

Lotus

LOTUS PHARMACEUTICALS

Investor presentation

1795.TT
APRIL 2020



Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this presentation are forward looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. These forward looking statements are not based on historical facts but rather on management's expectations regarding future growth, results of operations, performance, future capital and other expenditures, competitive advantages, business prospects and opportunities. Statements in this presentation about our future plans and intentions, results, level of activities, performance, goals or achievements or other future events constitute forward looking statements. Wherever possible, words such as "anticipate", "believe", "expect", "may", "could", "will", "potential", "intend", "estimate", "should", "plan", "predict", or the negative or other variations of statements reflect management's current beliefs and assumptions and are based on the information currently available to our management. **Investors are cautioned not to place undue reliance on these forward looking statements, which are made as of the date of this presentation** and we assume no obligation to update or revise any forward looking statements.

Today's Agenda

1 Recent Operational Updates

2 Strategic Tactics Towards 2020



Lotus

RECENT OPERATIONAL HIGHLIGHTS



SUCCESSFUL TRANSITION TO BECOME A GLOBAL CONTENDER

- › Strong year delivered with 43% top line growth, driven by successful execution of export portfolio
 - › Buprenorphine/Naloxone sublingual film as 1st wave generics in the US
 - › 1st to market of 3 leading oncology products in EU
- › Significant strategic deliverables designed to drive further growth
 - › Acquisition of ~50 marketed products to further expand in ASEAN markets
 - › Portfolio diversification with leading brand products throughout APAC region
 - › Settlement of Lenalidomide in the US to secure 1st wave launch
 - › 60+ licensing deals signed to grow our export business
- › Excellent outcome from the inspections by USFDA with 0 observation, 5 customer audits and 2 HA inspection at Nantou plant
- › Commitment in investing pipeline and upgrading infrastructure to cultivate sustainable growth
 - › 15 R&D projects under development
 - › 5-year site master plan initiated

FRUITFUL YEAR IN 2019 WITH REMARKABLE ACHIEVEMENTS



FINANCIAL RESULTS

Key Financials

(in NTD Millions, except EPS)

	2018	2019	YoY %
Net Sales	6,429	9,175	43%
Cost of Goods	3,289	4,927	
Gross profit	3,139	4,248	35%
%	49%	46%	
Operating expenses	(2,691)	(3,135)	
Operating Income	449	1,113	148%
%	7%	12%	
Earnings before tax & MI	164	876	
Net Income	124	678	447%
EPS (TWD)	0.42	2.74	552%

