

Abbreviated interim report

Breakthrough in Asia with a fourth royalty agreement

Key figures in TSEK unless otherwise indicated	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net turnover	2,425	3,028	4,357	8,263	11,737
Operating profit/loss	-5,819	-2,800	-10,800	-2,532	-11,774
Cash flow for the period	-9,697	-4,584	-13,429	-7,391	36,106
Earnings per share (SEK) before full dilution	-0.82	-0.38	-1.37	-0.31	-1.68
Cash and cash equivalents	75,727	45,659	75,727	45,659	89,156
Equity	99,220	61,893	99,220	61,893	108,794
Number of shares at period-end	7,776,000	6,776,000	7,776,000	6,776,000	7,776,000
Number of royalty agreements**	3	3	3	3	3

**Number of agreements at the end of the period. One further royalty agreement was signed after the end of the period.

Significant events 1 April – 30 June

- 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.
- The Chinese Patent Office issued an Intention to Grant notification regarding a patent for the inhalation platform ICOres. The European Patent Office, EPO, issued an Intention to Grant notification for the third European patent for the ICOres inhalation platform (which is already covered by three approved Swedish patents and two European patents). The patents describe the technology used in Iconovo's many customer projects, including generic Symbicort.
- Iconovo only anticipates a limited impact from COVID-19 currently and in the future. The company has the required goods in stock, and sales are not physical. The greatest impact expected to occur is some delay in development in the event that company employees fall ill.
- Gunnar Gårdemyr was elected to the Board at the Annual General Meeting. Gunnar has a degree in economics from Lund University and over 35 years of experience in the pharmaceutical and biotech industry. Previous positions include CEO of Targovax AS, SVP Commercial development/M&A at Nycomed, Global marketing director at Ferring.

Significant events 1 January – 31 March

- Orest Lastow took the role of company Chief Technology Officer (CTO), and Johan Wåborg was hired as the new CEO of Iconovo. Orest Lastow, who is one of the co-founders and one of the largest shareholders together with the company's Board Chair, previously combined the position of CEO and CTO. He will now devote all of his time to the role of company CTO. Orest is the inventor behind Iconovo's three inhaler platforms and will now focus on the development of the new ICOPre platform.
- 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.
- The European Patent Office, EPO, issued an Intention to Grant notification for the second European patent for the ICORes inhalation platform (which is already covered by three approved Swedish patents and one European patent). The patent describes the technology used in Iconovo's many customer projects.
- The European Patent Office, EPO, issued an Intention to Grant notification for the first European patent for the ICOone inhalation platform (which is already covered by two approved Swedish patents). The patent describes the technology used in Iconovo's vaccine project.

Significant events after the end of the second quarter

- Iconovo has 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 milestone value of TEUR 550 and additional future royalties of a medium single-digit percentage of sales.

A word from the CEO

Our fourth royalty agreement

On 8 July, we had the pleasure of announcing that we have now entered into our fourth royalty agreement with the company BNC Korea based in Seoul, South Korea. With this agreement, we make an important entry into the Asian markets with a partner who knows these markets. An important component is also that it relates to two different formulations, Seebri and Ultibro generics. Some of the development work was already carried out previously. We can therefore expect a faster development phase and that the product will thus be ready for launch when the patent expires. The deal entered into corresponds to 15% of today's global market, which means that the remaining 85% of the global market is open for licensing.

High activity through COVID-19 times

I took over the CEO position in April, in the middle of a period when COVID-19 took off everywhere and forced us all to begin living very different lives. At Iconovo, we quickly realised the severity of the situation and implemented all recommended efforts and restrictions. Our employees are our most important resource, and we care about keeping each other healthy. We have not had any impact from the illness thus far, and we will continue following the recommendations of the Public Health Agency of Sweden and the Swedish Ministry for Foreign Affairs this autumn.

Since we are not dependent on any deliveries from other parts of the world that have been in lock-down, our technical and laboratory work can continue unhindered. Our projects are on time.

However, we are indirectly affected by the fact that we, as a globally-oriented company, have many existing and potential customers in countries with a lock-down, making some processes and administration work slower.

An unexpected upside for us is that it has been possible to hold many active discussions regarding business development, and it has been much easier to convene meetings. Compared to a normal quarter, you could say that Q2 has been extremely active. It is clear that new customer acquisition is usually more effective when you can meet face-to-face. While we are maintaining our momentum with a lot of virtual meetings, we look forward to being able to hold physical meetings as soon as possible.

We are growing

During Q2 and the summer months, we completed two recruitments of great importance for the upscaling of our operations. One *Sr. Mechanical Engineer* and one *Formulation Scientist* will start this autumn. We also initiated recruitment of two positions intended to help make the commercial aspect of our operations strong. We need one project manager to coordinate new projects, and one person with commercial drive to secure important collaborations. Our ambition is to become very good at being close to the customer, proactively initiating dialogue, following up, capturing opportunities for additional sales, and seeking new customers to secure contracts that fit well with our strategy. We expect to complete these recruitments in Q3 and for the individuals to step into their roles around the turn of the year.

Other progress during Q2

In Q2 2020, we were able to invoice two milestones under the Amneal project. Having Amneal back in the Symbicort generic project feels really great, and we can tell from their commitment level that this project is of great strategic importance for them as well. In addition to this milestone, some ongoing development work for other customers was also taken up as income.

ICOpres development work intensified during Q2. Over the summer months, we were able to select one of the three successful concepts as the best alternative. Going forward, development work will now focus entirely on this concept. ICOpres is equivalent to GlaxoSmithKline's Ellipta inhaler, which is currently used for five different products. The development of ICOpres is a major strategic step towards developing a quality product that can capture some of this market, which is expected to reach over USD 5 billion annually by 2024. Patent protection for the first product disappears in 2025, and the market will then open up to generic versions. At that time, we will be ready with an inhaler that is based on proprietary technology and can thereby be used to launch generic products.

The ICOpres venture was identified at last year's strategy days and now constitutes an important strategic venture going forward. Development of this new platform is now in full swing. This year, we will look at how Iconovo can grow and develop long-term to maximise value and utilise our unique expertise.

This autumn, we will continue to work with the implementation of our existing customer projects, and we will continue to work hard with business development to strike new deals.

Everyone is now back from holiday with their batteries fully charged, and we can look forward to an active and eventful autumn.

Johan Wäborg

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About Iconovo

Iconovo was founded in 2013 by people with long experience in inhalation development. The company develops inhalers and associated drug preparations that are used to treat asthma and COPD. However, Iconovo also has the competence to develop products for new types of inhaled drugs such as vaccines.

By working with Iconovo, pharmaceutical companies and generic companies can access a complete pharmaceutical product, thereby eliminating the complex and costly early stages of the development phase. Iconovo licenses its patented products to customers and offers a faster way to the inhalation market with lower risk and at a lower cost.

More information about the company can be found at www.iconovo.se.

Iconovo is based in Lund and its share (ticker ICO) is listed on Nasdaq First North Growth Market, Stockholm since April 6, 2018. The Company's Certified Adviser is Erik Penser Bank AB, Box 7405, SE-103 91 Stockholm, phone +46 8 463 80 00, email: certifiedadviser@penser.se.

Attachments

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