

InDex Pharmaceuticals Holding AB (publ)

Year end report 2016

Focus on the final preparations of the CONDUCT study

PERIOD OCTOBER-DECEMBER 2016

- Revenues amounted to SEK 0.3 (0.1) million
- Operating result amounted to SEK –16.4 (–6.4) million
- Result after tax amounted to SEK –16.3 (–6.5) million, corresponding to SEK –0.27 per share (–0.22) before and after dilution
- Cash flow from operating activities amounted to SEK –8.3 (–7.3) million

All comparative amounts in brackets refer to the outcome of InDex Pharmaceuticals' overall activities during the corresponding period 2015.

SIGNIFICANT EVENTS DURING OCTOBER-DECEMBER 2016

- Trading in InDex's shares started on Nasdaq First North Stockholm on October 11, 2016
- Results from additional analyses of data from the COLLECT study were presented at the United European Gastroenterology Week 2016 (UEGW)
- New patent for cobitolimod was granted in the US
- Proceeds from the IPO were received in October 2016 (net SEK 197 million after deduction for IPO expenses and offsetting of the bridge loan including interest)

PERIOD FULL YEAR 2016

- Revenues amounted to SEK 0.4 (0.4) million
- Operating result amounted to SEK –39.5 (–29.5) million
- Result after tax amounted to SEK –41.3 (–29.9) million, corresponding to SEK –1.08 per share (–0.99) before and after dilution
- Cash flow from operating activities amounted to SEK –31.9 (–37.0) million
- Cash and cash equivalents at the end of the period amounted to SEK 193.2 (7.0) million
- Number of employees at the end of the period was 7 (8)
- Number of shares at the end of the period was 62 498 893

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- The company has entered an agreement for services with the global contract research organization (CRO) PAREXEL for the implementation of the CONDUCT study
- InDex participated with two poster presentations at the annual congress of the European Crohn's and Colitis Organisation (ECCO)

"We are now working intensely to implement the CONDUCT study as efficiently and quickly as possible. We will begin treating patients in the second quarter of 2017 and the objective is to have the main results from the study during the fourth quarter of 2018." 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

After a successful IPO, the trading in InDex's shares started on Nasdaq First North Stockholm on October 11, 2016. Following the listing we have focused on the final preparations of the clinical phase IIb trial CONDUCT. CONDUCT is a dose optimisation study with our lead drug candidate cobitolimod and will include 215 patients with moderate to severe active ulcerative colitis.

An important step was taken at the end of January 2017 when we entered an agreement for services with PAREXEL for the implementation of the study. PAREXEL is a leading global CRO with considerable experience from managing multinational clinical studies in inflammatory bowel disease. We are now working intensely together with them to implement the study as efficiently and quickly as possible. We will begin treating patients in the second quarter of 2017 and the objective is to have the main results from the study during the fourth quarter of 2018.

The study will be conducted at approximately 90 sites in 12 different countries, including Sweden. In March 2017, physicians and study staff from all the sites will come together at the Karolinska Institute in Stockholm during two days for a so-called investigator's meeting. We will then go through the study in detail so that all clinics conduct the study in a uniform way and we also want to build a strong team spirit among everyone working with CONDUCT.

The process of getting the study approved by regulators and ethics committees in each country is underway and we have already manufactured study drug for the entire trial.

Originally we had planned to also include American patients in the study to raise awareness of cobitolimod in the US. Due to cost reasons we have instead chosen to increase the number of sites and countries in Europe, giving better opportunities to meet the patient recruitment goals.

We have also manufactured a large batch of cobitolimod drug substance at our contract manufacturer in the US with good results. It will primarily be used for the preclinical safety studies that we will perform in parallel with CONDUCT to prepare cobitolimod for phase III. Besides working with cobitolimod and CONDUCT, we have initiated preclinical studies to broaden our pipeline of DIMS compounds for other inflammatory diseases. We have received a second payment of SEK 1.4 million under the grant from VINNOVA for this work.

Just before Christmas, Redeye initiated analyst coverage of InDex. The analysis is available on their website.

We have thus ended 2016 and started 2017 with a lot of progress and I look very much forward to soon welcoming patients into the CONDUCT study. We have our Annual General Meeting on May 30, 2017 and I hope to see you there.

