

Ikonisys SA

Société anonyme au capital social de 18 963 454,00 €

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HALF YEAR FINANCIAL REPORT 2021

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1. Introduction

Ikonisys SA is a cell-based diagnostics company based in Paris (France), New Haven (Connecticut, USA) and Milan (Italy) specialized in the early and accurate detection of cancer. The company develops, produces and markets the proprietary Ikoniscope20® platform, a fully-automated solution designed to deliver accurate and reliable detection and analysis of rare cells. Ikonisys has received FDA clearance for several automated diagnostic applications, which are also marketed in Europe under CE certification. Through its breakthrough fluorescence microscopy platform, the company continues to develop a stream of new tests, including liquid biopsy tests based on Circulating Tumor Cells (CTC).

2. Message from the CEO



The first half of 2021 was marked by completion of the development of Ikoniscope20 and by preparation of our initial public offering, which then took place in July. As a result of this operation we strengthened our financial capabilities and were able to accelerate our development through recruitment of a sales manager for the United States. These efforts will continue in order to strengthen our teams also in Europe and to support the commercialization of the latest generation Ikoniscope20 platform. Our platform offers diagnostic tests based on fluorescence in situ hybridization (FISH) technology, primarily in the oncology segment of molecular diagnostics, a large market in which we aim to become one of the leading suppliers worldwide. This ambition is supported by the differentiating characteristics of our fully automated solution, which is capable of detecting rare cells with high reliability. Our strong technological features allow us to target also the promising market of circulating tumor cells (CTC) analysis through liquid biopsy, a breakthrough in the diagnostic field. These promising commercial prospects, combined with the strengthening of our sales force and the continuation of our R&D efforts, in particular concerning the integration of advanced AI technologies in our platform, ideally position Ikonisys for further development.

Mario Crovetto
Ikonisys SA CEO

3. Impact on financial situation and results

Combined revenues for the period that ended on June 30, 2021 amounted to 0.24 million euros and mainly derived from service maintenance contracts stipulated between Ikonisys Inc and historical customers still using the first-generation instrument.

The decrease of €66,019 with respect to the same period of the previous year is due to the pandemic situation and the related modification of workflow in laboratories that had to face a high amount of Covid-19 testing, limiting their capability to perform other tests (namely FISH tests). As a consequence, 3 clients of Ikonisys Inc decided to limit or halt the usage of the first-generation Ikoniscope and thus decided not to renew the service maintenance agreement.

Since in year 2020 the company was completing Ikoniscope20's development, R&D expenses (capitalized in Intangible asset in progress) diminished from €487,544 on June 30, 2020 to €215,377.

At the same time Selling, General and Administrative expenses increased from €120,611 on June 30, 2020 to € 306,760 on June 30, 2021 due to the preparation of the IPO and of the commercialization phase.

Interest expenses were significantly reduced from € 917,214 on June 30, 2020 to €4,435 on June 30, 2021 as a result of the corporate restructuring that took place in May 2021 before the IPO.

The financial result at June 30, 2021, is a loss of 0.11 million Euro.

4. Significant event since the end of the period

3.1 Ikonisys SA IPO

On July 13, 2021 Ikonisys SA successfully completed its IPO on Euronext Growth Paris, carried out via a global offer, comprising:

- a public offering in France in the form of an open price offer, primarily intended for physical persons (the “OPO”);
- a global placement primarily aimed at institutional investors (the “Global Placement”) comprising:
 - a placement in France; and
 - an international private placement in selected countries (notably excluding the USA, Canada, Australia and Japan).

The initial public offering enabled the Company to carry out a capital increase of 4.0 million euros via the issuance of 700,000 new ordinary shares.

