

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2019**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **000-31187**

**INTELGENX TECHNOLOGIES CORP.**

(Exact name of small business issuer as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**87-0638336**  
(I.R.S. Employer Identification No.)

**6420 Abrams, Ville Saint Laurent, Quebec H4S 1Y2, Canada**  
(Address of principal executive offices)

**(514) 331-7440**  
(Issuer's telephone number)  
(Former Name, former Address, if changed since last report)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDS DURING THE PRECEDING FIVE YEARS**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**APPLICABLE TO CORPORATE ISSUERS:**

93,527,474 shares of the issuer's common stock, par value \$.00001 per share, were issued and outstanding as of May 9, 2019.

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# IntelGenx Technologies Corp.

## Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

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# IntelGenx Technologies Corp.

## Consolidated Balance Sheet (Expressed in Thousands of U.S. Dollars (\$000's) Except Share and Per Share Data) (Unaudited)

	March 31, 2019	December 31, 2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 6,627	\$ 6,815
Short-term investments	2,005	4,180
Accounts receivable	674	815
Prepaid expenses	395	462
Investment tax credits receivable	518	416
Inventory (note 5)	383	375
<b>Total current assets</b>	<b>10,602</b>	<b>13,063</b>
Leasehold improvements and equipment, net (note 6)	6,279	6,248
Security deposits	722	707
Operating lease right-of-use asset	722	-
<b>Total assets</b>	<b>\$ 18,325</b>	<b>\$ 20,018</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,741	2,030
Current portion of long-term debt (note 8)	725	692
Current portion of operating lease liability	131	-
<b>Total current liabilities</b>	<b>2,597</b>	<b>2,722</b>
Deferred lease obligations	-	49
Long-term debt (note 8)	987	1,140
Convertible debentures (note 9)	5,231	5,047
Convertible notes (note 10)	1,114	1,073
Operating lease liability	594	-
<b>Total liabilities</b>	<b>10,523</b>	<b>10,031</b>
<b>Shareholders' equity</b>		
Capital Stock, common shares, \$0.00001 par value; 200,000,000 shares authorized; 93,527,473 shares issued and outstanding (2018: 93,477,473 common shares) (note 11)	1	1
Additional paid-in capital (note 12)	42,155	42,048
Accumulated deficit	(33,435)	(30,896)
Accumulated other comprehensive loss	(919)	(1,166)
<b>Total Shareholders' Equity</b>	<b>7,802</b>	<b>9,987</b>
	<b>\$ 18,325</b>	<b>\$ 20,018</b>

See accompanying notes

Approved on Behalf of the Board:

/s/ Bernd J. Melchers Director

/s/ Horst G. Zerbe Director

## IntelGenx Technologies Corp.

### Consolidated Statement of Shareholders' Equity

For the Period Ended March 31, 2019

(Expressed in Thousands of U.S. Dollars (\$000's) Except Share and Per Share Data)

(Unaudited)

	<u>Capital Stock</u>		Additional	Accumulated	Accumulated	<b>Total</b>
	Number	Amount	Paid-In	Deficit	Other	<b>Shareholders'</b>
			Capital		Comprehensive	<b>Equity</b>
					Loss	
<b>Balance - December 31, 2018</b>	93,477,473	\$ 1	\$ 42,048	\$ (30,896)	\$ (1,166)	\$ <b>9,987</b>
Modified retrospective adjustment upon adoption of ASC 842	-	-	-	49	-	<b>49</b>
Other comprehensive income	-	-	-	-	247	<b>247</b>
Options exercised (note 12)	50,000	-	21	-	-	<b>21</b>
Stock-based compensation (note 12)	-	-	86	-	-	<b>86</b>
Net loss for the period	-	-	-	(2,588)	-	<b>(2,588)</b>
<b>Balance - March 31, 2019</b>	<b>93,527,473</b>	<b>\$ 1</b>	<b>\$ 42,155</b>	<b>\$ (33,435)</b>	<b>\$ (919)</b>	<b>\$ 7,802</b>

See accompanying notes

# IntelGenx Technologies Corp.

## Consolidated Statement of Comprehensive Loss (Expressed in Thousands of U.S. Dollars (\$000's) Except Share and Per Share Data) (Unaudited)

	For the Three-Month Period Ended March 31,	
	2019	2018
<b>Revenues (note13)</b>	\$ 416	\$ 239
<b>Total Revenues</b>	416	239
<b>Expenses</b>		
Research and development expense	860	797
Selling, general and administrative expense	1,704	1,280
Depreciation of tangible assets	171	183
<b>Total expenses</b>	2,735	2,260
<b>Operating loss</b>	(2,319)	(2,021)
<b>Interest income</b>	29	-
<b>Financing and interest expense</b>	(298)	(243)
<b>Net financing and interest expense</b>	(269)	(243)
<b>Net Loss</b>	(2,588)	(2,264)
<b>Other Comprehensive Income (Loss)</b>		
Foreign currency translation adjustment	223	(72)
Change in fair value	24	(5)
	247	(77)
<b>Comprehensive loss</b>	\$ (2,341)	\$ (2,341)
<b>Basic and Diluted Weighted Average Number of Shares Outstanding</b>	93,519,140	67,404,467
<b>Basic and Diluted Loss Per Common Share (note 16)</b>	\$ (0.03)	\$ (0.03)

See accompanying notes

# IntelGenx Technologies Corp.

## Consolidated Statement of Cash Flows

(Expressed in thousands of U.S. Dollars (\$000's) Except Share and Per Share Data)

(Unaudited)

For the Three-Month Period  
Ended March 31,

	2019	2018
<b>Funds (used) provided -</b>		
<b>Operating activities</b>		
Net loss	\$ (2,588)	\$ (2,264)
Depreciation of tangible assets	171	183
Stock-based compensation	86	50
Accretion expense	120	73
DSU expense	210	-
Lease expense	3	-
	<b>(1,998)</b>	<b>(1,958)</b>
Changes in non-cash items related to operations:		
Accounts receivable	141	(32)
Prepaid expenses	67	(172)
Investment tax credits receivable	(102)	(69)
Accounts payable and accrued liabilities	(501)	40
<b>Net change in non-cash items related to operations</b>	<b>(395)</b>	<b>(233)</b>
<b>Net cash used in operating activities</b>	<b>(2,393)</b>	<b>(2,191)</b>
<b>Financing activities</b>		
Repayment of long-term debt	(159)	(187)
Proceeds from exercise of warrants and stock options	21	395
<b>Net cash (used in) provided by financing activities</b>	<b>(138)</b>	<b>208</b>
<b>Investing activities</b>		
Additions to leasehold improvements and equipment	(70)	(438)
Redemption of short-term investments	3,731	1,515
Acquisition of short-term investments	(1,469)	-
<b>Net cash provided by investing activities</b>	<b>2,192</b>	<b>1,077</b>
<b>Increase (decrease) in cash</b>	<b>(339)</b>	<b>(906)</b>
<b>Effect of foreign exchange on cash</b>	<b>151</b>	<b>(67)</b>
<b>Cash</b>		
<b>Beginning of period</b>	<b>6,815</b>	<b>1,591</b>
<b>End of period</b>	<b>\$ 6,627</b>	<b>\$ 618</b>

See accompanying notes



# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal and recurring nature.

These financial statements should be read in conjunction with the audited consolidated financial statements at December 31, 2018. Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The consolidated financial statements include the accounts of the Company and its subsidiary companies. On consolidation, all inter-entity transactions and balances have been eliminated.

The financial statements are expressed in U.S. funds.

Management has performed an evaluation of the Company's activities through the date and time these financial statements were issued and concluded that there are no additional significant events requiring recognition or disclosure.

### 2. Going Concern

The Company has financed its operations to date primarily through public offerings of its common stock, bank loans, royalty, up-front and milestone payments, license fees, proceeds from exercise of warrants and options, research and development revenues and the sale of U.S. royalty on future sales of Forfivo XL<sup>®</sup>. The Company has devoted substantially all of its resources to its drug development efforts, conducting clinical trials to further advance the product pipeline, the expansion of its facilities, protecting its intellectual property and general and administrative functions relating to these operations. The future success of the Company is dependent on its ability to develop its product pipeline and ultimately upon its ability to attain profitable operations. As of March 31, 2019, the Company had cash and short-term investments totaling approximately \$8,632. The Company does not have sufficient existing cash and short-term investments to support operations for the next year following the issuance of these financial statements. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to alleviate these conditions include pursuing one or more of the following steps to raise additional funding, none of which can be guaranteed or are entirely within the Company's control:

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 2. Going Concern (Cont'd)

- Raise funding through the possible sale of the Company's common stock, including public or private equity financings.
- Raise funding through debt financing.
- Continue to seek partners to advance product pipeline.
- Initiate oral film manufacturing activities.
- Initiate contract oral film manufacturing activities.

If the Company is unable to raise capital when needed or on attractive terms, or if it is unable to procure partnership arrangements to advance its programs, the Company would be forced to delay, reduce or eliminate its research and development programs.

The accompanying consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The accompanying consolidated interim financial statements do not include any adjustments or classifications that may result from the possible inability of the Company to continue as a going concern. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

### 3. Adoption of New Accounting Standards

The Company adopted Topic 842 Leases with a date of the initial application of January 1, 2019. As a result, the Company has changed its accounting policy for leases as detailed below.

