



# THIRD QUARTER 2021 RESULTS

Investor Presentation

1795.TT

NOVEMBER 2021



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# Today's Agenda

- 1 Q3'21 Business Highlights
- 2 Q3'21 Financial Review
- 3 YTD'21 Strategic Deliverables



Lotus

# BUSINESS HIGHLIGHTS

Q3'21

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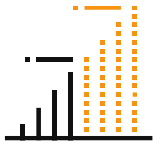
Petar Vazharov, CEO



# ANOTHER SOLID QUARTER LEADING A NEW RECORD YTD EPS

*Sep'YTD EPS of NT\$4.54 Achieved with Full Year Trending to Reach Expectation*

## BUSINESS GROWTH



- ✓ Revenue NT\$ 3.1 billion, +6% YoY while -12% QoQ, with the **best gross margin** among the past 6 quarters
  - Top line was **in line with guidance with better gross margin**
  - **Asian Business** continued to grow, +11% YoY and +5% QoQ, as a strong cornerstone
    - KR market was the main growth driver with a robust performance of brand products, including Qsymia, Stalevo, Comtan, Mercilon, etc.
    - TW market steadily recovered from the domestic lockdown in May and YTD grew by over 14% YoY with recently-acquired Evista brand starting to contribute revenues and profits in Sep
  - Fundamental of **Export Business** remains strong, +70% during the first 3 quarters of the year
    - The share among generics in the US Bup/Nal film market maintained in leading position
    - YTD supply revenues of Global Oncology have doubled with a higher profitability and thus have brought greater contribution to bottom line growth

## PROFITABILITY IMPROVEMENT



- ✓ Focus on long term profitability
  - **Gross margin of 45.3%**, significantly improved from 41.8% in Q2'21 and 43.5% in Q3'20, was mainly driven by better product mix with more contributions from **high margin Global Oncology**
  - **YTD'21 EPS totaled NT\$4.54**, achieving another record high and almost **108% of the 2020 full year EPS** in just 3 quarters

## CREATE LONG TERM VALUE

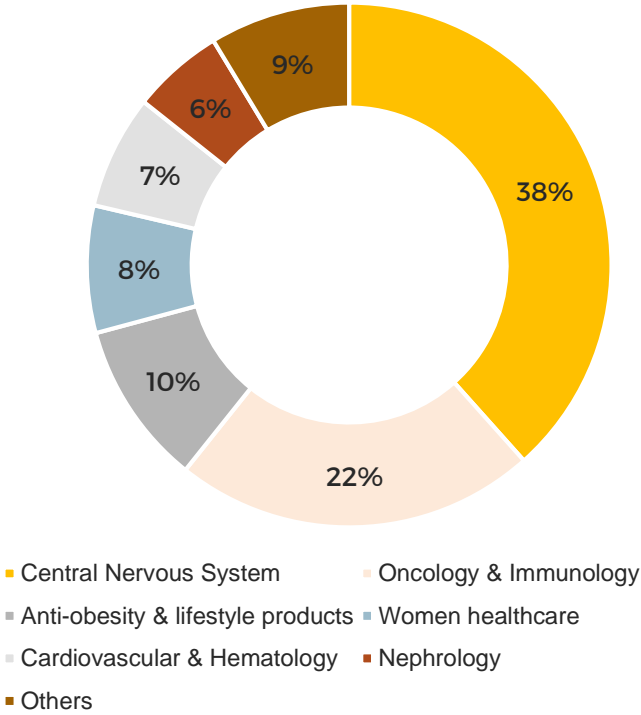


- ✓ **Continuous investment in product portfolio + infrastructure for long term growth**
  - **Plant Upgrade continues** to ensure best customer service and superb quality for the **increased number of customers** and upcoming **major launches around the world in the next 12 months**
- ✓ Shortlisted in "**Global Generics & Biosimilars Awards 2021 for Company of the Year, Asia-Pacific category**"
  - Outstanding performance starts to draw attention of the global industry peers as a serious contender and shows a great recognition by global communities for Lotus being a rising star in Asia