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, abdominal 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 is more effective and has a more favourable 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 4 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 a phase IIb study to evaluate other 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.

Cobitolimod is also known as Kappaproct® and DIMS0150.

SIGNIFICANT EVENTS DURING 2016

- In February 2016, the World Health Organization (WHO) recommended cobitolimod as the International Nonproprietary Name (INN) for InDex's lead drug candidate formerly known as Kappaproct®. The name cobitolimod is now included in the list of recommended INN that is published by the WHO.
- In the beginning of 2016, the U.S. Food and Drug Administration (FDA) cleared InDex's Investigational New Drug (IND) application to initiate a phase IIb study with cobitolimod, CONDUCT, in patients with moderate to severe ulcerative colitis.
- In May, Sweden's innovation agency VINNOVA granted InDex over SEK 1.8 million for pre-clinical development of DIMS compounds in inflammation. InDex received one of the largest grants. An interim payment of SEK 0.3 million for the project was received in late

September 2016 and a second interim payment of SEK 1.4 million was received in January 2017.

- The Annual General Meeting in InDex Pharmaceuticals AB was held on June 13, 2016. The board members Uli Hacksell, Lennart Hansson, Stig Løkke Pedersen and Wenche Rolfsen (also Chairman of the Board) were re-elected and Andreas Pennervall was elected as board member. Pennervall was previously deputy board member. The same individuals have subsequently also been elected as board members of InDex Pharmaceuticals Holding AB.
- Results from the COLLECT study, a randomised, placebo controlled clinical study with cobitolimod, were published in the peer-reviewed Journal of Crohns and Colitis (JCC) in July 2016. The paper supports the potential of cobitolimod as a novel treatment for moderate to severe active ulcerative colitis.
- An internal corporate restructuring was carried out in August 2016 whereby InDex Pharmaceuticals Holding AB was established as InDex's new parent company.
- The board of directors of InDex Pharmaceuticals Holding AB decided in September 2016 to broaden the shareholder base and to raise capital for the development of the drug candidate cobitolimod through a new issue of shares in connection with listing on Nasdaq First North Stockholm. The prospectus for the IPO was published on September 13, 2016.
- The outcome of the IPO was announced on September 30, 2016. This comprised of 29 761 905 new shares at a subscription price of SEK 8.40 per share, resulting in issue proceeds of a maximum of SEK 250 million before transaction costs. Subscription undertakings and underwriting commitments had been provided equivalent to the entire issue of shares and the results show that an equivalent of SEK 95.3 million was subscribed for by the general public and institutional investors, SEK 111 million (including a part which was offset against bridge loans, including interest) was subscribed for in accordance with subscription undertakings and the remaining SEK 43.7 million was subscribed for in accordance with underwriting commitments. As a result of the IPO, approximately 5,000 investors were allotted shares in the company.
- The trading in InDex's shares started on October 11, 2016 on Nasdaq First North Stockholm. The share is traded under the ticker INDEX and with the ISIN code SE0008966295.
- Additional analyses of data from COLLECT, a clinical study of cobitolimod for the treatment of moderate to severe active ulcerative colitis, was presented both orally and as a poster and was met with great interest at the United European Gastroenterology Week (UEGW) in October 2016 in Vienna. UEGW is the largest scientific meeting for gastroenterologists in Europe. The presentations were given by Professor Raja Atreya at the University of Erlangen-Nürnberg who was one of the study investigators.
- The United States Patent and Trademark Office (USPTO) granted a new method of use patent for cobitolimod in November 2016. The patent gives additional protection for the use of certain dosage regimens of cobitolimod for treating chronic active ulcerative colitis in patients that are not responding or are intolerant to anti-inflammatory therapy. The patent gives an exclusivity period until November 2032, with the possibility of up to 5 years extension after market approval.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- The company entered an agreement for services with PAREXEL on January 31, 2017 for the implementation of the CONDUCT study. According to the agreement, the first patient in the CONDUCT study will be enrolled during the second quarter of 2017 and the objective is to have top line results from the study in the fourth quarter of 2018. The study will be conducted at approximately 90 sites in 12 different countries.
- InDex participated with two poster presentations at the 12th congress of the European Crohn's and Colitis Organisation (ECCO), which was held in Barcelona, Spain on February 15-18, 2017. The ECCO congress is the largest congress in the world with a specific focus on inflammatory bowel disease (IBD).