The Company adopted Topic 842 using a modified retrospective approach with a date of initial application of January 1, 2019, which requires the recognition of the right-of-use assets and related operating and finance lease liabilities on the balance sheet. As a result, the consolidated balance sheet prior to January 1, 2019 was not restated, continues to be reported under ASC Topic 840, Leases, or ASC 840, which did not require the recognition of operating lease liabilities on the balance sheet, and is not comparative. Under ASC 842, all leases are required to be recorded on the balance sheet and are classified as either operating or finance leases. The lease classification affects the expense recognition in the income statement. Operating lease charges are recorded entirely in selling, general and administrative expense. Finance lease charges are split, where amortization of the right-of-use asset is recorded in selling, general and administrative expense and an implied interest component is recorded in financing and interest expense. At the moment of initial application, the Company did not hold any Finance leases. The expense recognition for operating leases under ASC 842 is substantially consistent with ASC 840. As a result, there is no significant difference in our results of operations presented in our consolidated income statement and consolidated statement of comprehensive loss for each period presented.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 3. Adoption of New Accounting Standards (Cont'd)

The adoption of ASC 842 had a substantial impact on the Company's balance sheet. The most significant impact was the recognition of the operating lease right-of-use asset and operating lease liability. Upon adoption, leases that were classified as operating leases under ASC 840 were classified as operating leases under ASC 842, and the Company recorded an adjustment of \$726 to operating lease right-of-use asset and the related operating lease liability. The operating lease liability is based on the present value of the remaining minimum lease payments, determined under ASC 840, discounted using our secured incremental borrowing rate at the effective date of January 1, 2019, using the original lease term and the tenor. As permitted under ASC 842, the Company elected to use the practical expedient that permits to use hindsight in determining the lease term. The application of the practical expedients did not have a significant impact on the measurement of the operating lease liability.

The impact of the adoption of ASC 842 on the balance sheet as at December 31, 2018 was:

	As reported <u>December 31, 2018</u>	Adoption of ASC 842 <u>Increase (Decrease)</u>	Balance <u>January 1, 2019</u>
Operating lease right-of-use assets	\$ -	\$ 726	\$ 679
Total assets	20,018	726	20,744
Total current liabilities	2,722	127	2,849
Deferred lease obligations	49	(49)	-
Operating lease liability	-	599	599
Total liabilities	10,031	677	10,708
Total shareholders' equity	9,987	49	10,036
Total liabilities and shareholders' equity	20,018	726	20,744

The FASB issued ASU 2018-07 to expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees. These amendments are effective for a public business entity for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of this statement did not have a material effect on the Company's financial position of results.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 4. Significant Accounting Policies

#### Revenue Recognition

The Company may enter into licensing and collaboration agreements for product development, licensing, supply and manufacturing for its product pipeline. The terms of the agreements may include non-refundable signing and licensing fees, milestone payments and royalties on any product sales derived from collaborations. These contracts are analyzed to identify all performance obligations forming part of these contracts. The transaction price of the contract is then determined. The transaction price is allocated between all performance obligations on a residual standalone selling price basis. The stand-alone selling price is estimated based on the comparable market prices, expected cost plus margin and the Company's historical experience.

Revenue is measured based on a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

The following is a description of principal activities – separated by nature – from which the Company generates its revenue.

#### *Research and Development Revenue*

Revenues with corporate collaborators are recognized as the performance obligations are satisfied over time, and the related expenditures are incurred pursuant to the terms of the agreement.

#### *Licensing and Collaboration Arrangements*

Licenses are considered to be right-to-use licenses. As such, the Company recognizes the licenses revenues at a point in time, upon granting the licenses.

Milestone payments are considered variable consideration. As such, the Company estimates variable consideration at the most likely amount to which we expect to be entitled. The estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license, research and other revenues in the period during which the adjustment is recognized. The process of successfully achieving the criteria for the milestone payments is highly uncertain. Consequently, there is significant risk that the Company may not earn all of the milestone payments for each of its contracts.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 4. Significant Accounting Policies (Cont'd)

Royalties are typically calculated as a percentage of net sales realized by the Company's licensees of its products (including their sub-licensees), as specifically defined in each agreement. The licensees' sales generally consist of revenues from product sales of the Company's product pipeline and net sales are determined by deducting the following: estimates for chargebacks, rebates, sales incentives and allowances, returns and losses and other customary deductions in each region where the Company has licensees. Revenues arising from royalties are considered variable consideration. As such, the Company estimates variable consideration at the most likely amount to which we expect to be entitled. The estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

#### Leasehold Improvements and Equipment

Leasehold improvements and equipment are recorded at cost. Provisions for depreciation are based on their estimated useful lives using the methods as follows:

On the declining balance method -

Laboratory and office equipment	20%
Computer equipment	30%

On the straight-line method -

Leasehold improvements	over the lease term
------------------------	---------------------

Manufacturing equipment	5 – 10 years
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Upon retirement or disposal, the cost of the asset disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Expenditures for repair and maintenance are expensed as incurred.

#### Leases

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of these criteria.

Substantially all of the Company's operating leases are comprised of office space and property leases and the Company does not hold any finance leases.

For all leases at the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 4. Significant Accounting Policies (Cont'd)

The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's secured incremental borrowing rate for the same term as the underlying lease.

Lease payments included in the measurement of the lease liability comprise the following: the fixed noncancelable lease payments, payments for optional renewal periods where it is reasonably certain the renewal period will be exercised, and payments for early termination options unless it is reasonably certain the lease will not be terminated early.

Lease modifications result in remeasurement of the lease liability.

Lease expense for operating leases consists of the lease payments plus any initial direct costs, primarily brokerage commissions, and is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less. The effect of short-term leases on our right-of-use asset and lease liability was not material.

### Recent Accounting Pronouncements

#### ASU 2018-19 Codification Improvements to Topic 326, Financial Instruments—Credit Losses

The FASB issued ASU 2018-19 which mitigates transition complexity by requiring entities other than public business entities, including not-for-profit organizations and certain employee benefit plans, to implement the credit losses standard issued in 2016, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. This aligns the implementation date for their annual financial statements with the implementation date for their interim financial statements. The guidance also clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the leases standard.

These amendments are effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

#### ASU 2018-18 Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606

The FASB issued ASU 2018-18 which provides guidance on how to assess whether certain transactions between collaborative arrangement participants should be accounted for within the revenue recognition standard.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 4. Significant Accounting Policies (Cont'd)

The ASU also provides more comparability in the presentation of revenue for certain transactions between collaborative arrangement participants. It accomplishes this by allowing organizations to only present units of account in collaborative arrangements that are within the scope of the revenue recognition standard together with revenue accounted for under the revenue recognition standard. The parts of the collaborative arrangement that are not in the scope of the revenue recognition standard should be presented separately from revenue accounted for under the revenue recognition standard.

These amendments are effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

### **ASU 2018-13 – Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement**

The FASB issued ASU 2018-13 which modifies the disclosure requirements in Topic 820 as follows:

#### *Removals*

-The amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy;

-The policy for timing of transfers between levels;

-The valuation processes for Level 3 fair value measurements; and

-For nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period.

#### *Modifications*

-In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities;

-For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly; and

-The amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date.

#### *Additions*

-The changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; and

- The range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 4. Significant Accounting Policies (Cont'd)

information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements.

These amendments are effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

### 5. Inventory

Inventory as at March 31, 2019 consisted of raw materials in the amount of \$383 (2018: \$375).

### 6. Leasehold Improvements and Equipment

	Cost	Accumulated Depreciation	March 31, 2019 Net Carrying Amount	December 31, 2018 Net Carrying Amount
Manufacturing equipment	\$ 4,203	\$ 653	\$ 3,550	\$ 3,512
Laboratory and office equipment	1,313	755	558	562
Computer equipment	109	72	37	39
Leasehold improvements	3,134	1,000	2,134	2,135
	\$ 8,759	\$ 2,480	\$ 6,279	\$ 6,248

From the balance of manufacturing equipment, an amount of \$1,738 thousand (2018: \$1,703 thousand) represents assets which are still under construction as at March 31, 2019 and are consequently not depreciated.

### 7. Bank Indebtedness

The Company's credit facility is subject to review annually and consists of an operating demand line of credit of up to CAD\$250 thousand (\$187 thousand) and corporate credits cards of up to CAD\$75 (\$56 thousand) and \$56 thousand, and foreign exchange contracts limited to CAD\$425 thousand (\$318 thousand). Borrowings under the operating demand line of credit bear interest at the Bank's prime lending rate plus 2%. The credit facility and term loan (see note 8) are secured by a first ranking movable hypothec on all present and future movable property of the Company for an amount of CAD\$4,250,000 (\$3,180,000) plus 20%, and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency. The terms of the banking agreement require the Company to comply with certain debt service coverage and debt to net worth financial covenants on an annual basis at the end of the Company's fiscal year. As at March 31, 2019, the Company has not drawn on its credit facility.



# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 8. Long-term Debt

The components of the Company's debt are as follows:

	March 31, 2019	December 31, 2018
	\$	\$
Term loan facility	1,400	1,502
Secured loan	312	330
Total debt	1,712	1,832
Less: current portion	725	692
Total long-term debt	987	1,140

The Company's term loan facility consists of a total of CAD\$4 million (\$3.09 million) bearing interest at the Bank's prime lending rate plus 2.50%, with monthly principal repayments of CAD\$62 thousand (\$46 thousand). The term loan is subject to the same security and financial covenants as the bank indebtedness (see note 7).

