



HLS Therapeutics Inc.

News Release

HLS Therapeutics Announces Fiscal 2024 Financial Results and Normal Course Issuer Bid

2025-03-13

- 2024 Adjusted EBITDA, excluding royalty revenue, grew 42% driven by growth in promoted products and reduction in operating expenses
- Vascepa revenue in C\$ grew 29% in Q4 2024 and generated its first profitable quarter since launch
- Paid down \$21 million in debt in 2024, increasing capital allocation flexibility
- Launching normal course issuer bid in March 2025

TORONTO, March 13, 2025 /CNW/ - HLS Therapeutics Inc. ("HLS" or the "Company") (TSX: HLS), a pharmaceutical company focused on addressing unmet needs in the treatment of psychiatric disorders and cardiovascular disease, announces its financial results for the three and twelve months ended December 31, 2024. All amounts are in thousands of United States ("U.S.") dollars unless otherwise stated.

Q4 & FISCAL 2024 FINANCIAL HIGHLIGHTS

- Fiscal 2024 revenue was \$56.6 million and Adjusted EBITDA¹ was \$16.6 million, compared to \$63.1 million and \$21.1 million, respectively, in fiscal 2023.
- Q4 2024 revenue was \$15.5 million and Adjusted EBITDA was \$5.6 million, compared to \$15.9 million and \$5.3 million, respectively, in Q4 2023.
- Q4 2024 and fiscal 2024 revenue for Vascepa increased 29% and 27%, respectively, in constant currency compared to the same periods last year.
- Q4 2024 and fiscal 2024 revenue for Clozaril Canada increased 6% and 2%, respectively, in constant currency compared to the same periods last year.
- Q4 2024 and fiscal 2024 operating expenses decreased 9% and 10%, respectively, compared to the same

periods in 2023.

- Vascepa made a positive contribution to Adjusted EBITDA in Q4 2024 of \$0.2 million compared to a negative contribution to Adjusted EBITDA of \$2.2 million in Q4 2023.
- HLS paid down \$21 million of its term loan in fiscal 2024, ending the year with net debt of \$50.0 million compared to net debt of \$66.5 million at the end of fiscal 2023.

OTHER CORPORATE AND PRODUCT HIGHLIGHTS

- Christine Elliott, ex-Minister of Health in Ontario, joined the Board of Directors, effective March 12, 2025.
- Completed the transition of Pfizer sales responsibilities for Vascepa back to HLS.
- Vascepa unit demand for Q4 2024 and fiscal 2024 increased by 37% and 44%, respectively, compared to the same periods last year.
- Full year Clozaril patient growth in Canada was 2%.

"2024 was a year of significant transition for HLS, marked by bold decisions to strengthen our leadership team, optimize our operating model, and drive improved business performance," said Craig Millian, CEO at HLS. "We successfully grew our core products in Canada, streamlined our operations, and strengthened our balance sheet—all while maintaining a commitment to long-term growth. As we enter 2025, we do so with momentum, a growing and profitable business, and greater financial flexibility to pursue share buybacks and portfolio expansion. With a strong leadership team in place and a clear focus, we are well-positioned to build on this foundation."

2025 OUTLOOK

With the release of its fiscal 2024 results, HLS is issuing fiscal 2025 revenue and Adjusted EBITDA guidance. Revenue estimates for the products in the Company's Canadian business are provided in local currency given the ongoing fluctuations in exchange ("FX") rates.

For 2025, HLS expects net sales for Vascepa of \$26.5-28.5 million in Canadian dollars, reflecting growth of 18-26%. For Clozaril in Canada, HLS expects net sales in Canadian dollars of \$35.5-36 million, relatively flat to 2024. Combined, this represents expected growth of 6-11% in local currency for the Company's Canadian business.

The outlook for the U.S. Clozaril business is \$12-12.3 million in net sales, which represents a 2-4% decline compared to fiscal 2024. This represents a slight improvement over the average 6% rate of annual decline over the past several years. The Company continues to invest in opportunities to further stabilize this business.

Finally, HLS has one remaining royalty interest which it expects to generate \$0.6-0.75 million in 2025.

Regarding Adjusted EBITDA, on a consolidated basis, in U.S. dollars, the Company's outlook for 2025 is for a range of \$19.5-20.5 million, representing growth of 17-23%.

The Canada/U.S. FX rate has worsened considerably since the Company provided its initial 2025 outlook in the Fall of 2024. The variance in the Company's current guidance from its preliminary 2025 outlook is due to changes in FX rate assumptions. Future results could be impacted by continued rate volatility.

BOARD OF DIRECTORS UPDATE

HLS is pleased to announce that, effective March 12, 2025, Christine Elliott has joined the HLS Board of Directors. Ms. Elliott served as Ontario's Deputy Premier and Minister of Health from 2018 to 2022, where she gained significant knowledge of, and experience with, the operation of Ontario's health system. From 2015 to 2018, she was appointed as Ontario's first Patient Ombudsman, advocating for patient rights and healthcare transparency. Prior to that, she was a member of the Ontario legislature from 2006-2015. In addition to her public service, Ms. Elliott currently serves as Counsel in the health group at Fasken Martineau DuMoulin LLP in Toronto.

