

# Inhalation Sciences



## PRESS RELEASE

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(Stockholm, Sweden, February 25, 2020) **Inhalation Sciences Sweden AB (publ) releases its Year-end report for the period January 1 - December 31, 2020**

### Summary of the year-end report

- ISAB has repositioned its CRO business under a new brand name, "Inhalation Research Services", or IRS, offering precise, predictive early-stage research data.
- ISAB has installed the first DissolvIt<sup>®</sup> module at a laboratory at an international company in Switzerland.
- ISAB has recruited Chief Commercial Officer to strengthen the commercial organization.
- ISAB has recruited a Quality and Regulatory Affairs manager to strengthen the organization's regulatory and quality system and support the planned clinical trial.
- The company's Board has held its annual strategy meeting and agreed on ISAB's strategic plan and priorities during 2021 and 2022.

### Selected financial data

#### Fourth quarter (Oct-Dec) 2020

- Net sales 2,144 KSEK (3,836)
- Operating profit -4,257 KSEK (-1,994)
- Earnings per share before and after dilution -0.50 SEK (-0.29)

#### Reporting period (Jan-Dec) 2020

- Net sales 10,137 KSEK (8,949)
- Operating profit -8,741 KSEK (-7,896)
- Earnings per share before and after dilution 1.14 SEK (-0.50)

### Selected financial data in summary

	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales, KSEK	2 114	3 836	10 137	8 949
Operating profit, KSEK	-4 257	-1 994	-8 741	-7 896

Result after tax, KSEK	-4 288	-2 484	9 875	-4 345
Balance sheet total, KSEK	18 488	23 569	18 488	23 569
Cash flow for period, KSEK	-3 417	-2 773	3 249	2 517
Cash flow for period per share (SEK)	-0,40	-0,32	0,38	0,29
Cash, KSEK	8 047	4 798	8 047	4 798
Earnings per share before dilution (SEK)	-0,50	-0,29	1,14	-0,50
Earnings per share after dilution (SEK)	-0,50	-0,29	1,14	-0,50
Equity, KSEK	10 475	5 240	10 475	5 240
Equity per share (SEK)	1,21	0,61	1,21	0,61
Equity ratio, %	56,66%	31,90%	56,66%	22,23%
R&D costs / operating costs, %	41,89%	49,20%	43,91%	41,80%
	8 635	8 618	8 635	8 618
Number of shares	180	930	180	930

### Significant events during the fourth quarter (Oct-Dec)

- On October 15, a preclinical research paper written by Per Gerde, Maria Malmjöf, and Ewa Selg at Inhalation Sciences regarding *In Vitro-In Vivo Correlation* (IVIVC) was published in the Journal of Aerosol Science, showing good agreement between data from ISAB's DissolvIt® and a rat lung.
- On October 21, ISAB published its clinical validation plan for PreciseInhale.
- On October 26, ISAB published a signed collaborative project with an order value of 260 000 SEK with a long-term customer for further development of ISAB's module XposeALi®.
- On October 30, ISAB announced that the company had received a new order for a PreciseInhale® amounting to 1 400 000 SEK from VITO, The Flemish Institute for Technological Research.
- On 17 November, ISAB announced that the company had received a new order from the University of Vienna for a PreciseInhale® amounting to 196 000 EUR.
- On 23 November, ISAB published a breakthrough study in collaboration with AstraZeneca where PreciseInhale® was used for exposure of larger experimental animals.
- On December 10, ISAB announced the recruitment of Paolo Raffaelli as its new Chief Commercial Officer.
- On December 18, ISAB announced that the company had received a new order from Aquilon Pharma for a PreciseInhale® with associated modules amounting to 292,000 EUR.
- On December 22, ISAB announced the recruitment of Helen Bäckroos as its new Quality and Regulatory Affairs manager.

### Significant events during the reporting period (Jan-Dec) 2020

- On January 24, the company announced that a returning global pharmaceutical customer who had previously hired ISAB for advanced research services had also chosen to purchase ISAB's lab instrument

Preciselnhale® and also signed a contract research assignment (CRO) worth 750 000 SEK.

