Idogen AB Interim report

January 1 – March 31, 2020

"The feat of successfully raising capital in the prevailing stock market climate is proof of Idogen's strength, and emphasises the confidence in our competence and the potential in our product portfolio"

ANDERS KARLSSON, CEO

Idogen AB (publ) Corp. Reg. no: 556756-8521 www.idogen.com

Idogen AB Interim report
January 1 – March 31, 2020

First quarter (January-March 2020)

- Other operating income amounted to KSEK 1 414 (854)
- Operating loss was KSEK -6 634 (-6 762).
- Loss for the period totalled KSEK -6 220 (-6 653)
- Cash flow from operating activities was KSEK -1 786 (-12 031)
- Loss per share was SEK -0.13 (-0.14)

Significant events in the first quarter

- In January, the company announced a decision regarding a rights issue in a gross amount of MSEK 29.
- Idogen was visited by the Crown Princecess and Prince Daniel at the end of January with the purpose to learn more about Idogen's tolerogenic cell therapy.
- An Extraordinary General Meeting was held on 17 February in Lund, which approved the share issue.
- The issue was completed in March , uderwritten by 88 % and generated MSEK 20.6 gross for Idogen
- In March, disbursements from the EU for Horizon 2020 were resumed and KEUR 550 was disbursed during the month.

Significant events after the end of the period

- To date, the ongoing corona pandemic has had a minor impact on the company's operations. If the reduction in societal functions continues or is extended, there is, however, a risk of further impact.
- No other significant events occurred after the end of the period that affected the results or financial position.

Condensed earnings and cash flow

(Amount in KSEK unless otherwise stated)	2019 3 months jan–mar	2018 3 months jan-mar	2019 12 months jan-dec
Other operating income	1 414	854	4 192
Operating expenses	-8 047	-7 616	-37 018
Operating loss	-6 634	-6 762	-32 826
Loss for the period after net financial items	-6 220	-6 653	-32 694
Avarage number of shares	48 491 533	48 491 533	48 491 533
Avarage number of warrants	-	8 555 883	2 109 670
Loss er share (SEK)	-0.13	-0.14	-0.67
Cash flow from operating activities	-1 786	-12 031	-34 974
Key figures			
Working capital	29 702	35 499	14 884
Acid-test ratio %	280	342	216
Equity/assets ratio, %	66	75	59
Loss per share before dilution	-0.13	-0.14	-0.67
Avarage number of shares	48 491 533	48 491 533	48 491 533

Definitions of key figures 2020

Working capital

Total current assets (including cash and cash equivalents) less current liabilities.

Acid-test ratio

Total current assets (including cash and cash equivalents) relative to current liabilities.

Equity/assets ratio

Shareholders' equity in relation to balance sheet total.

Earnings per share before dilution

Profit after tax divided by average number of shares for the period.

Avarage number of shares

The average number of shares on the day when the new issue is registered.

CEO comment

Our business environment during the first quarter of the year has been indelibly marked by the ongoing corona-virus pandemic. Unease on the stock exchange, drastically curtailed freedom of movement and a healthcare system under tremendous pressure all affect the life sciences industry as well. Idogen has, gratifyingly enough, been able so far to work according to plan. Moreover, during the quarter we successfully conducted a new share issue that has markedly strengthened our financial position.

The preferential rights issue, which was announced in January and concluded in mid-March, had a total subscription rate of 88% of which 30% were existing shareholders. Idogen thereby raised MSEK 20.6 in capital after issue costs. The capital contribution will be used to complete the final preclinical evaluation studies required prior to the start of the planned Phase 1/2a study with our cell therapy, IDO 8. The issue will also finance the ongoing scaling up of the production of IDO 8 that is needed for the clinical trials, as well as the continued preclinical development of IDO T. The feat of successfully raising capital in the prevailing stock market climate is proof of Idogen's strength, and emphasises the confidence in our competence and the potential in our product portfolio.

The potential for our research to result in ground-breaking treatments and its continued positive performance were also confirmed by the decision of the EU's programme for research and innovation, Horizon 2020, to provide an additional disbursement as part of the financial support Idogen was granted in 2017. Under tough competitive circumstances, we have been awarded a total research and development grant of MEUR 2.9 from Horizon 2020. The disbursement of MEUR 0.55 will enable the further development of IDO 8, and a concluding disbursement of MEUR 0.73 is expected in the first half of 2021.

