Total	**136.3**	**130.0**

In the sale of the 'Industrial Processing' segment and certain activities of the 'Distribution' segment dated 27 May 2023 to Pharmatech (see note 21 and 22 for more details), the settlement of the loan of IGEA towards the joint venture BSS has been taken over by Pharmatech and reported as a current position.

12.2 Trade receivables

	31.12.2022	31.12.2021
Trade receivables	1,246.6	125.3
Impairments	(1,246.6)	(112.8)
Trade receivables, net	**-**	**12.5**

The movements in the allowance were as follow:

	Year 2022	Year 2021
At beginning of period	(112.8)	(13.2)
Reversal to profit or loss of previously written off receivables	112.4	-
Receivables written off during the period as uncollectible	(1,246.2)	(100.7)
Exchange differences	-	1.1
At end of period	**(1,246.6)**	**(112.8)**

During 2022:

- The Group reversed to profit or loss previously fully written off trade receivables for TEUR 112.4.
- Trade receivables towards the joint venture BSS for TEUR 1,236.0 deriving from the sell-out of inventory items and other services (see note 9.2) were fully written off because there is absolutely no evidence that BSS can continue as a going concern and therefore settle its liabilities – see notes 4.1 and 19 for further details.
- Trade receivables for TEUR 10.2 referring to transactions performed during 2021 were fully written off because the abroad collection costs are expected to exceed the write off.

12.3 Cash and cash equivalents

Cash and cash equivalents refer substantially to cash at banks and amount to TEUR 29.9 and TEUR 17.1 as of 31 December 2022 and 2021 respectively.

12.4 Financial debts

	31.12.2022	31.12.2021
Loans	545.4	527.1
Loans from convertible notes outstanding	450.0	-
Liabilities from contingent considerations	491.8	519.9
Fixed rate loans under the UK 'Bounce Back Loan' scheme	92.1	105.6
Total financial debts	**1,579.3**	**1,152.6**
Reported as:		
non-current	1,422.6	590.1
current	156.7	562.5
Total	**1,579.3**	**1,152.6**

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

	Year 2022	Year 2021
At beginning of period	1,152.6	1,117.3
Changes in consolidation area	-	(104.4)
Increases in financial liabilities	274.3	51.4
Decreases in financial liabilities	(9.7)	(13.3)
Finance costs	0.3	-
Retrospective adjustments from the business combination 2021 - see note 6	-	60.0
Reversal from equity of previously recognized convertible notes due to contractual breaches by IGEA	200.0	-
Exchange differences	(38.2)	41.6
At end of the period	**1,579.3**	**1,152.6**

Details:

- Financial liabilities increased by TEUR 274.3, of which TEUR 250.0 from the issuance of 25 new convertible notes to Negma Group and TEUR 24.3 in loans from related parties (see note 22.2).

- Financial liabilities decreased by TEUR 9.7 due to the repayment in the fixed rate loans under the UK 'Bounce Back Loans' scheme. Interests on the UK 'Bounce Back Loans' were TEUR 0.3.
- During 2022, IGEA breached its contractual obligation to deliver newly issued shares to Negma Group against notes for which Negma Group still submitted conversion. The discussions between Negma Group and IGEA for finding a solution in the best interest of both parties culminated in new terms negotiated by the Board entered in office after April 2023. Negma Group has newly the right to convert, at any time and at the discretion of Negma Group, 45 non-interest-bearing notes for globally TEUR 450.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. The new terms led to the recognition as of 31 December 2022 of a financial liability of TEUR 450.0. Of the overall 45 notes outstanding:

  - 20 notes for TEUR 200.0 issued in 2021 and recognized in equity as of 31 December 2021 based on the conversion request submitted by Negma Group do no longer qualify as equity and have been consequently reversed into financial liabilities.
  - 25 notes for TEUR 250.0 were newly issued in 2022 and recognized as described above.

  Mr. Pierpaolo Cerani, Executive Director and CEO of the Company and Enosi S.p.A., a company referring to Mr. Angelo Strazzella, Non-executive Director and Chairman of the Board, are guarantors for and towards the right of Negma Group for 21,3 million shares of IGEA (see notes 15, 16 and 21 for further details).

12.5 Trade and other payables

	31.12.2022	31.12.2021
Trade payables	706.4	687.2
Payables to tax authorities	0.6	1.8
Payables to employees	2.2	-
Other	-	9.4
Trade and other payables	**709.2**	**698.4**

12.6 Accruals

	31.12.2022	31.12.2021
Products and services	-	2.0
Corporate services	309.0	262.0
Accrual for taxes	-	-
Other	-	29.8
Total	**309.0**	**293.8**

13 Inventories

	31.12.2022	31.12.2021
Raw materials	-	933.2
Products for resale	-	50.8
Write-down	-	(69.6)
	-	**914.4**

During 2022, the raw materials inventory deriving from the agricultural campaign 2019 in the form (mainly) of frozen hemp flowers were sold out to the joint venture BSS in the condition as they were stored in the cold rooms of an external service provider in Italy. The result of the transaction was a loss of TEUR 286.8, fully offset by the sale of inventory-related services for TEUR 536.0, for a net result of the sell-off for TEUR 249.3 recognized as other income (see note 9.2) because of the unrecurring character of the transaction. Other fully written-down inventories were eliminated during 2022.

14 Other assets

	31.12.2022	31.12.2021
Credits towards tax authorities (for VAT items)	36.5	177.5
Advance payments	17.5	-
Caution deposits	1.2	1.2
Other	0.6	4.4
Total other assets	**55.8**	**183.1**

15 Share capital

The number of issued equity instruments is as follow:

	Number of shares	Par	Total
Balance as at 1 January 2021	**25,048,769**	**0.01**	**250.5**
Issuance of new shares to perform the reverse merger IGEA-BSNR	307,700,514	0.01	3,077.0
Conversion of loans for TEUR 625.0 in shares	1,079,509	0.01	10.8
Conversion of notes for TEUR 250.0 in shares	893,658	0.01	8.9
Year ended 31 December 2021	**334,722,450**		**3,347.2**
Conversion of notes for TEUR 300.0 in shares	2,307,692	0.01	23.1
Year ended 31 December 2022	**337,030,142**		**3,370.3**

As of 31 December 2021, the Company had an issued share capital of TEUR 3,347.2, consisting of 334,722,450 fully paid-up shares with a par value of EUR 0.01 each.