Revenue

+43%

Strong revenue growth driven by successful expansion of export portfolio



OP Income

+148%

Improving operating leverage



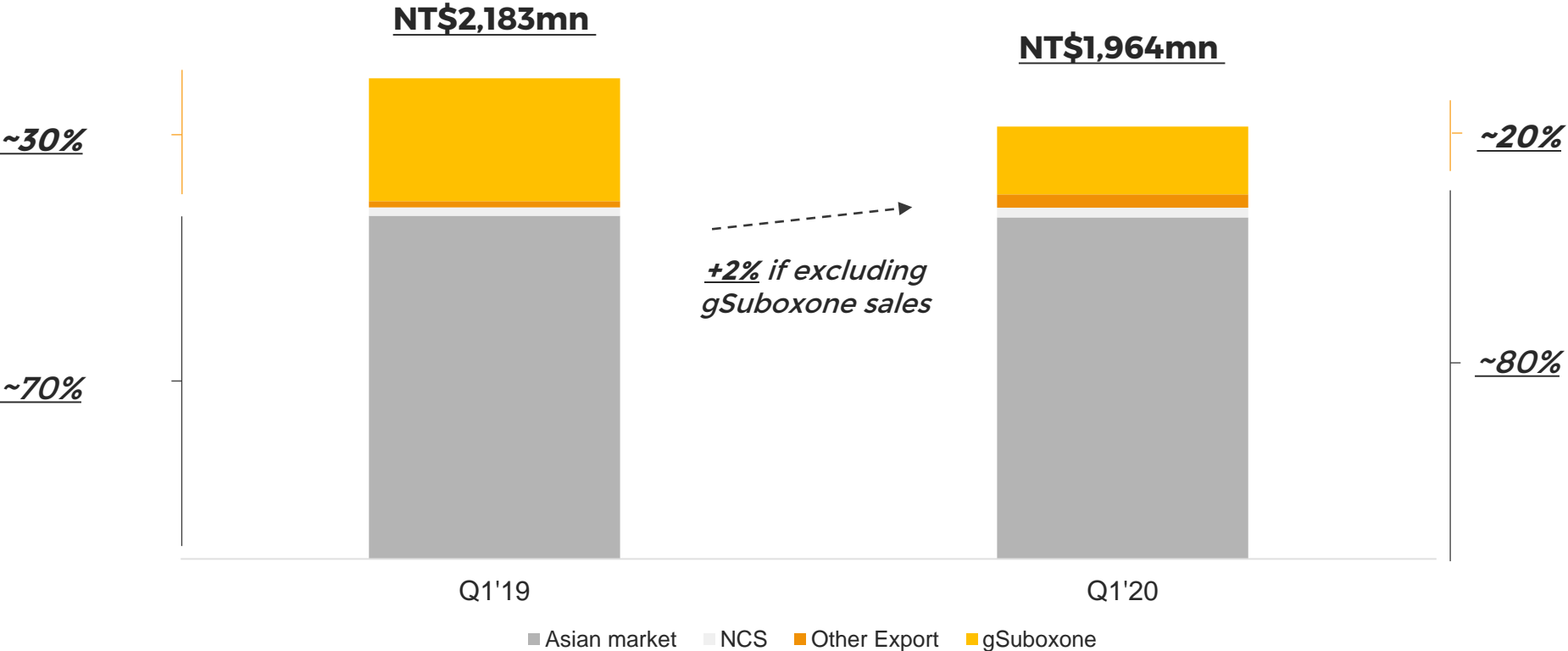
EPS

+552%

Record high net profits achieved!

Q1'20 SALES UPDATE

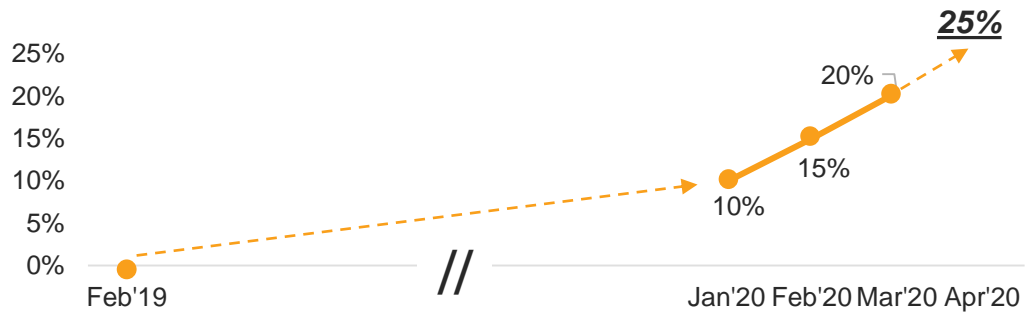
Q1 Sales Breakdown



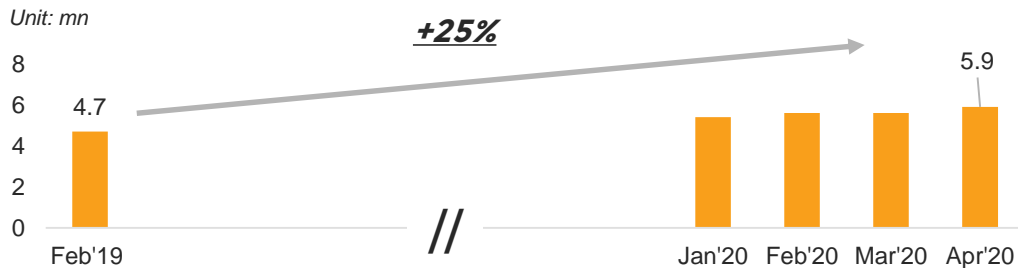
CONTINUE TO CAPITALIZE ON SUCCESSFUL LAUNCHES