- On March 12, the company announced that it had received a new Preciselnhale® order from the Institute of Environmental Medicine (IMM) at Karolinska Institutet, one of the world's leading innovative lung research organizations, and now a returning ISAB customer. IMM has signed an order for approximately 500 000 SEK for an eight-month lease of a Preciselnhale® system, with a call option at the end of the period.
- On April 23, the company announced that all shares in Ziccum AB had been sold at a total value of approximately 21 200 000 SEK after selling expenses. The sale entails an accounting profit amounting to approximately 19 500 000 SEK. The loan financing in 2019 amounting to 12 500 000 SEK was repaid in its entirety on April 28, 2020, which was financed through the sale of all shares in the associated company Ziccum AB.
- On April 29, the company announced that it has signed a global distribution agreement with TSE Systems GMBH.
- On May 4, the company announced that it had signed a contract research assignment (CRO) worth approximately 300 000 SEK with a global pharmaceutical company.
- On May 12, the company announced that it had strengthened its Board with the election of Daniel Spasic and Mårten Winge.
- On June 22, the company announced that it had signed another new contract research assignment (CRO) valued at approximately 800 000 SEK. This assignment, which was commissioned by a recurring global pharmaceutical customer, will also be carried out using ISAB's leading *in vitro* dissolution method DissolvIt®.
- On June 30, the company announced that it has had one of its key patents approved without restrictions in Europe. This is a patent that primarily protects the method of being able to control aerosol exposures to a more limited part of the lungs with high selectivity, so-called "regional targeting" or regional dosing.
- On September 23, ISAB's Board held its annual strategy meeting and agreed on ISAB's strategic plan and priorities for 2021 and 2022.
- On September 28, ISAB installed the first DissolvIt® module at a laboratory at a large international company in Switzerland.

### Significant events after the reporting period

No significant events have occurred after the reporting period.

### Company events

At the Annual General Meeting on May 12, 2020, Board members Per Gerde, Sonja Gerde and Klaus Gottwald were re-elected, and Mårten Winge and Daniel Spasic were newly elected. Daniel Spasic was elected new Chairman of the Board. Members Fredrik Sjövall and Tom Sundelin declined re-election.

### Multi-year overview

KSEK	2020	2019	2018	2017	2016	2015	2014
Net sales	10 137	8 949	5 441	8 022	7 216	8 086	10 358

Profit after net financial items	9 875	-4 345	-11 883	-6 358	-5 365	-2 854	64
Balance sheet, total	18 488	23 198	19 653	23 313	10 427	9 191	7 451
Equity ratio %,	57	22	55	68	40	26	18
Average no. of employees	8	7	6	5	5	5	4

## Order backlog 2020-12-31

Customer	Product	Amount (SEK)
University of Vienna	PreciseInhale®	1 980 000
Aquilon Pharma	PreciseInhale®	335 000
Corporate client	Development work XposeAll®	130 000
<b>Total</b>		<b>2 445 000</b>

## CEO statement

2020 was a different year in many respects, not least with regard to COVID-19 and all the restrictions the pandemic entailed in, amongst other things, travel, customer meetings and conferences. However, we ended the year strongly with sales growth of approximately 13% for the full year 2020 compared with the same period in 2019.

During the fourth quarter of 2020 we were able to end the year with a number of new signed orders from our customers totalling approximately 4 000 000 SEK. These new customer contacts once again demonstrate the strength of our products and services, despite limitations in the number of physical meetings. 1 600 000 SEK of these orders were invoiced during the same quarter, with the remaining 2 400 000 SEK to be invoiced during the first quarter of 2021. We also successfully completed a number of virtual installations, and customer training for the products and modules sold, which has been an important adaptation of our organization during the pandemic.

The fourth quarter of 2020 was also an eventful one where we implemented a number of strategic initiatives to build a foundation for continued growth for the company, these included:

- New recruitment of two key positions:
  - Paolo Raffaelli, Chief Commercial Officer, to strengthen the sales organization
  - Helen Bäckroos, Regulatory & Quality Affairs Manager with focus on quality and regulatory issues in connection with the product moving towards the clinic
- Cooperation with a renowned global marketing company UP, aiming to increase awareness of ISAB focusing on brand, digital marketing, optimising search-functions and generating new business
- Return to full-time for all employees after temporary leave due to COVID-19

The clinical validation of PreciseInhale® had to be postponed due to the ongoing pandemic. The plan for this has now been updated and the ambition is to complete the study before the end of 2021, given that external factors do not affect the study further.

AstraZeneca's publication of our joint study using PreciseInhale® in larger animals which produced promising results, is another positive signal that confirms that we are on the right track and possess a technology that will eventually be used in a clinical environment.

A unique technology together with dedicated staff, management, Board and owners means that 2021 will be an exciting year. We look forward to taking the step from a development company to a larger commercial company where we can continue to deliver added value to our customers.

Huddinge, 25 February 2021  
Manoush Masarrat  
CEO

**Read the Full Report [HERE](#)**

**For more information about Inhalation Sciences, please contact:**

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#### **About Inhalations Sciences Sweden AB (publ)**

Inhalation Sciences Sweden AB (publ) develops and commercializes world-leading instruments for research in inhalation. The company's patented lab instrument, PreciseInhale®, enables researchers to characterize, with high precision, how aerosols and small particles impact our lungs, and so our health, when we inhale them.

***The information above was provided by Inhalation Sciences Sweden AB (publ) by the company's CEO for publication at 08.00, (CET), on February 25, 2021.***