# DIVERSIFICATION ACROSS THERAPIES AND MARKETS

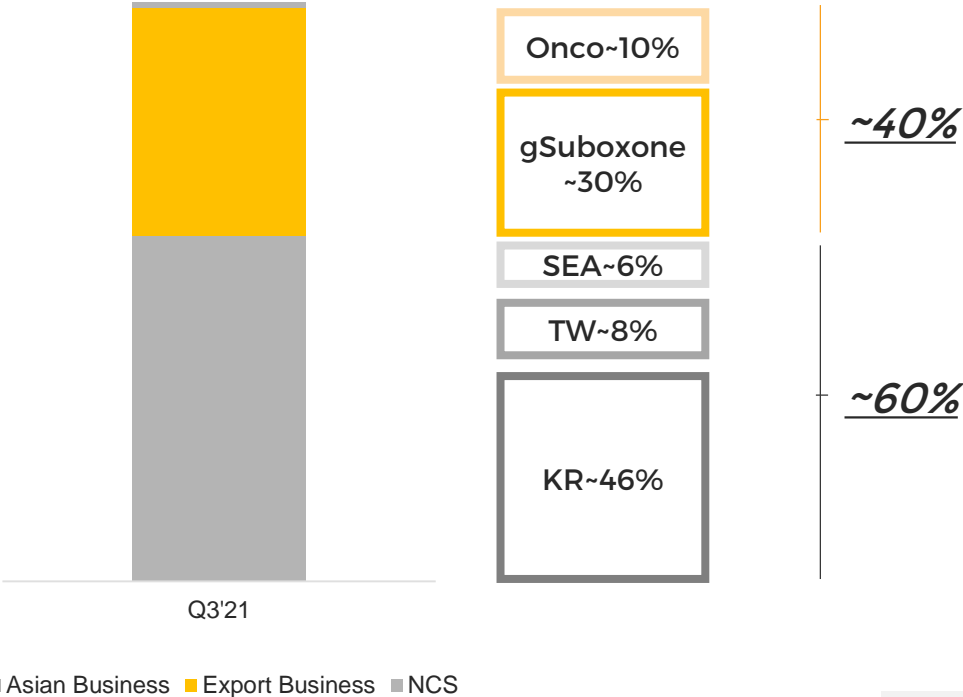
## Diversified Portfolio

*Q3'21 Revenue Breakdown by TA*



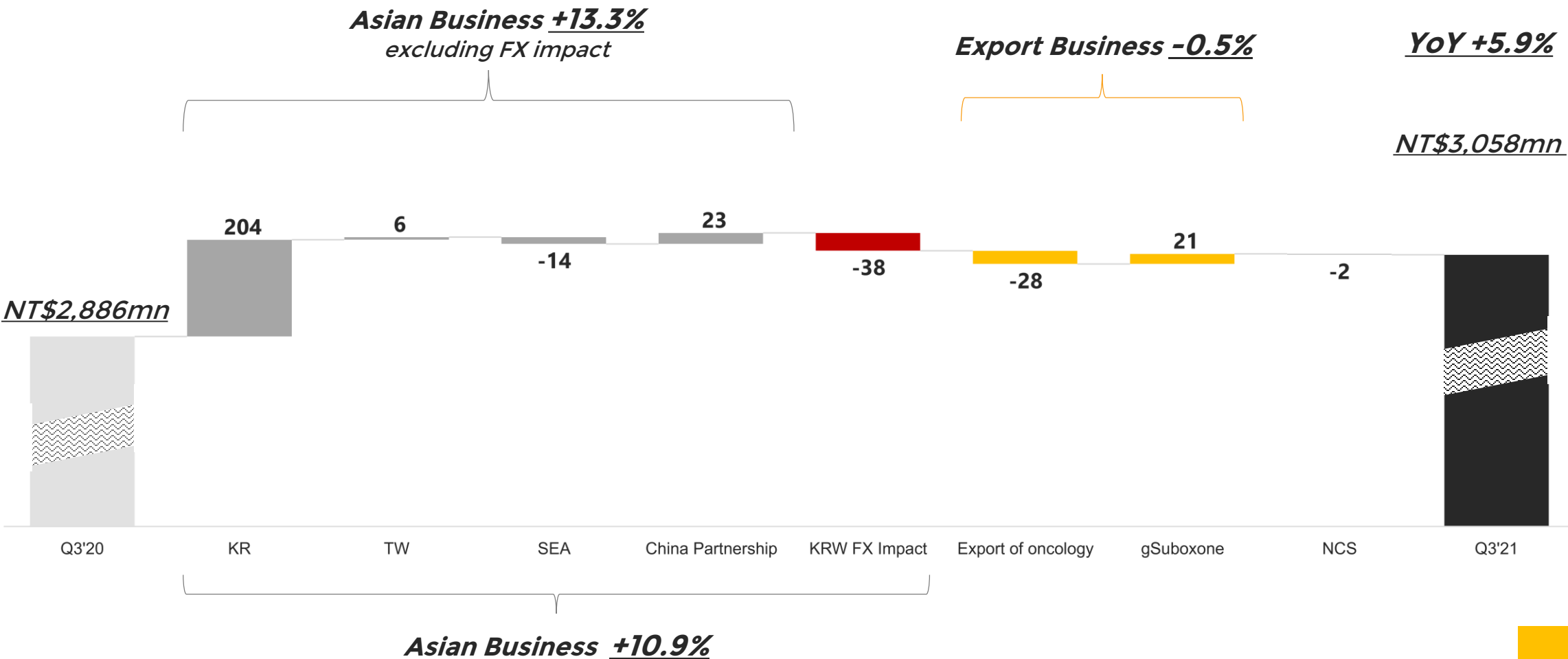
## Q3'21 Revenue Breakdown by Market

*Q3'21 Revenue  
= NT\$3,058mn*



# SALES BRIDGE OF Q3'21 YOY

*Outperforming Asian Business Serving as a Cornerstone to Overcome the Headwind from Export*

