

InDex Pharmaceuticals Holding AB (publ)

Interim report
January-June 2018

Updated timeline for the top line results from the CONDUCT study



PERIOD APRIL-JUNE 2018

- Revenues amounted to SEK 0.0 (0.0) million
- Operating result amounted to SEK –26.0 (–15.4) million
- Result after tax amounted to SEK –26.0 (–15.2) million, corresponding to SEK –0.42 per share (–0.24) before and after dilution
- Cash flow from operating activities amounted to SEK –19.7 (–18.4) million

SIGNIFICANT EVENTS DURING APRIL-JUNE 2018

- InDex hosted a Capital Markets Day in Stockholm on April 25, 2018 for investors, analysts and media
- InDex has developed a novel formulation of cobitolimod for oral administration
- The Annual General Meeting in InDex Pharmaceuticals Holding AB was held on May 24, 2018
- InDex participated with two poster presentations at the Digestive Disease Week (DDW) 2018

PERIOD JANUARY-JUNE 2018

- Revenues amounted to SEK 0.1 (0.1) million
- Operating result amounted to SEK –44.8 (–37.5) million
- Result after tax amounted to SEK –44.7 (–37.2) million, corresponding to SEK –0.72 per share (–0.60) before and after dilution
- Cash flow from operating activities amounted to SEK –42.6 (–37.5) million
- Cash and cash equivalents at the end of the period amounted to SEK 82.5 (155.7) million
- Number of employees at the end of the period was 7 (7)
- Number of shares at the end of the period was 62 528 433

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- InDex updated the timeline for top line results from the CONDUCT study to first half of 2019

All comparative amounts in brackets refer to the outcome during the corresponding period 2017.

“The CONDUCT study is well under way, but we had a larger than expected decline in the patient recruitment rate during the summer. We therefore estimate that we will not be able to report the top line results this year. More than half of the patients have already been enrolled.”

Peter Zerhouni, CEO

INDEX IN BRIEF

InDex is a pharmaceutical development company focusing on immunological diseases where there is a high unmet medical need for new treatment options. The company's foremost asset is the drug candidate cobitolimod, which is in late stage clinical development for the treatment of moderate to severe active ulcerative colitis – a debilitating, chronic inflammation of the large intestine. InDex has also developed a platform of patent protected discovery stage substances, so called DNA based ImmunoModulatory Sequences (DIMS), with the potential to be used in treatment of various immunological diseases. InDex is based in Stockholm, Sweden. The company's shares are traded on Nasdaq First North Stockholm. Redeye AB is the company's Certified Adviser.

CEO statement



The patient recruitment for the CONDUCT study is well under way across Europe, but we had a larger than expected decline in the patient recruitment rate during the summer. We therefore estimate that we will not be able to report the top line results this year as previously communicated. More than half of the total 215 patients have already been enrolled.

If the recruitment rate in the CONDUCT study remains at the level observed until now, we will be able to report the top line results no later than the second quarter of 2019. However, our team is working hard to increase the recruitment rate to plan to be able to present the results earlier. We recently got approval in the last of the 12 participating countries, Romania, and are also initiating a few other clinics. Hence, we will shortly have more than 90 clinics that can enrol patients. This means that each clinic only has to include one additional patient and we are done.

It took less than a year from enrolling the first patient until we passed 50 percent. In InDex's last clinical study with cobitolimod, the COLLECT study, it also took about a year to enrol the first half of the patients, but only four months for the second half. We will announce when the last patient has been enrolled and the top line results are expected to be available within 3 months thereafter.

The total cost of the CONDUCT study is not assumed to increase as a result of a change in the timeline as the contracts are based on a certain number of activities, which depends

of the number of patients and not when the patients are enrolled. With SEK 82.5 million in cash at mid-year 2018, it is still the assessment that the money will last until the top line results are expected to be available.

At the beginning of June, I attended the large BIO Convention in Boston, discussing InDex's latest advances with potential future partners and other stakeholders. Both the CONDUCT study, the new data on cobitolimod's immunological mechanism of action and the development of an oral formulation of cobitolimod were met with positive interest. For example, I met with the US patient organisation for inflammatory bowel disease, the Crohn's & Colitis Foundation. We have thereafter been invited to participate and present cobitolimod at their event IBD Innovate in New York this autumn. This will be an excellent opportunity to increase the awareness of cobitolimod and InDex in the US as both small and large pharmaceutical companies, researchers and investors in the field will participate.