The secured loan has a principal balance authorized of CAD\$1 million (\$748 thousand) bearing interest at prime plus 7.3%, reimbursable in monthly principal payments of CAD\$17 thousand (\$13 thousand) from January 2017 to March 2021. The loan is secured by a second ranking on all present and future property of the Company. The terms of the banking agreement require the Company to comply with certain debt service coverage and debt to net worth financial covenants on an annual basis at the end of the Company's fiscal year.

Principal repayments due in each of the next three years are as follows:

2019	548 (CAD 733)
2020	707 (CAD 945)
2021	457 (CAD 610)

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 9. Convertible Debentures

On July 12, 2017, the Company closed its previously announced prospectus offering (the “Offering”) of convertible unsecured subordinated debentures of the Corporation (the “Debentures”) for gross aggregate proceeds of CAD\$6,838,000 (\$5,117,000). Pursuant to the Offering, the Corporation issued an aggregate principal amount of CAD\$6,838,000 (\$5,117,000) of Debentures at a price of CAD\$1,000 (\$748) per Debenture. The Debentures will mature on June 30, 2020 and bear interest at annual rate of 8% payable semi-annually on the last day of June and December of each year, commencing on December 31, 2017. The interest may be paid in common shares at the option of the Corporation. The Debentures will be convertible at the option of the holders at any time prior to the close of business on the earlier of June 30, 2020 and the business day immediately preceding the date specified by the Corporation for redemption of Debentures. The conversion price will be CAD\$1.35 (\$1.01) (the “Conversion Price”) per common share of the Corporation (“Share”), being a conversion rate of approximately 740 Shares per CAD\$1,000 (\$748) principal amount of Debentures, subject to adjustment in certain events.

On August 8, 2017, the Company closed a second tranche of its prospectus Offering of convertible unsecured subordinated debentures of the Corporation for which a first closing took place on July 12, pursuant to which it had raised additional gross proceeds of CAD\$762,000 (\$570,000).

Together with the principal amount of CAD\$6,838,000 (\$5,117,000) of Debentures issued on July 12, 2017, the Corporation issued a total aggregate principal amount of CAD\$7,600,000 (\$5,687,000) of Debentures at a price of CAD\$1,000 (\$748) per Debenture.

The convertible debentures have been recorded as a liability. Total transactions costs in the amount of CAD\$1,237,000 (\$926,000) were recorded against the liability. The accretion expense for the three-month period ended March 31, 2019 amounts to CAD\$105,000 (\$79,000), compared to CAD\$91,000 (\$73,000) for the comparative period in 2018.

The components of the convertible debentures are as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Face value of the convertible debentures	\$ 5,672	\$ 5,556
Transaction costs	(926)	(907)
Accretion	485	398
Convertible debentures	\$ 5,231	\$ 5,047

The interest accrued on the convertible debentures for the three-month period ended March 31, 2019 amounts to CAD\$152 thousand (\$114 thousand) and is recorded in financing and interest expense. The interest on the convertible debentures amounted to CAD\$152 thousand (\$120 thousand) for the three-month period ended March 31, 2018.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

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(Expressed in U.S. Funds)

(Unaudited)

### 10. Convertible Notes

On May 8, 2018, the Company closed its previously announced offering by way of private placement (the "Offering"). In connection with the Offering, the Company issued 320 units (the "Units") at a subscription price of \$10,000 per Unit for gross proceeds of \$3,200,000. A related party of the Company participated in the Offering and subscribed for an aggregate of two Units.

Each Unit is comprised of (i) 7,940 common shares of the Corporation ("Common Shares"), (ii) a \$5,000 convertible 6% note (a "Note"), and (iii) 7,690 warrants to purchase common shares of the Corporation ("Warrants"). Each Note bears interest at a rate of 6% (payable quarterly, in arrears, with the first payment being due on September 1, 2018), matures on June 1, 2021 and is convertible into Common Shares at a conversion price of \$0.80 per Common Share. Each Warrant entitles its holder to purchase one Common Share at a price of \$0.80 per Common Share until June 1, 2021.

In connection with the Offering, the Company paid to the Agents a cash commission of approximately \$157,800 in the aggregate and issued non-transferable agents' warrants to the Agents, entitling the Agents to purchase 243,275 common shares at a price of \$0.80 per share until June 1, 2021. Management has determined the value of the agents' warrants to be \$50,000.

The proceeds of the Units are attributed to liability and equity components based on the fair value of each component as follows:

	Gross proceeds		Transaction costs		Net proceeds
Common stock	\$	1,627	\$	167	\$ 1,460
Convertible notes		1,086		111	975
Warrants		487		50	437
	\$	3,200	\$	328	\$ 2,872

The convertible notes have been recorded as a liability. Total transactions costs in the amount of \$111 thousand were recorded against the liability. The accretion expense for the three-month period ended March 31, 2019 amounts to \$42,000 (2018: \$Nil).

The components of the convertible notes are as follows:

	March 31, 2019		December 31, 2018	
Attributed value of net proceeds to convertible notes	\$	975	\$	975
Accretion		139		98
Convertible note	\$	1,114	\$	1,073

The interest on the convertible notes for the three-month period ended March 31, 2019 amounts to \$24 thousand and is recorded in financing and interest expense (2018: \$Nil).

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 11. Capital Stock

	March 31, 2019	March 31, 2018
Authorized -		
200,000,000 common shares of \$0.00001 par value		
20,000,000 preferred shares of \$0.00001 par value		
Issued -		
93,527,473 (December 31, 2018 - 93,477,473) common shares	\$ 1	\$ 1

### 12. Additional Paid-In Capital

#### Stock options

On March 27, 2019, 100,000 options to purchase common stock were granted to an employee under the 2016 Stock Option Plan. The options have an exercise price of \$0.69. The options granted vest over a period of 2 years at a rate of 25% every six months and expire 10 years after the grant date. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately \$40 thousand.

On January 16, 2018, 100,000 options to purchase common stock were granted to an employee under the 2016 Stock Option Plan. The options have an exercise price of \$0.79. The options granted vest over a period of 2 years at a rate of 25% every six months and expire 10 years after the grant date. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately \$44 thousand.

During the three-month period ended March 31, 2019 a total of 50,000 stock options were exercised for 50,000 common shares having a par value of \$0 thousand in aggregate, for cash consideration of \$21 thousand, resulting in an increase in additional paid-in capital of \$33 thousand. No stock options were exercised during the three-month period ended March 31, 2018.

Compensation expenses for stock-based compensation of \$86 thousand and \$50 thousand were recorded during the three-month periods ended March 31, 2019 and 2018, respectively. An amount of \$74 thousand expensed in the three-month period ended March 31, 2019 relates to stock options granted to employees and directors and an amount of \$12 thousand relates to stock options granted to consultants. An amount of \$48 thousand expensed in the three-month period ended March 31, 2018 relates to stock options granted to employees and directors and an amount of \$2 thousand relates to stock options granted to a consultant. As at March 31, 2019, the Company has \$416 thousand (2018 - \$181 thousand) of unrecognized stock-based compensation.

#### Warrants

During the three-month period ended March 31, 2018 a total of 700,000 warrants were exercised for 700,000 common shares having a par value of \$Nil in aggregate, for cash consideration of approximately \$395 thousand, resulting in an increase in additional paid-in capital of approximately \$395 thousand. No warrants were exercised during the three-month period ended March 31, 2019.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 12. Additional Paid-In Capital (Cont'd)

#### Deferred Share Units ("DSUs")

Effective February 7, 2018, the Board approved a Deferred Share Unit Plan (DSU Plan) to compensate non-employee directors as part of their annual remuneration. Under the DSU Plan, the Board may grant Deferred Share Units ("DSUs") to the participating directors at its discretion and, in addition, each participating director may elect to receive all or a portion of his or her annual cash stipend in the form of DSUs. To the extent DSUs are granted, the amount of compensation that is deferred is converted into a number of DSUs, as determined by the market price of our Common Stock on the effective date of the election. These DSUs are converted back into a cash amount at the expiration of the deferral period based on the market price of our Common Stock on the expiration date and paid to the director in cash in accordance with the payout terms of the DSU Plan. As the DSUs are on a cash-only basis, no shares of Common Stock will be reserved or issued in connection with the DSUs. On March 27, 2019, 271,740 DSUs have been granted under the DSU Plan, accordingly, an amount of \$179 thousand has been recognized in general and administrative expenses.

#### Performance and Restricted Share Units ("PRsUs")

At the Annual Meeting on May 8, 2018, the shareholders approved the IntelGenx Technologies Corp. Performance and Restricted Share Unit Plan (PRSU Plan) which the Board of Directors had approved on March 19, 2018. The primary purpose of this PRSU Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified executive officers of the Company and its Subsidiaries and to reward such executive officers for their contributions toward the long-term goals and success of the Company and to enable and encourage such executive officers to acquire shares of Common Stock as long-term investments and proprietary interests in the Company. No PRSUs were granted during the three-month periods ended March 31, 2019 and 2018.