The number of ordinary shares allocated within the framework of the Offering was as follows:

- 544,044 ordinary shares allocated within the framework of the Global Placement, representing 3.1 million euros, i.e. 78% of the total number of shares allocated;
- 155,956 ordinary shares allocated within the framework of the OPO, representing 896,747 euros, i.e. 22% of the total number of shares allocated. Within the framework of the OPO, A1 orders (from 1 share to 250 shares included) will be fully served and A2 orders (beyond 250 shares) will be 96% served.

The Company’s shares begin trading on the Euronext Growth market in Paris on a listing line called “ikonisys” since July 19, 2021.

3.2 Contribution of all the shares of Ikonisys Srl to Ikonisys SA

Within the framework of the Company’s initial public offering, the Company’s shareholders on July 13 contributed all their holdings in Italian company Ikonisys S.r.l. (the “**Contribution**”), which is henceforth 100% owned by the Company.

- The contribution agreement signed on June 15, 2021 between the Company’s shareholders provided (i) that the Contribution would be valued on the basis of the subscription price of the Ikonisys shares to be issued within the framework of the admission to trading of Ikonisys shares on Euronext Growth Paris, and (ii) that the completion of the Contribution would notably be subject to the publication, immediately following the setting of the share subscription price within the framework of the OPO and the Global Placement by the Company’s Board of Directors, of a supplementary report by the contributions auditor concluding – given the valuation of the Contribution on the basis of the share subscription price within the framework of the initial public offering – that the Contribution is not overvalued.



The Contribution was immediately completed following the definitive setting of the price of the Company's shares by the Board of Directors within the framework of the Initial Public Offering.

The following table summarize the share capital and voting rights before and after the Public Offering:

Shareholders	Before the Offering		After the Offering	
	Number of shares	% of share capital and voting rights	Number of shares	% of share capital and voting rights
Cambria Co-Invest. Fund LP	5,268,989	60.00%	5,268,989	55.57%
Cambria Equity Partners, LP	3,161,274	36.00%	3,161,274	33.34%
MC Consulting S.r.l.*	351,464	4.00%	351,464	3.71%
Free float	-	-	700,000	7.38%
TOTAL	8,781,727	100%	9,481,727	100%

*Holding company of Mr. Mario Crovetto, CEO of Ikonisys.

3.3 Main communications from the company during the first half and post-closing

– **The initial results of a study demonstrate the capability of the Ikoniscope20 rare cell detection platform to enumerate specific populations of CD8 T cells**

Using Ikoniscope20 platform's high-speed scan, 80 extremely rare antigen-specific CD8 T cells from over a million blood cells were identified. Antigen-specific T cells play a central role in immunity against cancers and infectious agents through their ability to kill malignant cells after recognition by the T cell receptor. This is a further demonstration, in collaboration with the UCONN School of Medicine, of the potential of Ikonisys' technology in immuno-oncology through its ability to detect rare cells in general and circulating tumor cells in particular.

– **Recruitment of Manny Iglesias as Sales Director for the US market**

Manny will be responsible for accelerating Ikoniscope20 sales in the US by strengthening the Company's presence in new geographical areas while optimizing the marketing and sales strategy. Manny's business leadership and extensive experience in building strong customer relationships will support Ikonisys' accelerated growth.