On September 6, I will present the company at the Pareto Securities Health Care Conference in Stockholm. I hope to meet both current and future shareholders there and look forward with confidence to a very active autumn.

Peter Zerhouni, CEO

Business overview

InDex is a pharmaceutical development company focusing on immunological diseases where there is a high unmet medical need for new treatment options. The company's foremost asset is the drug candidate cobitolimod, which is in late stage clinical development for the treatment of moderate to severe ulcerative colitis a debilitating, chronic inflammation of the large intestine.

In addition, InDex has a broad portfolio of other DNA based ImmunoModulatory Sequences (DIMS) in discovery stage, with the potential to be used in the treatment of various immunological diseases.

Ulcerative colitis is a chronic disease caused by inflammation of the large intestine. The symptoms are characterised by blood- and mucus-mixed diarrhea, frequent stools, pain, fever, weight loss and anemia. Despite the currently available drugs on the market, many patients with ulcerative colitis still suffer from severe symptoms. For those patients that do not respond to medical treatment, the last resort is to surgically remove the colon.

InDex's clinical studies indicate that cobitolimod has a higher efficacy and a more favorable safety profile than what has been reported for the currently approved biological drugs in corresponding patient populations. Sales of biologics for treatment of ulcerative colitis amount to more than USD 5 billion a year.

Cobitolimod has a new type of mechanism of action. It is a so-called Toll-like receptor 9 (TLR9) agonist that can provide an anti-inflammatory effect locally in the large intestine, which may induce mucosal healing and relief of the clinical symptoms in ulcerative colitis. Cobitolimod has achieved clinical proof-of-concept in moderate to severe active ulcerative colitis, with a very favorable safety profile. Data from four placebo-controlled clinical trials show that cobitolimod has statistically significant effects on those endpoints that are most relevant in this disease, both from a regulatory and clinical perspective. These endpoints include the key clinical symptoms such as blood in stool, number of stools, and mucosal healing, respectively.

Based on the encouraging results from earlier studies InDex is now performing the phase IIb study CONDUCT to evaluate higher doses and dose frequencies than investigated in previous studies with cobitolimod. The goal of the study is to optimise the treatment and achieve substantially higher efficacy, while maintaining the compound's excellent safety

profile. The CONDUCT study will include 215 patients with left-sided moderate to severe active ulcerative colitis at approximately 90 sites in 12 countries. It is a randomised, double blind, placebo-controlled study for evaluating cobitolimod's efficacy and safety in inducing clinical remission compared to placebo. The dose optimisation study investigates three different dose strengths of cobitolimod and two different dose frequencies. Top line results from the study are expected in the first half of 2019.

Cobitolimod is also known as Kappaproct® and DIMS0150.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- New mechanism of action data for cobitolimod was presented orally at the congress of the European Crohn's and Colitis Organisation (ECCO), which was held in Vienna, Austria, on February 14-17, 2018. The abstract had been selected amongst the top 10 out of 1,366 submitted abstracts, and it was featured in the Highlights of ECCO'18 video. The video contains the most important scientific insights and take-home messages from the congress.
- InDex announced on March 28, 2018, that a new method of use patent for the drug candidate cobitolimod will be issued by the Japan Patent Office. The patent provides additional protection for treating chronic active ulcerative colitis in patients that are not responding or are intolerant to anti-inflammatory therapy, wherein cobitolimod is administered in combination with corticosteroid or glucocorticosteroids.
- InDex hosted a Capital Markets Day on April 25, 2018 for investors, analysts and media. The purpose of the Capital Markets Day was to provide an overview of ulcerative colitis and the drug candidate cobitolimod from a scientific and market perspective.
- InDex announced on May 4, 2018 that it has developed a novel formulation of its drug candidate cobitolimod for oral administration, with targeted delivery to the lower part of the gastrointestinal tract. The oral formulation of cobitolimod is a potential follow-on product to the topical formulation, which is investigated in the CONDUCT study.
- The Annual General Meeting in InDex Pharmaceuticals Holding AB was held on May 24, 2018. Board members Wenche Rolfsen (also chairman), Uli Hacksell, Lennart Hansson, Stig Lökke Pedersen and Andreas Pennervall were re-elected.