Our operations are currently focused on preparing for our first clinical trial as efficiently as possible. The plan is to initiate a Phase 1/2a study with IDO 8 in patients with hemophilia during the first quarter of 2021. In addition to the concluding preclinical studies, the collaboration on production with Radboud University Medical Center in the Netherlands is making excellent progress. During the quarter, we successfully moved our manufacture of tolerogenic dendritic cells to Radboud, and are now on the way to scaling production up from pilot scale to production scale.

Many clinical trials are now being postponed owing to healthcare being hard pressed by the coronavirus pandemic. There are no current indications that our schedule will be impacted, but we are of course following developments closely. The most important task is to safeguard the quality of the study, which requires that all healthcare and logistics function flawlessly.

For Idogen, having the best researchers and employees who can drive development forward is crucial. It was thus highly gratifying to welcome Christina Brattström as our new Chief Medical Officer on 1 April. She has solid experience in clinical development of transplantation drugs, and over 20 years of experience in senior medical roles at international pharmaceutical companies, and she brings a broad range of experience from both clinical development and the regulatory sphere.

Those of us who work daily on pursuing the development of groundbreaking cell therapies know that they have the potential to change how we envision health care in future. At the same time, it is easy to become complacent – which is why presenting our research to the Crown Princess Couple, who visited us in late January, was an inspirational experience. The discussions we had focused on the insight that many severely ill people will have significantly healthier and richer lives when treatments become curative instead of simply managing symptoms .

At Idogen, we see possibilities for contributing our tolerogenic cell therapy to a better life for severely ill patients, and thus a very exciting year ahead of us.

Anders Karlsson
Chief Executive Officer

Idogen in brief

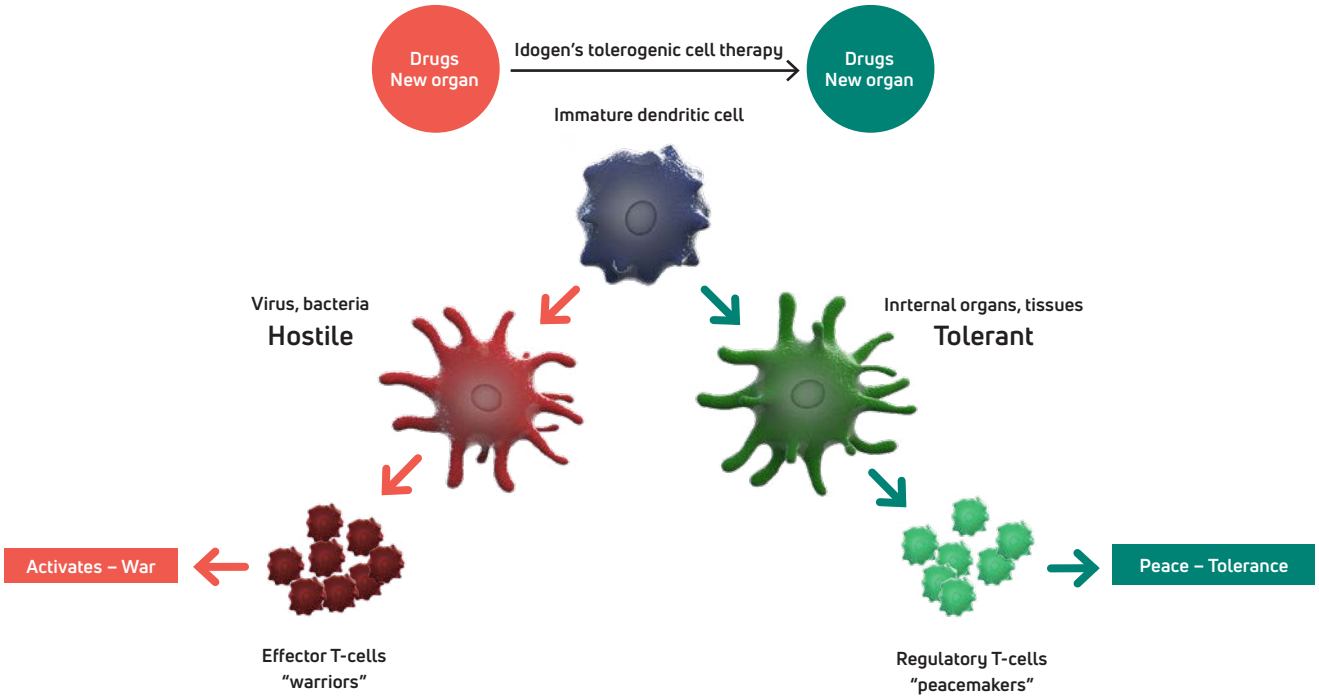
Idogen is a Swedish biotechnology company based in Lund. Idogen develops tolerogenic cell therapies to counteract attacks by the patient's immune system on biological agents, transplanted organs or the body's own cells or tissue. The term 'tolerogenic' comes from the assumption that after treatment with Idogen's cell therapy, the body's immune defence will be able to selectively tolerate a specific pathogenic or immune-activating antigen. Idogen's vision is to revolutionise the treatment of several disorders and conditions in which the body's immune system does not function as it should and for which there is a major unmet medical need. This can be seen in e.g. autoimmune diseases, organ rejection and in patients who have developed anti-biologic antibodies, for example, factor VIII or therapeutic antibodies.