5. Half-year pro-forma financial statements

Pro-forma Combined Balance Sheet

In Euro	Notes	(unaudited) 30/06/2021	(audited) 31/12/2020
Assets			
Intangible Assets			
Start-up costs			
Research and development costs			
Concessions, patents and similar assets	4.1	110,457	139,619
Goodwill	4.2	12,173,178	
Intangible assets in progress	4.3	8,336,216	7,861,759
Total Intangible Assets, Net of Accumulated Amortization		20,619,852	8,001,378
Fixed Assets			
Land			
Constructions			
Plant, machinery and equipment			
Other fixed assets		591	1,105
Fixed assets in progress			
Fixed Assets, Net of Accumulated Depreciation		591	1,105
Financial Assets			
Long-term equity interests			
Other long-term investments			
Loans			
Other financial assets		12,030	11,389
Total Financial Assets		12,030	11,389
Total Non-Current Assets		20,632,472	8,013,872
Inventory and Work in progress			
Raw materials			
Work in progress			
Semi-finished and finished goods			
Inventory			
Total Inventory and Work in progress		-	
Advances to suppliers			
Advances to suppliers			
Total Advances to suppliers		-	
Receivables			
Trade account receivables		4,864	29,543
Receivables from suppliers			
Personnel			
Deferred Income tax		5,427	
Deferred tax		59,208	
Other receivables		289	
Total receivables		69,787	29,543
Other current assets			
Cash and Cash Equivalents		29,843	37,596
Total Other current assets		29,843	37,596
Accruals			
Prepaid Expenses	4.4	101,459	3,595
Total Accruals		101,459	3,595
Total Current Assets		201,089	70,734
Total Assets		20,833,562	8,084,606

In Euro	Notes	(unaudited)	(audited)
		30/06/2021	31/12/2020
Liabilities and Shareholders' Equity			
Shareholders' Equity			
Capital	5.1	110,459	1,750,304
Share premium	5.1	-	84,359,346
FTA Reserve	5.1	-	1,939,490
Legal Reserve		-	
Statutory and contractual reserves		-	
Regulated Reserve			
Other reserve	5.2	17,453,000	23,933,101
Accumulated Deficit	5.1	-	(104,318,743)
Income / (Loss)		(113,196)	(1,572,263)
Translation Reserve	5.3	491,107	(392,093)
Capital grants			
Regulated provision			
Total Shareholders' Equity		17,941,370	5,699,142
Other funds			
Proceeds from issues of equity instruments			
Conditional advances			
Total other funds		-	
Provisions for contingencies and charges			
Provisions for contingencies	5.4	75,173	
Provisions for charges			
Total Provisions for contingencies and charges		75,173	
Financial Liabilities			
Convertible bonds			
Other bonds			
Borrowings and loans from credit institutions			
Borrowings and other financial liabilities	5.5	170,712	196,196
Borrowings and other financial liabilities - related parties			
Advances and deposits from customers			
Total Financial Liabilities		170,712	196,196
Operating Liabilities			
Accounts Payable	5.6	1,233,136	965,003
Taxes and social security liabilities		4,392	
Total Operating Liabilities		1,237,528	965,003
Other Liabilities			
Debt on capital assets and related payables			
Other Liabilities	5.7	1,209,692	989,787
Total Other Liabilities		1,209,692	989,787
Accruals			
Deferrerd Revenue	5.8	199,088	234,478
Total Accruals		199,088	234,478
Total Liabilities		2,892,192	2,385,464
Total Liabilities and Shareholders' Equity		20,833,562	8,084,606

Pro-forma Combined Income Statement

In Euro	Notes	(unaudited)	(audited)	(unaudited)
		30/06/2021	31/12/2020	30/06/2020
Revenue				
Sales	6.1	141,406	385,341	207,424
Net Sales		141,406	385,341	207,424
Other income	6.2	97,237	99,826	106,304
Total Revenue		238,643	485,167	313,728
Operating Expenses				
Cost of Goods Sold		8,890	8,183	4,703
Gross Profit		229,753	476,984	309,026
Research and Development Expenses		-	-	-
Selling General & Administrative Expenses	6.3	306,760	204,104	120,611
Depreciation and Amortization		31,754	68,177	35,418
Total Operating Expenses		338,514	272,281	156,029
Operating Income / (Loss)		(108,761)	204,703	152,997
Financial Expenses				
Interest Expenses		4,435	1,770,667	917,214
Total Financial Expenses		4,435	1,770,667	917,214
Income / (Loss) before Tax		(113,196)	(1,565,964)	(764,217)
Extraordinary Income				
Extraordinary Loss				
Extraordinary result		-	-	-
Income Tax		-	6,299	-
Total Revenue		238,643	485,167	313,728
Total Expenses		351,839	2,057,430	1,077,945
Net Income / (Loss)		(113,196)	(1,572,263)	(764,217)