### 13. Revenues

The following table presents our revenues disaggregated by revenue source. Sales and usage-based taxes are excluded from revenues:

	March 31, 2019		March 31, 2018	
Research and development agreements	\$	416	\$	239

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 13. Revenues (Cont'd)

The following table presents our revenues disaggregated by timing of recognition:

	March 31, 2019		March 31, 2018	
(in U.S. \$ thousands)				
Product and services transferred at point in time	\$	372	\$	-
Products and services transferred over time		44		239
	\$	416	\$	239

The following table presents our revenues disaggregated by geography, based on the billing addresses of our customers:

	March 31, 2019		March 31, 2018	
Europe	\$	385		204
Canada		31		35
	\$	416	\$	239

#### Remaining performance obligations

As at March 31, 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is \$1,510 representing research and development agreements, the majority of which is expected to be recognized in the next twelve months. The Company is also eligible to receive up to \$4,479 in research and development milestone payments, approximately 60% of which is expected to be recognized in the next three years, with the remaining 40% expected in the two years following; up to \$28,751 in commercial sales milestone payments, the majority of which is expected to be recognized in the next five years, but is wholly dependent on the marketing efforts of our development partners. In addition, the Company is entitled to receive royalties on potential sales.

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

(Expressed in U.S. Funds)

(Unaudited)

### 14. Leases

Substantially all our operating lease right-of-use assets and operating lease liability represents leases for office space and property to conduct our business.

The operating lease expense for the three-month period ended March 31, 2019 included in general and administrative expenses is \$38 thousand. The cash outflows from operating leases for the three-month period ended March 31, 2019 was \$35 thousand.

The weighted average remaining lease term and the weighted average discount rate for operating leases at March 31, 2019 were 6.9 years and 10%, respectively.

The following table reconciles the undiscounted cash flows for the operating leases as at March 31, 2019 to the operating lease liabilities recorded on the balance sheet:

	<u>Operating Leases</u>	
2019 Remainder	\$	107
2020		146
2021		148
2022		151
2023		153
2024		157
Thereafter		183
Total undiscounted lease payments		<u>1,045</u>
Less: Interest		320
Present value of lease liabilities	\$	<u>725</u>
Current portion of operating lease liability	\$	131
Operating lease liability	\$	594

# IntelGenx Technologies Corp.

## Notes to Consolidated Interim Financial Statements

March 31, 2019

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(Unaudited)

### 15. Related Party Transactions

Included in management salaries are \$20 thousand (2018 - \$8) for options granted to the Chief Executive Officer, \$14 thousand (2018 - \$3 thousand) for options granted to the Chief Financial Officer, \$5 (2018 - \$3 ) for options granted to the Vice President, Operations, \$8 thousand (2018 - \$4 thousand) for options granted to the Vice- President, Research and Development, \$8 thousand (2018 – \$11 thousand) for options granted to Vice-President, Business and Corporate Development under the 2016 Stock Option Plan and \$Nil (2018 - \$3 thousand) for options granted to non-employee directors.

Also included general and administrative expense for the three-month period ended March 31, 2019 are director fees of \$58 thousand (2018 - \$69 thousand) and DSU of \$210 thousand (2018: \$Nil).

The above related party transactions have been measured at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

### 16. Basic and Diluted Loss Per Common Share

Basic and diluted loss per common share is calculated based on the weighted average number of shares outstanding during the period. The warrants, share-based compensation and convertible debenture and notes have been excluded from the calculation of diluted loss per share since they are anti-dilutive.



## **Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Introduction to Management's Discussion and Analysis**

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") comments on our business operations, performance, financial position and other matters for the three-month period ended March 31, 2019 and 2018.

Unless otherwise indicated, all financial and statistical information included herein relates to continuing operations of the Company. Unless otherwise indicated or the context otherwise requires, the words, "IntelGenx", "Company", "we", "us", and "our" refer to IntelGenx Technologies Corp. and its subsidiaries, including IntelGenx Corp.

This MD&A should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and Notes thereto. We also encourage you to refer to the Company's MD&A for the year ended December 31, 2018. In preparing this MD&A, we have taken into account information available to us up to May 9, 2019, the date of this MD&A, unless otherwise indicated.

Additional information relating to the Company, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "2018 Form 10-K"), is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the U.S. Securities and Exchange Commission (the "SEC") website at [www.sec.gov](http://www.sec.gov).

All dollar amounts are expressed in U.S. dollars, unless otherwise noted.

### **Cautionary Statement Concerning Forward-Looking Statements**

Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements within the meaning of applicable securities laws. All statements contained in this MD&A that are not clearly historical in nature are forward-looking, and the words "anticipate", "believe", "continue", "expect", "estimate", "intend", "may", "plan", "will", "shall" and other similar expressions are generally intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but on management's expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve significant known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those implied by forward-looking statements. These factors should be considered carefully and you should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A or incorporated by reference herein are based upon what management believes to be reasonable assumptions, there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A or as of the date specified in the documents incorporated by reference herein, as the case may be. We undertake no obligation to update any forward looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. The factors set forth in Item 1A., "Risk Factors" of the 2018 Form 10-K, as well as any cautionary language in this MD&A, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in the common stock, you should be aware that the occurrence of the events described as risk factors and elsewhere in this report could have a material adverse effect on our business, operating results and financial condition.

## Company Background

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada. Our focus is on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market.

More recently, we have made the strategic decision to enter the oral film market and have implemented commercial oral film manufacturing capability. This enables us to offer our partners a comprehensive portfolio of pharmaceutical services, including pharmaceutical R&D, clinical monitoring, regulatory support, tech transfer and manufacturing scale-up, and commercial manufacturing.

Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and, once the viability of a product has been demonstrated, license the commercial rights to partners in the pharmaceutical industry. In certain cases, we rely upon partners in the pharmaceutical industry to fund the development of the licensed products, complete the regulatory approval process with the FDA or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, we may choose to pursue the development of certain products until the project reaches the marketing and distribution stage. We will assess the potential for successful development of a product and associated costs, and then determine at which stage it is most prudent to seek a partner, balancing such costs against the potential for additional returns earned by partnering later in the development process.

Our primary growth strategies are based on three pillars: (1) out licensing commercial rights of our existing pipeline products, (2) partnering on contract development and manufacturing projects leveraging our VersaFilm™ technology, (3) expanding our current pipeline through:

- identifying lifecycle management opportunities for existing market leading pharmaceutical products,
- develop oral film products that provide tangible patient benefits,
- development of new drug delivery technologies,
- repurposing existing drugs for new indications, and
- developing generic drugs where high technology barriers to entry exist in reproducing branded films.

### Contract Development and Manufacturing based on VersaFilm™ technology

We have established a state-of-the-art manufacturing facility for the future manufacture of our VersaFilm™ products. We believe that this (1) represents a profitable business opportunity, (2) will reduce our dependency upon third-party contract manufacturers, thereby protecting our manufacturing process know-how and intellectual property, and (3) allows us to offer our development partners a full service from product conception through to supply of the finished product.

### Lifecycle Management Opportunities

We are seeking to position our delivery technologies as an opportunity for lifecycle management of products for which patent protection of the active ingredient is nearing expiration. While the patent for the underlying substance cannot be extended, patent protection can be obtained for a new and improved formulation by filing an application with the FDA under Section 505(b)(2) of the U.S. Federal Food, Drug and Cosmetic Act. Such applications, known as a "505(b)(2) NDA", are permitted for new drug products that incorporate previously approved active ingredients, even if the proposed new drug incorporates an approved active ingredient in a novel formulation or for a new indication. A 505(b)(2) NDA may include information regarding safety and efficacy of a proposed drug that comes from studies not conducted by or for the applicant. The first formulation for a respective active ingredient filed with the FDA under a 505(b)(2) application may qualify for up to three years of market exclusivity upon approval. Based upon a review of past partnerships between third party drug delivery companies and pharmaceutical companies, management believes that drug delivery companies which possess innovative technologies to develop these special dosage formulations present an attractive opportunity to pharmaceutical companies. Accordingly, we believe "505(b)(2) products" represent a viable business opportunity for us.

#### Product Opportunities that provide Tangible Patient Benefits

Our focus will be on developing oral film products leveraging our VersaFilm™ technology that provide tangible patient benefits versus existing drug delivery forms. Patients with difficulties swallowing medication, pediatrics or geriatrics may benefit from oral films due to the ease of use. Similarly, we are working on oral films to improve bio-availability and/or response time versus existing drugs and thereby reducing side effects.

#### Development of New Drug Delivery Technologies

The rapidly disintegrating film technology contained in our VersaFilm™, and our AdVersa® mucosal adhesive tablet, are two examples of our efforts to develop alternate technology platforms. As we work with various partners on different products, we seek opportunities to develop new proprietary technologies.

#### Repurposing Existing Drugs

We are working on the repurposing of already approved drugs for new indications using our VersaFilm™ film technology. This program represents a viable growth strategy for us as it will allow for reduced development costs, improved success rates and shorter approval times. We believe that through our repurposing program we will be able minimize the risk of developmental failure and create value for us and potential partners.

#### Generic Drugs with High Barriers to Entry

We plan to pursue the development of generic drugs that have certain barriers to entry, e.g., where product development and manufacturing is complex and can limit the number of potential entrants into the generic market. We plan to pursue such projects only if the number of potential competitors is deemed relatively insignificant.

### *Corporate*

#### Manufacturing facility

We currently manufacture products only for clinical and testing purposes in our own facility and we do not yet manufacture products for commercial use. In order to establish ourselves as a full-service partner for our thin film products, we invested approximately \$6.5 million to establish a state-of-the-art manufacturing facility for the commercial manufacture of products developed using our VersaFilm™ drug delivery technology. Since we recently received our cGMP-compliant rating from Health Canada for manufacturing and packaging activities, we anticipate the manufacturing of our products to commence on the second half of 2019.