FINANCIAL SUMMARY

SEK millions	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Full year 2017
Revenues	0.0	0.0	0.1	0.1	0.1
Operating result	-26.0	-15.4	-44.8	-37.5	-73.3
Result after tax	-26.0	-15.2	-44.7	-37.2	-72.8
Result per share before and after dilution, SEK	-0.42	-0.24	-0.72	-0.60	-1.16
Cash flow from operating activities	-19.7	-18.4	-42.6	-37.5	-68.2
Cash and cash equivalents at the end of the period	82.5	155.7	82.5	155.7	125.1

Note: Result per share – Net result divided by average number of shares.

- InDex participated with two poster presentations at the Digestive Disease Week (DDW), which was held in Washington DC, US on June 2-5, 2018. DDW is the largest congress in the world within gastroenterology.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- InDex announced on August 9, 2018 an updated timeline for patient recruitment in the ongoing phase IIb study CONDUCT with the drug candidate cobitolimod. Top line results from the study are now expected in the first half of 2019 instead of in the fourth quarter of 2018 as previously communicated.

FINANCIAL SUMMARY FOR THE REPORTING PERIOD

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

Operating expenses for the period January-June 2018 amounted to SEK 44.8 million, which is an increase of SEK 7.3 million compared to the corresponding period the previous year. The increase is mainly attributable to higher costs for the ongoing phase IIb study. The costs during the period refer to costs for the ongoing phase IIb study and general operating expenses.

Costs for the personnel increased with SEK 0.5 million mainly attributable to general salary increases.

Cash and cash equivalents as of June 30, 2018 amounted to SEK 82.5 million, which is SEK 42.6 million lower than December 31, 2017.

FINANCIAL SUMMARY AFTER THE REPORTING PERIOD

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

EXPECTED FUTURE DEVELOPMENT

The Board's updated estimate is that the main results from the CONDUCT study will be available during the first half of 2019.

The Board is reviewing the forecasted cash flow on an ongoing basis to determine InDex's capital requirements and resources required to conduct the business activities in accordance with the strategic direction decided by the Board.

It is the assessment of the Board that InDex has enough capital to finance the CONDUCT study until the main results are available and all other financial commitments that InDex has for the coming 12-month period.

InDex provides no financial forecast or similar forward looking statement.

EMPLOYEES

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

THE SHARE

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

LARGEST SHAREHOLDERS PER JUNE 30, 2018

	Number of shares	Percentage of capital and votes, %
SEB Venture Capital	14,657,241	23.4
Stiftelsen Industrifonden	12,900,272	20.6
NeoMed/N5	6,907,913	11.1
Staffan Rasjö	3,124,718	5.0
SEB Stiftelsen	1,785,714	2.9
Avanza Pension	1,300,265	2.1
Danske Bank Stockholm	1,295,327	2.1
Danske Bank International	1,055,545	1.7
Rune Petterson	980,081	1.6
Mexor i Skellefteå AB	922,061	1.5
Others	17,599,296	28.0
Total	62,528,433	100.0

INCENTIVE PROGRAMMES

At the Extraordinary General Meeting held on September 12, 2016 it was resolved to issue 3,250,000 warrants to transfer to employees and other key persons within InDex. The warrants have an exercise price of SEK 19 per share and can be exercised in September 2019. Within this program, 3,237,500 (3,062,500) warrants have been acquired at fair value by employees and other key persons in InDex.

REVIEW BY THE AUDITOR

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

FINANCIAL CALENDER

Interim report Q III 2018	November 19, 2018
Interim report Q IV 2018	February 20, 2018

Stockholm August 28, 2018

Peter Zerhouni, CEO

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The information in this interim report is information that InDex Pharmaceuticals Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and Swedish Financial Instruments Trading Act. The information was submitted for publication at 8:00 CET on August 28, 2018.

