

# YEAR-END REPORT

JANUARY-DECEMBER 2020 (Abbreviated version of the original Swedish report)

## 50 percent growth in 2020 and ambitious goals for the future

Key figures in TSEK unless otherwise indicated	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net turnover	7,681	-	17,792	11,737
Operating profit/loss	-3,610	-7,207	-16,717	-11,774
Cash flow for the period	-10,398	48,405	-27,467	36,106
Earnings per share (SEK)	-0.58	-1.10	-2.20	-1.68
Cash and cash equivalents	61,689	89,156	61,689	89,156
Equity	92,729	108,794	92,729	108,794
Number of shares at period-end	7,776,000	7,776,000	7,776,000	7,776,000
Number of royalty agreements**	5	3	5	3

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

### Significant events 1 October – 31 December

- In December, Iconovo signed an agreement with Monash University for the development of inhaled Oxytocin in ICOone. The agreement confirms the suitability of using ICOone for innovative drug projects. Australian Monash University is leading the development project in collaboration with Janssen Pharmaceuticals. Through the agreement, Iconovo will receive a *technology access fee* totalling EUR 900,000, where the first milestone will be paid as a licence fee for the project after a positive phase 1 study, planned for 2021. The agreement provides royalties ranging from 5 to 10% over a 20-year period from the date of launch.
- Iconovo recruited a Director Project Management and a Director Alliance Management. This is to increase focus on customer needs and enable the delivery of customer projects at an even higher quality and in a more efficient manner.

### Significant events 1 January – 30 September

- In July, Iconovo signed a regional know-how licensing agreement with BNC Korea Co Ltd. The agreement gives exclusive rights to manufacture, market, sell and distribute two capsule formulations together with ICOcap in the territory. The deal has a value of EUR 550,000 and future royalties of a medium single-digit percentage of sales.
- In May, Amneal joined as a new partner in the development of Iconovo's project with generic Symbicort®. Amneal is taking over all obligations under the current agreement from CBC. The project will proceed according to plan.
- The ICOcap capsule inhaler has become CE-marked for use in clinical trials and can be purchased directly from

Stevanato, which is the manufacturing and distribution partner.

- In April, Orest Lastow took over the role of company Chief Technology Officer (CTO), and Johan Wäborg was hired as the new CEO. Orest Lastow, one of the co-founders and one of the largest shareholders together with the company's Board Chair, is the inventor behind Iconovo's three inhaler platforms and is now focusing on development of the new ICOpre platform.
- The COVID-19 pandemic currently has a limited impact, and this is expected to be the case in the future as well. The company has the required goods in stock, and sales are not physical. The greatest impact that could occur is some delay in development in the event that company employees fall ill.
- On 11 March 2020, an Extraordinary General Meeting was held which decided on an incentive programme and the issue of 200,000 warrants to the future CEO. Subsequently, there was subscription of 200,000 warrants for a total of SEK 1,224,000.

### Significant events after the end of the quarter

- In January, Iconovo communicated its operational goals for 2021.
- In February, Iconovo received its first order for development work for Monash University. This compensation is in addition to the technology access fee previously contracted with the customer.
- In February, the company announced that the United States Patent and Trademark Office issued an intention to approve (*Notice of Allowance*) a patent for the ICOres inhalation platform. This is the second patent approval for ICOres in the United States.
- In February, the first two patent applications for the new ICOpre inhalation platform were submitted.

## A word from the CEO

### **50% increase in turnover**

Q4 ended the year with a good pace in project deliveries, and we reached MSEK 7.7 in turnover, which is the highest quarterly turnover in three years. 2020 thus lands on a 50% increase in turnover compared to the previous year.

I am proud of the project teams, who were able to reach several important milestones during the quarter. It is worth mentioning that some of the last milestones in the Amneal project were delivered, and that several milestones were delivered in the Intas project.

In the internal development project with ICOpre as well, the teams were able to reach our goal of developing a functional inhaler with several injection-moulded components.

### **Agreement with Monash University**

At the end of December, we announced that we have entered into a new agreement with Monash University, backed by Janssen Pharmaceuticals, which is part of J&J. The agreement gives Monash a licence to commercialise ICOone with inhalable Oxytocin.

Inhalable Oxytocin has the potential to save thousands of lives. Each year, upwards of 75,000 mothers die from postpartum haemorrhage, mainly in rural areas in economically weak regions. This is prevented in economically stronger countries through use of Oxytocin injections in connection with childbirth. In many countries, it is difficult to transport and store drugs in an unbroken chain of refrigeration. Inhalable Oxytocin in ICOone can solve this problem, while at the same time eliminating the risks of spreading infection and hazardous waste.

We are extremely proud to be selected to contribute our know-how and ICOone to this important project with a strong connection to sustainability. This serves as confirmation that our platforms are of global interest, including for innovative drugs.

### **Ambitious operational goals for 2021**

In January 2021, we communicated our operational goals for the year, which will see final delivery of the development work for Amneal, Intas and BNC Korea. The customers can then begin bioequivalence studies. Amneal is expected to start its study in Q2, with study results in Q3. Monash University will also begin its Phase 1 study of inhalable Oxytocin in ICOone.

We will also take our strategically important ICOpre project to a phase where we can launch a structured sales process. The goal for this year is to produce a fully ready-to-use inhaler with formulations for all five products in GSK's Ellipta® portfolio, whose sales are forecasted at USD 4.5 billion by 2023. The first out is Relvar® in the USA, where the patent expires in 2025.

As a result of our increased commercial focus, we are also doubling the target number of new deals, with a view to achieving two new agreements in 2021.

### **New year, new strategic area**

As a result of the agreement with Monash, we see a large increased interest in projects with substances that are suitable for administration with a single-use inhaler. We are therefore creating a new strategic area: *Innovative inhalation drugs*, which, together with our current strategic area *generic inhalation drugs*, will be extremely important for our future growth. The potential is enormous.

### **Impact through sustainability goals**

Iconovo works globally all over the world, and we currently have customers in the USA, Korea, Australia, India and Europe. We thus have a great opportunity to use our influence to steer the world around us towards achieving sustainable local and global solutions.

In 2021, we will link both company goals and individual goals to the UN's sustainability goals, referred to as the 2030 Agenda. In recent months, we identified and prioritised three of the 17 global goals that not only best match our operations and the phase we are in today, but are also important to our employees, customers and owners. We are focusing on Good Health and Well-being, Decent Work and Economic Growth, and Climate Action.

**COVID-19**

COVID-19 is having minimal impact on Iconovo, and work on our projects is progressing according to plan. In business development, it is possible to maintain a high level of activity through virtual meetings. However, we look forward to and are planning to reconnect with our customers via physical meetings as soon as possible.

**The organisation is growing at pace with increasing business**

We recently made many investments to increase our capacity, put further focus on project implementation, and become better at customer acquisition.

In recent months, we hired several new key employees. We are now a force of 27 people – a very competent organisation in which new employees quickly become part of our family and contribute to us having increased capacity to both handle current projects and take on more projects.

**Keeping an eye on the bottom line**

At the end of 2020, we had MSEK 61.7 in cash and cash equivalents. After a very active Q4 with a high level of invoicing, we are entering the new year with MSEK 8.9 in accounts receivable. As a result, we are well funded for the future. I look forward to letting you know about our upcoming activities. We have a very exciting year ahead of us.

**Johan Wäborg, CEO**