#### Expansion to the existing Manufacturing Facility

On March 6, 2018 IntelGenx executed an agreement to lease approximately an additional 11,000 square feet in a property located at 6410 Abrams, St-Laurent, Quebec. The Lease has an 8 year and 5-month term commencing on October 1, 2018 and IntelGenx has retained two options to extend the Lease, with each option being for an additional five years. Under the terms of the Lease IntelGenx will be required to pay base rent of approximately CA\$74 thousand (approximately \$55 thousand) per year, which will increase at a rate of CA\$0.25 (\$0.19) per square foot every two years. IntelGenx plans to use the newly leased space to expand its manufacture of oral film VersaFilm TM.

The Company has initiated a project to expand the existing manufacturing facility, the timing of which will be dictated in part by the completion of agreements with our commercial partners as well as obtaining the necessary funding. This expansion became necessary following requests by commercial partners to increase manufacturing capacity and provide solvent film manufacturing capabilities. The new facility should create a fivefold increase of our production capacity in addition to offering a one-stop shopping opportunity to our partners and provide better protection of our Intellectual Property. The Company has signed agreements in the amount of Euro1,911 thousand with three suppliers with respect to equipment for solvent film manufacturing. As at March 31, 2019 an amount of Euro1,425 thousand has been paid.

#### **Most recent key developments**

**On February 07, 2019**, the Company appointed Dr. Rodolphe Obeid to the position of Vice President, Operations of IntelGenx Corp. Dr. Obeid is an expert in drug delivery systems and polymeric assemblies, who has developed strong technical expertise across a range of operations functions, with a particular emphasis on oral film manufacturing processes, lean manufacturing practices and continuous improvement initiatives. He has held a number of progressive management positions at IntelGenx. Most recently, he served as IntelGenx' Senior Director of Operations, with responsibility for the direction, strategy, planning and execution of IntelGenx' manufacturing operations. In his new role as Vice President, Operations, Dr. Obeid will oversee all operational activities, including manufacturing, packaging, facilities and maintenance, production planning and supply chain management. In addition, he will manage process development and manufacturing scale-up of all internal and external pharmaceutical film projects.

**On February 11, 2019**, the Company announced the Decision to Grant notice from the Japanese Patent Office to issue a patent entitled "Instantly wettable oral film dosage form without surfactant or polyalcohol." Once the JPO's administrative process is complete, the patent that issues from this application will provide intellectual property protection in Japan for the formulation of IntelGenx' VersaFilm™ technology used in its RIZAPORT® product, through 2034. RIZAPORT® is an oral thin film formulation of rizatriptan benzoate for the treatment of acute migraines. The Decision to Grant notice is the final approval stage and precedes actual granting, which is expected shortly after the Decision. The identification number is Japanese Patent Application 2016-530631. IntelGenx received a similar formulation patent covering its RIZAPORT® VersaFilm™ technology from the European Patent Office in 2018 and from the United States Patent and Trademark Office in 2016, and has additional applications pending in other countries.

**On February 14, 2019**, the Company announced that Montreal's Douglas Mental Health University Institute had agreed to participate in IntelGenx's Montelukast VersaFilm™ Phase 2a clinical trial in patients with mild to moderate Alzheimer's Disease. In addition, IntelGenx was also honoured to announce that world-renowned neurologist and clinical researcher, Serge Gauthier MD, FRCPC, had agreed to serve as the site's lead investigator.

Dr. Gauthier is a Professor in the Departments of Neurology & Neurosurgery, Psychiatry and Medicine at McGill University; and Director of the Alzheimer Disease and Related Disorders Research Unit of the McGill Center for Studies in Aging at Douglas Hospital. Dr. Gauthier is also the founder of the Canadian Consortium of Centers for Clinical Cognitive Research (C5R), a not-for-profit research network that facilitates collaboration and partnerships between pharmaceutical companies and Canadian dementia researchers. C5R research sites conduct clinical trials to research and develop treatments for patients with cognitive impairment, AD, as well as other forms of dementia. In addition to authoring numerous research papers, journal articles, and book chapters, he edited an internationally cited textbook titled *Clinical Diagnosis and Management of Alzheimer's Disease* and co-authored a book for the general public titled *La maladie d'Alzheimer: Le guide*. Dr. Gauthier was named a member of the Order of Canada in 2015 and Knight of the Ordre National du Québec (2017) for his contributions in the area of Alzheimer's disease research.

Immediately following the end of the quarter, **on April 02, 2019**, the Company received a Complete Response Letter from the U.S. Food and Drug Administration regarding its resubmitted 505(b)(2) New Drug Application for RIZAPORT<sup>®</sup> VersaFilm<sup>™</sup> for the treatment of acute migraines. The issues cited in the CRL relate to the Chemistry, Manufacturing and Controls section of the application. The Agency requested additional information, but no new bioequivalence study.

**Subsequent to the quarter, on May 8, 2019**, the Company announced that it has entered into a definitive worldwide agreement with Aquestive Therapeutics, Inc. ("Aquestive"), a specialty pharmaceutical company focused on developing and commercializing differentiated products to solve therapeutic problems, for the co-development and commercialization of Tadalafil oral films (the "Agreement") for the treatment of erectile dysfunction ("ED").

Under the terms of the Agreement, IntelGenx and Aquestive will each grant to the other exclusive worldwide licenses to their respective intellectual property relating to tadalafil oral film formulation and manufacturing. The companies will jointly undertake further co-development and commercialization of Tadalafil oral film products, and will equally share (50/50) net profits from worldwide product sales. In connection with the Agreement, Aquestive has also granted a non-exclusive, royalty bearing U.S. license to any of its intellectual property that may relate to the formulation and manufacturing of IntelGenx's rizatriptan oral film product, RIZAPORT<sup>®</sup>. IntelGenx will pay Aquestive a royalty equal to 10% of all payments received by IntelGenx from third parties for U.S. product related milestones and sales.

Aquestive previously submitted a new drug application ("NDA") for its tadalafil oral film for the treatment of ED to the U.S. Food and Drug Administration ("FDA"). In November 2018, Aquestive received a complete response letter ("CRL") from the FDA requesting limited additional data from healthy volunteers. Under the terms of the Agreement, both companies will cooperate in responding to the FDA's CRL.

**Further subsequent to the end of the quarter, on May 8, 2019**, the Company announced, that its Board of Directors appointed André Godin to the position of President, in addition to his current position as the Company's Chief Financial Officer. In his newly expanded role, Mr. Godin will have overall responsibility for day-to-day operations, financial reporting and budgeting, as well as managing the Company's relationships and interactions with the investment community. He will continue to report to the Company's CEO, Dr. Horst G. Zerbe.

*All amounts are expressed in thousands of U.S. dollars unless otherwise stated.*

## **Currency rate fluctuations**

Our operating currency is Canadian dollars, while our reporting currency is U.S. dollars. Accordingly, our results of operations and balance sheet position have been affected by currency rate fluctuations. In summary, our financial statements for the three-month period ended March 31, 2019 report an accumulated other comprehensive loss due to foreign currency translation adjustments of \$919 primarily due to the fluctuations in the rates used to prepare our financial statements, \$223 of which positively impacted our comprehensive loss for the three-month period ended March 31, 2019. The following Management Discussion and Analysis takes this into consideration whenever material.

## **Reconciliation of Comprehensive Loss to Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)**

Adjusted EBITDA is a non-US GAAP financial measure. A reconciliation of the Adjusted EBITDA is presented in the table below. The Company uses adjusted financial measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than US-GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted EBITDA to measure its performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because the Company believes it provides meaningful information on the Company's financial condition and operating results.

IntelGenx obtains its Adjusted EBITDA measurement by adding to comprehensive loss, finance income and costs, depreciation and amortization, income taxes and foreign currency translation adjustment incurred during the period. IntelGenx also excludes the effects of certain non-monetary transactions recorded, such as share-based compensation, for its Adjusted EBITDA calculation. The Company believes it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee and consultant's remuneration and can vary significantly with changes in the market price of the Company's shares. Foreign currency translation adjustments are a component of other comprehensive income and can vary significantly with currency fluctuations from one period to another. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of the Company's operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other corporations.

## Reconciliation of Non-US-GAAP Financial Information

	Three-month period ended March 31,	
	2019	2018
	\$	\$
Comprehensive loss	(2,341)	(2,341)
<b>Add (deduct):</b>		
Depreciation	171	183
Finance costs	298	243
Finance income	(29)	-
Share-based compensation	86	50
Other comprehensive loss (income)	(247)	77
<b>Adjusted EBITDA</b>	<b>(2,062)</b>	<b>(1,788)</b>

### Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA decreased by \$274 for the three-month period ended March 31, 2019 to (\$2,062) compared to (\$1,788) for the three-month period ended March 31, 2018. The decrease in Adjusted EBITDA of \$274 for the three-month period ended March 31, 2019 is mainly attributable to an increase in SG&A expenses of \$396 before consideration of stock-based compensation and an increase in R&D expenses of \$55 before consideration of stock-based compensation, offset by an increase in revenues of \$177.

### Results of operations for the three-month period ended March 31, 2019 compared with the three-month period ended March 31, 2018.

