

Abbreviated interim report 1 January - 30 June 2021

Expanded agreement doubles royalty potential

Key figures in TSEK unless otherwise indicated	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net turnover	3,496	2,425	5,641	4,357	17,792
Operating profit/loss	-6,586	-5,819	-13,912	-10,800	-16,717
Cash flow for the period	-6,911	-9,697	-15,433	-13,429	-27,467
Earnings per share (SEK) before full dilution	-0.86	-0.82	-1.77	-1.37	-2.20
Cash and cash equivalents	46,256	75,727	46,256	75,727	61,689
Equity	79,001	99,220	79,001	99,220	92,729
Number of shares at period-end	7,776,000	7,776,000	7,776,000	7,776,000	7,776,000
Number of royalty agreements**	6	3	6	3	5

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

Significant events 1 April – 30 June

- In May, Iconovo announced the expansion of its agreement with Amneal regarding generic Symbicort to include the key US and Chinese markets and the Nordic sales rights, more than doubling the potential for future annual royalty income.
- In May, Iconovo communicated its 5-year business targets at its first Capital Market Day. By 2026, the Company expects to achieve sales of SEK 200 million, with an operating margin of 50%. The Company also announced its long-term strategy, with three strategic areas made up of the original core operation of generic inhalation product development plus the new areas of innovative inhalation product development and pharmaceutical sales in the Nordics.
- In May, Iconovo entered into an agreement with Respiratorius for the development of an inhalation product for the treatment of COPD. The agreement includes a tiered fee for project work, with a total value of up to SEK 3 million.
- 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.
- The Board has been further strengthened. Ann Gidner was elected to the Board at the AGM, and Gunnar Gårdemyr has taken over the role of Board Chair.

Significant events after the end of the second quarter

- In July, Iconovo carried out a directed share issue and raised SEK 75 million before issue expenses. The issue has been subscribed by a number of Swedish and international institutional investors, including Alcur Fonder, FE Fonder and Humle Fonder, as well as a number of existing shareholders, including Andra AP-fonden, Fjärde AP-fonden, Handelsbanken Fonder and Länsförsäkringar Fonder. The proceeds of the issue will primarily be used for acceleration and value creation activities and investments linked to the Company's new long-term strategy.
- In July, Iconovo entered into an agreement with ISR (Immune System Regulation AB) for additional work on the ongoing inhaled COVID-19 vaccine project for the development of a nasal version of Iconovo's ICOone inhaler. The additional work could provide up to SEK 4.9 million on top of the previous agreement. In addition, there is the possibility of future royalties.

A word from the CEO – Energised for growth

Long-term strategy with three areas In May, Iconovo held its first ever Capital Market Day, during which we launched our new long-term strategy. As a company, we are uniquely positioned to develop additional areas around inhalation, and we see great opportunities for growth by broadening our offering. Our future is now being shaped in three areas – Generic Inhalation Products, Innovative Inhalation Products and Pharmaceutical Sales in the Nordics.

An important area is the development of new, innovative inhalation drugs. These may be entirely new drugs, or new formulations of substances that were previously available only as injections, for example. We call this strategic area **Innovative Inhalation Products**. In the last six months, Iconovo has entered into three agreements in this innovative area, clearly demonstrating that our business model can be used in a very attractive way. Our offering allows our partners to invest in an inhalable drug in a high-quality, innovative inhaler – something that very few companies in the world can match.

In June, we further demonstrated the potential of our innovative projects when we entered into a supplemental agreement with ISR for the development of a nasal COVID-19 vaccine in a new Iconovo platform called "ICOone Nasal". The order could provide Iconovo with an additional SEK 4.9 million on top of previously agreed amounts.

Development of generic asthma and COPD drugs is an area in which Iconovo is already well established, and it remains an important part of our operations. We anticipate significant future revenue from this area, primarily through royalties. We possess globally recognised expertise and can attract generics business on the global stage. The strategic area **Generic Inhalation Products** will be pursued with a continued focus on winning new business and continued deliveries towards the first market launches, expected in 2023.

When entering into development agreements with generic companies around the world, it is seen as very positive if you have a lot to gain from developing a fantastic product yourself. We therefore have a dual reason to sell generic products in the Nordic market ourselves.

This not only makes us a more attractive business partner, but becoming a Nordic pharmaceutical company helps us to build our own profitable drug portfolio. The strategic area **Nordic Pharmaceutical Sales** is being kicked off with establishment of Iconovo Pharma in 2021–2022. The first drug product launched is expected to be generic Symbicort in 2023, with a current market value of SEK 900 million in the Nordics.

Successful capital raising In early July, a directed share issue worth SEK 75 million was carried out. Several of our existing major shareholders took part in the issue, including Andra AP-fonden, Fjärde AP-fonden, Handelsbanken Fonder and Länsförsäkringar Fonder. We also specifically targeted Alcur, FE Fonder and Humle Fonder, which are known for investing in quality small companies with high potential and growth.

Five-year targets A strong cash position enables additional efforts and drive behind each of our three strategies. The strategies form the basis and plan for the work that will lead us to our set targets for 2026. We will reach a turnover of SEK 200 million from our generic projects and from Nordic pharmaceutical sales. In addition to this, the innovative projects with ISR have a potential upside worth SEK 100 million in 2026. Our business model is expected to lead to 50% operating margin from operations. The above targets are based on the projects we have right now, but we have also set an additional target of entering into 1–3 new customer agreements per year during the period up to 2026. Through new agreements, we can exceed the targets, and that is precisely why we want to invest now. To this end, we chose to raise capital via a directed issue.

Now that the strategy is in place, our focus is fully on implementation. We are now energised, well-funded and ready to focus heavily on our three strategic areas to maximise the value of our operations.

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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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