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 non-cash consideration was registered at the Swedish Companies Registration Office, whereby the shareholders of InDex Pharmaceuticals AB transferred 99.76% (in the beginning of January 2017 99.91% has 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 compulsory acquired. A debt of SEK 0.1 million to the minority shareholders (the few shareholders that at the time of the issue had not signed the share exchange agreement, representing 0.09% of total shares) have therefore been reported as of December 31, 2016. After registration of the various decisions taken as part of the formation of the new group, the share capital in InDex Pharmaceuticals Holding AB amounted to SEK 601,344.68, divided into 30,067,234 shares (after simultaneous withdrawal and consolidation of shares).

At a board meeting of InDex Pharmaceuticals Holding AB on September 13, 2016 it was resolved to issue a maximum of 29,761,905 new shares at a subscription price

of 8.40 SEK per share in order to raise working capital and to broaden the shareholder base prior to a listing of the shares, as well as a directed issue of a maximum of 2,634,279 new shares at a subscription price equivalent to the par value per share. The latter issue was directed to the existing owner of preference shares (NeoMed Management/N5) in order to allow only one class of shares going forward. The new share issues were fully subscribed, of which a small block of 29,540 shares was registered after the end of the year. After the registration of these remaining shares there will in InDex Pharmaceuticals Holding AB be a registered capital of SEK 1,250,569 divided into a total of 62,528,433 shares (per January 13, 2017).

As InDex Pharmaceuticals Holding AB was registered at the Swedish Companies Registration Office on June 27, 2016, there are no comparative periods in the financial statements of the legal parent company.

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 the group can be presented in the financial report for the group where InDex Pharmaceuticals AB was the legal parent.

FINANCIAL SUMMARY FOR THE REPORTING PERIOD AND FULL YEAR 2016

Operating costs during fourth quarter 2016 amounted to SEK 16.6 million, which is an increase with SEK 10.1 million compared to the corresponding period the previous year. The large increase is mainly attributable to costs for study drug for CONDUCT and a large batch of cobitolimod drug substance contracted during the quarter (raw material and consumables). Other external costs also increased considerably in the last quarter of the year mainly related to the listing of the shares.

Costs for the personnel decreased with 10 % during the quarter mainly attributable to the decreased number of employees 2016 (one FTE less) compared to the year before.

For 2016 total operating costs were SEK 39.9 million, which is an increase with SEK 10.0 million compared to 2015. Total operating costs for the first three quarters

FINANCIAL SUMMARY

MSEK	Oct-Dec 2016	Oct-Dec 2015	Full year 2016	Full year 2015
Revenues	0.3	0.1	0.4	0.4
Operating result	-16.4	-6.4	-39.5	-29.5
Result after tax	-16.3	-6.5	-41.3	-29.9
Result per share before and after dilution, SEK	-0.27	-0.22	-1.08	-0.99
Cash flow from operating activities	-8.3	-7.3	-31.9	-37.0
Cash and cash equivalents at the end of the period	193.2	7.0	193.2	7.0

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

were unchanged between the years, whereby the increase in its entirety occurred during the fourth quarter, which is commented upon above.

The costs for the new share issue in October 2016 were reported directly against equity. Incurred listing costs are taken as costs as they occur.

Cash and cash equivalents as of December 31, 2016 amounted to SEK 193.2 (7.0) million. The IPO resulted in gross proceeds of SEK 250 million. The difference versus the cash and cash equivalents as of December 31, 2016, is primarily attributable to the transaction costs and the offset against bridge loans which financed the operations during most of 2016. All costs for the IPO were settled by December 31, 2016.

FINANCIAL SUMMARY AFTER THE REPORTING PERIOD

At the end of January 2017 InDex received the second interim payment, SEK 1.4 million, from VINNOVA for the preclinical development of DIMS compounds for inflammatory diseases.

EMPLOYEES AND PREMISES

The number of employees at the end of the period was 7 (8).