When the immune system has become your enemy

There are many situations where the body's immune system can hurt us instead of protecting us. One example is when it causes transplant rejection. Another is when the immune system neutralises the activity of biological drugs, for example, in the treatment of hemophilia with factor VIII.

A third example is autoimmune diseases – such as rheumatoid arthritis, inflammatory bowel diseases, type 1 diabetes and multiple sclerosis (MS) – where the immune system attacks the body's own proteins or antigens.

The ability to create a properly functioning immune system that protects and defends the body from invasion by foreign organisms – such as viruses, bacteria and tumours – would revolutionise the treatment of patients with severe chronic illness. Idogen wants to be part of this revolution. The company contributes by developing cell therapies, which is a different approach to conventional medical therapies. Instead of administering a chemical substance to the body, the patient is treated with their own cells.



Dendritic cells control other immune system cells' recognition of, and reaction to, what belongs in the body and what is foreign. The dendritic cells that recognize bacteria or viruses activate our immune system (red) and those that recognize the body's own cells stop the body from attacking its own tissues and create tolerance (green). The goal of Idogen's cell therapy is to teach the immune system so as to counteract undesirable activation while leaving the rest of the immune system unaffected.

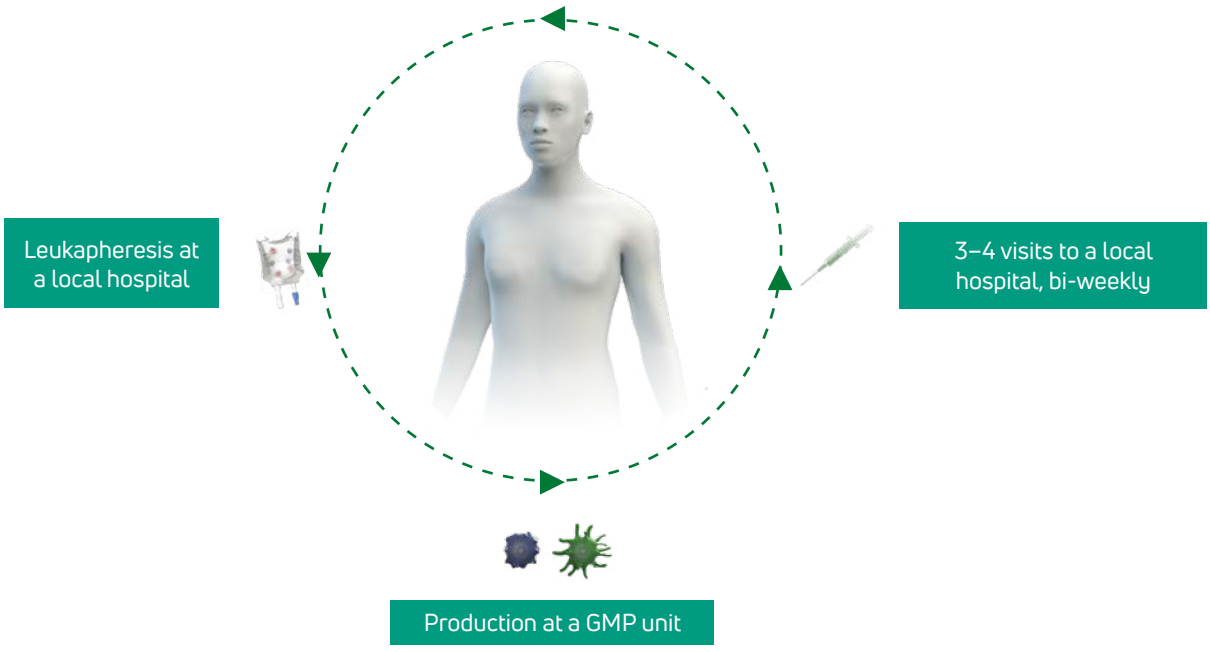
Idogen's technology

Idogen's treatment is based on dendritic cells – types of white blood cells – that play a central role in the immune system because they control other immune system cells' recognition of what belongs in the body (self) and what is foreign (non-self). When we are exposed to bacteria or viruses, the dendritic cells trigger our immune response. At the same time, they ensure that the immune system does not attack our own body. The dendritic cells that prevent the immune system from attacking the body's own, healthy cells are called tolerogenic. The aim of Idogen's technology is to develop tolerogenic dendritic cells that are programmed for defined molecules or antigens.

The technology in Idogen's therapy entails that cells from the patient's blood are treated outside the body using a unique, patented method and thereby develop into tolerogenic dendritic cells. These tolerogenic dendritic cells are then returned to the patient. In the body, the dendritic cells can prevent the undesirable activation of the immune system while the immune system in general is not affected. Idogen's technology is a platform for tolerogenic cell therapy that can be adapted to various medical conditions by making minor changes.

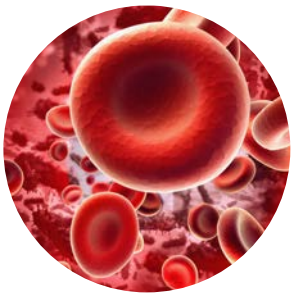