During 2022, the share capital of the company increased by TEUR 23.1 through issuance of newly 2,307,692 fully paid-up shares with a par value of EUR 0.01 each resulting from the conversion of TEUR 300.0 of non-interest-bearing convertible notes subscriber with Negma Group.

As of 31 December 2022, the Company had an issued share capital of TEUR 3’370.3, consisting of 337,030,142 fully paid-up shares with a par value of EUR 0.01 each. The authorized share capital of the Company amount to TEUR 5,000.0.

As of 31 December 2022, following authorizations (cumulative and non-substitutive) to issue shares were outstanding (further disclosure in in section 2.2 of the ‘Corporate governance report’ section of this Annual Report):

- 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.
- with resolution dated 28 April 2021, the General Meeting authorized 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.

As of 31 December 2022, following rights on the Company’s securities are outstanding:

- right to convert, at any time and at the discretion of Love Gratitude SRL, but in whole only, a non-interest-bearing, unsecured and non-redeemable loan of TEUR 50.0 into 1,000,000 newly issued shares in the share capital of the Company.
- right to convert, at any time and at the discretion of Dal Molise SRL, but in whole only, a non-interest-bearing, unsecured and non-redeemable loan of TEUR 200.0 into 5,000,000 newly issued shares in the share capital of the Company.

From 1 January 2023 and until the date of disclosure of this Annual Report, following rights on the Company’s securities were issued and/or amended:

- right to convert, at any time and at the discretion of Negma Group
    - but within 10 March 2023, 15 non-interest-bearing notes for globally TEUR 150.0 into 7.5 million newly issued shares in the share capital of the Company
    - but within 6 March 2024, 30 non-interest-bearing notes for globally TEUR 300.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Non converted notes will simply expire.
    - but within 6 March 2024, 6 non-interest-bearing notes then to be newly issued in 2023 for globally TEUR 60.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Non converted notes will simply expire.
- All outstanding 45 notes of Negma Group on the Company securities as of 31 December 2022 for TEUR 450.0 were furthermore renegotiated by the Board entered in office after April 2023 to finally release on previous contractual breaches by IGEA beginning of 2022 and beginning 2023. Pursuant to the new terms, Negma Group has the right to

convert, at any time and at the discretion of Negma Group, 51 non-interest-bearing notes for globally TEUR 510.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Mr. Pierpaolo Cerani, Executive Director and CEO of the Company and Enosi S.p.A., a company referring to Mr. Angelo Strazzella, Non-executive Director and Chairman of the Board, are guarantors for and towards the right of Negma Group for 21,3 million shares of IGEA.

16 Reserves

	Notes	Share premium	Other reserves	Currency translation differences	Total
Balance as of 1 January 2021		**1,439.5**	**337.3**	**(30.8)**	**1,746.0**
Issuance of shares in BSNR - as restated	4.2	668.8	-	-	668.8
Reverse merger IGEA-BSNR - as restated	4.2	14,093.8	-	-	14,093.8
Conversion of notes and loans in shares		(18.0)	-	-	(18.0)
Issuance of convertible notes and loans		150.0	-	-	150.0
Currency translation differences		-	-	116.2	116.2
Year ended 31 December 2021 - as restated		**16,334.1**	**337.3**	**85.4**	**16,756.8**
Conversion of notes in shares		(23.1)	-	-	(23.1)
Issuance of convertible loans		250.0	-	-	250.0
Reversal from equity of previously recognized convertible notes due to contractual breaches by IGEA	12.4;15;21	(200.0)	-	-	(200.0)
Currency translation differences		-	-	22.6	22.6
Year ended 31 December 2022		**16,361.0**	**337.3**	**108.0**	**16,806.3**

Movements in reserves were as follow:

– Decrease of TEUR 23.1 because of the conversion of TEUR 300.0 non-interest-bearing convertible notes previously subscribed by Negma Group in newly issued 2,307,694 fully paid-up shares with a par value of EUR 0.01.
– Increase of TEUR 250.0 due to the subscription of two non-redeemable loan agreements with Love Gratitude SRL on June 2022 for TEUR 50.0 and Dal Molise SRL in July 2022 for TEUR 200.0, convertible only into 1 and 5 million respectively of newly issued shares of IGEA.
– During 2022, IGEA breached its contractual obligation to deliver newly issued shares to Negma Group against notes for which Negma Group still submitted conversion. The discussions between Negma Group and IGEA for finding a solution in the best interest of both parties culminated in new terms negotiated by the Board entered in office after April 2023. Negma Group has newly the right to convert, at any time and at the discretion of Negma Group, 45 non-interest-bearing notes for globally TEUR 450.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. The new terms led to the recognition as of 31 December 2022 of a financial liability of TEUR 450.0. Of the overall 45 notes outstanding, 20 notes for TEUR 200.0 issued in 2021 and recognized in equity as of 31 December 2021 based on the conversion request submitted by Negma Group do no longer qualify as equity and have been consequently reversed into financial liabilities (see notes 12.4, 15 and 21 for further detail).