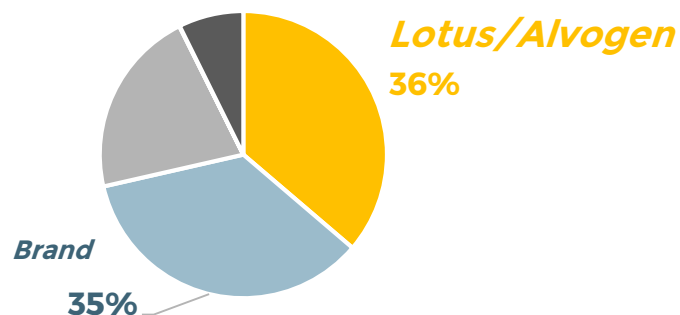


# MARKET LEADERSHIP MAINTAINED WITH UPSIDE POTENTIALS FROM KEY PRODUCTS

## Buprenorphine/Naloxone Film Market in US

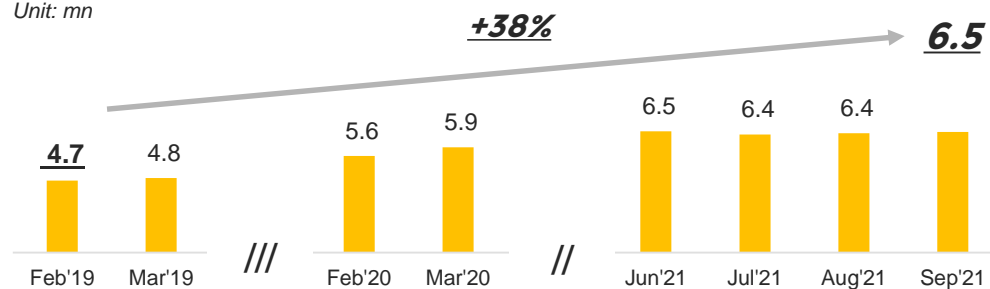
- Lotus/Alvogen market share has become the leader since end of 2020

As of Oct 1<sup>st</sup>, 2021



- The whole market continues to expand with increasing Avg. Weekly EUTRx

Unit: mn

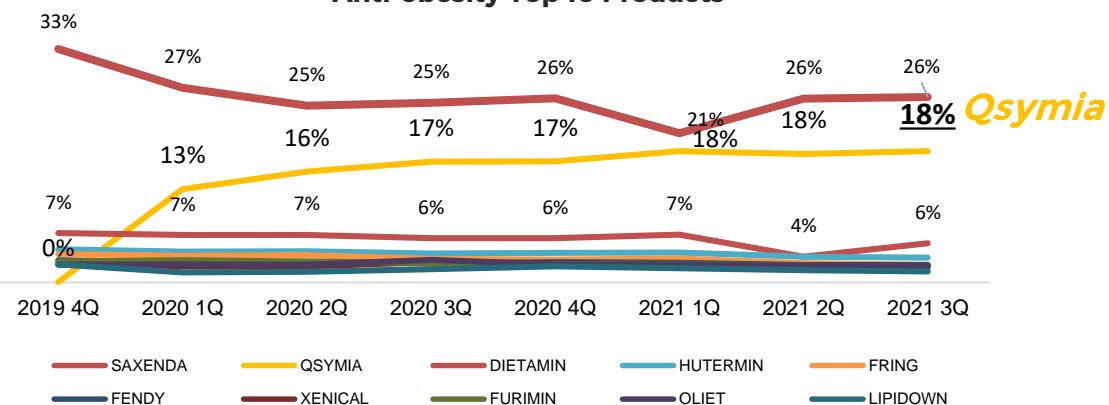


Lotus

## Top Anti-obesity Products in KR

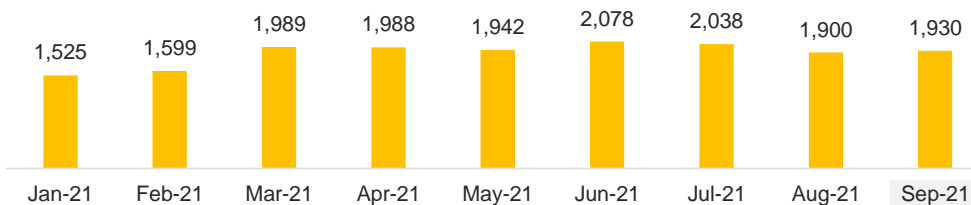
- Overwhelming market acceptance has made Qsymia become #2 among ALL anti-obesity products

Anti-obesity Top 10 Products



- Qsymia has been performed steadily in major channels

Unit: KRW'm



Source: IQVIA; UBIST; Company data



# REGULATORY REGISTRATION UPDATE

*Consistent Submissions + Approvals Strengthen Portfolio Diversification*

› During Q3'21 –

**35**  
submissions

## APAC

- 14** across the region
- ✓ Aggressive enrollment of oncology products in Asian countries
    - Enzalutamide in MY
    - Pazopanib in TH, SG, and HK
    - Melphalan in CH
  - ✓ Licensed-in biosimilar to enhance overall portfolio
    - Bevacizumab in HK

## B2B Partners

- 21** in LATAM, EU and South Africa
- ✓ More market access for oncology pipeline
    - 12 submissions made for the next blockbuster Enzalutamide mainly in LATAM
    - Continued coverage expansion for Lenalidomide for RoW

**16**  
approvals

- 7** across the region
- ✓ Oncology portfolio extension
    - Melphalan and Vinorelbine in HK
  - ✓ Strategic in-licensed product approved to enhance the competitiveness
    - Teriparatide in TH

- 9** in 9 different countries around the world
- ✓ Continuous built-up for global oncology
    - Sunitinib in IT, CL
    - Enzalutamide in MENA and LATAM
    - Additional 4 approvals for Lenalidomide around the world