NORMAL COURSE ISSUER BID

The Company announced today that it has filed with the Toronto Stock Exchange (the "TSX"), and the TSX has accepted, the Company's notice of intention regarding a Normal Course Issuer Bid (the "NCIB") for its issued and outstanding common shares (each a "Common Share"). Pursuant to the NCIB, HLS may, if considered advisable, purchase for cancellation through the facilities of the TSX and/or alternative Canadian trading systems, from time to time over the next 12 months, up to an aggregate of 1,100,000 Common Shares, representing approximately 6.87% of the public float as of March 3, 2025.

HLS may commence purchases of Common Shares under the NCIB on March 17, 2025, and the NCIB will remain in effect until the earliest of: (i) the close of trading on March 16, 2026, (ii) the date upon which HLS acquires the maximum number of Common Shares permitted under the NCIB, and (iii) the date upon which HLS provides written notice of termination of the NCIB to the TSX. Daily purchases pursuant to the NCIB will be limited to 7,969 Common Shares, other than purchases made pursuant to the block purchase exception, based on the applicable average daily trading volume on the TSX for six months ending February 28, 2025 of 31,876 Common Shares.

Purchases of Common Shares under the NCIB will be made by Raymond James Ltd. ("Raymond James") based on the parameters prescribed by the TSX, the provisions of the Company's credit agreement and applicable Canadian securities laws at a price per Common Share equal to the market price at the time of acquisition. All Common Shares acquired by the Company under the NCIB will be cancelled.

The Company also intends to enter into an automatic share purchase plan (the "ASPP") with Raymond James to allow for the purchase of Common Shares under the NCIB at times when the Company would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods.

HLS believes that any purchases pursuant to the NCIB, if considered advisable, will be in the best interests of the Company and will be a desirable use of corporate funds. HLS previously sought and received approval of the TSX to purchase up to 1,607,892 Common Shares in a normal course issuer bid (the "**Previous Bid**") that commenced on November 14, 2023, and expired on November 13, 2024. HLS purchased 276,207 Common Shares on the open market at an average purchase price of C\$4.20 per Common Share under the Previous Bid.

Q4 & FISCAL 2024 FINANCIAL REVIEW

The Company's Management's Discussion and Analysis and Consolidated Financial Statements for the three and twelve months ended December 31, 2024, are available at the **Company's website** and at its profile at **SEDAR+**.

Revenue

	Three months ended December 31, 2024	2023	Year ended December 31, 2024	2023
Product sales				
Canada	11,694	10,464	42,572	39,219
United States	3,661	3,835	12,568	13,515
	15,355	14,299	55,140	52,734
Royalty revenue	187	1,564	1,479	10,340
	15,542	15,863	56,619	63,074

Revenue for the three and twelve months ended December 31, 2024, decreased 2% and 10%, respectively, due to lower royalty revenues and was offset, in part, by growth of the Company's marketed products. Excluding royalties, revenue for the Company's marketed products (Vascepa, and Clozaril) for the three and twelve months ended December 31, 2024, increased 7% and 4.5%, respectively, from the prior year periods.

Product sales – Canada

000's of CAD	Three months ended December 31,			Year ended December 31,		
	2024	2023	% change	2024	2023	% change
Clozaril	9,712	9,131	6.4 %	35,721	35,160	1.6 %
Vascepa	6,595	5,118	28.9 %	22,550	17,779	26.8 %
Other	6	11		60	27	
	16,313	14,260	14.4 %	58,331	52,966	10.1 %

Canadian product sales of Vascepa and Clozaril in Q4 2024 increased 14% in local currency, compared to Q4 2023, driven primarily by the 29% growth of Vascepa. For the twelve months ended December 31, 2024, Canadian product sales of Vascepa and Clozaril increased 10% in local currency, compared to 2023.

Product Sales – United States

In the U.S. market, Clozaril revenue for the three and twelve months ended December 31, 2024, decreased 4.5% and 7%, respectively, compared to the same periods in 2023. Results have been impacted by wholesaler purchasing patterns including a high level of wholesaler inventory at the start of the year and a key customer wholesaler transition that took place during Q3 2024.

Royalty revenues

As expected, royalty revenues for the three and twelve months ended December 31, 2024, were down 88% and 86%, respectively, compared to the prior year periods as the term for Emblem, the largest royalty in the portfolio, came to an end midway through Q4 2023. Following the sale of the Xenpozyme royalty interest in Q2 2024, HLS has one remaining royalty interest which generated \$0.2 million in revenue in Q4 2024.