17 Cash flow information

17.1 Cash flow from operations

	Year 2022	Year 2021
Result before income tax	(11,753.6)	(1,258.9)
Adjustments for:		
Impairment of intangible assets (including goodwill)	8,977.5	325.5
Impairment of investments	1,297.3	-
Share of loss of associates and joint ventures	-	132.3
Other items without cash effect	-	(87.0)
Unrealized exchange differences	(2.9)	-
Items with cash effects of financing nature	0.3	-
Changes in operating assets and liabilities:		
Decrease/(increase) in inventories	914.4	(0.4)
(Increase) in trade receivables	12.5	(11.0)
(Increase)/decrease in other assets and accruals	127.4	61.6
Increase/(decrease) in trade and other payables	10.7	(368.6)
Increase in accruals	15.2	120.6
Cash flow from operations	**(401.2)**	**(1,085.9)**

17.2 Net debts reconciliation

Net debts for the reporting period are as follow:

	31.12.2022	31.12.2021
Cash and cash equivalents	29.9	17.1
Financial debts	(1,579.3)	(1,152.6)
Net debt	**(1,549.4)**	**(1,135.5)**

Movements in net debts for the reporting period are as follow:

	Cash and cash equivalents	Financial debts	Total
Net debt as of 1 Janaury 2021	**88.6**	**(1,117.3)**	**(1,028.7)**
Financing cash flows	(71.5)	-	(71.5)
Changes in consolidation ares	-	104.4	104.4
Increases in financial liabilities	-	(51.4)	(51.4)
Decreases in financial liabilities	-	13.3	13.3
Retrospective adjustments from the business combination 2021 - see note 6	-	(60.0)	(60.0)
Exchange differences	-	(41.6)	(41.6)
Year ended 31 December 2021	**17.1**	**(1,152.6)**	**(1,135.5)**
Financing cash flows	12.8	-	12.8
Increases in financial liabilities	-	(274.3)	(274.3)
Decreases in financial liabilities	-	9.7	9.7
Decreases in financial liabilities	-	(0.3)	(0.3)
Reversal from equity of previously recognized convertible notes due to contractual breaches by IGEA	-	(200.0)	(200.0)
Exchange differences	-	38.2	38.2
Year ended 31 December 2022	**29.9**	**(1,579.3)**	**(1,549.4)**

18 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.

18.1 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 as of 31 December 2022 and 2021 (see note 12.3) respectively and the additional funds the Group was able to ensure as further described in note 2.2, 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 board maintain detailed financial forecasts 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*	78.0	101.1	536.4	412.9	-
Trade and other payables	780.1	-	-	-	-
Accruals	333.5	-	-	-	-
As at 31 December 2022	**1,191.6**	**101.1**	**536.4**	**412.9**	**-**
Financial liabilities*	439.1	63.4	83.4	-	506.7
Trade and other payables	698.3	-	-	-	-
Accruals	293.8	-	-	-	-
As at 31 December 2021	**1,431.2**	**63.4**	**83.4**	**-**	**506.7**

* Notes to the financial debts:

- None of the financial debts are subject to interests except the fixed rate loans under the UK 'Bounce Back Loan' scheme, the impact of which is of no relevance to the disclosure.
- The loans from convertible notes outstanding are convertible in share sonly and are therefore not included in the disclosure.

18.2 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 maximum credit risk exposure of the Group is limited to the carrying amounts of its financial assets, amounting as of 31 December 2022 and 2021 to TEUR 166.2 and TEUR 159.6 respectively.

18.3 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.

18.4 Market risk

The Group is subject to foreign exchange risk only. 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 risk.

The Group net exposure to foreign currency risk at the end of 2022 was as follow:

	31.12.2022			
	EUR	GBP	CHF	USD
Total financial assets	161.5	-	1.9	2.9
Total financial liabilities*	1,665.5	767.1	53.0	25.3

If the Group currency rates were to change up to 5% compared to year-end 2022 status, this would have had a net negative impact (in case of a straightening of the EUR towards other currencies) of up to TEUR 58.1 or a net positive impact (in case of a straightening of the other currencies toward the EUR) of up to TEUR 35.5 on the Group's result. If the Group currency rates were to change up to 10% compared to year-end 2022 status, this would have had a net negative impact (in case of a straightening of the EUR towards other currencies) of up to TEUR 104.8 or a net positive impact (in case of a straightening of the other currencies toward the EUR) of up to TEUR 82.4 on the Group's result.

The Group net exposure to foreign currency risk at the end of 2021 was as follow:

	31.12.2021*			
	EUR	GBP	CHF	USD
Total financial assets	151.4	8.2	-	-
Total financial liabilities	812.5	1,043.8	-	-

* The financial liabilities were retrospective adjusted based on the outcome of the reverse merger on 2021 as further specified in note 6. The adjustment was in EUR and does therefore not modify the outcome of the sensitivity analysis performed in 2021.

The sensitivity of profit or loss to exchanges in the exchange rates indicates that a variation of 5% in the GBP/EUR and GBP/CHF ratio compared to the 2021 year-end status would have an impact of +/- Euro 0,3 thousand on the financial assets and of +/- Euro 43,8 thousand on the financial liabilities.

19 Interest in other entities

As of 31 December 2022, the Group held interests in following entities:

Name	Ownership interest 2022	2021	Nature of relation-ship	Carrying amount as restated 2022	2021
Blue Sky Swiss SA, Switzerland	50.0%	50.0%	Joint Venture	-	1,126.7
ATI Biotech SRL, Italy	20.0%	20.0%	Associate	-	87.0
BSALeit SRL, Italy	46.7%	-	Associate	-	-
Other*				-	-
Total equity accounted investments				**-**	**1,213.7**

* The Group owns or expects to own 51% of the equity of Blue Sky Ecotopia S.A.S., Dakar, a company under the Law of Senegal. The Group does not have any control over this entity and consequently, the entity is not consolidated but treated as an associate. Furthermore, no financial information on Blue Sky Ecotopia S.A.S. exists or is available to the Group and it is not even known if this entity still exists. The carrying amount of the investment has still been impaired in previous periods.