In January 2019, Idogen announced that analyses using a scientifically improved assessment model showed that the company's existing tolerance-induction method had failed to produce the effect indicated in earlier preclinical studies. A comprehensive systematic evaluation of several alternative tolerance inducers therefore commenced in order to identify a more effective method for generating tolerogenic dendritic cells. This newly developed method is a combination of different substances that by themselves have a limited effect, but when they are combined yield a synergistically powerful effect. In June 2019, the company announced that a new tolerance inducer had been developed.

Throughout the autumn, efforts to document this unique combination of compounds continued until a priority patent application was filed on 13 December. The patent application covers Idogen's entire technology platform for tolerogenic cell therapy. The patent application is a first step towards global protection and expansion into all major markets. If granted, the patent will provide market exclusivity until 2040.
In the third quarter, the company evaluated the possibility of manufacturing its cell therapy externally prior to clinical trials in patients with hemophilia starting in spring 2021. On 13 November, a license agreement for manufacturing was signed with the Radboud University Medical Center in Nijmegen, in the Netherlands.



Idogen's therapy means that cells from the patient's own blood are developed outside the body into tolerogenic dendritic cells that can specifically counter the unwanted immune response and induce tolerance, without affecting the normal functions of the immune system. These programmed dendritic cells are then returned as a cell therapy to the patient.

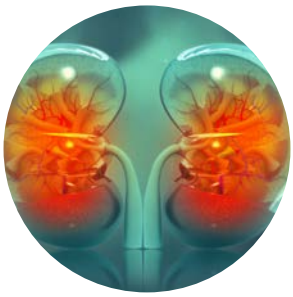
Idogen's development projects



ido 8

IDO 8 – When the body's immune system attacks factor VIII, a critical medicine

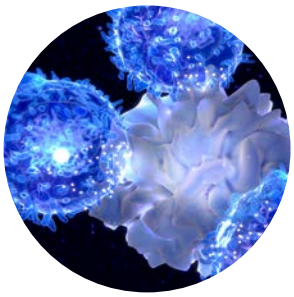
IDO 8 is Idogen's most advanced project, aimed at developing a tolerogenic cell therapy for patients with severe hemophilia (hemophilia A). Hemophilia is caused by lack of coagulation factors and the standard treatment for patients is to inject the missing coagulation factor, which for hemophilia A is factor VIII. Approximately 30 percent of patients treated with Factor VIII develop neutralizing antibodies, inhibitors, which make the treatment ineffective. This complication is often treated by intensifying the Factor VIII treatments to induce tolerance, which means frequent injections and high doses of Factor VIII. This treatment is stressful to patients, who often are children, and may need to be continued for up to two years. Unfortunately, in approximately 30 percent of these patients, the antibodies against FVIII remain, leaving patients without any treatment options. This means that bleeding cannot be stopped. It is this group of vulnerable and often young patients that Idogen targets with IDO 8 as its first indication.