Buprenorphine/Naloxone Market Dynamics

- Bup/Nal market share has ramped up as expected



- Avg. Weekly EUTRx unit of whole market is also increasing

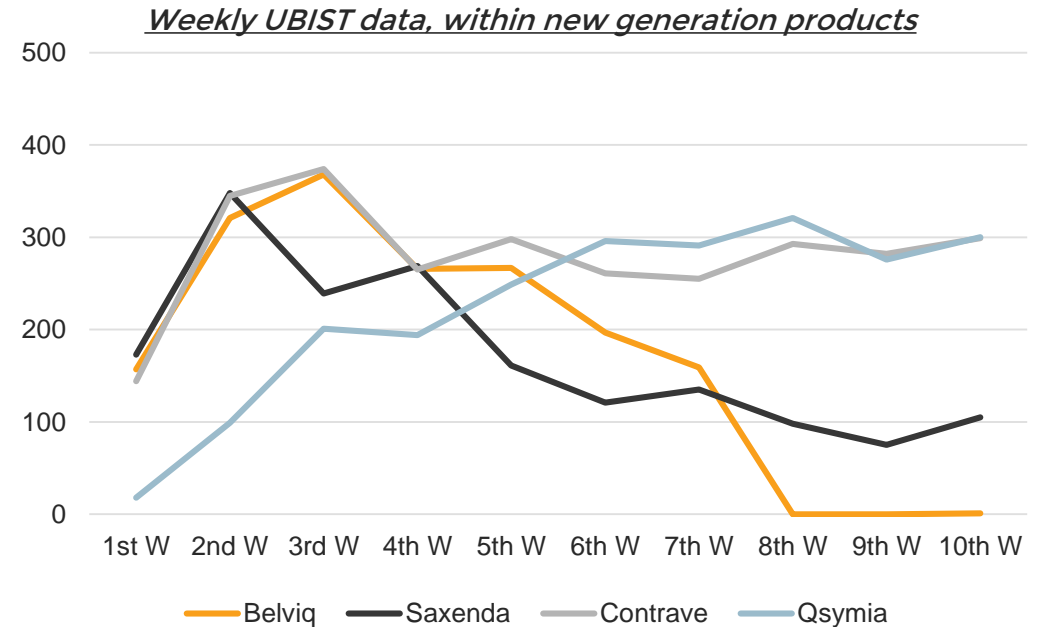


Source: IQVIA; Company data



Qsymia Launching Progress

Qsymia has taken **leadership position** in prescription number within 6th weeks after launch



Source: UBIST

Lotus

STRATEGIC TACTICS TOWARDS 2020



WE ARE WELL-POSITIONED TO ACHIEVE SUSTAINABLE GROWTH

Well-established foundation with successful transition in 2019...

- Revenue +43%
- OP income +148%
- EPS +552%
- Diversified mix –
 - 65% Asian Market/
35% Export Portfolio

STRATEGIC TACTICS FOR EXECUTION

- 1 **Solid Two-pronged Expansion Strategy** Backed By **Well-covered footprints in Asia** as home base
- 2 **Strong Global Commercial Networks** with Leaders across the Regions
- 3 **Experienced R&D Talents to Pursue Targeted Portfolio** on Oral Oncology, Complex Generics, and 505(b)2 to Address Niche Markets
- 4 **Diversification of Portfolio** with **Brand Products** via **Licensing-in** Partnership
- 5 **Established Infrastructure with Quality** Manufacturing Capabilities for Being a **Preferred Partner in All Markets**
- 6 **Experienced Executive Team from the Globe** with **Proven Track Record**

To fuel future growth in 2020 & beyond

- Further diversification
- Key launch execution
- Pipeline investment
- Revenue growth + profitability improvement

