

Interim report (Abbreviated version of the original Swedish report)

JANUARY-MARCH 2021

Strategic innovation generates new agreements

Key figures in TSEK unless otherwise indicated	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net turnover	2,145	1,932	17,792
Operating profit/loss	-7,325	-4,981	-16,717
Cash flow for the period	-8,521	-3,732	-27,467
Earnings per share (SEK) before full dilution	-0.91	-0.55	-2.20
Cash and cash equivalents	53,168	85,424	61,689
Equity	85,651	105,620	92,729
Number of shares at period-end	7,776,000	7,776,000	7,776,000
Number of royalty agreements**	6	3	5

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

Significant events 1 January – 31 March

- 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 ICOpres inhalation platform were submitted.
- In March, Iconovo signed an agreement with ISR for the development of an inhaled COVID-19 vaccine.

Significant events after the end of the first quarter

- In April, the company announced that the United States Patent and Trademark Office issued an intention to approve (*Notice of Allowance*) a patent for the ICOone inhalation platform. Iconovo already has approved patents for ICOone in Sweden, Europe (EPO) and India.



A word from the CEO

Increase in revenue compared to last year

The total revenue increased to SEK 5.2 million in Q1, compared to SEK 3.2 million in the same period last year. Turnover amounted to SEK 2.1 million, an increase from SEK 1.8 million in Q1 2020. The turnover consisted of milestone revenue mainly from the Monash and Intas projects and the technology access fee paid by *Immune System Regulation AB* (ISR).

The turnover varies from one quarter to another, as invoicing in the projects is not evenly spread over the year.

Agreement with ISR on COVID-19 drug

At the end of March, we were proud to announce a new agreement with ISR, granting them a licence to commercialise ICOone with an inhalable COVID-19 vaccine. The agreement covers the type of vaccine that consist of spike proteins from the surface of the coronavirus and an adjuvant that enhances the effect. The agreement combines the technology platforms of Iconovo and ISR, with Iconovo taking responsibility for the drug formulation and optimising ICOone. ISR has patents on adjuvants and extensive expertise in immunomodulation.

The contract has a potential value of SEK 18.1 million for milestones and technology access fees, spread over the development period up until market authorisation. The low single-digit royalty level is slightly lower than for generic contracts, which is explained by the fact that our share of the investment is significantly smaller than for ISR, which is responsible for conducting clinical trials.

There is also an opportunity within the agreement for ISR to proceed with the development of vaccines for RS and influenza viruses. Iconovo strongly believes in the strategy of creating an immune response that generates Ig-A antibodies in the body's first line of defence against airborne viruses in the lungs. If ISR is able to demonstrate efficacy with this type of drug, we will capture a significant share of an enormous market. Iconovo's focus now is on developing the best possible inhalation product for the purpose.

Innovative inhalation projects

The recently announced complementary strategic focus on innovative drugs has given us focus and resulted in us securing another agreement at the end of Q1. We are seeing a clear increase in interest in inhalation for both new molecules and reformulations of, for example, injected drugs. Here, Iconovo can now showcase two ongoing projects, and our business model allows us to offer for example the ICOone platform to more customers with the desire to launch drugs as dry powder inhalation.

ICOone can replace injections

Inhalation of drugs is one of the major opportunities for improvement in drug administration, and Iconovo intends to be a driving force in this development.

One of the major advantages of dry powder inhalers is that it eliminates the need for cold storage. Hazardous waste such as infectious needles can be eliminated, and simplified administration leads to a reduced need for healthcare staff.

We work proactively in business development to alert companies to smart and sustainable options for formulating drugs for inhalation use.

Progress in line with business objectives

Work on projects is progressing in line with the objectives communicated earlier in the year. Iconovo has now delivered what is needed for Amneal to initiate a pilot PK study. Work on clinical trial material is being conducted during the second quarter, the study start is in the summer, and results are expected a few months later. The final part of the technology transfer to Amneal will be the knowledge transfer needed for the manufacturer to best produce the finished drug product.

Other plans are set: Monash University plans to start its phase 1 study of inhalable oxytocin in ICOone in the latter part of the year. For the Intas and BNC Korea projects, remaining work will be carried out during the year to allow studies to be completed.

ICOpre work intensifies

A major factor in the Q1 revenue item is capitalised own work of SEK 2.9 million. This work is mainly carried out within the ICOpre project and exemplifies the increased focus that is now in place. Commercially, we are preparing smart cultivation of customers using modern targeting, for example through targeted digital marketing and customised customer cultivation in social media. It all starts in May with the introduction of the ICOpre inhaler at the RDD congress. The development goal for the year is to take the ICOpre project to a phase where we can launch a structured sales process. An exciting year is now underway.

Johan Wäborg, CEO