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

Consolidated income statement

SEK 000's	Apr 1-Jun 30, 2018	Apr 1-Jun 30, 2017	Jan 1-Jun 30, 2018	Jan 1-Jun 30, 2017	Full year 2017
Revenues					
Net sales	20	35	73	70	113
Total revenues	20	35	73	70	113
Operating expenses					
Raw material and consumables	-152	-365	-322	-8,523	-8,998
Other external expenses	-23,120	-12,635	-39,256	-24,336	-54,825
Personnel costs	-2,736	-2,418	-5,226	-4,682	-9,594
Depreciations	-3	-3	-5	-6	-11
Total expenses	-26,011	-15,421	-44,809	-37,547	-73,428
Operating loss	-25,991	-15,386	-44,736	-37,477	-73,315
Profit/loss from financial items					
Financial income	0	391	0	500	1,340
Financial expenses	-8	-194	-9	-255	-784
Total	-8	197	-9	245	556
Earnings before tax	-25,999	-15,189	-44,745	-37,232	-72,759
Taxes for the period	-	-	-	-	-
Net profit/loss for the period	-25,999	-15,189	-44,745	-37,232	-72,759
Loss per share, SEK (before and after dilution)	-0.42	-0.24	-0.72	-0.60	-1.16
Average number of shares	62,528,433	62,528,433	62,528,433	62,528,433	62,527,366
Number of shares at the end of the period	62,528,433	62,528,433	62,528,433	62,528,433	62,528,433

Consolidated balance sheet

SEK 000's	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Patents, license and trademarks	–	–	–
<i>Tangible fixed assets</i>			
Equipment, tools and installations	27	37	32
Total fixed assets	27	37	32
Current assets			
<i>Current receivables</i>			
Accounts receivable	13	19	16
Other current receivables	538	1,311	848
Prepaid expenses and accrued income	763	771	921
Total current receivables	1,314	2,101	1,785
Cash and cash equivalents	82,483	155,709	125,055
Total current assets	83,797	157,810	126,840
TOTAL ASSETS	83,824	157,847	126,872
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1,251	1,251	1,251
Total restricted equity	1,251	1,251	1,251
Non-restricted equity			
Retained earnings	103,496	176,220	176,255
Loss for the period	–44,745	–37,232	–72,759
Total non-restricted equity	58,751	138,988	103,496
Total equity	60,002	140,239	104,747
Current liabilities			
Accounts payables	3,255	6,223	6,568
Other liabilities	5,719	5,834	5,750
Accrued expenses and deferred income	14,848	5,551	9,807
Total current liabilities	23,822	17,608	22,125
TOTAL EQUITY AND LIABILITIES	83,824	157,847	126,872

Consolidated statement of changes in equity

SEK 000's	Share capital	Retained earnings	Net result
Opening balance, January 1, 2017	1,251	217,495	-41,275
Disposition of last year's result	-	-41,275	41,275
Net result	-	-	-37,232
Closing balance, June 30, 2017	1,251	176,220	-37,232
Opening balance, January 1, 2017	1,251	217,495	-41,275
Disposition of last year's result	-	-41,275	41,275
Issue of warrants	-	35	-
Net result	-	-	-72,759
Closing balance, December 31, 2017	1,251	176,255	-72,759
Opening balance, January 1, 2018	1,251	176,255	-72,759
Disposition of last year's result	-	-72,759	72,759
Net result	-	-	-44,745
Closing balance, June 30, 2018	1,251	103,496	-44,745

Consolidated cash flow

SEK 000's	Apr 1-Jun 30, 2018	Apr 1-Jun 30, 2017	Jan 1-Jun 30, 2018	Jan 1-Jun 30, 2017	Full year 2017
Operating activities					
Earnings before tax	-25,999	-15,189	-44,745	-37,232	-72,759
<i>Adjustments for non-cash items</i>					
Depreciations	3	3	5	6	11
Divestment of financial assets	-	-	-	-	27
Income tax paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-25,996	-15,186	-44,740	-37,226	-72,721
Changes in working capital					
Changes in current receivables	-322	-400	471	-890	-574
Changes in current liabilities	6,653	-2,838	1,697	593	5,110
Cash flow from changes in working capital	6,331	-3,238	2,168	-297	4,536
Cash flow from operating activities	-19,665	-18,424	-42,572	-37,523	-68,185
Investment activities					
Acquisition of tangible assets	-	-	-	-	-
Cash flow from investment activities	-	-	-	-	-
Financing activities					
Issues of shares	-	-	-	-	-
Issues of warrants	-	-	-	-	8
Cash flow from financing activities	-	-	-	-	8
Cash flow for the period	-19,665	-18,424	-42,572	-37,523	-68,177
Cash and cash equivalents at the beginning of the period	102,148	174,133	125,055	193,232	193,232
Cash and cash equivalents at the end of the period	82,483	155,709	82,483	155,709	125,055