In December 2016 InDex prolonged the lease agreement with Karolinska Institutet Science Park AB regarding the current office space. The agreement runs until further notice with a notice period of nine months.

THE SHARE

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

LARGEST SHAREHOLDERS PER DECEMBER 30, 2016:

	Number of shares	Percentage of capital and votes, %
SEB Venture Capital	14,657,241	23.5
Stiftelsen Industrifonden	12,900,272	20.7
NeoMed/N5	6,907,913	11.1
Staffan Rasjö	3,124,718	5.0
SEB Stiftelsen	1,785,714	2.9
Avanza Pension	1,700,707	2.7
Nordnet Pensionsförsäkring	1,122,371	1.8
Danske Bank International	1,083,512	1.7
Rune Petterson	980,081	1.6
Ponderus Securities	868,705	1.3
Others	17,367,659	27.7
Total	62,498,893	100.0

Note: The total number of shares above includes the part of the issue for non-cash consideration and the part of the new share issue that has been registered by December 30, 2016.

INCENTIVE PROGRAMMES

InDex Pharmaceuticals Holding AB currently has three incentive programs. The first two can be exercised between March 1 and April 30, 2017 and have an exercise price of SEK 14 per share. The two programs comprise 3,216,477 warrants in total.

At the Extraordinary General Meeting held on September 12, 2016 it was resolved to issue an additional 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, 3,062,500 warrants have been subscribed for during October, 2016 and have been acquired at fair value by employees and other key persons within InDex.

TRANSACTIONS WITH RELATED PARTIES

In the beginning of 2016, SEB Venture Capital and Stiftelsen Industrifonden, the two main shareholders, participated together with four other of the largest shareholders in a bridge financing to InDex. The bridge financing, together with accrued interest, was converted into shares in the IPO in October 2016. InDex provided certain employees and other key individuals a specific bonus scheme for the additional work in connection with the IPO. Details of the bonus scheme have been included in the prospectus and the settlement was made during the fourth quarter of 2016. CEO, COO and the chairman reinvested part of the bonus in the IPO.

DIVIDEND PROPOSAL FROM THE BOARD AND DIVIDEND POLICY

The board will not propose a dividend for 2016. The board has no intention to propose a dividend until InDex can forecast long term profit and sustainable positive cash flow.

PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT GENERAL INFORMATION

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

REVIEW BY THE AUDITOR

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

PROSPECTS, RISKS AND UNCERTAINTIES

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 increases and that the compound's potential to successfully reach the commercial stage decreases or that the time for patent protected sales is reduced.

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 InDex's prospectus for the IPO 2016, which is available on the company's web page.

FINANCIAL CALENDER

Annual report 2016	April 27, 2017
Interim report Q I 2017	May 30, 2017
Annual General Meeting	May 30, 2017
Interim report Q II 2017	August 25, 2017

THE ANNUAL REPORT

The annual report for 2016 will be available at InDex from April 27, 2017. The annual report will also be available for download on the company's web page (www.indexpharma.com) at that time.

Stockholm February 26, 2017
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. The information was submitted for publication at 8:00 CET on February 27, 2017.

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	Oct 1-Dec 31 2016	Oct 1-Dec 31 2015	Full year 2016	Full year 2015
Revenues				
Net sales	44	64	176	376
Other income	209	–	209	–
Total revenues	253	64	385	376
Operating expenses				
Raw material and consumables	–4,891	71	–6,301	–1,422
Other external expenses	–9,309	–3,896	–24,313	–19,511
Personnel costs	–2,399	–2,662	–9,253	–8,822
Depreciations	–25	–24	–67	–95
Total expenses	–16,624	–6,511	–39,934	–29,850
Operating loss	–16,371	–6,447	–39,549	–29,474
Profit/loss from financial items				
Financial income	48	–	260	6
Financial expenses	–5	–73	–1,986	–413
Total	43	–73	–1,726	–407
Earnings before tax	–16,328	–6,520	–41,275	–29,881
Taxes for the period	–	–	–	–
Net profit/loss for the period	–16,328	–6,520	–41,275	–29,881
Loss per share, before and after dilution, SEK	–0.27	–0.22	–1.08	–0.99
Average number of shares	60,094,847	30,067,234	38,110,575	30,067,234
Number of shares at the end of the period	62,498,893	30,067,234	62,498,893	30,067,234