The reconciliation of the aggregate carrying value is as follows:

	Year 2022	Year 2021 as restated
Opening balance	1,213.7	1,007.8
Investment in associates and joint ventures	107.4	389.9
Share of results	-	(132.3)
Impairment charges	(1,297.2)	(88.0)
Exchange differences effect	(23.9)	36.3
Closing balance	**-**	**1,213.7**

The 2021 disclosure contained errors in the disclosed items and has been consequently restated.
During 2022 the Group:

- Acquired in the second half of 2022 an equity interest of 46.7% in BSAL for TEUR 107.4. BSAL underwent a financial restructuring in the second half of 2022, with the reduction in full of the previous share capital and the reserves and creditors that furthermore waived their claims against the company to absorb the previously accumulated losses of TEUR 332.5 and the issuance of new equity for TEUR 290.0, of which TEUR 65.0 in share capital and TEUR 225.0 in share premium to relaunch the company's activities. Based on the financial statements 2022 of BSAL evidencing a negative gross margin and a slight positive result solely due to the portion of the waives recognized in profit or loss and to the overall uncertainty surrounding the future development of BSAL, the Group decided to fully impair the investment.
- Totally impaired the interest in the joint venture BSS because all companies consolidated under the joint venture are over-indebted pursuant to the respective law environment and - as still evidenced by history - there is absolutely no evidence that the joint venture can continue as a going concern. The non-binding Group's commitment to provide funding for the joint venture's going concern has been terminated with the sale by IGEA of BSNR. The statements of financial position of BSS evidenced net assets of TEUR (353.4) (previous period: TEUR (324.3)) and the statement of comprehensive results evidenced a total result of TEUR (3,162.5) (previous period: TEUR (303.1). Furthermore, the Group also decided to fully impair, beginning of 2022, the investment in ATI Biotech SRL, acquired in 2021 as a consequence of the merger of previously held subsidiary Blue Sky Lycopene SRL with ATI Biotech SRL because of the overall uncertainty surrounding the future development of ATI Biotech SRL

20 Commitments

20.1 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).

20.2 Non-cancellable operating leases

The expenses deriving from short-term and low value leases during 2022 amounted to TEUR 18.1 (previous period: TEUR 3.3).

21 Events after the balance sheet date

- See note 2.2 'Uncertainty and ability to continue operations'.
- The Company settled beginning of March 2023 previously issued convertible notes to Negma Group by ruling the right to convert, at any time and at the discretion of Negma Group:

  - but within 10 March 2023, 15 non-interest-bearing notes for globally TEUR 150.0 into 7.5 million newly issued shares in the share capital of the Company
  - but within 6 March 2024, 30 non-interest-bearing notes for globally TEUR 300.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Non converted notes will simply expire.
  - but within 6 March 2024, 6 non-interest-bearing notes then to be newly issued in 2023 for globally TEUR 60.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Non converted notes will simply expire.

  All outstanding 45 notes of Negma Group on the Company securities as of 31 December 2022 for TEUR 450.0 were furthermore renegotiated by the Board entered in office after April 2023 to finally release on previous contractual breaches by IGEA beginning of 2022 and beginning 2023. Pursuant to the new terms, Negma Group has the right to convert, at any time and at the discretion of Negma Group, 51 non-interest-bearing notes for globally TEUR 510.0 into newly issued shares in the share capital of the Company at a strike price which lies 7% under the market. Mr. Pierpaolo Cerani, Executive Director and CEO of the Company and Enosi S.p.A., a company referring to Mr. Angelo Strazzella, Non-executive Director and Chairman of the Board, are guarantors for and towards the right of Negma Group for 21,3 million shares of IGEA.

- Pursuant to the new board of directors of IGEA (Board) in office since end of April 2023, the expected setup of an own industrial site to transform CBD and other vegetable-based matrices into high value products for the health prevention, cosmeceutical and other selected industries in Biasca, Switzerland, has been stagnating for almost three years now, the funding remains highly uncertain and the start of the activities – if ever – highly unpredictable, casting herewith serious doubts on the continuation of those activities. In the best interests of IGEA and its stakeholders, the Board decided therefore on 27 May 2023 to sell the 'Industrial processing' segment as well as certain activities of the 'Distribution' segment. The transaction has been performed by selling all equity interests of IGEA in BSNR to Pharma Tech Holdings SA (Pharmatech), which is a related party to the Company. The transaction has been performed with the sale of all the 33.188,946 shares of BSNR owned by IGEA, corresponding to an equity interest of 95.653%, to Pharmatech, for a price of TGBP 111.7 (approx. TEUR 127). As part of the transaction, Pharmatech furthermore undertook the liability of BSS towards IGEA as of 31 December 2022 for TEUR 136,3, against which IGEA accepted to offset its liability of TEUR 66.8 towards Pharmatech. The settlement of the transaction took place in June 2023.

  IGEA did not grant any liabilities or had any constructive obligation ensuring that previously participating interest would pay their liabilities and this operation will strengthen the equity of IGEA with a reduction from TEUR (2,400.0) as of 31 December 2022 down to expected TEUR (317.7) net of the effects of the transaction, the further conversion of outstanding notes into shares and before any result of 2023, generally reduce the overall IGEA's liabilities from TEUR 2,622.0 down to TEUR 613.4 (net of the further conversion of outstanding notes into shares of IGEA), and simplified the Group's corporate and operational structure, which the Board considers strategic conditions to pursue operations.

- On 15 May 2023, IGEA entered a further non-interest bearing, non-redeemable loan agreement for TEUR 40, convertible into 4 million shares of IGEA only with Mr. Franco Guidantoni, Milano, Italy

- On 15 May 2023, IGEA entered two loan facility agreement with Mr. Pierpaolo Cerani, Executive Director and CEO of the Company and Enosi S.p.A., a company referring to Mr. Angelo Strazzella, Non-executive Director of the Company, for TEUR 260.0 (of which TEUR 60.5 still used) and TEUR 200.0 respectively. Pursuant to the agreements, the funds will be made available to the Company on request and based on activities. The funds are unsecured, subordinated, interest-free, and redeemable by 31 December 2025 – if ever.

- 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 2022. 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.

22 Related party transactions

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

22.1 Board and officers' compensation

The compensation disclosure (as further provided in the remuneration report on pages 12 to 12 under Section II – 'Corporate Governance' of this Annual Report) is as follow. None of the Non-executive Directors and the Executive Directors as well as the officers 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 the controlling or other related party.