WELL-COVERED INFRASTRUCTURE IN APAC REGION TO CAPTURE GROWTH OPPORTUNITIES



Korea

- **12 sales office**
- **225 S&M forces** covering General Hospitals, Hospitals, and Clinics national-wide
- Full-function RA supports for continuous market expansion
- **2 manufacturing sites**
- **ISO 37001 anti-bribery management system certified**



Taiwan

- **3 sales office**
- **104 S&M forces** covering Medical Centers, Hospitals, General Practices, and Pharmacies national-wide
- **Global R&D center**
- Experienced RA talents for global strategy implementation
- **1 manufacturing sites eligible for global commercial launches**



India

- **In-house clinical service company** capable of **providing contract services globally**
- **130 experienced specialists** to conduct **biostudies, pharmacovigilance, PK & Biostatstics, and Clinical trial services** with dedicated facilities



Thailand⁽¹⁾

- **26 S&M forces** covering Hospitals
- Close relationship with GPO and being the privilege and monopoly supplier for government healthcare sector



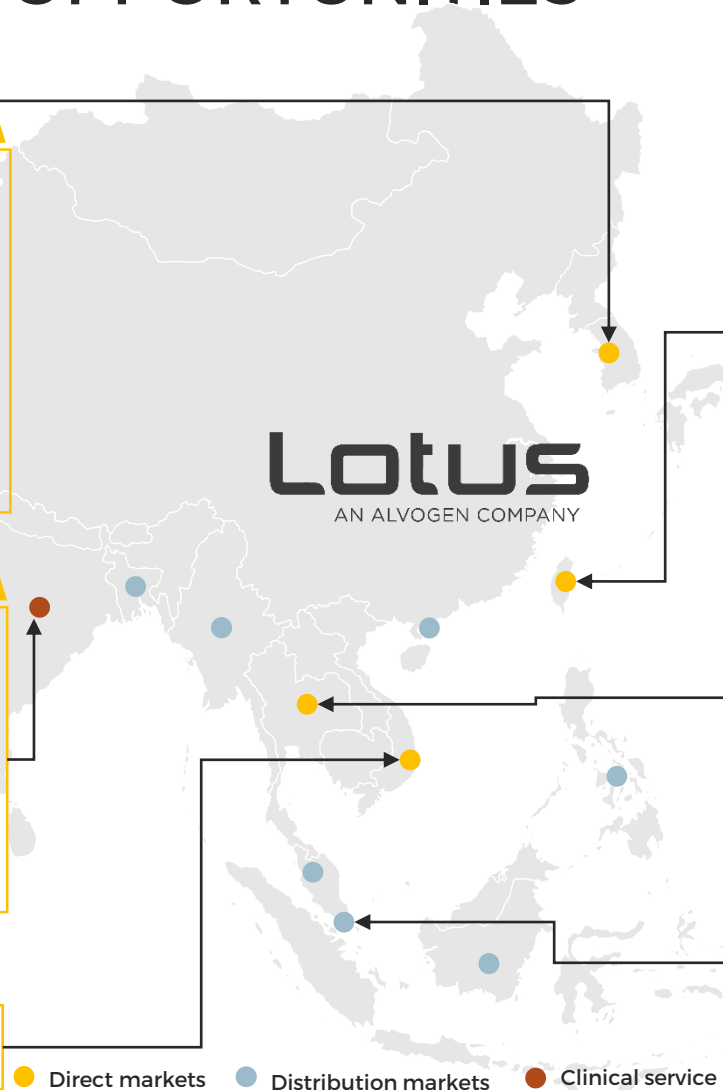
Vietnam⁽¹⁾

- **Representative office** with BD, RA function support



Singapore

- **Regional Hub** for SEA/distribution markets⁽¹⁾ covering **Hong Kong, Philippines, Malaysia, Indonesia, Myanmar, Sri Lanka, and Bangladesh**