Pro-forma Combined Statement of Cash Flows

In Euro	Notes	(unaudited) 30/06/2021	(audited) 31/12/2020
Cash flows from Operating Activities:			
Net Income / (Loss)		(113,196)	(1 572 262)
Adjustments to reconcile Net Loss to Net Cash provided by (used in) Operating Activities:			
Depreciation and Amortization		538	68 177
Right of Use Assets		31,660	79 579
Right of Use Liabilities		(31,660)	(79 579)
Increase/(Decrease) in cash flows as a result of changes in assets and liabilities account balances:			
Provision for sundry Liabilities		(327)	(7 478)
Current Assets		(278)	(792)
Prepaid Expenses		(97,787)	3,437
Account Receivable		4,836	
Other Receivables		(45,081)	
Accrued Expense		(27,414)	53,415
Accounts Payable		313,884	(15,416)
Deferred Revenue		(42,989)	(47,030)
Total Adjustments		105,382	54,312
Net Cash Used in Operating Activities		(7,814)	
Cash flows from Investing Activities:			
R&D investments		(218,440)	(239,567)
Purchase of Property and Equipment		-	
Net Cash Used in Investing Activities		(218,440)	(239,567)
Cash Flows from Financing Activities:			
Short-term Loan		220,463	457,722
Loan Payable		(2,524)	(18,669)
Waiver of Convertible loan			1,579,364
Common Stock			(8,959)
Paid in Capital			(170,707)
Preferred Stock			179,666
Translation reserve		562	(396,329)
Net Cash Provided by Financing Activities		218,501	1,622,088
Net increase / (decrease) in cash and cash equivalents		(7,753)	(135,428)
Cash and cash equivalents – Beginning of period		37,596	173,024
Cash and cash equivalents – End of period		29,843	37,596

6. Notes to the Financial Statements

Note 1: Basis of preparation of the pro-forma financial statements

Ikonisys' interim pro-forma combined financial statements for the six months ended June 30, 2021 were approved by the Board of Directors on October 28, 2021. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable within the European Union for interim financial information (IAS 34) authorizing the presentation of selected notes.

The pro-forma combined financial statements have been prepared in order to illustrate the effect of the group restructuring and present the combined statements of the three entities described in Note 2, as if Ikonisys Srl and Ikonisys Inc already were part of Ikonisys SA group as of June 30, 2021.

The half-year pro-forma combined financial statements present the financial information of Ikonisys' group after the restructuring that took place in May 2021 and before the listing of Ikonisys SA and the contribution of Ikonisys Srl to Ikonisys SA that took place concurrently on July 13, 2021.

In particular, the restructuring ultimately comprised the following steps:

- Step 1: Cambria funds sold 100% of the convertible loans and 100% of the shares they held of Ikonisys Inc to Ikonisys Srl;
- Step 2: Ikonisys Srl created a wholly owned Delaware corporation ("IkonMerge");
- Step 3: Ikonisys Srl converted \$700k of convertible loan, increasing its participation in Ikonisys Inc;
- Step 4: IkonMerge merged with and into Ikonisys Inc and by virtue of this merger Ikonisys Srl owns 100% of Ikonisys Inc;
- Step 5: Cambria funds waived 100% of their loans towards Ikonisys Srl, thus increasing Ikonisys Srl Equity

Please note that following these steps, Ikonisys Srl had a 100% controlling interest in Ikonisys Inc, and thus the two entities are required to consolidate their accounts. The details are presented in Note 3.

Due to the effect of the consolidation, the balance sheet as of June 30, 2021 is not fully comparable to the balance sheet as of December 31, 2020. The main changes are related to the offset of the carrying amount of Ikonisys Srl's investment in Ikonisys Inc and the elimination of the intragroup activities, resulting in a Goodwill recognized in Ikonisys Srl.

The financial statements are presented in euros.

