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Iconovo carries out a directed share issue of approx. SEK 19.2 million

Press release 2023-09-26

Iconovo AB ("Iconovo" or the "Company") carries out a directed share issue of 1,533,375 shares, corresponding to 15 per cent of the number of outstanding shares before the share issue, at a subscription price of SEK 12.50 per share (the "Share Issue") to a limited number of current shareholders in the Company, such as Gerald Engström who, following the Share Issue, becomes the largest shareholder of the Company. In addition, Andra AP-Fonden, Humle Fonder, Cicero Fonder, as well as the member of the Board of Directors, and until now the largest shareholder, Mats Johansson, participates. Through the Share Issue, the Company receives gross proceeds of approximately SEK 19.2 million before transaction costs. 163,151 shares in the Share Issue are conditional on subsequent approval by the Extraordinary General Meeting to be held on October 27, 2023. Notice to the Extraordinary General Meeting will be announced in a separate press release.

About the Share Issue

The Share Issue consists of a total of 1,533,375 shares. The subscription price in the Share Issue of SEK 12.50 corresponds to a price premium of approximately 1.2 per cent in relation to the trade closing price of the Company's share on Nasdaq First North Growth Market on September 26, 2023. Through the Share Issue, Iconovo receives approximately SEK 19.2 million before issuing costs.

The Share Issue is conducted through two tranches. The Board of Directors of the Company has (i) resolved on the first tranche of 1,370,224 shares, corresponding to approximately SEK 17.1 million, by virtue of the authorization of the Annual General Meeting on May 22, 2023 ("**Tranche 1**"), and (ii) resolved on the second tranche of 163,151 shares, corresponding to approximately SEK 2.0 million, conditional on subsequent approval of the Extraordinary General Meeting on October 27, 2023 ("**Tranche 2**"). Tranche 2 is directed only to Abraxas Holding AB, controlled by the member of the Board of Directors, Mats Johansson. The execution of Tranche 1 is not conditional on the execution of Tranche 2.

In the Share Issue, Gerald Engström invests SEK 12.5 million and thereby becomes the Company's largest shareholder. In addition, Andra AP-fonden, Humle Fonder, and Cicero Fonder will participate, among others.

Tranche 1 means that the number of outstanding shares in Iconovo increases by 1,370,224 shares, from 10,222,500 to 11,592,724, and that the share capital increases by SEK 137,022.40, from SEK 1,022,250 to SEK 1,159,272.40, resulting in a dilution effect of approximately 11.8 per cent based on the total number of shares and votes in Iconovo after Tranche 1. Tranche 2 means that the number of outstanding shares in Iconovo increases by an additional 163,151 shares, from 11,592,724 to 11,755,875, and that the share capital increases by an additional SEK 16,315.10 from SEK 1,159,272.40 to SEK 1,175,587.50 SEK, resulting in an additional dilution effect of approximately 1.4 per cent based on the total number of outstanding shares and votes in Iconovo after the Share Issue. The total dilution effect of the Share Issue amounts to approximately 13.0 per cent based on the total number of outstanding shares and votes in Iconovo after the Share Issue.

Purpose and use of proceeds

Iconovo intends to use the proceeds from the Share Issue for the execution of the plan laid forth by the Company, which is intended to make the Company profitable in the year of 2026 and to have a revenue of SEK 250 million and an EBITDA of SEK 125 million in the year of 2027. To reach these goals, the out-licensing of ICOpre during 2024 for generics on the Ellipta® portfolio and the launch of ICOres with a generic on Symbicort® during 2025 will be of great importance. Moreover, the increased ambition to establish 3-5 new feasibility deals per year will be significant for the Company to become cash flow positive. More feasibility deals and a focus on reformulation of suitable notable pharmaceuticals used in existing fully developed inhalers should also in a cost-efficient way increase the Company's revenue from licensing deals.

Johan Wäborg, Chief Executive Officer of Iconovo, says:

"We can state that the Share Issue has generated a large interest from a number of our current shareholders. We consider this as a clear sign of the attractiveness of our strategy to develop Iconovo into a company with rapid sales growth and high profitability. In these times of great market turbulence, being able to conduct a capital raise at terms beneficial to all our shareholders gives us additional strength in the efforts to take the company to the next level."

The reasons for deviation from the shareholders' preferential rights and the grounds for the subscription price

Prior to the resolution of the Share Issue, the Board of Directors has carefully considered alternative financing options, including the possibilities of carrying out a rights issue. However, the Board of Directors, after an overall assessment and careful consideration, considers a share issue carried out with deviation from the shareholders' preferential rights to be a more beneficial alternative for the Company and the Company's shareholders than a rights issue and that it is objectively in the Company's as well as its shareholders' interests to carry out the Share Issue. The Board of Directors has, among other things, considered the following.