Board

The compensation paid to or accrued for Vicenzo Moccia and Nicola Mona, both acting as Executive Directors and CEO of IGEA from 1 January 2022 until 30 November 2022 and from 1 December 2022 onward amounted to TEUR 59.3 and TEUR 5.2 respectively. No additional fees and remunerations have been charged to the Group by Vincenzo Moccia and Nicola Mona or any parties closely linked to Vincenzo Moccia and Nicola Mona for additional services performed during 2022, nor was Vincenzo Moccia or Nicola Mona entitled to any fringe benefit.

The compensation paid to or accrued for Non-Executive Directors of IGEA during 2022 amounted to TEUR 23.3. No additional fees and remunerations have been charged to the Group by the Non-Executive Directors or any parties closely linked to the Non-Executive Directors for additional services performed during 2022, nor were the Non-Executive Directors entitled to any fringe benefit.

Officers

The compensation paid to or accrued for Rosanna Squitti acting as CSO of IGEA and Diego Fiorentini acting as CFO of IGEA during 2022 amounted to TEUR 13.3 and TEUR 7.2 respectively. No additional fees and remunerations have been charged to the Group by the officers or any parties closely linked to the officers for additional services performed during 2022, nor were the officers entitled to any fringe benefit.

22.2 Transactions with other related parties

During 2022, transactions with other related parties were as follow:

- The raw materials inventory deriving from the agricultural campaign 2019 in the form (mainly) of frozen hemp flowers stored in the frozen rooms of an external service provider in Italy were sold out to the joint venture BSS, which is 50% controlled by Pharmatech. The result of the transaction was a loss of TEUR 286.8, fully offset by the sale of certain inventories-related services for TEUR 536.0, for a net result of the sell-off for TEUR 249.3 (see note 9.2).
- During 2022, the Group acquired services from StepYou SA, a company which is a related party to Andrea Ivancevich who acted as secretary of the board of IGEA, for TEUR 23.8.
- Pharmatech and StepYou granted further loans to Equilibrium Life Science for TEUR 10.0 and TEUR 14.3 respectively. The loans are interest-free. The loan of Pharmatech has no expiration. The loan form StepYou should expire in 1 year.

During 2021, transactions with other related parties were as follow:

- On September 2021 IGEA entered a non-redeemable, convertible loan agreements for TEUR 125.0 with Pharmatech, convertible at the request of Pharmatech into 323,834 newly issued shares of IGEA. Pharmatech converted the loan in October 2021.

22.3 Year-end balances towards related parties

Year-end balances towards related parties were as follow:

	31.12.2022	31.12.2021 as restated
Trade receivables	-	8.2
Total assets	**-**	**8.2**
Financial debts	545.4	527.2
Trade and other payables	146.9	142.4
Accruals	30.0	20.8
Total liabilities	**722.3**	**690.4**

Movements in financial debts towards related parties were as follow:

	Year 2022	Year 2021 as restated
Beginning of year	527.2	520.2
Changes in consolidation area	-	(104.4)
Increases in financial liabilities	24.3	51.4
Retrospective adjustments from the business combination 2021 - see note 6	-	60.0
Exchange differences	(6.1)	-
End of year	**545.4**	**527.2**

The 2021 disclosure contained errors and has been consequently restated.

23 Auditor's fees

The total auditing fees paid or accrued for the year 2022 amounts to TEUR 60.0 (2021: EUR 60.5) of which Mazars, including network firms, in their capacity as Group auditors, receive the full amount. Additional fees for TEUR 62.1 (2021: none) and TEUR 7.9 (2021: none) were charged by Mazars for services incurred on the 2021 annual report audit and for tax related services respectively.

24 Losses per share

Basic and diluted loss per share is as follow. The 2021 disclosure contained errors and has been consequently restated:

	Year 2022	Year 2021 as restated
Net loss attributable to the owners of the holding - as restated	(11,688.1)	(1,226.0)
Weighted average number of shares outstanding (in millions)*	336.5	314.5
Basic and diluted loss per share - as restated	**(0.0347)**	**(0.0039)**

* Based on the conversion conditions near to market, the impact of the outstanding conversion rights on the weighted average number of shares is considered immaterial.

Section IV – Company-only financial statements

Balance sheet (*)

(in thousand EUR, unless otherwise stated)

	Notes	31.12.2022	31.12.2021 as restated
ASSETS			
Intangible assets	6;7	-	8,977.5
Financial assets	8	-	593.1
Non current assets		**-**	**9,570.6**
Trade receivables	9	-	10.2
Other assets	10	53.9	131.1
Financial assets	8	136.3	-
Cash and cash equivalents	11	20.8	4.2
Current assets		**211.0**	**145.5**
Total assets		**211.0**	**9,716.1**
EQUITY AND LIABILITIES			
Share capital		3,370.3	3,347.2
Reserves		12,452.9	12,426.0
Accumulated loss		(16,716.7)	(6,456.7)
Total shareholders' equity	12	**(893.5)**	**9,316.5**
Financial liabilities	13	450.0	60.0
Non-current liabilities		**450.0**	**60.0**
Trade and other payables	14	359.5	234.3
Accruals	15	295.0	105.3
Current liabilities		**654.5**	**339.6**
Total equity and liabilities		**211.0**	**9,716.1**

(*) After appropriation of result

Income statement

(in thousand EUR, unless otherwise stated)

	Notes	Year 2022	Year 2021 as restated
Revenues		-	-
Cost of sales	4	-	(9.4)
Gross profit		**-**	**(9.4)**
Research and development	4	(13.4)	(13.4)
Sales and marketing	4	-	(0.8)
General and administration	4	(9,672.1)	(905.4)
Imapairments of financial assets	4;7	(10.2)	-
Operating result		**(9,695.7)**	**(929.0)**
Finance result, net	5	(0.2)	84.5
Result before income tax		**(9,695.9)**	**(844.5)**
Income tax		-	-
Share in result of investments	8	(564.1)	(555.1)
Result of the period		**(10,260.0)**	**(1,399.6)**

Notes to the Company Financial Statements

1 General Information

Please refer to note 1 and 2 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 EUR. All figures included in these financial statements and notes are rounded (to the first decimal) to the nearest thousand EUR unit except when otherwise indicated.