Since Ikonisys Inc is incorporated under US law and operating in the United States, its accounts are recorded in dollars and have been translated into euros using the following exchange rates:

- The spot rate of 1.1884 (US\$/€) for the balance sheet as of 30/6/2021;
- The average rate of 1.2053 (US\$/€) for the income statement as of 30/6/2021;
- The spot rate of 1.2271 (US\$/€) for the balance sheet as of 31/12/2020;
- The average rate of 1.1422 (US\$/€) for the income statement as of 31/12/2020;
- The average rate of 1.1025 (US\$/€) for the income statement as of 30/6/2020.

Note 2: Affected entities

Ikonisys' group includes:

- IKONISYS SA, a company incorporated under French law created on May 31, 2021 and registered with the RCS of Paris under number B 899 843 239, whose registered office is at 62 rue de Caumartin in Paris 9th. It is the head of the group, responsible for French operations.
- IKONISYS Srl, a company incorporated under Italian law registered in 2012 and registered with the Milan-Monza and Brianza-Lodi Company Register under number 07790710961, whose registered office is in Milano. It is specialized in bio-signal processing software.
- IKONISYS Inc, a company incorporated under US Law, founded in 1999 and registered in the state of Delaware under number 3118589, with its main facility at 5 Science Park, New Haven, CT. It is responsible for R&D and manufacturing and has been marketing the "Ikoniscope" digital automated microscope since the launch of its first generation in 2006.

Note 3: Scope of consolidation

Following the internal restructuring described above, Ikonisys Srl became 100% owner of Ikonisys Inc, thus having a controlling interest in the company.

Following the requirements and principles of IFRS 10, consolidated financial statements have been prepared for Ikonisys Srl, being the parent company of Ikonisys Inc.

In particular, the following procedure from IFRS 10:B86 has been followed:

- a. combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries
- b. offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary
- c. eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

As of 30/06/2021 Ikonisys Srl was still not contributed to Ikonisys SA, thus Ikonisys SA financial statements have been prepared by combining the financial statements of Ikonisys SA and Ikonisys Srl.

The tables below illustrated the adjustments done to present these financial statements, comprising adjustments to each entity's financials in order to be adapted to IFRS standards, Ikonisys Inc's financials conversion in euro and consolidation adjustments of the combined Ikonisys Inc and Ikonisys Srl entities.

