

Iconovo confirms its long-term financial targets for 2027 with expected full-year profitability in 2026

Iconovo AB (publ), which develops complete inhalation products for a global market, announces today that the company expects to achieve profitability in a single quarter in both 2024 and 2025 and full-year profitability from 2026. For 2027, revenues of SEK 250 million are expected with an EBITDA margin of 50 percent, which is in line with the financial targets communicated in June 2022. Approximately 85 percent of the projected revenues come from projects that have already been initiated. The company's strategic focus on its offering in contract development (CDMO) of inhalable drugs is an important contributing factor and the target for the number of new deals is raised to three to five new agreements per year.

The 2027 targets reflect a positive outlook for all three parts of the company's business model: **CDMO** (contract development), **license agreements**, and **product sales**. Approximately 85 percent of the projected revenue comes from projects that have already been initiated. The current size of Iconovo's organization is considered sufficient to generate the projected revenues, which provides leverage that contributes to the high future profit margin. The target for EBITDA in 2027 is on par with the operating profit line previously communicated, as no major depreciation is expected.

"Since the communication of our long-term financial targets in June last year, Iconovo has continued to develop at a high pace, not at least through an increased focus on our CDMO offering. We have expanded our customer base and several of our drug projects are entering the clinical development phase, which may lead to larger orders for contract development and license agreements. This together with the potential for direct sales of drug products and inhalers makes us confident that we will reach our financial targets for 2027," says Iconovo's CEO, Johan Wäborg.

The CDMO operations

Iconovo has recently successfully expanded its CDMO business, referring to the contract development of original drugs in the company's inhaler platforms. Iconovo receives a fixed, healthy profit margin on work performed. Companies operating as specialized CDMO businesses can, by industry standards, generate a 20–40% margin on work performed.

Iconovo already has five active customer agreements in the CDMO area and is expected to add three to five new agreements per year until 2027, which implies a significant increase in the level of ambition compared to the previous target of two to three agreements per year. For 2023, the ambition is increased to four to five new contracts, as the previous objective of three new contracts was already reached in June. In 2027, the CDMO business is expected to generate about 15 percent of the company's total revenue and in the coming years, this area will constitute a significant part of the revenue. An important factor for the company's long-term value creation is that new and existing customer agreements in this area also have the potential to lead to license agreements or inhaler sales.

License agreements

Iconovo offers license agreements for the development of both generic and novel drugs based on the company's unique inhaler platforms. Iconovo receives an initial revenue when the agreement is concluded and is entitled to milestone payments during development and royalties on future product sales. Some projects are developed and funded by Iconovo to be out-licensed at an appropriate time.

Iconovo currently has four agreements for license development and is planning to sign additional agreements in the coming years, among others for its inhaler ICOPre[®], which is expected to be subject to a license agreement in 2024 and with a potential launch in Europe slated for 2027. The company plans to initiate several new projects with reformulated novel drugs in 2024, the first of which is expected to be out-licensed in 2026.

By 2027, approximately 50 percent of the company's total revenue is expected to be generated through this type of license agreement, where 35 percent is for generics and 15 percent for novel drugs. The two products expected to contribute most to the revenue target are ICORes[®] budesonide/formoterol (a generic equivalent of Symbicort[®] expected to be launched in 2025) and ICOPre[®] fluticasone furoate/vilanterol (a generic equivalent of Relvar[®]/Breo[®] expected to be launched in 2027).

Product sales

Iconovo manufactures less complex inhalers at contract manufacturers and sells them directly to partners or external customers. The sales margin is comparable to the royalty that the company is entitled to in its license development agreements. This part of the business also includes future direct sales of pharmaceuticals in the Nordic region via the subsidiary Iconovo Pharma.

Iconovo has the capacity to manufacture and sell ICOone[®] and the company has recently taken over responsibility for selling ICOcap[®] from Stevanato Group, which from now on will act solely as a contract manufacturer. The company also has the Nordic rights to sell ICORes[®] budesonide/formoterol after potential market approval. Iconovo is actively working to further broaden its product portfolio in this area.

By 2027, product sales are expected to generate approximately 35 percent of the company's total revenue, of which 25 percent through the subsidiary Iconovo Pharma's pharmaceutical sales in the Nordic region and 10 percent through sales of inhalers to customers in the global pharmaceutical industry.

Risks during the five years

According to Iconovo, the main risks of not meeting the targets for 2027 are linked to projects failing, being delayed due to clinical studies or the registration phase taking longer than expected, a more challenging competitive situation arising, or the products being launched in a more limited territory than expected. Iconovo assesses the market size as relatively stable and therefore there is some uncertainty linked to how widely the products are launched –the price development varies between different markets and can affect the possibilities of launching the generic products in certain countries.

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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.

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 2023-08-16 08:15 CEST.

Attachments

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