# R&D PIPELINE EXECUTION

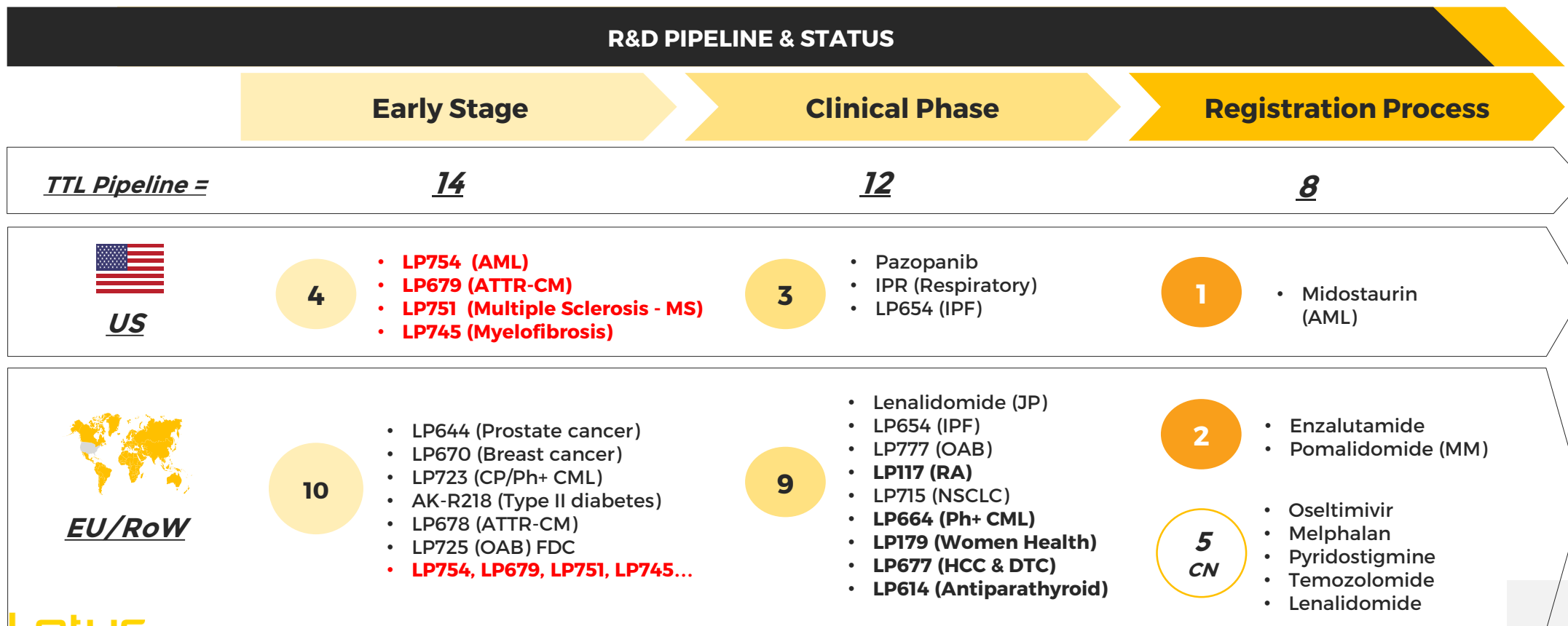
*Continuously Investment in Building up Differentiated Portfolio*

› Q3'21 -











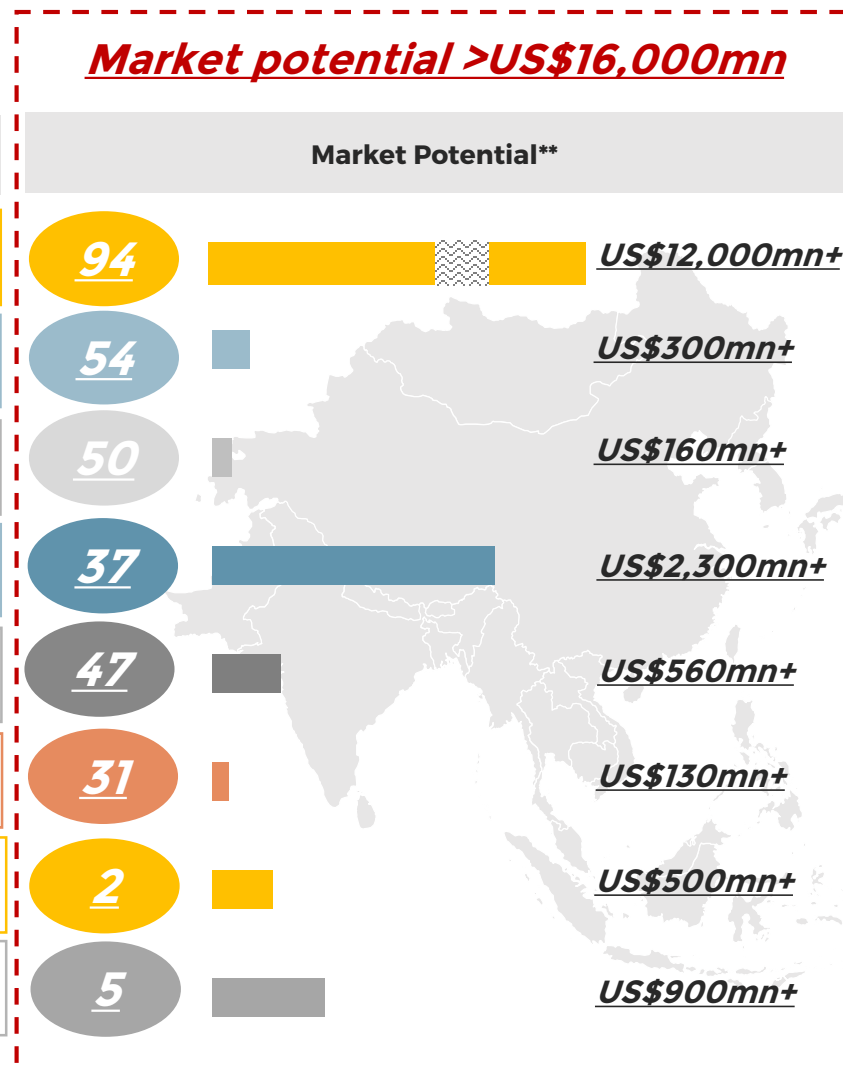
- **4 new projects** kicked off for US/Global markets,
- PK completed for IPR (Respiratory), and pivotal BE done for LP654 (IPF) and LP117 (RA); pilots completed for LP664 (Ph+ CML), LP179 (Women Health), and LP677 (HCC & DTC)
- **4 more 505(b)2 and 15 generics** projects under R&D evaluation