Balance Sheet as of June 30 2021	Note	IKONOSYS Inc			IKONYSIS	Consolidated Inc+Srl		Ikonisys	Combined
		USD	USD	EUR	SRL	EUR	EUR	SA	EUR IFRS
		US GAAP	IFRS Adj	IFRS	ITA GAAP	Consolidation Adj	IFRS	FR GAAP	IFRS
Assets									
Intangible Assets									
Concessions, patents and similar ass.		56,515		47,555	62,902		110,457		110,457
Goodwill	1	-		-	-	12,173,178	12,173,178		12,173,178
Intangible assets in progress	2,3	-	9,906,759	8,336,216	-	-	8,336,216		8,336,216
Total Intangible assets, Net		56,515	9,906,759	8,383,771	62,902	12,173,178	20,619,852	-	20,619,852
Fixed assets									
Other fixed assets		535		450	141		591	-	591
Total Fixed assets, Net		535		450	141		591		591
Financial Assets									
Other financial assets		13,975		11,760	-	-	11,760	270	12,030
Participation	4	-		-	604,033	- 604,033	-	-	-
Total Financial Assets		13,975		11,760	604,033	- 604,033	11,760	270	12,030
Total Non-current Assets		71,024.8	9,906,759.1	8,395,981.0	667,076.0	11,569,145.4	20,632,202.4	270.0	20,632,472.4
Receivables									
Receivables from subsidiaries	4	-		-	16,802,247	- 16,802,247	-	-	-
Trade accounts receivables		-		-	4,864	-	4,864	-	4,864
Deferred Income tax		-		-	5,427	-	5,427	-	5,427
Deferred tax		-		-	19,794	-	19,794	39,414	59,208
Other receivables		-		-	289	-	289	-	289
Total Receivables		-		-	6,832,620	- 16,802,247	30,373	39,414	69,787
Other current assets									
Cash and Cash Equivalents		1,542		1,297	1,546	-	2,843	27,000	29,843
Total other current assets		1,542		1,297	1,546		2,843	27,000	29,843
Accruals									
Prepaid Expenses		4,123		3,469	-	-	3,469	97,990	101,459
Total accruals		4,123		3,469			3,469	97,990	101,459
Total Current Assets		5,665	-	4,767	16,834,166	- 16,802,247	36,686	164,403	201,089
Total Assets		76,689	9,906,759	8,400,748	17,501,242	- 5,233,101	20,668,888	164,673	20,833,562
Liabilities and Shareholders' Equity									
Shareholders' Equity									
Capital		10		8	73,459	- 8	73,459	37,000	110,459
Share premium	5	97,191,793		81,783,737	-	- 81,783,737	-	-	-
FTA Reserve	5	-	2,178,823	1,833,409	-	- 1,833,409	-	-	-
Other reserve		-	5,418,000	4,559,071	17,453,000	- 4,559,071	17,453,000	-	17,453,000
Accumulated Deficit	5	- 120,587,740	2,050,342	- 99,745,371	-	99,745,371	-	-	-
Income / (Loss)	2	- 211,996	259,594	39,491	- 85,597	46,720	614	-113,809	- 113,196
Translation reserve	6	-		562	-	490,545	491,107	-	491,107
Total Shareholders' Equity		- 23,607,934	9,906,759	- 11,529,093	17,440,862	12,106,411	18,018,179	- 76,809	17,941,370
Provisions for contingencies									
Provision for contingencies		89,335		75,173	-	-	75,173	-	75,173
Total Provisions for contingencies		89,335	-	75,173	-	-	75,173	-	75,173
Financial Liabilities									
Borrowings and other financial liab.		202,874		170,712	-	-	170,712	-	170,712
Total Financial Liabilities		202,874	-	170,712	-	-	170,712	-	170,712
Operating Liabilities									
Accounts Payable		1,111,945		935,665	60,380	-	996,045	237,090	1,233,136
Taxes and Social Security liabilities		-		-	-	-	-	4,392	4,392
Total Operating Liabilities		1,111,945	-	935,665	60,380	-	996,045	241,483	1,237,528
Other Liabilities									
Other Liabilities		1,437,598		1,209,692	-	-	1,209,692	-	1,209,692
Convertible Loan	4	20,606,276		17,339,512	-	- 17,339,512	-	-	-
Total Other Liabilities		22,043,873		18,549,203	-	- 17,339,512	1,209,692	-	1,209,692
Accruals									
Deferrerd Revenue		236,596		199,088	-	-	199,088	-	199,088
Total Accruals		236,596		199,088	-	-	199,088	-	199,088
Total Liabilities		23,684,623	-	19,929,841	60,380	- 17,339,512	2,650,709	241,483	2,892,192
Total Liabilities and Shareholders' Equity		76,689	9,906,759	8,400,748	17,501,242	- 5,233,101	20,668,888	164,673	20,833,562