CONSOLIDATED BALANCE SHEET

SEK 000's	Dec 31 2016	Dec 31 2015
ASSETS		
Fixed assets		
Intangible fixed assets		
Patents, license and trademarks	–	–
Tangible fixed assets		
Equipment, tools and installations	43	57
Total fixed assets	43	57
Current assets		
Current receivables		
Accounts receivable	285	54
Other current receivables	358	535
Prepaid expenses and accrued income	568	749
Total current receivables	1,211	1,338
Cash and cash equivalents	193,232	6,960
Total current assets	194,443	8,298
TOTAL ASSETS	194,486	8,355
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	1,250	6,028
Ongoing share issue	1	–
Total restricted equity	1,251	6,028
Non-restricted equity		
Share premium	216,934	–
Retained earnings	561	24,403
Loss for the period	–41,275	–29,881
Total non-restricted equity	176,220	–5,478
Total equity	177,471	550
Current liabilities		
Accounts payables	4,822	885
Other liabilities	5,608	4,284
Accrued expenses and deferred income	6,585	2,636
Total current liabilities	17,015	7,805
TOTAL EQUITY AND LIABILITIES	194,486	8,355

CONSOLIDATED CASH FLOW ANALYSIS

SEK 000's	Oct 1-Dec 31 2016	Oct 1-Dec 31 2015	Full year 2016	Full year 2015
Operating activities				
Earnings before tax	-16,328	-6,520	-41,275	-29,881
Adjustments for non-cash items				
Depreciations	25	24	67	95
Income tax paid	-	-	-	-
Cash flow from operating activities before changes in working capital	-16,303	-6,496	-41,208	-29,786
Changes in working capital				
Changes in current receivables	33,860	221	127	198
Changes in current liabilities	-25,839	-986	9,211	-7,374
Cash flow from changes in working capital	8,021	-765	9,338	-7,176
Cash flow from operating activities	-8,282	-7,261	-31,870	-36,962
Investing activities				
Acquisition of tangible assets	-53	-	-53	-
Cash flow from investing activities	-53	-	-53	-
Financing activities				
Issues of shares	197,288	-	217,583	-
Issues of warrants	612	30	612	30
Cash flow from financing activities	197,900	30	218,195	30
Cash flow for the period	189,565	-7,231	186,272	-36,932
Cash and cash equivalents at the beginning of the period	3,667	14,191	6,960	43,892
Cash and cash equivalents at the end of the period	193,232	6,960	193,232	6,960

CHANGE IN GROUP EQUITY

SEK 000's	Share capital	Share premium	Retained earnings	Net result
Opening balance, Januari 1, 2015	6,028	-	39,244	-14,870
Disposition of last year's result	-	-	-14,870	14,870
Issue of warrants	-	-	30	-
Net result	-	-	-	-29,882
Closing balance, December 31, 2015	6,028	-	24,404	-29,882
Opening balance, Januari 1, 2016	6,028	0	24,404	-29,882
Disposition of last year's result	-	-	-29,882	29,882
Effects from transaction under common control	-5,427	-	5,427	-
Issues of shares	650	249,403	-	-
Issue costs	-	-32,469	-	-
Issue of warrants	-	-	612	-
Net result	-	-	-	-41,275
Closing balance, December 31, 2016	1,251	216,934	561	-41,275

FINANCIAL STATEMENTS FOR THE PARENT COMPANY (INDEX PHARMACEUTICALS HOLDING AB)

INCOME STATEMENT FOR INDEX PHARMACEUTICALS HOLDING AB

SEK 000's	Oct 1-Dec 31 2016	Jun 27-Dec 31 2016
Revenues		
Net sales	1,156	1,156
Total income	1,156	1,156
Operating expenses		
Other external expenses	-899	-1,427
Personnel costs	-351	-351
Total expenses	-1,250	-1,778
Operating loss	-94	-622
Net financial items		
Write-down of financial assets	-47,000	-47,000
Total	-47,000	-47,000
Earnings before tax	-47,094	-47,622
Taxes for the period	-	-
Net profit/loss for the period	-47,094	-47,622

Note: To be able to restore the equity position of InDex Pharmaceuticals AB the parent company provided a shareholder's contribution of SEK 47 millions. Shares in subsidiary was simultaneously written down with the same amount.