## R&D PIPELINE & STATUS



# GREAT MARKET POTENTIAL TO BE CAPTURED WITH LEADING PORTFOLIO

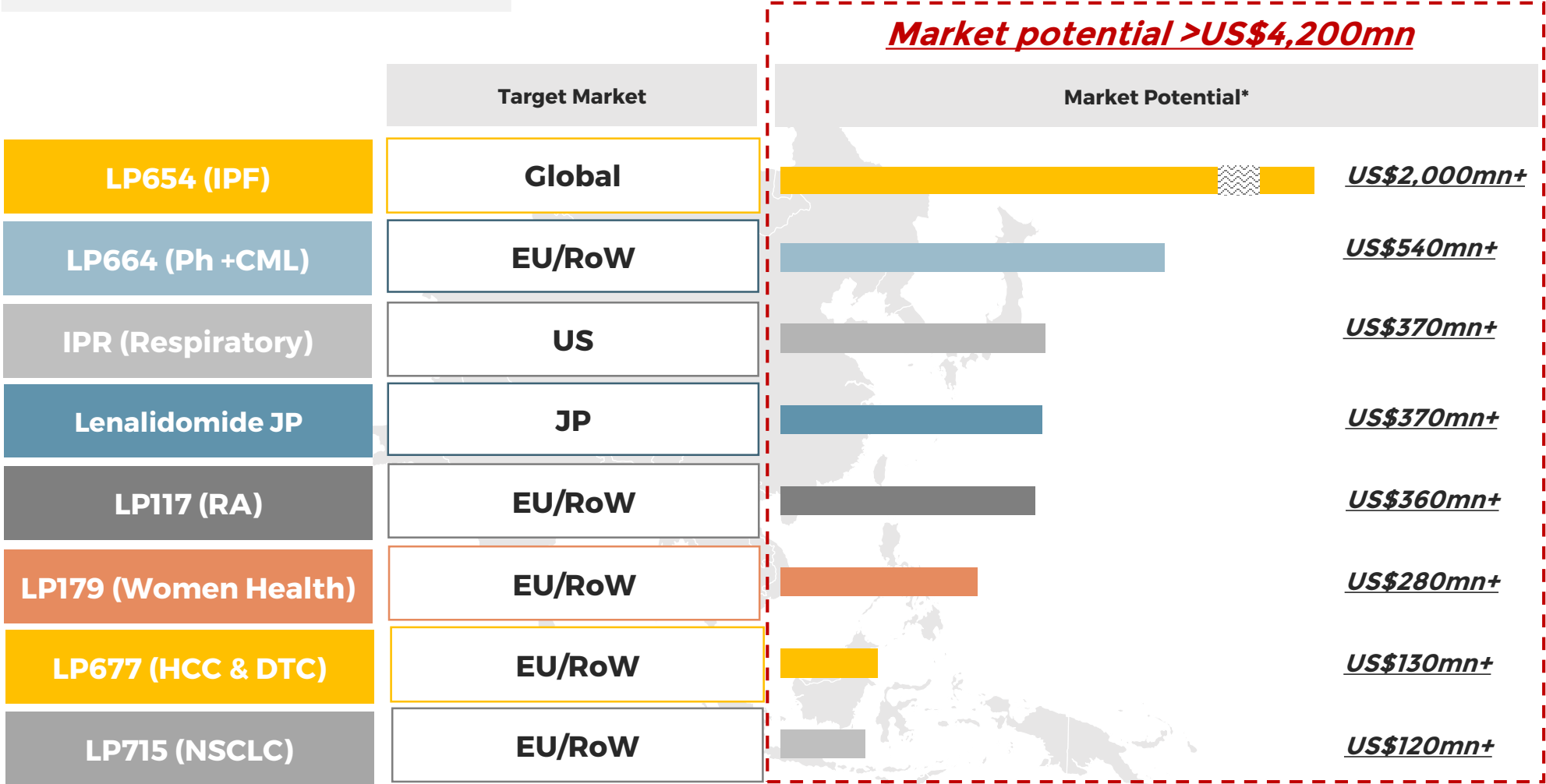
	Approved*	Under Registration*	Under Preparation*	Market Potential**		Launched*
<b>Lenalidomide</b>	<b>53</b> <i>+ 1 TA (US)</i>	<b>30</b>	<b>10</b>	<b>94</b>	 <b>US\$12,000mn+</b>	✓ <b>22</b>
<b>Gefitinib</b>	<b>34</b>	<b>9</b>	<b>11</b>	<b>54</b>	 <b>US\$300mn+</b>	✓ <b>26</b>
<b>Vinorelbine</b>	<b>32</b>	<b>10</b>	<b>8</b>	<b>50</b>	 <b>US\$160mn+</b>	✓ <b>18</b>
<b>Enzalutamide</b>	<b>4</b>	<b>17</b>	<b>16</b>	<b>37</b>	 <b>US\$2,300mn+</b>	-
<b>Sunitinib</b>	<b>11</b>	<b>15</b>	<b>21</b>	<b>47</b>	 <b>US\$560mn+</b>	-
<b>Pazopanib</b>	<b>8</b>	<b>8</b>	<b>15</b>	<b>31</b>	 <b>US\$130mn+</b>	-
<b>Midostaurin</b>	-	<b>2</b>	-	<b>2</b>	 <b>US\$500mn+</b>	-
<b>Pomalidomide</b>	-	<b>2</b>	<b>3</b>	<b>5</b>	 <b>US\$900mn+</b>	-