ido T

IDO T – When the body's immune system attacks a transplanted organ

The same method that is currently being developed for the treatment of hemophilia can also be used in other therapeutic areas with only minor adjustments to the production process. The company is therefore developing a product candidate for kidney transplantation, IDO T, in parallel. The basic principle is to "teach" the patient's immune system to recognise and accept the transplanted organ rather than attack it. This could eventually reduce or eliminate entirely the need for current methods of often lifelong immunosuppressive treatment with drugs that unselectively suppress the immune system. The company is of the opinion that there is a great need for a long-acting, cost-effective and safe treatment that induces tolerance for the transplanted organ in order to avoid the risk of organ rejection. Initially, Idogen intends to target patients about to undergo kidney transplantation with organs from living donors.



ido AID

IDO AID – When the body's immune system attacks the body's own cells and tissues

Idogen also added a third therapeutic area focused on severe and rare autoimmune diseases, IDO AID, to its project portfolio. Idogen is currently evaluating the potential of the company's technology in a group of autoimmune diseases where there is a major unmet medical need and a treatment could be granted orphan drug designation. Patients with autoimmune diseases are often treated for long periods of time with powerful and broad-spectrum immunosuppressive drugs. However, the effect on the underlying disease is rarely optimal and the treatment can lead to undesirable side effects. The medical need for improved therapies is therefore high. The goal of Idogen's tolerogenic cell therapy is to dramatically reduce the need for immunosuppressive drugs by shortening the treatment, thereby improving patient outcomes.

Future and strategy

Idogen's intention is to enter into commercial license agreements based on the clinical trial results in each project. Several large pharmaceutical companies have already shown a major interest. In recent years, a number of smaller cell therapy companies have signed commercial license agreements with global pharmaceutical companies, under attractive terms.

Financial information

Financial performance for the first quarter, January 1 - March 31, 2020

Other operating income
Other operating income for the quarter amounted to KSEK 1 414 (854).

Operating loss
Operating loss for the quarter amounted to KSEK -6 634 (-6 762), a change of KSEK +128 compared with the year-on-year quarter.
Adjustments for EU grants and other support generated a higher positive contribution of KSEK 560, while expenses rose KSEK 432.

Loss for the period
Loss for the period totalled KSEK -6 220 (-6 653). Loss per share was SEK -0.13 (-0.14).

Liquidity and cash flow

- Cash flow from operating activities was KSEK -1 786 (-12 031).
- Cash flow from investing activities was KSEK 0 (-483).
- Cash flow from financing activities was KSEK -20 607 (0).
- Cash flow for the quarter was KSEK -18 821 (-12 514).
- At the end of the period, the company's cash and cash equivalents amounted to KSEK 44 829 (49 091).

Financial position
At March 31, 2020, the equity/assets ratio was 66% (75) and equity amounted to KSEK 32 715 (44 370). On the same date, total assets amounted to KSEK 49 354 (59 019).

Horizon 2020

In May 2017, Idogen was granted research funding of MEUR 2.86 (just over MSEK 29) from Horizon 2020 (the EU Framework Programme for Research and Innovation) to develop the company's tolerogenic cell therapy, developed for the treatment of patients with severe hemophilia who have developed anti-factor VIII neutralising antibodies during treatment.

In March, MEUR 0.55 (approximately MSEK 6) was paid out. Most of the outstanding amount (MEUR 0.73 – approximately MSEK 8) is expected to be paid out in 2021.

The existing cash and cash equivalents and expected Horizon disbursements mean cash and cash equivalents are sufficient some way in to the third quarter of 2021.

Investments

Idogen had no investments during the period. Investments amounted to MSEK 0.0 (0.5).

New share issue

An Extraordinary General Meeting was held on 17 February that approved the Board's proposal of a rights issue of MSEK 29. The rights issue was underwritten to 88%. Each existing share entitled the holder to subscribe to one new share at SEK 0.60. Idogen raised MSEK 20.6 net in capital. The number of shares increased by 42 725 000 to 91 216 533 shares. The issue was not registered with the Swedish Companies Registration Office before the end of the quarter and is thus not included in figures for the quarter.