BALANCE SHEET FOR THE PARENT COMPANY (INDEX PHARMACEUTICALS HOLDING AB)

SEK 000's	Dec 31 2016
ASSETS	
<i>Fixed assets</i>	
Financial assets	
Shares in subsidiary	247,030
Total fixed assets	247,030
<i>Current assets</i>	
Current receivables	
Other receivables	248
Prepaid expenses and accrued income	325
Total current receivables	573
Cash and cash equivalents	188,386
Total current assets	188,959
TOTAL ASSETS	435,989
EQUITY AND LIABILITIES	
Restricted equity	
Share capital	1,250
Ongoing share issue	1
Total restricted equity	1,251
Non-restricted equity	
Share premium	463,294
Retained earnings	650
Net result	-47,622
Total non-restricted equity	416,322
Total equity	417,573
Current liabilities	
Accounts payable	923
Intercompany liabilities	16,973
Other liabilities	258
Accrued expenses and deferred income	262
Total current liabilities	18,416
TOTAL EQUITY AND LIABILITIES	435,989

DEVELOPMENT OF SHARE CAPITAL FOR INDEX PHARMACEUTICALS HOLDING AB

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	0	500,000	45,500,000	50,000,000	0
Sep 7, 2016	Share issue in-kind	601,345	1,101,345	60,134,466	110,134,466	0
Sep 7, 2016	Reduction of number of shares	-500,000	601,345	-50,000,000	60,134,466	0
Sep 7, 2016	Share issue	0	601,345	2	60,134,468	0
Sep 8, 2016	Reversed split of shares	0	601,345	-30,067,234	30,067,234	0
Oct 10, 2016	Share issue for pref. shares	52,685	654,030	2,634,279	32,701,513	52 685
Oct 10, 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	0
Jan 13, 2017	Share issue	591	1,250,569	29,540	62,528,433	248,136

CHANGE IN EQUITY FOR INDEX PHARMACEUTICALS HOLDING AB

SEK 000's	Share capital	Share premium	Retained earnings	Net result
Inception of the company, June 27, 2016	500	-	-	-
Share issue in-kind/reduction of number of shares	101	245,839	-	-
Issue of shares	650	249,924	-	-
Issue costs	-	-32,469	-	-
Issue of warranties	-	-	650	-
Net result	-	-	-	-47,622
Closing balance, December 31, 2016	1,251	463,294	650	-47,622

APPENDIX 1 – ACCOUNTING AND VALUATION PRINCIPLES

ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's BFNAR 2012:1 Annual report and consolidated financial statements ("K3").

The Parent company's accounting principles are consistent with the Group's accounting principles, except in those cases listed below under "Accounting principles for the parent company".

The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the parent company and the Group. This means that the financial statements are presented in Swedish kronor.

All amounts, unless otherwise indicated, are rounded to the nearest thousand. The following accounting policies have been applied consistently to all periods presented in the consolidated and parent company financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements cover the Parent company, InDex Pharmaceuticals Holding AB and the entities the Parent company directly or indirectly has control of (its subsidiaries). Control is the power to govern the operating policies of an entity so as to gain economic benefits from its activities. When assessing if a controlling interest exists, consideration should be made to financial instruments with a potential voting right and which without delay can be used or converted to equity instruments with voting right. Consideration should also be made if the company is able to govern the operations through an agent. Control is normally presumed to exist if the parent company owns, directly or indirectly, more than half of the voting power of an entity.

A subsidiary's Net sales and expenses are included in the consolidated financial statements from the acquisition date and up to the date the parent company no longer has a controlling interest in the subsidiary.

The accounting principles applied by the subsidiary comply with the Group's accounting principles. Intragroup transactions, intercompany receivables and payables and unrealised gains and losses related to group transactions, are eliminated in the preparation of the consolidated financial statements for the Group.