	Three-month period ended March 31,	
	2019	2018
	\$	\$
Revenues	416	239
Research and Development Expenses	860	797
Selling, General and Administrative Expenses	1,704	1,280
Depreciation of tangible assets	171	183
<b>Operating loss</b>	<b>(2,319)</b>	<b>(2,021)</b>
<b>Net loss</b>	<b>(2,588)</b>	<b>(2,264)</b>
<b>Comprehensive loss</b>	<b>(2,341)</b>	<b>(2,341)</b>

## **Revenue**

Total revenues for the three-month period ended March 31, 2019 amounted to \$416, representing an increase of \$177 or 74% compared to \$239 for the three-month period ended March 31, 2018. The increase for the three-month period ended March 31, 2019 compared to the last year's corresponding period is mainly attributable to an increase in R&D milestone revenues of \$372 offset by a decrease in R&D revenues of \$195.

## **Research and development ("R&D") expenses**

R&D expenses for the three-month period ended March 31, 2019 amounted to \$860, representing an increase of \$63 or 8%, compared to \$797 for the three-month period ended March 31, 2018.

The increase in R&D expenses for the three-month period ended March 31, 2019 is mainly attributable to an increase in analytical costs of \$214, an increase in lab supplies of \$27, as well as an increase in consulting expenses of \$24, offset by a decrease in study costs of \$172 and an increase in tax credits of \$15.

In the three-month period ended March 31, 2019 we recorded estimated Research and Development Tax Credits of \$94, compared with \$79 that was recorded in the same period of the previous year.

## **Selling, general and administrative ("SG&A") expenses**

SG&A expenses for the three-month period ended March 31, 2019 amounted to \$1,704, representing an increase of \$424 or 33%, compared to \$1,280 for the three-month period ended March 31, 2018.

The increase in SG&A expenses for the three-month period ended March 31, 2019 is mainly attributable to increases in salaries and compensation expenses of \$287 mainly attributable to DSUs granted to non-employee Directors in Q1 2019 (2018 DSUs were granted and expensed in Q2-2018), investor relations expenses of \$167, and by the variation of the foreign exchange expense due to the depreciation of the CA dollar vs the US currency of \$141, offset by a decrease in professional fees of \$151.

## **Depreciation of tangible assets**

In the three-month period ended March 31, 2019 we recorded an expense of \$171 for the depreciation of tangible assets, compared with an expense of \$183 for the same period of the previous year.

## **Share-based compensation expense, warrants and stock-based payments**

Share-based compensation warrants and share-based payments expense for the three-month period ended March 31, 2019 amounted to \$86 compared to \$50 for the three-month period ended March 31, 2018.

We expensed approximately \$74 in the three-month period ended March 31, 2019 for options granted to our employees in 2017 and 2018 under the 2016 Stock Option Plan, approximately \$Nil for options granted to non-employee directors in 2016, and approximately \$12 for options granted to consultants in 2017 and 2018, compared with \$45, \$3, and \$2, respectively that was expensed in the same period of the previous year.

There remains approximately \$416 in stock-based compensation to be expensed in fiscal 2019 and 2020, of which \$344 relates to the issuance of options to our employees from 2017 to 2019 and \$72 relates to the issuance of options to consultants in 2018. We anticipate the issuance of additional options and warrants in the future, which will continue to result in stock-based compensation expense.



**Key items from the balance sheet**

	March 31, 2019	December 31, 2018	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Current Assets	\$ 10,602	\$ 13,063	\$ (2,461)	(19%)
Leasehold improvements and Equipment, net	6,279	6,248	31	1%
Security Deposits	722	707	15	2%
Operating lease right- of-use asset	722	0	722	100%
Current Liabilities	2,597	2,722	(125)	(5%)
Long-term debt	987	1,140	(153)	(13%)
Convertible debentures	5,231	5,047	184	4%
Convertible notes	1,114	1,073	41	4%
Operating Lease liability	594	0	594	100%
Capital Stock	1	1	0	0%
Additional Paid-in-Capital	42,155	42,048	107	1%

**Going Concern**

The Company has financed its operations to date primarily through public offerings of its common stock, convertible debentures, convertible notes, bank loans, royalty, up-front and milestone payments, license fees, proceeds from exercise of warrants and options, research and development revenues and the sale of U.S. royalty on future sales of Forfivo XL®. The Company has devoted substantially all of its resources to its drug development efforts, conducting clinical trials to further advance the product pipeline, the expansion of its facilities, protecting its intellectual property and general and administrative functions relating to these operations. The future success of the Company is dependent on its ability to develop its product pipeline and ultimately upon its ability to attain profitable operations. As of March 31, 2019, the Company had cash and short-term investments totaling approximately \$8,632. The Company does not have sufficient existing cash and short-term investments to support operations for the next year following the issuance of these financial statements. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans to alleviate these conditions include pursuing one or more of the following steps to raise additional funding, none of which can be guaranteed or are entirely within the Company's control:

- Raise funding through the possible sale of the Company's common stock, including public or private equity financings.
- Raise funding through debt financing.
- Continue to seek partners to advance product pipeline.
- Initiate oral film manufacturing activities.
- Initiate contract oral film manufacturing activities.

If the Company is unable to raise capital when needed or on attractive terms, or if it is unable to procure partnership arrangements to advance its programs, the Company would be forced to delay, reduce or eliminate its research and development programs.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The accompanying financial statements do not include any adjustments or classifications that may result from the possible inability of the Company to continue as a going concern. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

#### **Current assets**

Current assets totaled \$10,602 as at March 31, 2019 compared with \$13,063 at December 31, 2018. The decrease of \$2,461 is mainly attributable to decreases in short-term investments of \$2,175, cash of \$188, and accounts receivable of \$141, offset by increases in investment tax credits receivable of \$102.

#### **Cash**

Cash totaled \$6,627 as at March 31, 2019 representing a decrease of \$188 compared with the balance of \$6,815 as at December 31, 2018. The decrease in cash on hand relates to net cash used by operating activities of \$2,393 and financing activities of \$138, offset by net cash provided by investing activities of \$2,192.

#### **Accounts receivable**

Accounts receivable totaled \$674 as at March 31, 2019 representing a decrease of \$141 compared with the balance of \$815 as at December 31, 2018. The main reason for the decrease is related to the collection in 2019 of revenues accounted for as at December 31, 2018.

#### **Prepaid expenses**

As at March 31, 2019 prepaid expenses totaled \$395 compared with \$462 as of December 31, 2018. The decrease in prepaid expenses is attributable to the advance payments in December 2018 of certain expenses that relate to services to be provided in the remainder of the year.

#### **Investment tax credits receivable**

R&D investment tax credits receivable totaled approximately \$518 as at March 31, 2019 compared with \$416 as at December 31, 2018. The increase is attributable to the accrual estimated and recorded for the first three months of 2019.

**Leasehold improvements and equipment**

As at March 31, 2019, the net book value of leasehold improvements and equipment amounted to \$6,279, compared to \$6,248 at December 31, 2018.

**Security deposit**

A security deposit in the amount of CAD\$300 in respect of an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Quebec, Canada was recorded as at March 31, 2019. Security deposits in the amount of CAD\$650 for the term loans and CAD\$15 for utilities were also recorded as at March 31, 2019.

**Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities totaled \$1,741 as at March 31, 2019 compared with \$2,030 as at December 31, 2018. The decrease is mainly attributable to the payment of R&D related expenses, professional fees and accruals accounted for as at Dec 31, 2018.

**Long-term debt**

Long-term debt totaled \$1,712 as at March 31, 2019 (December 31, 2018 - \$1,832). An amount of \$1,400 is attributable to term loan from the lender secured by a first ranking movable hypothec on all present and future movable property of the Company and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency. The reimbursement of the term loan started in March 2015 and should be fully reimbursed by October 2021.

An amount of \$312 is attributable to a second loan secured by a second ranking on all present and future property of the Company reimbursable in monthly principal payments starting January 2018 to December 2021.

**Convertible debentures**

Convertible debentures totaled \$5,231 as at March 31, 2019 as compared to \$5,047 as at December 31, 2018. The Corporation issued a total aggregate principal amount of CAD\$7,600,000 (\$5,687,000) of debentures at a price of CAD\$1,000 (\$748) per debenture in July 2018 and August 2018. The convertible debentures have been recorded as a liability. Total transactions costs in the amount of CAD\$1,237,000 (\$926,000) were recorded against the liability. The accretion expense for the three-month period ended March 31, 2019 amounts to CAD\$105,000 (\$79,000), compared to CAD\$91,000 (\$73,000) for the comparative period in 2018. The interest accrued on the convertible debentures for the three-month period ended March 31, 2019 amounts to CAD\$152 thousand (\$114 thousand) and is recorded in financing and interest expense. The interest on the convertible debentures amounted to CAD\$152 thousand (\$120 thousand) for the three-month period ended March 31, 2018.

**Convertible notes**

Convertible notes totaled \$1,114 as at March 31, 2019 as compared to \$1,073 as at December 31, 2018. The convertible notes have been recorded as a liability. Total transactions costs in the amount of \$111 thousand were recorded against the liability. The accretion expense for the period ended March 31, 2019 amounts to \$42 (\$Nil in 2018). The interest on the convertible notes as at March 31, 2019 amounts to \$24 (\$Nil in 2018) and is recorded in Financing and interest expense.