Events after the balance-sheet date

No other significant events affecting the interim financial statements occurred after the end of the period.

Employees and organisation

At 31 March 2020, the number of employees was nine. Idogen's organisation comprises all of the competencies and experience required to run the company. Close collaboration has been established with a number of key consultants in patents, preclinical, clinical trials, cell therapy, pharmaceutical development, regulatory expertise for manufacturing, documentation, quality assurance, finance and legal matters.

2020 annual general meeting (AGM) and annual report 2020

The Annual General Meeting (AGM) will be held on 12 May 2020 at 3:00 p.m. in the Collaboration conference room in the main building, Spark, at Medicon Village, Scheelevägen 2, Lund, Sweden.

The 2019 Annual Report is available for download from the company's website since early April.

Nomination committee

In accordance with the AGM's decision, the three largest shareholders at the end of the third quarter of 2019 were asked to nominate their representatives for the Nomination Committee. The following representatives were appointed – Hans-Olov Sjögren (Chairman), Leif G Salford and Staffan Bergqvist (HCN Group AB). The Nomination Committee's proposals was presented at the end of March.

Risks and uncertainties

In addition to general uncertainty related to research and development activities and delays in clinical trials, there are no known trends, uncertainties, potential claims or any other demands, commitments or events that are reasonably likely to have a material adverse effect on the company's prospects. A detailed presentation of various risks can be found in the Annual Report (pages 44–46) and in the prospectus for the rights issue in 2019 (pages 21–24).

Equity

Equity was impacted by the results during the period. At 31 March 2020, equity amounted to MSEK 32.8 (44.4).

The share

Loss after tax divided by the average number of shares for the period amounted to SEK -0.13 (-0.14) for the reporting period. At the end of March 2020, Idogen had approximately 3 500 shareholders. The number of shares was 48 491 533 (48 491 533). Following the share issue, there will be 91 216 533 shares.

Name	No. of shares	Percentage of votes/capital (%)
Avanza pension AB	3 399 595	7.0
Kronolund AB	1 000 000	2.1
Tobias Ekman	800 000	1.6
Leif G Salford, directly and via companies	783 010	1.6
Nordnet pension AB	689 979	1.4
Övriga	41 823 949	86.3
Totalt	48 491 533	100.00

Accounting policies

This interim report has been prepared in accordance with RFR 2, Accounting for Legal Entities. The report has been prepared in accordance with IAS 34, with consideration for the exemptions from and amendments to IFRS specified in RFR 2.
The company has no subsidiaries and does not therefore present consolidated financial statements. IFRS-compliant financial statements are not therefore applicable.The accounting policies are presented in the Annual Report on pages 51–53. No changes have been made to these policies. This report was not subject to review by the company's auditors.

Assurance by the Board of Directors

The Board of Directors and Chief Executive Officer certify that this interim report presents a true and fair view of the company's operations, financial position and results and describes the significant risks and uncertainties faced by the company.

Lund, 12 May 2020

Agneta Edberg
Chairman of the board

Christina Herder
Board member

Karin Hoogendoorn
Board member

Leif G Salford
Board member

Anders Karlsson
Chief Executive Officer

Condensed statement of profit or loss and other comprehensive income

(Amounts in KSEK)	2020 3 months Jan–Mar	2019 3 months Jan–Mar	2019 12 months Jan–Dec	2018 12 months Jan–Dec
Net sales	-	-	-	-
Other operating income	1 414	854	4 192	3 766
Total income	**1 414**	**854**	**4 192**	**3 766**
Operating expenses				
Other external costs	-4 649	-4 218	-17 900	-21 489
Employee benefit expenses	-3 068	-3 069	-13 223	-9 147
Depreciation of tangible assets	-331	-328	-5 895	-991
Operating loss	**-6 634**	**-6 762**	**-32 826**	**-27 861**
Interest income and similar profit items	430	195	156	529
Interest expense and similar loss itemsr	-16	-86	-24	-302
Loss before tax	**-6 220**	**-6 653**	**-32 694**	**-27 634**
Tax	-	-	-	-
LOSS FOR THE PERIOD	**-6 220**	**-6 653**	**-32 694**	**-27 634**
OTHER COMPREHENSIVE INCOME	**-**	**-**	**-**	**-**
COMPREHENSIVE INCOME FOR THE PERIOD	**-6 220**	**-6 653**	**-32 694**	**-27 634**