INDEX PHARMACEUTICALS HOLDING AB'S ACQUISITION OF INDEX PHARMACEUTICALS AB

The Board has concluded that InDex Pharmaceuticals Holding AB's acquisition of InDex Pharmaceuticals AB has not 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 assets and liabilities are reported at historical values. This means that the comparative periods for the Group can be presented in the financial report for the Group where InDex Pharmaceuticals AB is the legal parent.

INCOME

Income is recognized at fair value of the consideration received or will be received, less VAT, discounts, returns and similar deductions.

RENDERING OF SERVICES

Incomes from rendering research services are recognized in the accounting period when the services are rendered.

INTEREST INCOME

Interest income is recognized over the term using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments during the fixed interest term equal to the carrying value of the receivable.

LEASE AGREEMENT

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease agreements are classified as operational leases.

THE GROUP AS HOLDER OF LEASE AGREEMENTS

The Group does not hold any lease agreements that constitute finance leases. Lease payments under operating leases are expensed on a straight-line basis over the lease term unless another systematic approach better reflects the user's economic benefit over time. Consolidated operating leases comprise rental of premises.

FOREIGN CURRENCY

The parent company's reporting currency is Swedish Kronor (SEK).

TRANSLATION OF FOREIGN CURRENCY ITEMS

At each balance sheet date, monetary items in foreign currencies are translated at the closing day rate. Non-monetary items that are valued at historical cost in a foreign currency are not translated. Exchange differences are recognized in operating income or as a financial item based on the underlying business transaction in the period they are incurred.

EMPLOYEE BENEFITS

Employee benefits which include salaries, bonuses, holiday pay, paid sick leave, etc. are recognized as the related service is rendered. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. The Group only has defined contribution pension plans. There are no other long-term benefits to employees.

DEFINED CONTRIBUTION PLANS

For defined contribution plans, the Group pays fixed contributions to a separate, independent legal entity and has no obligation to pay additional fees. The Group's profit is charged with costs as the benefits are earned, which normally coincides with the time when the premiums are paid.

INCOME TAX

The tax expense represents the sum of current tax and deferred tax.

CURRENT TAX

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the result reported in the income statement as it is adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The Group's current tax is calculated using the tax rates in force on the balance sheet date.

DEFERRED TAX

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is recognized according to the so called balance-sheet method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group can control the reversal of the temporary differences and it is not clear that the temporary difference will not reverse in the foreseeable future.

The valuation of deferred tax is based on how the company, on the balance sheet date, expects to recover the carrying value of the corresponding asset or settle the carrying amount of the corresponding liability. Deferred tax is calculated using tax rates and tax regulations that have been enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and the Group intends to settle the tax by a net amount.

CURRENT AND DEFERRED TAX FOR THE PERIOD

Current and deferred tax is recognized as an expense or income in the income statement, except when the tax relates to items recognized directly in equity. In such cases, also the tax is recognized directly in equity.

PROPERTY, PLANT AND EQUIPMENT

As the difference in the consumption of a property, plant and equipment significant components is considered essential, the asset is divided into these components.

Depreciation of property, plant and equipment is expensed so that the cost of the asset, possibly less estimated residual value at the end of its useful life, is depreciated on a straight-line basis over its estimated useful life. Depreciation commences when property, plant and equipment can be put in use.

The useful lives of property, plant and equipment are estimated at:

Equipment and other technical facilities:

Equipment, tools, fixtures and fittings 5 years

Estimated useful lives and depreciation methods are reviewed if there are indications that the expected consumption has changed significantly compared with the estimation at the previous balance sheet date. When the company changes the assessment of useful lives, also the asset's possible residual value is reviewed. The effect of these changes is accounted for prospectively.