\* Total accumulated number of countries as of Q3'21

\*\* Source: IQVIA; EvaluatePharma

# AND MORE TO COME FROM ON-GOING R&D PIPELINE



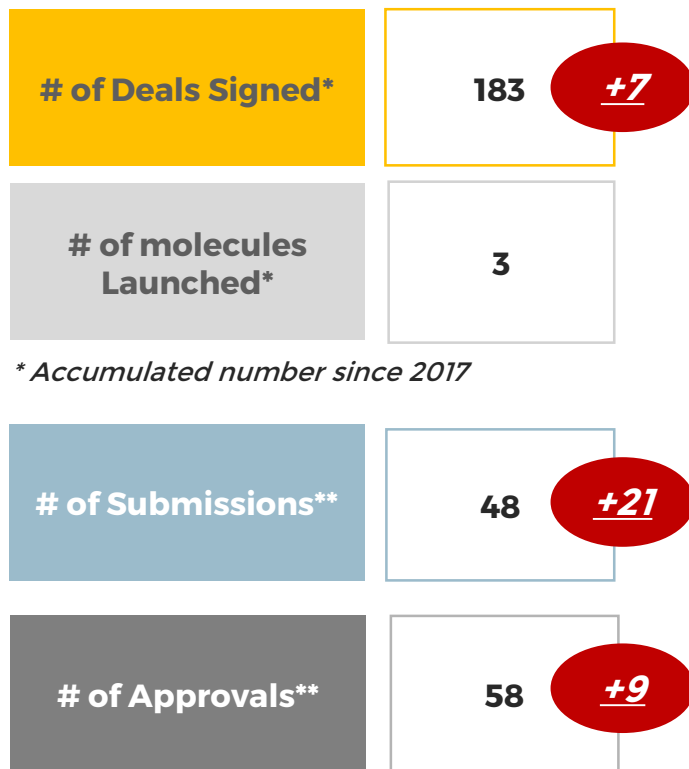
Projects mentioned above have already passed major milestones, either PK, pilot, or pivotal studies, throughout the clinical development as of Q3'21