Income Statement as of June 30 2021	Note	IKONOSYS Inc			IKONYSIS SRL	Consolidated Inc+Srl		Ikonisys SA	Combined
		USD	USD	EUR	EUR	EUR	EUR	EUR	EUR IFRS
		US GAAP	IFRS Adj	IFRS	ITA GAAP	Consolidation Adj	IFRS	FR GAAP	IFRS
Revenue									
Sales		170,436		141,406	-		141,406	-	141,406
Net Sales		170,436		141,406	-		141,406	-	141,406
Other Income (Expense)	7	117,200		97,237	- 46,720	46,720	97,237	-	97,237
Total Revenue		238,64							
Operating Expenses									
Cost of Goods Sold		-10,715		-8,890	-		-8,890	-	-8,890
Gross Profit		276,921		229,753	-46,720		229,753	-	229,753
Research and Development	2	259,594	- 259,594	-	-		-	-	-
Selling General & Administrative Expense	8	223,330	- 37,625	154,074	38,877		192,951	113,809	306,760
Depreciation and Amortization	8	648	37,625	31,754	-		31,754	-	31,754
Total Operating Expenses		483,572	- 259,594	185,828	38,877		224,705	113,809	338,514
Operating Income / (Loss)		-206,651		43,925	-85,597		5,048	-113,809	-108,761
Financial Expenses									
Interest Expense		- 5,345		- 4,435	-	-	- 4,435	-	- 4,435
Total Other Expense		-5,345		-4,435	-	-	-4,435	-	-4,435
Income / (Loss) before Tax		-211,996	-	39,491	-85,597		614	-113,809	-113,196
Income Tax expense		-	-	-	-		-	-	-
Net Income/(Loss)		- 211,996		39,491	- 85,597		614	- 113,809	- 113,196

1. A total Goodwill of € 12,173,178 arises from the consolidation of Ikonisys Inc and Ikonisys Srl and the elision of intragroup accounts.
2. Capitalization costs of research and development activity for the years 2017-2020 and the first 6 months of 2021, following the implementation of IAS 38, are booked as Intangible assets in progress since they refer to the development of the instrument “Ikoniscope20” and its hardware and software components, that still had to be commercialized.
R&D for the years 2017-2020 amounts to \$4,229,165, while for the first 6 months of 2021 it amounts to \$259,594.
3. A goodwill recognized in Ikonisys Inc has been allocated to the Intangible assets in progress for the current value reported in an appraisal prepared by an external expert amounting to \$5,418,000. The corresponding amount posted in Other reserve is offset by virtue of the consolidation.
4. The intragroup Convertible Loan accounts (amounting to €16,802,247 in Ikonisys Srl and \$20,606,276 in Ikonisys Inc accounts) and the carrying amount of Ikonisys Srl’s investment in Ikonisys Inc amounting to €604,033 are offset because of the consolidation of the financial statements of Ikonisys Srl and Ikonisys Inc.
5. Paid in Capital (for a total of \$97,191,793), Accumulated Deficit (for an adjusted total of \$-118,537,398 after deducting previous years R&D expenses capitalized in Intangible assets in progress) and FTA Reserve (for a total of \$2,178,823, originating from the first application of IFRS in 2019 with respect to the capitalization of R&D expenses during years 2017 and 2018) are offset by virtue of the consolidation.

6. The translation reserve arises from the translation of Ikonisys Inc net result in the balance sheet using the period average US\$ / € exchange rate and from the elision of the loan towards Ikonisys Inc from the consolidated financials.
7. An expense of €46,720 registered by Ikonisys Srl because of an exchange rate difference is offset as an effect of the consolidation
8. Due to a different treatment of Right of use asset depreciation in US GAAP, an adjustment is made to Ikonisys Inc financials.

Note 4: Information on the pro-forma Balance Sheet - Assets

4.1 Concessions, patents and similar assets

The total amount of €110,457 includes:

- €47,555 for Right of Use Asset related to a 3-year leasing agreement entered in the United States for the New Haven offices, effective from May 1, 2019 to April 30, 2020. An historical interest rate of 5.5% has been applied to actualize the leasing contract.
- Patents valued €62,902

4.2 Goodwill

A total amount of €12,173,178 has been recognized as Goodwill following the consolidation of Ikonisys Srl and Ikonisys Inc financial statements, as described in Note 3.