## Shareholders' equity

As at March 31, 2019 we had accumulated a deficit of \$33,435 compared with an accumulated deficit of \$30,896 as at December 31, 2018. Total assets amounted to \$18,325 and shareholders' equity totaled \$7,802 as at March 31, 2019, compared with total assets and shareholders' equity of \$20,018 and \$9,987 respectively, as at December 31, 2018.

## Capital stock

As at March 31, 2019 capital stock amounted to \$0.935 (December 31, 2018: \$0.935). Capital stock is disclosed at its par value with the excess of proceeds shown in Additional Paid-in-Capital.

## Additional paid-in-capital

Additional paid-in capital totaled \$42,155 as at March 31, 2019, as compared to \$42,048 as at December 31, 2018. Additional paid in capital increased by \$107 from which \$21 came from proceeds from exercise of stock options and \$86 from stock-based compensation attributable to the amortization of stock options granted to employees and consultants.

## Taxation

As at December 31, 2018, the date of our latest annual tax return, we had Canadian and provincial net operating losses of approximately \$14,934 (December 31, 2017: \$9,560) and \$16,498 (December 31, 2017: \$10,052) respectively, which may be applied against earnings of future years. Utilization of the net operating losses is subject to significant limitations imposed by the change in control provisions. Canadian and provincial losses will be expiring between 2028 and 2038. A portion of the net operating losses may expire before they can be utilized.

As at December 31, 2018, we had non-refundable tax credits of \$1,981 thousand (2017: \$1,553 thousand) of which \$8 thousand is expiring in 2026, \$9 thousand is expiring in 2027, \$165 thousand is expiring in 2028, \$145 thousand is expiring in 2029, \$124 thousand is expiring in 2030, \$131 thousand is expiring in 2031, \$164 thousand is expiring in 2032 and \$109 thousand is expiring in 2033, \$83 thousand expiring in 2034, \$97 thousand is expiring in 2035, \$135 thousand expiring in 2036 and \$257 thousand expiring in 2037 and \$554 thousand expiring in 2038. We also had undeducted research and development expenses of \$10,663 thousand (2017: \$7,532 thousand) with no expiration date.

The deferred tax benefit of these items was not recognized in the accounts as it has been fully provided for.

## Key items from the statement of cash flows

	March 31, 2019	March 31, 2018	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Activities	\$ (2,393)	\$ (2,191)	\$ (202)	(9%)
Financing Activities	(138)	208	(346)	(166%)
Investing Activities	2,192	1,077	1,115	104%
Cash - end of period	6,627	618	6,009	972%

## Statement of cash flows

Net cash used in operating activities was \$2,393 for the three-month period ended March 31, 2019, compared to \$2,191 for the three-month period ended March 31, 2018. For the three-month period ended March 31, 2019, net cash used by operating activities consisted of a net loss of \$2,588 (2018: \$2,264) before depreciation, accretion expense, stock-based compensation, DSU expense and lease expense in the amount of \$590 (2018: \$306) and an decrease in non-cash operating elements of working capital of \$395 (2018: \$233).

The net cash used in financing activities was \$138 for the three-month period ended March 31, 2019, compared to net cash provided by financing activities of \$208 in the same period of the previous year. An amount of \$21 derives from proceeds from exercise of warrants and stock options (2018: \$395) offset by repayment of term loans for an amount of \$159 (2018: \$187).

Net cash provided by investing activities amounted to \$2,192 for the three-month period ended March 31, 2019 compared to \$1,077 in the same period of 2018. The net cash provided by investing activities for the three-month period ended March 31, 2019 relates to the redemption of short-term investments of \$3,731 (2018: \$1,515), offset by the acquisition of short-term investments of \$1,469 (2018: \$Nil) and by the purchase of fixed assets of \$70 (2018: \$438).

The balance of cash as at March 31, 2019 amounted to \$6,627, compared to \$618 as at March 31, 2018.

#### **Off-balance sheet arrangements**

We have no off-balance sheet arrangements.

#### **Item 3. Controls and Procedures.**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based upon that evaluation, our chief executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to cause the material information required to be disclosed by us in the reports that we file or submit under the Exchange Act to be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to the date we carried out our evaluation.

## **PART II**

#### **Item 1. Legal Proceedings**

This Item is not applicable

#### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

This Item is not applicable.

#### **Item 3. Defaults Upon Senior Securities**

This Item is not applicable.

#### **Item 4. (Reserved)**

**Item 5. Other Information**

This Item is not applicable.

**Item 6. Exhibits**

[Exhibit 31.1](#)

[Certification of C.E.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[Exhibit 31.2](#)

[Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[Exhibit 32.1](#)

[Certification of C.E.O. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

[Exhibit 32.2](#)

[Certification of Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

[Exhibit 10.29+](#)

[Amendment to Employment Agreement, Horst G. Zerbe, May, 2019](#)

[Exhibit 10.30+](#)

[Amendment to Employment Agreement, Andre Godin, May 2019](#)

[Exhibit 10.31+](#)

[Amendment to Employment Agreement, Nadine Paiement, May 2019](#)

[Exhibit 10.32+](#)

[Amendment to Employment Agreement, Dana Matzen, May 2019](#)

**SIGNATURES**

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**INTELGEX TECHNOLOGIES CORP.**

Date: May 9, 2019

By: */s/ Horst G. Zerbe*

\_\_\_\_\_  
Horst G. Zerbe  
President, C.E.O. and  
Director

Date: May 9, 2019

By: */s/ Andre Godin*

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Andre Godin  
Principal Accounting Officer

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AMENDMENT dated May 1, 2019 to that MEMORANDUM OF AGREEMENT executed on October 1, 2014 and effective July 15, 2014 ("Amendment").

**BETWEEN**

INTELGEX CORP., a corporation constituted under the law of Canada, having its head office at 6425 Abrams, Ville St.-Laurent, Quebec H4S 1X9 duly represented by John Marinucci, Chair of the Compensation Committee duly authorized to do so as he declares

(hereinafter called the "**Corporation**")

**AND:**

**HORST ZERBE**, domiciled and residing in the province of Quebec

(hereinafter called the "**Executive**")

**WHEREAS** the Corporate and the Executive wish to amend the MEMORANDUM OF AGREEMENT between them executed on October 1, 2014 and effective July 15, 2014 (the "Agreement");

**WHEREAS** the Corporation and the Executive agree that this Amendment is for the parties' mutual benefit and consideration;

**NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:**

**1. Amendment to Paragraph 10 of the Agreement**

The Corporation and the Executive do hereby amend Section 10 of the Agreement such that Section 10 of the Agreement states, in its entirety, as follows:

**"10. Bonus**

**10.1 Annual Bonus**

The Executive shall be entitled to receive an annual bonus in respect of each fiscal year that falls, in whole or in part, during the term of the Executive's employment hereunder, which will be paid based upon the achievement of specific performance targets established by the Executive and the Board before or within the first quarter of each fiscal year, unless the Board determines, in its sole good faith discretion, that the Company should not award a bonus based upon the Company's poor financial performance. For purposes of clarity, the Company's poor financial performance need not be related to any poor performance, act, or omission of the Executive in order to justify the non-payment of a bonus under this paragraph. The Executive's target bonus for meeting the performance targets shall be up to fifty percent (50%) of Base Salary.

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Any Bonus payable pursuant to this Section 10.1 shall be payable following the fiscal year-end and subject to Board approval of any bonus payable and of the annual audited financial statements or at such other time as may be agreed to by the Executive and the Corporation.

It is further agreed that the Executive and the Board may, from time to time, establish other specific bonus targets and payouts in addition to those specifically detailed above."

**2. Consideration**

The Corporation and the Executive agree that this Amendment is being made for good and valuable consideration, including but not limited to, the execution of similar agreements by other company executives who would not have agreed to such amendments but for Executive's agreement to amend, which agreement is in the best interest of the Company's long term success and viability, which shall enure to the Executive's benefit.

**3. Remaining Terms of Agreement Unaffected, Affirmed, and in Full Force**

The Corporation and the Executive agree and affirm that the remaining terms of the Agreement, except for Section 10 which is effective as amended above, remain in full force and effect.

AND THE PARTIES HAVE SIGNED

**INTELGENX CORP.**

Per: */s/ John Marinucci*

John Marinucci

Chairman, Compensation Committee

*/s/ Horst G. Zerbe*

Dr. Horst Zerbe

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AMENDMENT dated May 1st, 2019 to that MEMORANDUM OF AGREEMENT executed on July 20, 2015 ("Amendment").

**BETWEEN**

INTELGEX CORP., a corporation constituted under the law of Canada, having its head office at 6420 Abrams, Ville St.-Laurent, Quebec H4S 1X9 duly represented by Dr. Horst Zerbe, its CEO and President, duly authorized to do so as he declares

(hereinafter called the "**Corporation**")

**AND:**

Andre Godin, domiciled and residing at 440 des Carmantines, Laval, Quebec (hereinafter called the "**Executive**" )

**WHEREAS** the Corporation and the Executive wish to amend the MEMORANDUM OF AGREEMENT between them executed on July 17, 2015 (the "Agreement");

**WHEREAS** the Corporation and the Executive agree that this Amendment is for the parties' mutual benefit and consideration;

**NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:**

**1. Amendment to Paragraph 10 of the Agreement**

The Corporation and the Executive do hereby amend Section 10 of the Agreement such that Section 10 of the Agreement states, in its entirety, as follows:

**"10. Incentive Plans**

**10.1 Short Term Incentive Plan: Bonus**

The Executive shall be entitled to receive an annual bonus in respect of each fiscal year that falls, in whole or in part, during the term of the Executive's employment hereunder, which will be paid based upon the achievement of specific performance targets, namely defined financial and other criteria for the Corporation.