Condensed statement of financial position

(Belopp i TSEK)	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS			
Intangible assets			
Patents	-	4 433	-
Total intangible assets		**4 433**	
Tangible assets			
Leasehold improvements	1 117	1 727	1 270
Equipment, tools, fixtures and fittings	1 996	2 711	2 175
Total tangible assets	**3 113**	**4 438**	**3 444**
Total assets	**3 113**	**8 871**	**3 444**
Other receivables	773	540	801
Prepaid expenses and accrued income	640	516	936
Cash and bank balances	44 829	49 091	26 004
Total current assets	**46 241**	**50 148**	**27 445**
TOTAL ASSETS	**49 354**	**59 019**	**31 189**
EQUITY			
Restricted equity			
Share capital	6 385	3 394	3 394
Fund for development expenses	-	2 918	-
Total restricted equity	**6 385**	**6 312**	**3 394**
Non-restricted equity			
Share premium reserve	54 544	36 829	36 829
Profit brought forward	-21 894	7 882	10 799
Loss for the year	-6 220	-6 653	-32 694
Total non-restricted equity	**26 430**	**38 058**	**14 934**
Total equity	**32 815**	**44 370**	**18 329**
Current liabilities			
Accounts payable – trade	2 172	1 921	2 184
Other liabilities	352	1 277	456
Accrued expenses and deferred income	14 115	11 451	10 220
Total current liabilities	**16 549**	**14 649**	**12 861**
TOTAL EQUITY AND LIABILITIES	**49 354**	**59 019**	**31 189**

Condensed statement of changes in equity

(Amounts in KSEK)	Share capital	Fund for development expenses	Share premium reserve	Profit brought forward	Loss for the year	Total equity
Opening balance at Jan 1, 2019	**3 394**	**2 918**	**36 829**	**35 518**	**-27 634**	**51 023**
Appropriation of profits as per AGM	-	-	-	-	-	0
Write down of patent		-		-		0
Loss for the period	-	-	-	-	-6 653	-6 653
Closing balance at Dec 31, 2018	**3 394**	**2 918**	**36 829**	**35 518**	**-34 287**	**44 470**

(Amounts in KSEK)	Share capital	Fund for development expenses	Share premium reserve	Profit brought forward	Loss for the year	Total equity
Opening balance at Jan 1, 2020	**3 394**	**-**	**36 829**	**10 800**	**-32 694**	**18 329**
Appropriation of profits as per proposal to AGM				-32 694	32 694	0
New share issue	2 991		22 644	-		25 635
Capital raising expenses	-	-	-4 929	-	-	-4 929
Loss for the period					-6 220	-6 220
Closing balance at Dec 31, 2019	**6 385**	**-**	**54 544**	**-21 894**	**-6 220**	**32 815**

Shareholdings disclosure	**Antal aktier**
Holding/value at beginning of the year	48 491 533
Holding/value at Mar 31, 2019	48 491 533
Number of interim shares (BTA)/value at Mar 31, 2019	42 725 000
Total no. of shares after conversion of interim shares	**91 216 533**

Condensed statement of cash flows

(Amounts in KSEK)	2020 3 months Jan-Mar	2019 3 months Jan-Mar	2019 12 months Jan-Dec
OPERATING ACTIVITIES			
Operating loss before financial items	-6 634	-6 762	-32 826
Reversal of depreciation/amortisation	331	328	5 895
Interest received	440	195	156
Interest paid	-16	-86	-24
Cash flow from operaating activities before changes in working capital	**-5 889**	**-6 325**	**-26 799**
Increase/Decrease in prepaid expenses and accrued income	325	296	-384
Increase/Decrease in accounts payable	-11	-5 247	-4 984
Increase/Decrease in other current liabilities	3 790	-756	-2 807
Cash flow from operating activities	**-1 786**	**-12 031**	**-34 974**
Investing activities			
Investment in intangible assets	0	-373	-513
Investment in tangible assets	0	-110	-110
Cash flow from investing activities	**0**	**-483**	**-623**
Financing activities			
New share issue	20 607	0	-
Cash flow from financing activities		**0**	**-**
Cash flow for the period	18 821	-12 514	-35 597
Cash and cash equivalents at the beginning of the period	26 008	61 605	61 605
Cash and cash equivalents at the end of the period	**44 829**	**49 091**	**26 008**