- A rights issue would be significantly more time- and resource-consuming compared to the Share Issue, not least as a result of the work related to securing a rights issue, while there are no guarantees that a rights issue would be fully subscribed. A reduced time consumption allows for flexibility for potential investment opportunities in the short term, contributes to reduced exposure to share price fluctuations on the stock market, as well as allows for the opportunity to benefit from current interest in the Company's share. Moreover, the costs of the Share Issue are considered to be lower than those of a rights issue where, among other things, an eventual guarantee consortium would have to be procured. The Share Issue has, through intensive efforts by the Board of Directors and the advisors, been conducted in a swift and cost-effective manner.
- In contrast to a rights issue, the Share Issue is expected to provide the Company with a new major shareholder in the form of the previous minority shareholder Gerald Engström. The Board of Directors' assessment is that it will significantly strengthen the Company's ownership structure.
- The shareholder base has, through the Share Issue, been additionally strengthened by the subscription from the current shareholder Mats Johansson (via Abraxas Holding AB), who is a member of the Board of Directors of the Company and, prior to the Share Issue, the largest shareholder in the Company, as well as Andra AP-Fonden, Mats Leander, Humle Fonder, Cicero Fonder, and Michael Katina, via Eber Holding AB. The reason for directing the Share Issue to current shareholders is that these shareholders have expressed and demonstrated a long-term interest in the Company, which, according to the Board of Directors, creates security and stability for both the Company and its shareholders.

- An additional aspect that speaks in favor of the choice of a directed share issue is that a rights issue, most probably, would have had to be conducted at a not inconsiderable discount, which would lead to larger dilution effects for the Company's existing shareholders, which has now been avoided through the Share Issue where the subscription price instead has been set at a price premium of approximately 1.2 per cent in relation to the trade closing price of the Company's share on Nasdaq First North Growth Market on September 26, 2023. From a shareholder perspective, a rights issue at a discount also entails a risk of a negative effect on the share price in connection with the carry-out of the rights issue.

Considering the above, the Board of Directors' overall assessment is partly that the reasons for the Share Issue outweigh the reasons for a rights issue according to the main rule, and partly that a directed share issue is considered to be in the interest of both the Company and all shareholders.

The Board of Directors has, prior to the resolution on the Share Issue, put a lot of emphasis on the subscription price being at market terms in relation to the current share price. The subscription price corresponds to a price premium of approximately 1.2 per cent in relation to the trade closing price of the Company's share on Nasdaq First North Growth Market on September 26, 2023, and has been determined through extensive negotiations at arm's length with the investors and through market sounding. It is the Board of Directors' assessment that the subscription price has been set at market terms, not in the least against the background of the subscription price being higher than the trade closing price of the Company's share on the day of the Share Issue.

Lock-up agreements

In connection with the Share Issue, the Company has, subject to customary exceptions, agreed to, among other things, not issue additional shares for a period of 90 calendar days after the settlement day of the Share Issue. In addition, the Company's members of the Board of Directors who own shares, as well as the Company's CEO and CFO, have, subject to customary exceptions, agreed not to divest any shares in the Company for a period of 180 calendar days after the settlement day of the Share Issue, among other things.

Extraordinary General Meeting

The Board of Directors' resolution on Tranche 2 is subject to the approval of the Extraordinary General Meeting on October 27, 2023. Notice to the Extraordinary General Meeting will be announced through a separate press release.

Advisors

In connection with the Share Issue, the Company has engaged Redeye AB ("**Redeye**") as Sole Manager and Bookrunner, and Setterwalls Advokatbyrå AB as legal advisor.

For further information, please contact:

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About Iconovo

Iconovo (Nasdaq First North Growth Market: ICO) develops new inhaled medicinal products in collaboration with international pharmaceutical companies. The company provides several types of patent-protected inhalers that can generate significant commercial opportunities in the development of novel pharmaceuticals and vaccines and at patent expirations for established pharmaceuticals. The most advanced project is a

generic version of the asthma and COPD product Symbicort® which is expected to reach the market in 2025. Iconovo plans to market this product in the Nordic region through its subsidiary Iconovo Pharma, while the company's partner Amneal Pharmaceuticals has the rights in other parts of Europe and the United States. Certified Adviser is Erik Penser Bank AB.

Important information

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This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, Switzerland, the United States, or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

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This press release is not a prospectus for the purposes of the Prospectus Regulation and has not been approved by any regulatory authority in any jurisdiction. The Company has not authorised any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the New Share Issue. This press release neither identifies nor claims to identify risks (direct or indirect) which could be associated with an investment in new shares. An investment decision to acquire or subscribe for new shares in the New Share Issue may only be made based on publicly available information,

which has not been verified by Redeye. Redeye acts on behalf of the Company in connection with the New Share Issue and not for the benefit of any other person or entity. Redeye is not responsible in relation to any other person or entity to provide the protection which has been provided to their customer nor to give advice in connection with the New Share Issue or any other topic mentioned herein.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, assessments, or current expectations about and targets for the Company's future results of operations, financial condition, development, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by the fact that they contain words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Even if the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements, which are a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements contained in this press release speak only as of its date and are subject to change without notice. Neither the Company nor anyone else does undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless required by law or Nasdaq First North Growth markets rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65 /EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the issued shares have been subject to a product approval process, which has determined that the shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "EU Target Market Assessment"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600 /2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "UK Target Market Assessment" and, together with the EU Target Market Assessment, the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that:

the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the New Share Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares and determining appropriate distribution channels.

The English text is an unofficial translation of the original Swedish text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

This information is information that Iconovo is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-09-26 23:30 CEST.

Attachments

[Iconovo carries out a directed share issue of approx. SEK 19.2 million](#)