The Executive's target bonus for meeting the performance targets shall be up to forty percent (40%) of Base Salary.

The establishment and elaboration of the criteria for the performance targets prior to the commencement of any year, and the subsequent assessment of performance results at year end, shall be done by the Compensation Committee of the Board in its sole discretion, in consultation with the CEO and Chairman of the Board. The performance targets shall be established by the Compensation Committee of the Board before or within the first quarter of each fiscal year.

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Any bonus payable pursuant to this Section 10.1 shall be payable following the fiscal year-end and subject to Board approval of any bonus payable and of the audited financial statements, or at such other time as may be agreed upon between the Executive and the Corporation.

Notwithstanding the foregoing, if the Corporation determines, in its sole good faith discretion, that it is not appropriate or in the best interests of the Corporation for it to award or pay any bonus in light of and based upon its financial condition, it may decide not to pay or award any bonus. For purposes of clarity, the Corporation may decide not to award or pay a bonus under this paragraph even if the Corporation's poor financial condition is not related to any poor performance, act or omission of the Executive."

**2. Consideration**

The Corporation and the Executive agree that this Amendment is being made for good and valuable consideration, including but not limited to, the execution of similar agreements by other Corporation executives who would not have agreed to such amendments but for Executive's agreement to this Amendment, which agreement is in the best interest of the Corporation's long term success and viability, which shall enure to the Executive's benefit.

**3. Remaining Terms of Agreement Unaffected, Affirmed, and in Full Force**

The Corporation and the Executive agree and affirm that the remaining terms of the Agreement, except for Section 10 which is effective as amended above, remain in full force and effect.

AND THE PARTIES HAVE SIGNED

**INTELGENX CORP.**

Per: /s/ Horst G. Zerbe

/s/ Andre Godin

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AMENDMENT dated May 6, 2019 to that MEMORANDUM OF AGREEMENT executed on January 19, 2016 ("Amendment").

**BETWEEN**

INTELGEX CORP., a corporation constituted under the law of Canada, having its head office at 6420 Abrams, Ville St.-Laurent, Quebec H4S 1X9 duly represented by Dr. Horst Zerbe, its CEO and President, duly authorized to do so as he declare

(hereinafter called the "**Corporation**")

**AND:**

**Nadine Paiement**, domiciled and residing at 2244 Equateur Street, Ville Saint-Laurent, Quebec H4R 3M4

(hereinafter called the "**Vice-President**")

**WHEREAS** the Corporation and the Vice-President wish to amend the MEMORANDUM OF AGREEMENT between them executed on January 19, 2016 (the "Agreement");

**WHEREAS** the Corporation and the Vice-President agree that this Amendment is for the parties' mutual benefit and consideration;

**NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:**

**1. Amendment to Paragraph 10 of the Agreement**

The Corporation and the Vice-President do hereby amend Section 10 of the Agreement such that Section 10 of the Agreement states, in its entirety, as follows:

**"10. Incentive Plans**

**10.1 Short Term Incentive Plan: Bonus**

The Vice-President shall be entitled to receive an annual bonus in respect of each fiscal year that falls, in whole or in part, during the term of the Vice-President's employment hereunder, which will be paid based upon the achievement of specific performance targets, namely defined financial and other criteria for the Corporation.

The Vice-President's target bonus for meeting the performance targets shall be up to thirty percent (30%) of Base Salary.

The establishment and elaboration of the criteria for the performance targets prior to the commencement of any year, and the subsequent assessment of performance results at year end, shall be done by the Compensation Committee of the Board in its sole discretion, in consultation with the CEO and Chairman of the Board. The performance targets shall be established by the Compensation Committee of the Board before or within the first quarter of each fiscal year.

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Any bonus payable pursuant to this Section 10.1 shall be payable following the fiscal year-end and subject to Board approval of any bonus payable and of the audited financial statements, or at such other time as may be agreed upon between the Vice-President and the Corporation.

Notwithstanding the foregoing, if the Corporation determines, in its sole good faith discretion, that it is not appropriate or in the best interests of the Corporation for it to award or pay any bonus in light of and based upon its financial condition, it may decide not to pay or award any bonus. For purposes of clarity, the Corporation may decide not to award or pay a bonus under this paragraph even if the Corporation's poor financial condition is not related to any poor performance, act or omission of the Vice-President.

**2. Consideration**

The Corporation and the Vice-President agree that this Amendment is being made for good and valuable consideration, including but not limited to, the execution of similar agreements by other Corporation The Vice-Presidents who would not have agreed to such amendments but for The Vice-President's agreement to this Amendment, which agreement is in the best interest of the Corporation's long term success and viability, which shall enure to the Vice-President's benefit.

**3. Remaining Terms of Agreement Unaffected, Affirmed, and in Full Force**

The Corporation and the Vice-President agree and affirm that the remaining terms of the Agreement, except for Section 10 which is effective as amended above, remain in full force and effect.

AND THE PARTIES HAVE SIGNED

**INTELGENX CORP.**

Per: */s/ Horst. G. Zerbe*

*/s/ Nadine Paiement*

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AMENDMENT dated May 6, 2019 to that MEMORANDUM OF AGREEMENT executed on March 1, 2016 ("Amendment").

**BETWEEN**

INTELGEX CORP., a corporation constituted under the law of Canada, having its head office at 6420 Abrams, Ville St.-Laurent, Quebec H4S 1X9 duly represented by Dr. Horst Zerbe, its CEO and President, duly authorized to do so as he declares

(hereinafter called the "**Corporation**")

**AND:**

**Dr. Dana Matzen**, domiciled and residing at 4771 Rue Sherbrooke, Ouest Westmount, QC H3Z 1G5

(hereinafter called the "**Vice President**")

**WHEREAS** the Corporation and the Vice President wish to amend the MEMORANDUM OF AGREEMENT between them executed on July 17, 2015 (the "Agreement");

**WHEREAS** the Corporation and the Vice President agree that this Amendment is for the parties' mutual benefit and consideration;

**NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:**

**1. Amendment to Paragraph 10 of the Agreement**

The Corporation and the Vice President do hereby amend Section 10 of the Agreement such that Section 10 of the Agreement states, in its entirety, as follows:

**"10. Incentive Plans**

**10.1 Short Term Incentive Plan: Bonus**

The Vice President shall be entitled to receive an annual bonus in respect of each fiscal year that falls, in whole or in part, during the term of the Vice President's employment hereunder, which will be paid based upon the achievement of specific performance targets, namely defined financial and other criteria for the Corporation.

The Vice President's target bonus for meeting the performance targets shall be up to thirty percent (30%) of Base Salary.

The establishment and elaboration of the criteria for the performance targets prior to the commencement of any year, and the subsequent assessment of performance results at year end, shall be done by the Compensation Committee of the Board in its sole discretion, in consultation with the CEO and Chairman of the Board. The performance targets shall be established by the Compensation Committee of the Board before or within the first quarter of each fiscal year.

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Any bonus payable pursuant to this Section 10.1 shall be payable following the fiscal year-end and subject to Board approval of any bonus payable and of the audited financial statements, or at such other time as may be agreed upon between the Vice President and the Corporation.

Notwithstanding the foregoing, if the Corporation determines, in its sole good faith discretion, that it is not appropriate or in the best interests of the Corporation for it to award or pay any bonus in light of and based upon its financial condition, it may decide not to pay or award any bonus. For purposes of clarity, the Corporation may decide not to award or pay a bonus under this paragraph even if the Corporation's poor financial condition is not related to any poor performance, act or omission of the Vice President."

**2. Consideration**

The Corporation and the Vice President agree that this Amendment is being made for good and valuable consideration, including but not limited to, the execution of similar agreements by other Corporation Vice Presidents who would not have agreed to such amendments but for Vice President's agreement to this Amendment, which agreement is in the best interest of the Corporation's long term success and viability, which shall enure to the Vice President's benefit.

**3. Remaining Terms of Agreement Unaffected, Affirmed, and in Full Force**

The Corporation and the Vice President agree and affirm that the remaining terms of the Agreement, except for Section 10 which is effective as amended above, remain in full force and effect.

AND THE PARTIES HAVE SIGNED

**INTELGENX CORP.**

Per: *s/s/ Horst. G. Zerbe*

*s/s Dana Matzen*

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CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Horst G. Zerbe, Chief Executive Officer of IntelGenx Technologies Corp. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of IntelGenx Technologies Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ Horst G. Zerbe  
Horst G. Zerbe  
Chief Executive Officer

CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andre Godin, Principal Accounting Officer of IntelGenx Technologies Corp. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of IntelGenx Technologies Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ Andre Godin  
Andre Godin  
Principal Accounting Officer



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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of IntelGenx Technologies Corp. (the "Company") on Form 10-Q for the period ending March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Horst G. Zerbe, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Horst G. Zerbe

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Horst G. Zerbe  
Chief Executive Officer  
May 9, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certifications are accompanying the Company's Form 10-Q solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of IntelGenx Technologies Corp. (the "Company") on Form 10-Q for the period ending March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andre Godin, Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

*/s/ Andre Godin*

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Andre Godin  
Principal Accounting Officer  
May 9, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certifications are accompanying the Company's Form 10-Q solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.