

INTERIM REPORT

JANUARY-JUNE 2022

Abbreviated version of the original Swedish report

High customer activity level and preparation for clinical trials

Significant events 1 April – 30 June

- Iconovo partner Immune System Regulation AB (ISR) has signed an agreement with Gerresheimer for large-scale production of ICOone nasal inhalers for ISR's phase III clinical trial. An agreement has also been signed with Catalent for the production of dry powder for phase III and commercial phase.
- ISR has received approval of its application to start a phase I/II clinical trial in Bangladesh.
- Iconovo has entered into a strategic collaboration with Galenica AB. The main objective of the collaboration is to facilitate the production of clinical trial materials for companies developing new drugs using Iconovo's innovative single-use inhaler ICOone.
- Iconovo has updated its long-term financial targets, and sees strong revenue growth with high margins. By 2027, Iconovo expects to achieve sales of SEK 250 million. The target for operating profit in the same year is SEK 125 million, corresponding to an operating margin of 50 percent. Approximately one-third of the turnover is expected to come from Iconovo's own pharmaceutical sales in the Nordic region through its subsidiary Iconovo Pharma.
- The Japanese Patent Office has issued a Notice of Allowance for Iconovo's patent application for the ICOone inhaler platform. Iconovo already has a well-established patent portfolio for ICOone in Sweden, Europe (EPO), China and India.
- The European Patent Office has issued a Notice of Allowance for Iconovo's patent application for the ICOres inhaler platform. ICOres is used in several of Iconovo's customer projects and additional patents extend the period of patent protection, to the benefit of customers who will launch in the future.
- Iconovo's agreement with Respiratorius has been transferred to Respiratorius' subsidiary Arcede Pharma AB. Subsequently, Respiratorius has distributed all shares in the subsidiary to the company's shareholders. The shares in Arcede Pharma AB have been listed on the Spotlight Stock Market.

Significant events after the end of the second quarter

- No significant events have occurred since the end of the quarter.

Key figures for the Group, in TSEK unless otherwise indicated	Apr-Jun 2022	Apr-Jun 2021*	Jan-Jun 2022	Jan-Jun 2021*	Jan-Dec 2021*
Net turnover	7,111	3,496	9,877	5,641	15,409
Operating profit/loss	-12,233	-6,586	-21,695	-13,912	-26,513
Cash flow for the period	-21,900	-6,911	-37,440	-15,433	33,348
Earnings per share (SEK) before and after full dilution	-1.38	-0.86	-2.43	-1.77	-3.15
Cash and cash equivalents	57,597	46,256	57,597	46,256	95,037
Equity	115,785	79,001	115,785	79,001	137,034
Number of shares at period-end	8,847,500	7,776,000	8,847,500	7,776,000	8,847,500
No. of licensing agreements (royalty)**	6	6	6	6	6
No. of feasibility agreements**	2	1	2	1	2

*Refers to the figures of the parent company, as there were none for the Group at the this time point.

**Number of agreements at the end of the period.



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New ambitious five-year targets based on increased number of customers and positive development in projects

During the past quarter, Iconovo has strengthened its customer offering through a new strategic collaboration and broadened the patent portfolio for both ICOone and ICOres. At the same time, our partner ISR has made significant progress in the development of an inhaled COVID-19 vaccine. Based on the long-term trend of increasing number of customer projects and the focus on Iconovo Pharma, we chose to communicate updated financial targets at our Capital Markets Day in early June.

New strategic collaboration strengthens our customer offering

Developing the materials needed to initiate a clinical trial for a new originator drug is often a challenge for pharmaceutical companies. Through our new collaboration with the development and manufacturing company Galenica, we can use standardised processes and efficient forms of collaboration to shorten the time to produce GMP-classified clinical trial materials and facilitate the technology transfer to the customer's production facility. This can result in significant time savings for our customers and increase interest in using our unique single-use inhaler ICOone. We already have three collaboration agreements related to ICOone, whose geographically broad patent protection was extended during the quarter to an additional commercially attractive territory – Japan.

Our internal resources have also been strengthened recently. For instance, we have commissioned new, highly-equipped labs, enabling us to increase our capacity and, for the first time, perform simulations of product stability in the varying humidity conditions prevailing in different parts of the world.

Further progress for ICOone-based vaccine project

Our partner ISR, which is developing a COVID-19 vaccine based on ICOone, recently received approval to start a phase I/II clinical trial in Bangladesh. ISR has also signed an agreement for large-scale production of ICOone with the renowned German contract manufacturer Gerresheimer. The manufacturing agreement is a sign of strength for ICOone – the inhaler is well suited for large-scale production due to its low manufacturing cost and easy-to-use design. A newly signed agreement with Catalent ensures the production of dry powder for phase III and commercial phase. We are pleased that the project has thus recently taken several important steps towards the start of clinical trials.

Patent expiries offer great commercial opportunities

The two products expected to contribute most to Iconovo's revenues over the next five years are ICOres budesonide/formoterol (a generic equivalent of Symbicort expected to be launched in 2024) and ICOcap indacaterol/

glycopyrronium (a generic equivalent of Ultibro Breezhaler). Patent expiries for inhaled drugs do not lead to as much price erosion as for tablets or injections, and we expect that challengers to today's best-selling asthma and COPD medicines based on our inhaler platforms will be able to capture significant market share with attractive profit margins.

Our strategy continues to bear fruit

We see continued strong demand for our inhaler platforms from the international pharmaceutical industry, both for the development of new originator drugs and generic challengers to best-selling inhalers. At the Capital Markets Day in June, we provided a detailed description of Iconovo's strategy and future outlook. For those shareholders who were not able to follow it in real time, I can recommend the video recording which is available on our website or via link here

<https://www.iconovo.se/kapitalmarknadsdag/>.

Ambitious financial targets with significant upside

On 1 June, we communicated our updated five-year financial targets. Based on the successes achieved in our projects and our proven ability to continuously increase the number of collaborations, we believe it is possible to reach revenues of SEK 250 million by 2027 with an operating margin of percent. The ongoing war in Ukraine is darkening the world, but is not expected to impact our operations or our ability to achieve our targets.

Although the targets are ambitious, the outcome may be even more positive – our projections do not include potential royalty income from our partner ISR linked to the development and commercialisation of a nasal COVID-19 vaccine, which represents a potential upside of up to SEK 100 million in 2027. Nor do the financial targets include potential income from the collaboration with Intas Pharmaceuticals. This is because it is not yet clear exactly when the originator product will lose patent protection.

In closing, I would like to wish all our shareholders, customers and other stakeholders a great summer. I can assure you that the work to establish Iconovo as a global leader in the development of inhaled drugs continues unabated.

Johan Wäborg
CEO