In these company-only financial statements, consolidated interests, and associates over which significant influence is exercised are carried at net asset value. Goodwill is not included in the net asset value of the consolidated interests and associates but is separately presented as part of the intangible assets.

The carrying value of investments with negative equity is deducted from any long-term loan towards the related subsidiary. Provisions are formed for subsidiaries with negative equity in the amount the negative equity exceed the value of the financial assets only if and to the extent that IGEA has guaranteed all or part of the liabilities of the participating interest or has a constructive obligation to ensure that the participating interest will pay its liabilities.

In case no other policies are mentioned, please refer to the accounting policies as described 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 Correction of errors

The presentation of the financial statements 2021 contained errors that were retrospectively amended in the presentation of the financial statements 2022 as follow. Please refer to note 4.2 of the consolidated financial statements:

- The 2021 disclosed balance sheet evidenced an equity of TEUR 9,603.3. Based on the disclosure errors in the consolidated balance sheet, the equity 2021 has been consequently corrected down to TEUR 9,316.5. The difference of TEUR 286.8 was in the share in results of investments exclusively, which was TEUR 555.1 instead of TEUR 268.0 as previously disclosed. The balance sheet, the income statement, the shareholder's equity note as well as the financial assets note were consequently restated.
- Where necessary, the effects of the previously disclosed restatements have been transposed also in other notes and disclosures.
- Further minor errors with no impact on these company-only financial statements (i.e., differences between statements and notes or further errors in the notes themselves) have been corrected and restated.

4 Breakdown of expenses by nature

	Year 2022	Year 2021 as restated
Products and services	(50.5)	(164.9)
Travel expenses	(21.5)	(28.4)
Corporate services	(678.6)	(408.4)
Facilities, rent and other occupancy expenses	(3.0)	(3.2)
General & administraiton	(14.4)	(3.3)
Amortisation	-	(13.4)
Impairment charges	(8,927.7)	(307.4)
Total	**(9,695.7)**	**(929.0)**
Reported as:		
Cost of revenues	-	(9.4)
Research and development	(13.4)	(13.4)
Sales and marketing	-	(0.8)
General and administration	(9,672.1)	(905.4)
Impairments on financial assets	(10.2)	-
Total	**(9,695.7)**	**(929.0)**

5 Finance result, net

	Year 2022	Year 2021
Interest income	-	86.9
Finance income	**-**	**86.9**
Net foreign exchange losses	(0.2)	(2.4)
Finance cost	**(0.2)**	**(2.4)**
Finance result, net	**(0.2)**	**84.5**

6 Business combination performed in 2021

On September 2021, IGEA completed the combination with BSNR, the transaction qualifying as a reverse merger pursuant to IFRS 3. The provisional fair value of the net asset acquired was determined in TEUR 200.4 and the resulting goodwill in TEUR 8,917.5. During 2022, the Group finalized the fair value determination exercise, resulting in following adjustments:

- The carrying amount of the short-term financial liabilities is increased by TEUR 60.0 as of 31 December 2021. The adjustment is measured at the fair value adjustment at the acquisition date of TEUR 60.0.
- The carrying amount of goodwill as of 31 December 2021 is increased by TEUR 60.0.

The 2021 comparative information is adjusted retrospectively to increase the fair value of the financial liability items at the acquisition date by TEUR 60.0, offset by an increase in goodwill of TEUR 60.0.

7 Intangible assets

	Patents, TM and similar rights	Goodwill	Total
Year ended 31 December 2021:			
Opening net book amount	321.2	-	321.2
Additions	-	8,917.5	8,917.5
Amortization charges	(13.4)	-	(13.4)
Impairment charges	(307.4)	-	(307.4)
Retrospective adjustments from the business combination 2021 - see note 6	-	60.0	60.0
Currency translation effects	(0.4)	-	(0.4)
Closing net book amount	**0.0**	**8,977.5**	**8,977.5**
Cost value	321.2	8,977.5	9,298.7
Accumulated amortisation and impairment	(321.2)	-	(321.2)
Net book amount	**-**	**8,977.5**	**8,977.5**
Year ended 31 December 2022:			
Opening net book amount	-	8,977.5	8,977.5
Impairment charges	-	(8,977.5)	(8,977.5)
Closing net book amount	**-**	**-**	**-**
Cost value	321.2	8,977.5	9,298.7
Accumulated amortisation and impairment	(321.2)	(8,977.5)	(9,298.7)
Net book amount	**-**	**-**	**-**

On 27 May 2023, the Board decided to sell the 'Industrial Processing' segment and certain activities of the 'Distribution' segment. The goodwill of TEUR 8,977.5 recognized in 2021 form the reverse merger of IGEA with BSNR does therefore no longer have any net recoverable amount as of 31 December 2022 and has been fully impaired.

8 Financial assets

	31.12.2022	31.12.2021 as restated
Equity investment in IGEA Research Corporation, Miami, Florida, US	-	-
Equity investment in Blue Sky Natural Resources LTD	-	463.1
Loan to IGEA Research Corporation, Miami, Florida, US	-	-
Loan to Blue Sky Natural Resources LTD	-	-
Loan to Blue Sky Swiss SA	136.3	130.0
	136.3	**593.1**
Reported as:		
non-current	-	593.1
current	136.3	-
	136.3	**593.1**

Movements in investments were as follow:

	Year 2022	Year 2021 as restated
At beginning of period	**593.1**	**61.8**
Acquisition of equity in subsidiaries	-	811.4
Borrowings to subsidiaries	101.0	156.5
Borrowings to joint ventures and associates	-	139.4
Share in result of investments	(564.1)	(555.1)
Exchange differences	6.3	(20.9)
Balance end of period	**136.3**	**593.1**

9 Trade receivables

	31.12.2022	31.12.2021
Trade receivables	10.2	10.2
Provision for doubtful accounts	(10.2)	-
	-	**10.2**

10 Other assets

	31.12.2022	31.12.2021
Tax authorities (for items not related to income tax)	36.4	88.6
Advance payments	17.5	42.5
Total	**53.9**	**131.1**

11 Cash and cash equivalents

Cash and cash equivalents refer to cash at banks exclusively, amounting as of 31 December 2022 and 2021 to TEUR 20.8 and TEUR 4.2 respectively.