Income statement parent company

SEK 000's	Apr 1-Jun 30, 2018	Apr 1-Jun 30, 2017	Jan 1-Jun 30, 2018	Jan 1-Jun 30, 2017	Full year 2017
Revenues					
Net sales	1,724	2,137	3,612	3,763	8,000
Total revenues	1,724	2,137	3,612	3,763	8,000
Operating expenses					
Other external expenses	-2,320	-2,002	-3,888	-3,786	-7,555
Personnel costs	-1,598	-1,286	-2,929	-2,358	-5,107
Total expenses	-3,918	-3,288	-6,817	-6,144	-12,662
Operating loss	-2,194	-1,151	-3,205	-2,381	-4,662
Net financial items					
Write-down of financial assets	-	-	-	-60,000	-120,000
Financial costs	-7	-	-8	-1	-1
Total	-7	-	-8	-60,001	-120,001
Earnings before tax	-2,201	-1,151	-3,213	-62,382	-124,663
Taxes for the period	-	-	-	-	-
Net profit/loss for the period	-2,201	-1,151	-3,213	-62,382	-124,663

Balance sheet parent company

SEK 000's	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Shares in subsidiary	247,030	247,030	247,030
Total fixed assets	247,030	247,030	247,030
Current assets			
<i>Current receivables</i>			
Other receivables	157	–	–
Intercompany receivables	246	95	176
Prepaid expenses and accrued income	463	90	455
Total current receivables	866	185	631
Cash and cash equivalents	81,300	145,665	111,682
Total current assets	82,166	145,850	112,313
TOTAL ASSETS	329,196	392,880	359,343
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1,251	1,251	1,251
Total restricted equity	1,251	1,251	1,251
Non-restricted equity			
Retained earnings	291,659	416,322	416,322
Net result	–3,213	–62,382	–124,663
Total non-restricted equity	288,446	353,940	291,659
Total equity	289,697	355,191	292,910
Current liabilities			
Accounts payable	462	684	497
Intercompany liabilities	36,912	35,140	63,238
Other liabilities	717	471	498
Accrued expenses and deferred income	1,408	1,394	2,200
Total current liabilities	39,499	37,689	66,433
TOTAL EQUITY AND LIABILITIES	329,196	392,880	359,343

Statement of change in equity parent company

SEK 000's	Share capital	Retained earnings	Net result
Opening balance, January 1, 2017	1,251	463,944	-47,622
Disposition of last year's result		-47,622	47,622
Net result	-	-	-62,382
Closing balance, June 30, 2017	1,251	416,322	-62,382
Opening balance, January 1, 2017	1,251	463,944	-47,622
Disposition of last year's result	-	-47,622	47,622
Net result	-	-	-124,663
Closing balance, December 31, 2017	1,251	416,322	-124,663
Opening balance, January 1, 2018	1,251	416,322	-124,663
Disposition of last year's result	-	-124,663	124,663
Net result	-	-	-3,213
Closing balance, June 30, 2018	1,251	291,659	-3,213

Development of parent company's share capital

SEK Date	Transaction	Change in share capital	Total share capital	Number of new shares	Total number of shares	Paid in amount
Jun 27, 2016	Inception of the company	500,000	500,000	500,000	500,000	500,000
Sep 7, 2016	Split of shares	-	500,000	45,500,000	50,000,000	-
Sep 7, 2016	Share issue in-kind	601,345	1,101,345	60,134,466	110,134,466	-
Sep 7, 2016	Reduction of number of shares	-500,000	601,345	-50,000,000	60,134,466	-
Sep 7, 2016	Share issue	-	601,345	2	60,134,468	-
Sep 8, 2016	Reversed split of shares	-	601,345	-30,067,234	30,067,234	-
Oct 6, 2016	Share issue for pref. shares	52,685	654,030	2,634,279	32,701,513	52,685
Oct 6, 2016	Share issue	560,479	1,214,509	28,023,969	60,725,482	235,401,340
Oct 12, 2016	Share issue	14,305	1,228,814	715,250	61,440,732	6,008,100
Oct 25, 2016	Share issue	17,969	1,246,783	898,421	62,339,153	7,546,736
Nov 14, 2016	Share issue	1,895	1,248,678	94,725	62,433,878	795,690
Dec 29, 2016	Share issue in-kind	1,300	1,249,978	65,015	62,498,893	-
Jan 13, 2017	Share issue	591	1,250,569	29,540	62,528,433	248,136