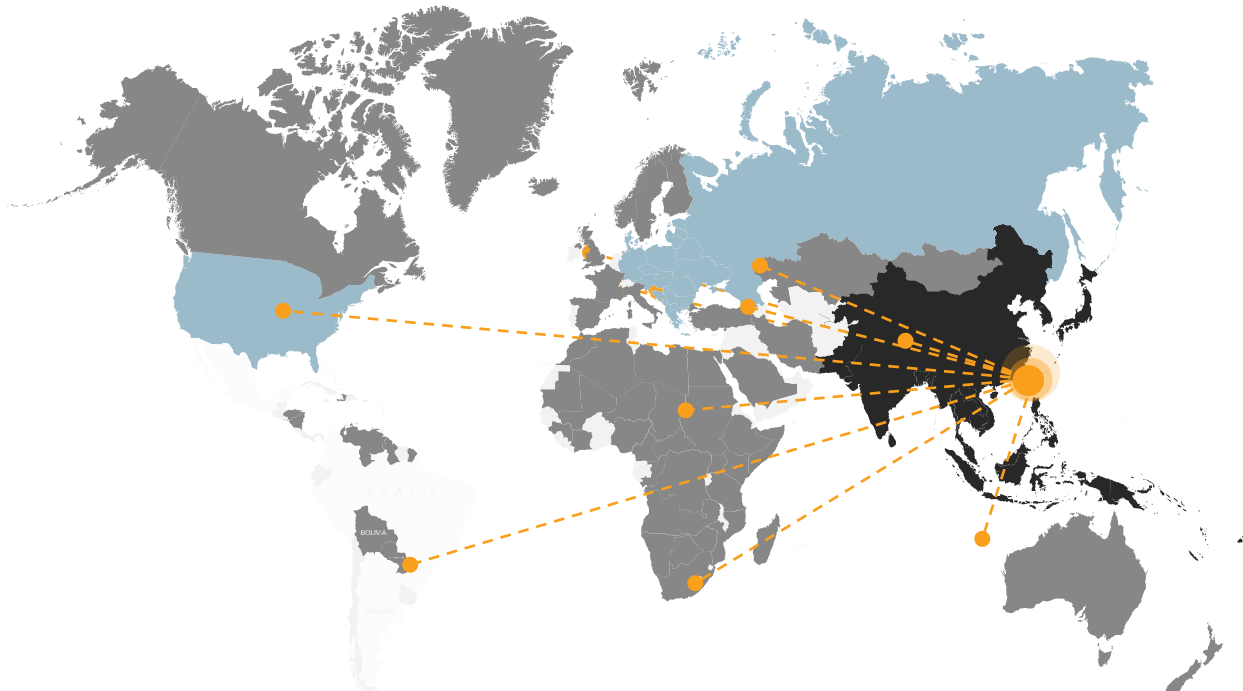


Notes: (1) In the progress to be under Lotus in 2020

STRONG PARTNERSHIP WITH INDUSTRY LEADERS TO EXPAND ADDRESSABLE MARKETS GLOBALLY

110+ licensing deals are signed to cover more than 130 markets – all Lotus self-developed products

Gefitinib	Vinorelbine	Ulipristal	Temozolomide
Lenalidomide	Enzalutamide	Sunitinib	