\* Source: Brand sales based on IQVIA

# MARKET EXPANSION THROUGH INCREASING PARTNERSHIP WITH INDUSTRY LEADERS GLOBALLY



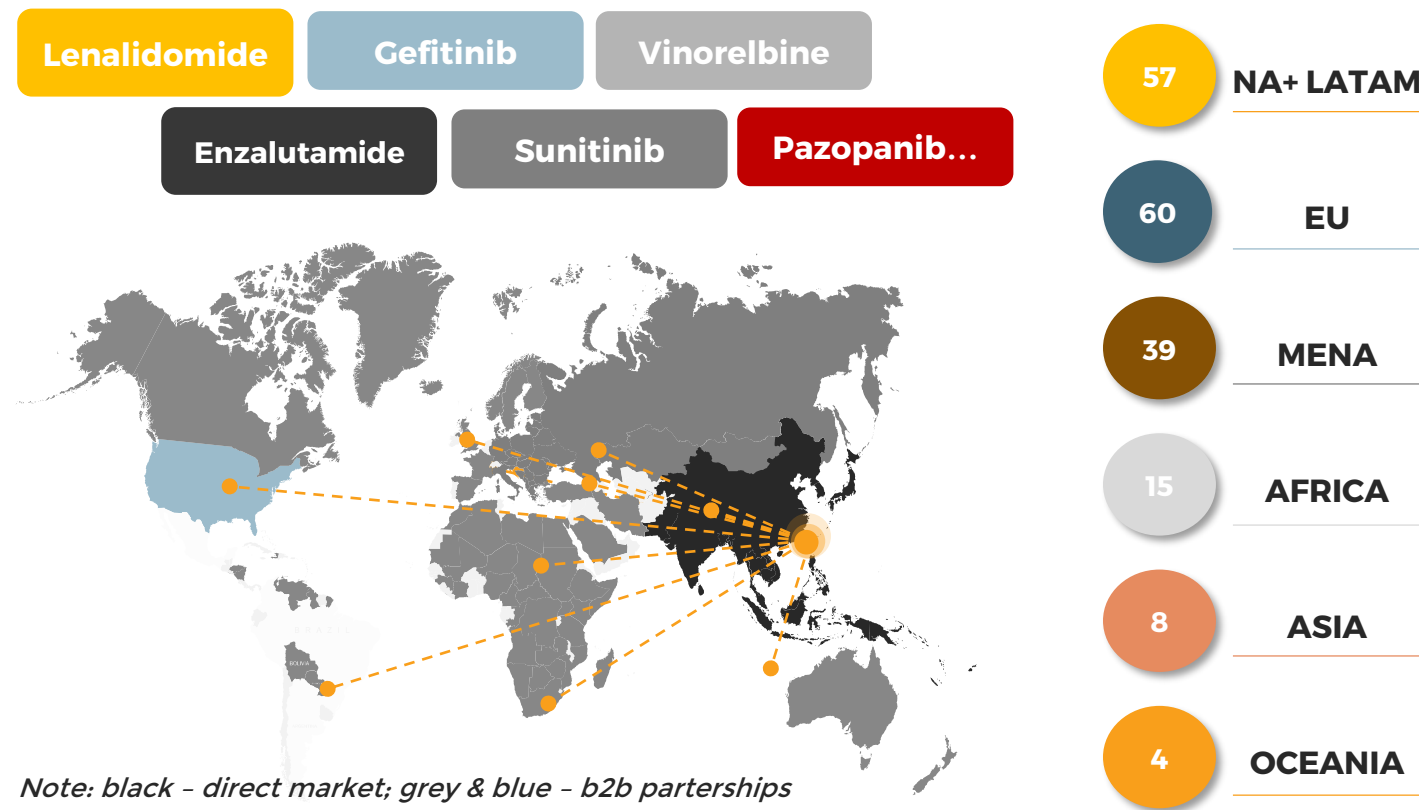
## Global Partnership



\* Accumulated number since 2017

\*\* Accumulated number YTD '21

**150+** licensing deals are signed to cover more than **130** markets





# FINANCIAL RESULTS

Q3'21

Bjartur Shen, Strategies & Finance VP



# THIRD QUARTER 2021



## FINANCIAL HIGHLIGHTS

### Key Financials

(in NTD millions, except for EPS)

	Q3'21	Q3'20	YoY %	Q2'21	QoQ %
<b>Net Sales</b>	<b>3,058</b>	<b>2,886</b>	<b>5.9%</b>	<b>3,464</b>	<b>-11.7%</b>
Cost of Goods	(1,673)	(1,631)	2.6%	(2,015)	-17.0%
<b>Gross Profits</b>	<b>1,385</b>	<b>1,255</b>	<b>10.3%</b>	<b>1,449</b>	<b>-4.4%</b>
%	45.3%	43.5%		41.8%	
R&D	-122	-173	-29.8%	-175	-30.4%
SG&A	-680	-642	5.9%	-669	1.6%
Operating Expenses	-801	-815	-1.7%	-844	-5.0%
<b>Operating Income</b>	<b>583</b>	<b>441</b>	<b>32.4%</b>	<b>605</b>	<b>-3.6%</b>
%	19.1%	15.3%		17.5%	
Non-OPEX					
Finance costs	-74	-75	-1.3%	-77	-4.4%
Net of other gain/loss	-37	-3		-44	
Earnings Before Tax	473	363	30.2%	484	-2.3%
<b>Net Income</b>	<b>348</b>	<b>279</b>	<b>24.9%</b>	<b>355</b>	<b>-1.8%</b>
<b>Basic EPS (NTD)</b>	<b>1.34</b>	<b>1.15</b>	<b>16.5%</b>	<b>1.38</b>	<b>-2.9%</b>