Notes

NOTE 1 GENERAL INFORMATION

This interim report includes the parent company InDex Pharmaceuticals Holding AB (publ), Corp. Reg. No. 559067-6820 and the subsidiaries InDex Pharmaceuticals AB and InDex Diagnostics AB ("InDex", "the company" or "the group").

NOTE 2 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3). See also below under "Corporate Structure" for additional information about the completed legal restructuring.

The accounting policies adopted in this interim report are consistent with those of the 2017 annual report and should be read in conjunction with that annual report.

NOTE 3 CORPORATE STRUCTURE

InDex Pharmaceuticals Holding AB was incepted on December 14, 2015 and was registered with the Swedish Companies Registration Office on June 27, 2016. At an Extra General Meeting held on August 25, 2016 it was resolved, and on September 7, 2016 an issue for noncash consideration was registered at the Swedish Companies Registration Office, whereby the shareholders of InDex Pharmaceuticals AB transferred 99.76 percent (in June 2018 99.97 percent have been transferred) of the shares in the company in exchange for new shares in the new parent company, InDex Pharmaceuticals Holding AB. The intention is that also the remaining shares in InDex Pharmaceuticals AB will be exchanged for shares in the parent company.

With the support of valuations provided by two independent external parties, the Board attributed the shares in InDex Pharmaceuticals AB a total value of SEK 247.0 million, out of which the shares held by the parent company were reported in the balance sheet at the same value, as the remaining shares will be transferred alternatively compulsorily acquired. A debt of SEK 0.1 million to the minority shareholders (the few shareholders that have not signed the share exchange agreement, representing 0.03 percent of total shares) have therefore been reported as of June 30, 2018.

The Board has concluded that the restructuring described above has not in itself changed the business or the shareholder structure, why the consolidated financial statements have been prepared in accordance with the guidelines for acquisition under common control. In short this means that the consolidated financial statements are prepared as if InDex Pharmaceuticals AB is the acquiring company in the consolidated financial statements and, therefore, the assets and liabilities are reported at historical values. This further means that the comparative periods for InDex can be presented in the financial report for InDex where InDex Pharmaceuticals AB was the legal parent.

NOTE 4 RISKS AND UNCERTAINTIES

OPERATIONAL RISKS

There is no guarantee that InDex's research and development will result in commercial success. There is no guarantee that InDex will develop products that can be patented, that granted patents can be retained, that future inventions will lead to patents, or that granted patents will provide sufficient protection for InDex's products.

There is no guarantee that InDex obtains necessary approvals to conduct the clinical trials that InDex would like to implement, or that the clinical trials conducted by InDex, independently or in collaboration with partners, will demonstrate sufficient safety and efficacy to obtain necessary regulatory approvals or that the trials will lead to drugs that will be sold on the market. It cannot be excluded that the regulatory approval process will require increased documentation and thereby increased costs and delays in projects or lead to projects being shut down. Increased development costs and longer development time may mean that the risks of a project increase and that the compound's potential to successfully reach the commercial stage decreases or that the time for patent protected sales is reduced.

FINANCIAL RISK MANAGEMENT

InDex may also in the future need to raise additional capital. Both the size and timing of InDex's potential future capital requirements will depend on a number of factors, including opportunities to enter into collaboration or licensing agreements and the progress made in research and development projects. There is a risk that the required financing for the operations will not be available at the right time and at reasonable cost.

For a more detailed description of the risk factors, please refer to the annual report for 2017, which is available on the company's web page.

NOTE 5 IMPORTANT ESTIMATIONS AND JUDGEMENTS

The following areas have been identified as areas dependent of estimations and judgements, which can have significant impact on the financial statements: incurred costs for clinical trials, test for impairment of participation in group companies and deferred tax receivables.

For a more detailed description of important estimations and judgements, please refer to the annual report for 2017.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

InDex Pharmaceuticals Holding AB invoices its subsidiaries for group wide services.