Note: black - direct market; grey & blue - b2b partnerships



Global Partners

NORTH AMERICA	9
LATAM	27
EU	31
MENA	29
ASIA	4
AFRICA	7
OCEANIA	4



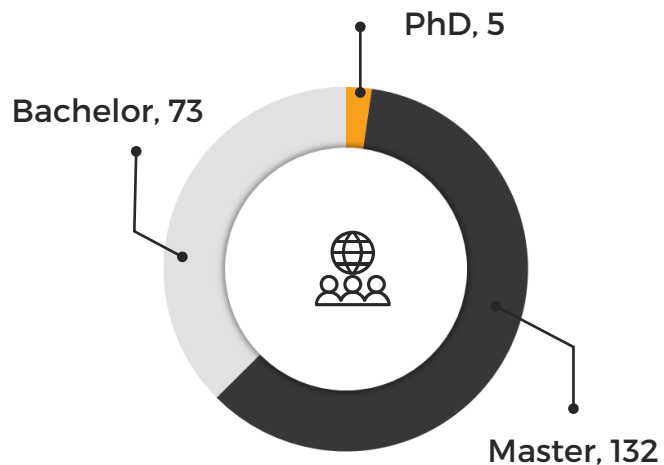
UNPARALLELED R&D CAPABILITIES WITH CONTINUOUS INVESTMENT IN PORTFOLIO

Strategic Focus

- Strategic focus on **oral oncology** products for the **global (US/EU/Japan) markets**, leveraging the existing containment (facilities designed for cytotoxic and high potency compound) **manufacturing facilities**
- Manufacturing technology focuses on high-containment **solid oral dosage** forms, including **softgel** capsule capabilities, both in R&D and production
- Focus on the development on fixed dose combination and **505(b)2** product, mostly full-blown phase III clinical studies

Talent Pool

Largest number of scientists among peers: **225¹**

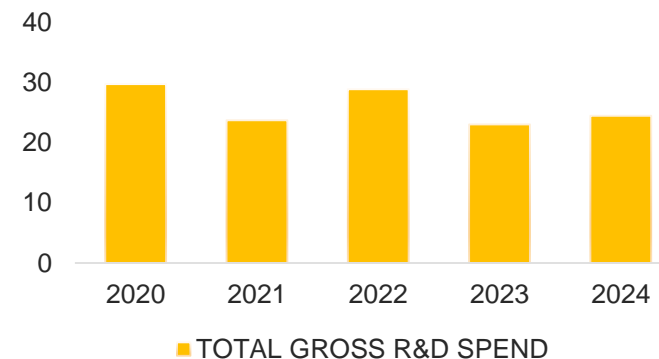


Ongoing Projects

Oncology	10+ on going Lenalidomide, Enzalutamide, etc.
Complex	3+ on going Women healthcare, OAB
505(b)2	3+ on going Smoking Cessation, diabetes

R&D Investment

Unit: US\$mn



1: As of Jan'20; Number of scientists are inclusive of Lotus and its subsidiaries (Alvogen Korea and NCS)

MAJORE R&D PIPELINE UPDATE



Focus on high value innovation for patients and customers

KEY ONCOLOGY PROJECT

	Generic Name	Indication	IQVIA market size '19 (US\$m)	Formulation	BE & CT	Submission	Approval
1	Lenalidomide	Multiple Myeloma	Global: 10,000	Out-licensing scope continues to expand	Settled in US and launched in selected markets		GDUFA TAD = Jul'20
2	Enzalutamide softgel	Castration-resistant prostate cancer	Global: 2,144				Tentative Approval in TW
3	LP173	Late stage hepatocellular carcinoma, renal cell carcinoma, thyroid carcinoma	Global: 673				
4	LP661	Multiple Myeloma 血癌	Global: 1,516				
5	LP670	Treatment for advanced or metastatic breast cancer	Global: 5,458				
6	LP657 (SoftGel capsules)	Treatment for acute myeloid leukemia (AML)	Global: 205				

MAJORE R&D PIPELINE UPDATE (CONT'D)



Focus on high value innovation for patients and customers










NON-ONCOLOGY PROJECT

	Generic Name	Indication	IQVIA market size '19 (US\$m)	Formulation	BE & CT	Submission	Approval
1	LP117	Treatment for moderately to severely active rheumatoid arthritis (RA)	Global: 1,432				

505(b)2 PROJECT

	Generic Name	Indication	IQVIA market size '19 (US\$m)	Phase I	Phase III	Submission	Approval
1	AK-R216	Type II diabetes	Global: 432				

SITE MASTER PLAN & UPGRADE TO ENSURE QUALITY MANUFACTURING

		2019	2020	2021	2022
	New warehouse		→		
	Area C Upgrade & High Containment		→		
	QC Extension/ Upgrade	→			
	Site Upgrade projects		→		
					

MAJOR CATELYSTS TO WATCH IN FY2020