#### Moderate YoY growth in sales :

- Mainly driven by solid Asian Business

#### Key impact on Gross Margin:

- Product mix

#### OPEX:

- Quarterly expenses were managed within NT\$800+/-, in line with expectation

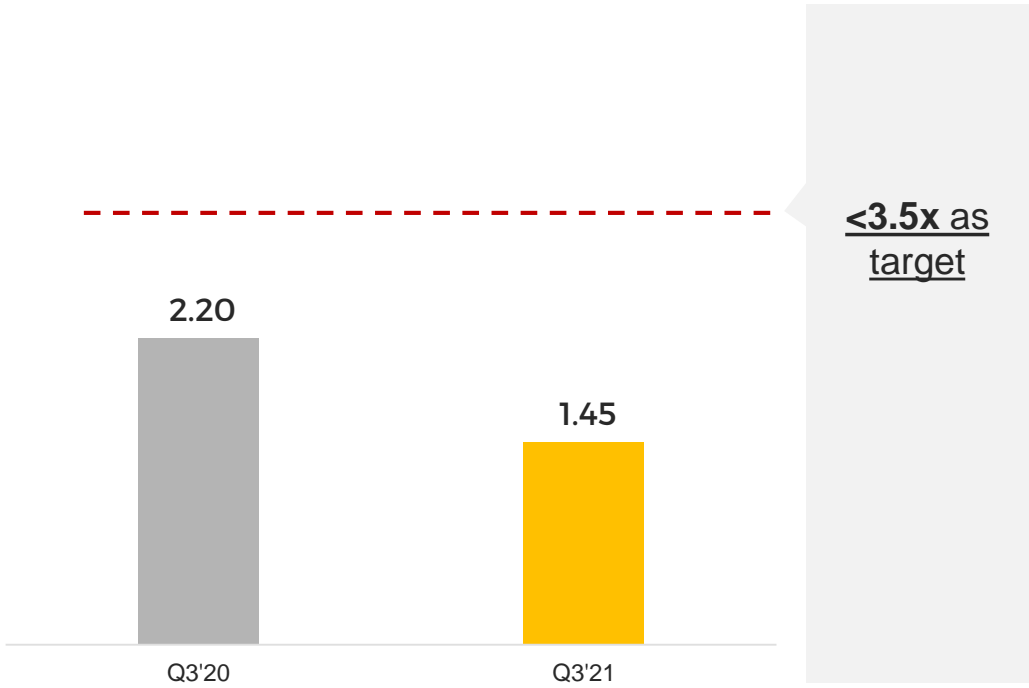
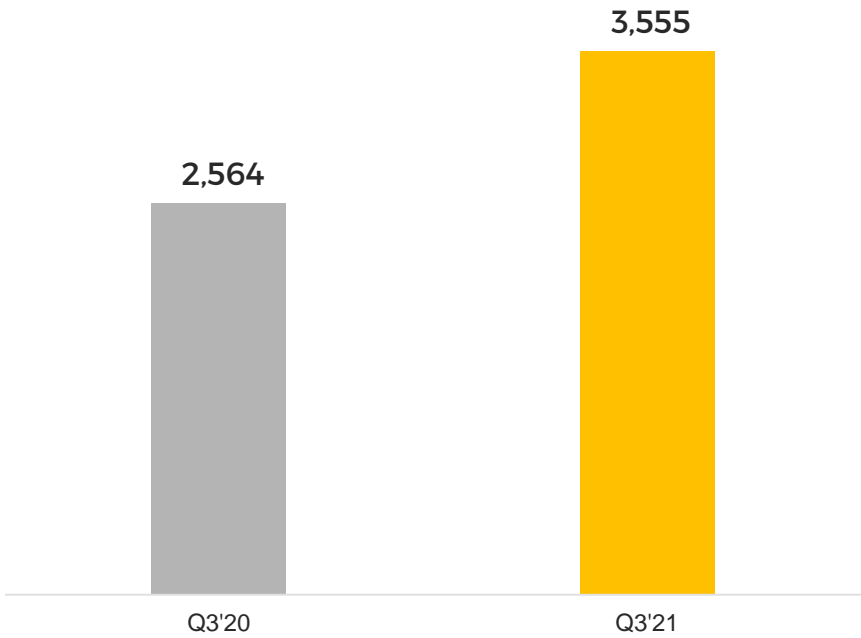
#### Non-OPEX items:

- Finance costs maintained stable
- Other loss mainly resulted from FX exchange loss of NT\$44 million

#### Net Income & EPS:

- YTD'21 EPS was NT\$4.54, beating the 2020 full year number and setting another record high

# CAPTIAL STRUCTURE CONTINED TO IMPROVE BY STEADILY GROWING OPERATIONS



\*EBITDA =EBIT + Depreciation + Amortization + Non-cash provisions





# STRATEGIC DELIVERABLES

Q3'21

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Petar Vazharov, CEO



# MAJOR DELIVERABLES ACHIEVED AS SCHEDULED YTD'21



## Continuous investment in product portfolio + infrastructure for long term growth

- ✓ 10% of revenue to be reinvested into R&D & new products
  - ✓ 4 new internal R&D projects were kicked off for US/Global markets; 1 more under preparation to be filed by year end
  - ✓ Evista Taiwan (Brand) has been successfully launched within 2 months from the contract execution
  - ✓ Exclusive licensing agreement for Zepzelca, 1<sup>st</sup> NCE (Brand) cancer drug, was signed to boost its oncology portfolio in Taiwan



## Delivery of major launch + pipeline enhancement for Export Oncology

- ✓ 7 in-licensing deals signed + 20+ contracts under advanced negotiation
- ✓ To be ready for Lenalidomide launch in EU throughout 2021 and the US market some time after Mar 2022
  - ✓ Shipments for 1<sup>st</sup> wave EU launch are on track
  - ✓ US launch plan has also been carried out as per the original schedule and the settlement agreement with the originator

## ASEAN as expansion priority to complete Asian Business

- ✓ 4 major SEA markets, including Thailand, Vietnam, Malaysia, and Philippines, are covered with self-owned local presence
  - ✓ Philippines subsidiary was set up in August



## Improvement of efficiency + de-risk via diversification to maximize shareholders' value

- ✓ Quality efficiency improvement + end-to-end planning management have significantly increased the manufacturing output (Actual 3x more than original budget in unit)
- ✓ Supplier risk management for all export products has been implemented to minimize manufacturing risks