4.3 Intangible assets in progress

The total amount of €8,336,216 includes (valuation at the exchange rate US\$/€ on 30/6/21):

- €3,777,145 in R&D costs between 2017 and June 2021 for the development of Ikoniscope20, Ikonisys' next generation instrument.
- €4,559,071 as goodwill allocated to intangible assets, based on an estimate made by an independent expert

4.4 Prepaid expenses

The total amount of €101,459 includes:

- €97,990 accruals expenses occurred during the IPO
- €3,469 for other prepaid expenses occurred in the US

Note 5: Information on the pro-forma Balance Sheet – Liabilities and Shareholders' Equity

5.1 Capital

As an effect of the consolidation of Ikonisys Srl and Ikonisys Inc financial statements, the total combined shareholders' capital amounts to €110,459 as of June 30, 2021, combining Ikonisys SA capital of €37,000 and Ikonisys Srl capital of €73,459.

As described in Note 3, the consolidation implied the elision of Share Premium, FTA Reserve and Accumulated Deficit in the consolidated financials.

5.2 Capital

Other reserve for €17,453,000 are the effect of step 5 of the restructuring described in note 1.

5.3 Translation reserve

Translation reserve derives from the application of closing exchange rates in the translation of the financial statements of Ikonisys Inc expressed in US\$.

5.4 Provisions for contingencies

Provisions for contingencies for a total of €75,173 (valuation at the exchange rate US\$/€ on 30/6/21) comprise:

- €41,670 of Allowance for Prior Year Sales Tax Penalty
- €32,784 of Allowance for Prior Year Income Tax Penalty
- €717 of Delaware fee previous year

5.5 Borrowings and other financial liabilities

The total amount of €170,712 is composed as follows:

- €120,613 outstanding long-term loan amount Ikonisys Inc has towards the state of Connecticut. This loan was granted by the Department of Economic and Community Development (DECD) of the State of Connecticut to help the company fund the acquisition of new machinery and equipment. According to the current payment schedule, the loan will be completely repaid by Mai 1, 2025. The interest rate is 4%
- €2,543 short-term portion of the DECD loan described above
- €47,555 Right of Use liability for the leasing contract described above in note 4.1

5.6 Accounts payable

The total amount of €1,233,136 is composed as follows:

- € 779,722 trade payables
- € 237,090 invoices to be received
- €216,323 payments mad on behalf of Ikonisys from related parties

5.7 Other Liabilities

The total amount of €1,209,692 is composed as follows:

- € 82,213 Short-term portion of a loan from Cambria Co-Investment Fund, LP
- €34,306 Short-term loan from a Director of the Company
- €1,035,952 Long-term portion of a loan from Cambria Co-Investment Fund, LP. The loan is non-interest bearing and will be repayable starting from January 2023. The Company will agree a schedule with Cambria Co-Investment Fund in accordance with the company cashflows.
- €57,220 Other accrued expenses

5.8 Deferred Revenue

The total amount of deferred revenue as of June 30, 2021 is equal to €199,088. This represents revenue collected but not yet recognized.

Note 6: Information on the pro-forma Income Statement

6.1 Sales

Total sales for the period from January 1, 2021 to June 30, 2021 was equal to €141,406 and is mainly composed of revenue collected through service maintenance agreements with clients that have been operating the first-generation Ikoniscope for several years.

The decrease of €66,019 with respect to the same period of the previous year is due to the pandemic situation and the related modification of workflow in laboratories that had to face a high amount of Covid-19 testing, limiting their capability to perform other tests (namely FISH tests). As a consequence, 3 clients of Ikonisys Inc decided to limit or halt the usage of the first-generation Ikoniscope and thus decided not to renew the service maintenance agreement.

6.2 Other income

The amount of €97,237 corresponds to a loan, converted into a grant, granted to Ikonisys Inc by the American administration inside a program with the aim of helping small businesses during the Covid-19 pandemic.

6.3 Selling, General & Administrative Expense

The total amount of €306,760 is composed by:

- € 59,096 personnel expenses
- €47,550 consulting expenses
- €47,428 other expenses