Financial calender

Interim report January–June 2020	August 25, 2020
Interim report January–September 2020	October 23, 2020
Year-end report 2020	February 9, 2021

If you have any questions, please contact:

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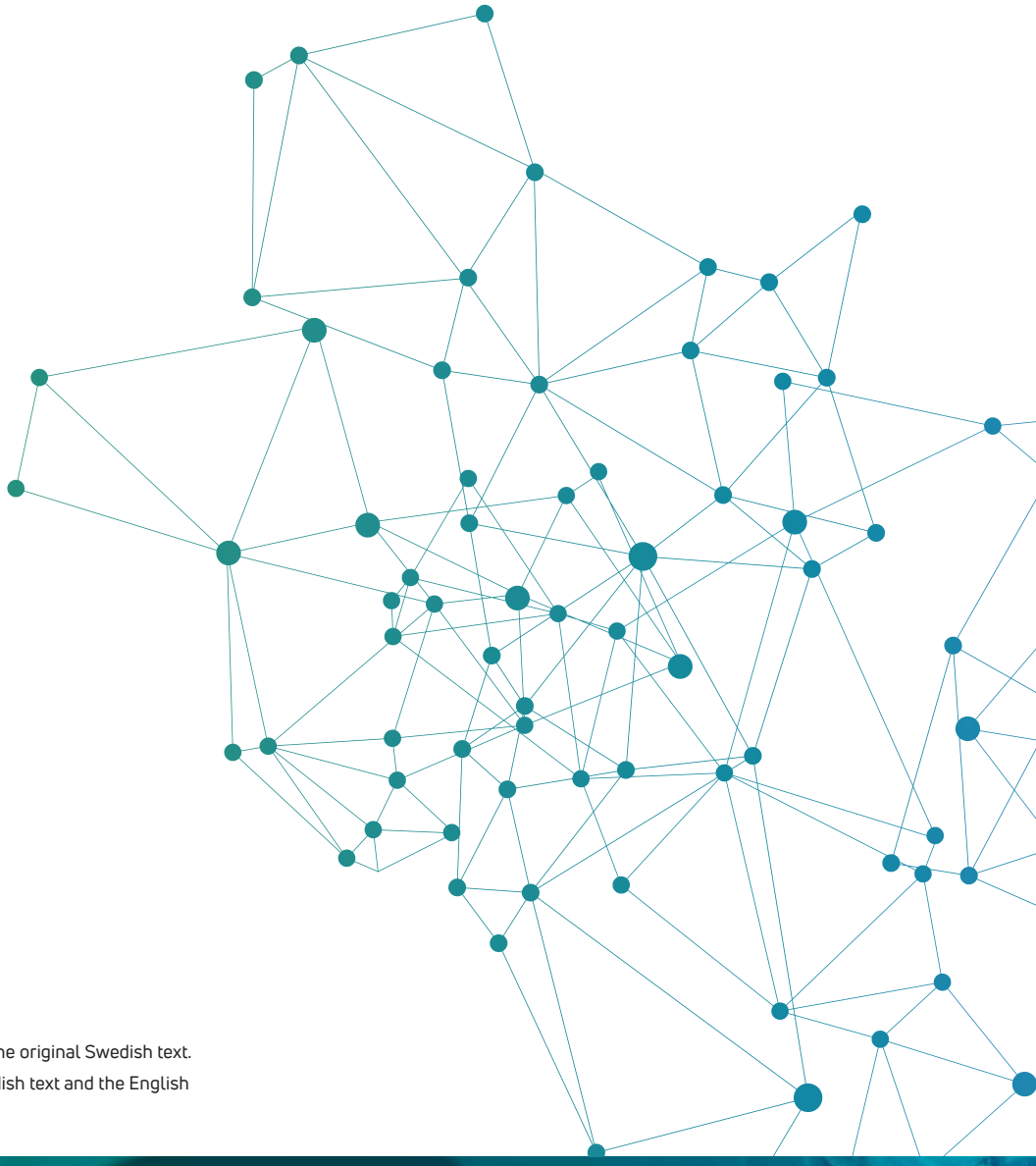

This information is also available in Swedish.
The English text is an unofficial translation of the original Swedish text.
In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

When the immune system has become your enemy

Idogen develops tolerogenic cell therapies to prevent the patient's immune system from attacking biological agents, transplanted organs or the body's own cells or tissues

idogen

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