12 Shareholder's equity

	Share capital	Reserves	Accum. loss	Total
Balance as of 31 December 2020	**250.5**	**4,983.9**	**(5,057.1)**	**177.3**
Result of the period - as restated	-	-	(1,399.6)	(1,399.6)
Issuance of shares to acquire Blue Sky Natural Resources LTD	3,077.0	6,651.9	-	9,728.9
Notes and loans converted in shares/convertible in shares only	19.7	790.2	-	809.9
Balance as of 31 December 2021 - as restated	**3,347.2**	**12,426.0**	**(6,456.7)**	**9,316.5**
Result of the period	-	-	(10,260.0)	(10,260.0)
Notes converted in shares	23.1	(23.1)	-	-
Issuance of convertible loans	-	250.0	-	250.0
Reclassification of convertible notes previously recognized in equity	-	(200.0)	-	(200.0)
Balance as of 31 December 2022	**3,370.3**	**12,452.9**	**(16,716.7)**	**(893.5)**

Movements in share capital were as follow:

- As of 31 December 2021, the Company had an issued share capital of TEUR 3,347.2, consisting of 334,722,448 fully paid-up shares with a par value of EUR 0.01 each.
- During 2022, the share capital of the company increased by TEUR 23.1 through issuance of newly 2,307,694 fully paid-up shares with a par value of EUR 0.01 each resulting from the conversion of notes previously subscribed by Negma Group.
- As of 31 December 2022, the Company had an issued share capital of TEUR 3,370.3, consisting of 337,030,142 fully paid-up shares with a par value of EUR 0.01 each.

Movements in reserves were as follow:

- The issuance of 2,307,694 new shares of IGEA beginning of 2022 from the conversion of notes issued in 2021 for TEUR 300.0 and previously recognized into equity reserves reduced the reserves by TEUR 23.1.
- In June and July 2022, IGEA entered into two non-redeemable loan agreements for TEUR 50.0 and TEUR 200.0, convertible into 1 million and 5 million shares of IGEA respectively. The loans were fully recognized into equity reserves.
- TEUR 200.0 due to 20 notes still issued in 2021 and recognized in equity as of 31 December 2021 based on the conversion notes issued by Negma Group do no more qualify as equity and have been consequently reclassified to financial liabilities (see notes 12.4, 15 and 21 of the consolidated financial statements for further detail)

The Company has an authorized share capital of TEUR 5,000.0. The authorizations outstanding as of 31 December 2022 to issue new shares by the so empowered corporate body are disclosed under section 2.2 of the 'Corporate governance report' section on page 7 of this Annual Report and under note 15 of the consolidated financial statements.

The difference between total equity in the company balance sheet and the total group equity in the consolidated balance sheet is a consequence of the acquisition of the BSNR group. Given the 'parent company extension concept' included in Dutch General Accepted Accounting Policies as adopted by the company, the non-controlling interest is not accounted for below nil. On 31 December 2022, this resulted in a difference between group equity and company equity of TEUR 1,506.5 (2021: TEUR 13.0)

13 Financial liabilities

	31.12.2022	31.12.2021
Loans	66.7	60.0
Loans from notes outstanding	450.0	-
Total financial debts	**516.7**	**60.0**
Reported as:		
non-current	450.0	60.0
current	66.7	-
Total	**516.7**	**60.0**

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

	Year 2022	Year 2021
At beginning of period	60.0	-
Retrospective adjustments from the business combination 2021 - see note 6	-	60.0
Increases in financial liabilities	250.0	
Reclassification of convertible notes previously recognized in equity	200.0	-
Exchange differences	6.7	-
At end of the period	**516.7**	**60.0**

- In January 2022, IGEA draw further TEUR 250.00 down within the loan facility agreement with Negma Group.
- TEUR 200.0 representing 20 notes still issued in 2021 and recognized in equity as of 31 December 2021 based on conversion notes issued by Negma Group in April 2022 do no more qualify as equity and have been consequently reclassified to financial liabilities (see notes 12.4, 15 and 21 of the consolidated financial statements for further detail).

14 Trade and other payables

	31.12.2022	31.12.2021
Trade payables	359.5	234.3
Total	**359.5**	**234.3**

15 Accruals

	31.12.2022	31.12.2021
Corporate services	295.0	103.2
Other services	-	2.1
Total	**295.0**	**105.3**

16 Auditor's fee

Please refer to note 23 of the consolidated financial statements of the Company.

17 Related party transactions

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

17.1 Board and key management compensation

Please refer to note 22.1 of the Company’s consolidated financial statements and to the detailed compensation disclosures provided in the remuneration report on pages 12 to 12 of Section II ‘Corporate Governance’ of this Annual Report for additional details.

17.2 Transactions with other related parties

No transactions with other related parties occurred during 2022 except for the purchase of services from StepYou SA, a company which is a related party to Andrea Ivancevich who acted as secretary of the board of IGEA, for TEUR 23.8 (2021: none)

Transactions with related parties in the previous year was a non-redeemable loan agreement with Pharmatech dated 30 September 2021 for TEUR 125.0, convertible at a price of EUR 0.386 per share into 323’834 shares of IGEA, then converted on 25 October 2021.

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

The Company has financial receivables towards related parties for TEUR 136.3 (previous period: TEUR 130.0). Fully written-off trade receivables for TEUR 8.2 were no more towards related parties in 2022 (previous period: TEUR 8.2). The company has furthermore liabilities towards related parties for TEUR 27.2 (previous period: none).

17.4 Transactions with subsidiaries

None, except as indicated in note 7.

18 Events after the balance sheet date

Please refer to note 21 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 28 July 2023.

Angelo Strazzella
Chairman of the Board, non-executive director

Pellegrino De Santis
Non-executive director

Pierpaolo Cerani
CEO, 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 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 had a branch establishment registered under Italian law with trade name 'IGEA Pharma BV' which has been cancelled on 22 March 2023.