DERECOGNITION FROM THE BALANCE SHEET

The carrying amount of property, plant and equipment is derecognized upon disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset or component. The gain or loss that arises when property, plant and equipment or component is derecognized is the difference between what is possibly obtained, net of direct selling costs, and the asset's carrying value. The capital gain or loss that arises when property, plant and equipment or component is

derecognized is included in the income statement as Other operating income or Other operating expense.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date the company analyses the carrying values of property, plant and equipment and intangible assets to determine whether there is any indication that those assets have declined in value. If so, the asset's recoverable amount is estimated in order to determine the value of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount for the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. Fair value less cost to sell is the price which the company expects to receive in a sale between knowledgeable, independent parties and who have an interest in completing the transaction, less the costs that are directly attributable to the sale. When calculating the value in use estimated future cash flows are discounted to present value using a discount rate before tax that reflects the current market assessments of the time value of money and the risks associated with the asset. To calculate the future cash flows, the company has used the budget and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is determined at a value lower than the carrying amount, the carrying amount of the asset (or the cash-generating unit) is impaired to its recoverable amount. An impairment loss should be expensed immediately in the income statement.

At each balance sheet date, the Group assesses whether the earlier impairment is no longer justified. If so, it is reversed partially or completely. When an impairment loss is reversed the asset's (the cash-generating units) carrying value increases. The carrying value after reversal of impairment loss must not exceed the carrying amount that would be determined if no impairment had been made of the asset (the cash-generating unit) in prior years. A reversal of an impairment is recognized in the income statement.

PARTICIPATIONS IN GROUP COMPANIES

The Parent company's shares in group companies are recognized at cost less any impairment losses. Dividends from subsidiaries are recognized when the right to receive the dividend is deemed safe and can be measured reliably.

FINANCIAL INSTRUMENTS

A financial asset or financial liability is accounted for in the balance sheet when the group becomes a party to the instrument's contractual terms. A financial asset is derecognized from the balance sheet when the contractual right to cash flow from the asset terminates, is paid or when the group loses its control over the asset. A financial liability or part of a financial liability, is derecognized from the balance sheet when the contractual commitment is completed or in another way terminates.

At the initial accounting current assets and current liabilities are valued at cost. Long-term receivables and long-term liabilities are valued at the initial accounting at amortised cost. Borrowing costs are accrued as part of the loan's interest expense using the effective interest method.

After the initial accounting, current assets are valued at the lower of acquisition cost and net sales value as per the balance sheet date. Current liabilities are valued at nominal value.

AMORTISED COST

Amortised cost is the amount at which the financial asset or the financial liability is measured at initial recognition minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life to the net carrying amount of the financial asset or the financial liability on initial recognition.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, financial assets are assessed for indicators of impairment. Examples of such indicators are significant financial difficulty of the borrower, breach of contract or that it is probable that the borrower will go bankrupt.

For financial assets measured at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows. Discounting is done with an interest equal to the asset's original effective interest rate. For assets with variable rate of interest on the balance sheet date, current interest rate is used.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and disposable balances at banks and other credit institutions and other short-term liquid investments which are easily converted into cash and are subject to an insignificant risk of changes in value. To be classified as cash and cash equivalents the duration may not exceed three months from the date of acquisition.

CASH FLOW STATEMENT

The cash flow statement shows the company's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve deposits and payments.

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

The Parent company's accounting principles are consistent with the Group's accounting principles.

ESTIMATES AND JUDGEMENTS

In order to prepare the annual accounts and consolidated financial statements in accordance K3, management need to make estimates and judgments that affect the reported assets, liabilities, income and expenses. These estimates are based on historical experience as well as other factors deemed reasonable under the circumstances. Actual results may differ from these estimates if other estimates are made or other conditions exist. Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period the change is made if the change affects only that period, or the period of the change and future periods if the change affects both current and future periods. The following significant accounting estimates have been applicable in the preparation of this annual report and consolidated financial statements.

SIGNIFICANT SOURCES OF ESTIMATION UNCERTAINTY

Listed below are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which involve a significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year.

SIGNIFICANT JUDGMENTS IN THE APPLICATION OF THE GROUP'S ACCOUNTING PRINCIPLES

The critical judgments that the management have made when applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are described below.

IMPAIRMENT OF PARTICIPATIONS IN GROUP COMPANIES

Participations in Group companies are recognized at cost less any impairment losses. At each balance sheet date an assessment is made whether there are any indications that the value of shares in Group companies is lower than its carrying value. If there are indications, the asset's recoverable amount is calculated.

DEFERRED TAX RECEIVABLES

The Group has determined that the future earnings and the timing therefore are not accurate enough to be able to evaluate and include deferred tax receivables attributable to loss reliefs.