2 Independent auditor's report

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Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of IGEA Pharma N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion, except for the possible effects of the matter described in the 'Basis for our qualified opinion' section:

- the accompanying consolidated financial statements give a true and fair view of the financial position of IGEA Pharma N.V. as at 31 December 2022 and of its result and its cash flows for 2022 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 2022 and of its result for 2022 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 2022;
2. the following statements for 2022: 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 2022;
2. the company profit and loss account for 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

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Basis for our qualified opinion

Cash and cash equivalents is included in the consolidated financial statements for an amount of € 29,900. We have not been able to obtain sufficient and appropriate audit evidence regarding possible guarantees or other obligations regarding the related bank accounts. As a result, we were unable to determine whether any corrections were necessary with regard to the aforementioned amounts and related disclosure notes.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on 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 qualified opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 72,000. The materiality is based on 4% of equity. 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 € 3,600, 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.

Considering our ultimate responsibility for the group audit, we are responsible for the direction, supervision and performance of the group audit.

In this context we have determined the nature and extent of the audit procedures for components of the group. Determining factors are the significance and risk-profile of the group entities or activities. We have performed audit procedures ourselves directly on the group entities.

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

Audit response to the risks of fraud and non-compliance with laws and regulations

The company's fraud risk assessment and response to fraud risks and non-compliance with laws and regulations

We refer to section 'Risk management and internal control system' of the Management Report for management's risk assessment.

Fraud risk assessment

We identified fraud risk factors with respect to financial reporting fraud and misappropriation of assets. We evaluated if those factors indicate that a risk of material misstatement in the financial statements is present. We had special attention for the risks of management override of controls. We identified this risk primarily in the area where journal entries are recorded in the general ledger and other adjustments are made in the preparation of the financial statements and where judgement is involved.

We have rebutted the presumed risk of fraud in the revenue recognition given the fact that there were no activities during 2022. As such, we consider the possibility of fraud within revenue recognition to be not existing.

Our specific audit approach to fraud risks

- We evaluated the design and the implementation of internal control measures aimed at mitigating fraud risks, such as the process relating to the processing and recording of journal entries and the preparation of the financial statements;

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- We have made inquiries of individuals involved in the process of financial reporting about inappropriate or unusual activities related to the processing of journal entries and other adjustments;
- We selected journal entries and other adjustments that occurred for the whole reporting period and as such we have incorporated an element of unpredictability in the nature, timing and scope of the audit procedures;
- For the journal entries mentioned above and other adjustments, we reviewed the underlying audit documentation.

In addition, we performed the following general audit procedures:

- We evaluated whether the company's selection and application of accounting policies could indicate fraudulent financial reporting;
- We evaluated the outcome of other audit procedures and considered whether there were findings that are indicative of fraud;
- We considered requested information from management, as well as other information available.
- We have reviewed the minutes to establish that there are no signals that indicate management override.

Non-compliance with laws and regulations

We have obtained an understanding of the relevant laws and regulations. We have identified the following laws and regulations that have an indirect effect on the financial statements:

We held enquiries with management and the audit committee whether the entity is compliant with laws and regulations which directly or indirectly have a material impact on the financial statements. We also inspected relevant correspondence with regulatory authorities, such as the local authorities for Food and Consumer Product Safety, Consumers and Markets and the local Data Protection Authorities. We also inspected lawyers' letters and remained alert to indications of identified or suspected non-compliance throughout the audit, held enquiries with legal counsel, and obtained a written representation from management that all known instances of (suspected) non-compliance with laws and regulations were disclosed to us.

Our observation

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations. Our audit procedures did not led to any findings.

Audit response to the risks of going concern

In preparing the financial statements, management must consider whether the company is able to continue as a going concern. Management must prepare financial statements on the going concern basis unless management intends to liquidate the company or cease operations or if termination is the only realistic alternative. Management has not identified any circumstances that could threaten the continuity of the company and thus concludes that the going concern assumption is appropriate for the company.

Our audit of the financial statements requires us to determine that the going concern assumption used by management is appropriate. In doing so, based on the audit evidence obtained, we must determine whether there are any events or circumstances that might cast reasonable doubt on whether the company can continue as a going concern.

We have assessed that the company has a negative equity at year end and also suffered a significant loss, mainly due to a full impairment of goodwill and related assets . However based on a decision on 27 May 2023 to sell the shares and so also the related activities the equity of the group has been strengthened and the group liabilities were reduced. Due to the actions taken the cash needs have been reduced significantly. Furthermore the company entered in two loan facility agreements for a total amount of € 460,000.

We therefor also refer to section 4.1 Critical estimates and judgements and specifically to the paragraph uncertainty and ability to continue operations.

Our observation

Based on the procedures performed by us, we are of the opinion that the financial statements have been properly prepared on the going concern basis. However, future events or circumstances could cause the company to be unable to continue as a going concern.

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.

Impairment of goodwill

On 23 September 2021 IGEA completed the combination with Blue Sky Natural Resources ltd. This transaction resulted in an amount of goodwill of € 8,917,000. The board of directors made an impairment assessment which resulted in the full impairment of the goodwill. We have examined the assessment prepared by the board of directors regarding this matter considering the fact that no activities were

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employed in 2022 and the shares in Blue Sky natural Resources have been sold in 2023 and reviewed the accounting treatment for this impairment. Furthermore we examined the disclosures in the financial statements on this matter.

We refer to note 20 events after the balance sheet date for further disclosure on the events regarding the business.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon. 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 all the information regarding the management report and the other 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.

Management is responsible for the preparation of the other information, including the management 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.

Report on other legal and regulatory requirements

Engagement

We were engaged by the board of directors as auditor of IGEA Pharma N.V. on 20 December 2018, as of the audit for the year 2018 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

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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 management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management 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;
- 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 management;
- concluding on the appropriateness of management's 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, 30 July 2023

Mazars Accountants N.V.

Original has been signed bij: O. Opzitter RA