Operating Expenses

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Cost of product sales	2,685	2,533	8,997	7,624
Selling and marketing	3,438	4,716	16,733	19,896
Medical, regulatory and patient support	1,539	1,386	5,663	5,574
General and administrative	2,323	1,888	8,578	8,928
	9,985	10,523	39,971	42,022

Cost of product sales was up for the three and twelve months ended December 31, 2024, due primarily to higher Vascepa sales volumes.

Excluding cost of product sales, operational expenses for the three and twelve months ended December 31, 2024, decreased 9% and 10%, respectively, compared to the prior year periods. This was due to the Company's focus on cost management while continuing to support the growth potential of its marketed products.

Adjusted EBITDA¹

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Net loss for the period	(3,023)	(5,401)	(19,655)	(27,531)
Stock-based compensation	423	(601)	1,617	(538)
Amortization and depreciation	5,434	7,047	22,717	31,939
Finance and related costs, net	2,295	2,109	10,293	11,237
Other costs (income)	343	2,111	(2,397)	6,217
Income tax expense (recovery)	85	75	4,073	(272)
Adjusted EBITDA	5,557	5,340	16,648	21,052

Adjusted EBITDA for the three months ended December 31, 2024, increased due to growth in the Company's marketed products combined with the Company's ongoing focus on cost management, which resulted in lower expenses in Q4 2024. This was offset, in part, by lower royalty revenue in Q4 2024 compared to Q4 2023.

Adjusted EBITDA for the twelve months ended December 31, 2024, decreased due to the decline in royalty revenue and was offset in part by revenue growth from the Company's marketed products as well as lower operating expenses.

Excluding royalty revenue, Adjusted EBITDA for the three and twelve months ended December 31, 2024, would have increased 42% over the respective periods in 2023.

The Company recorded Other Costs in Q4 2024 of approximately \$0.3 million related to exiting its co-promotional agreement.

For Q4 2024, the direct brand contribution from Clozaril to Adjusted EBITDA was \$7.7 million, while the direct brand contribution from Vascepa to Adjusted EBITDA was \$0.2 million. This was the first quarter of a positive contribution from Vascepa to Adjusted EBITDA. For fiscal 2024, the direct brand contribution from Clozaril to Adjusted EBITDA was \$28.1 million, while the direct brand contribution from Vascepa to Adjusted EBITDA was a loss of \$3.6 million.

Net Loss

Net loss for the three months ended December 31, 2024, was (\$3.0) million, or (\$0.10) per share, compared to a net loss of (\$5.4) million, or (\$0.17) per share, in Q4 2023. Net loss for the twelve months ended December 31, 2024, was (\$19.7) million, or (\$0.62) per share, compared to a net loss of (\$27.5) million, or (\$0.85) per share, in fiscal 2023. Net loss improved in the 2024 periods due primarily to lower operating expenses and lower amortization and depreciation expenses, which were offset, in part, by lower royalty revenue.

Cash from Operations and Financial Position

Cash generated from operations for the three and twelve months ended December 31, 2024, was \$3.2 million and \$8.0 million, respectively, compared to \$3.7 million and \$15.8 million in the 2023 periods. Cash was \$17.5 million at

December 31, 2024 compared to \$22.0 million at December 31, 2023.

Total borrowings under the credit agreement at December 31, 2024, were \$67.4 million compared to \$88.5 million at December 31, 2023. During 2024, HLS made principal payments on its term loan totaling \$21 million, which, assuming no change in the interest rate, will save the Company approximately \$2 million in annual interest payments.

Q4 & FISCAL 2024 CONFERENCE CALL

HLS will hold a conference call today at 8:30 am Eastern Time to discuss its Q4 & fiscal 2024 financial results. The call will be hosted by Mr. Craig Millian, CEO, Mr. John Hanna, CFO and Mr. Brian Walsh, CCO. To view the slides that accompany management's discussion, please use the webcast link.

CONFERENCE ID: 29035

DATE: Thursday, March 13, 2025

TIME: 8:30 a.m. ET

WEBCAST LINK: <https://app.webinar.net/rZxdqA40KDB>

TRADITIONAL DIAL-IN NUMBER: 1-888-699-1199 or 1-416-945-7677

RAPIDCONNECT: To instantly join the conference call by phone, please use the following URL to easily register and be connected into the conference call automatically: <https://emportal.ink/4fZYDLM>

TAPED REPLAY: 1-888-660-6345 or 1-646-517-4150

REPLAY CODE: 29035#

The taped replay will be available for 14 days and the archived webcast will be available for 365 days.

A link to the live audio webcast of the conference call will also be available on the events page of the investors section of HLS Therapeutics' website at www.hlstherapeutics.com. Please connect at least 15 minutes before the conference call to ensure enough time for any software download required to hear the webcast.

ABOUT HLS THERAPEUTICS INC.

Formed in 2015, HLS is a pharmaceutical company focused on the acquisition and commercialization of late-stage

development, commercial stage promoted and established branded pharmaceutical products in the North American markets. HLS's focus is on products targeting the central nervous system and cardiovascular therapeutic areas. HLS's management team is composed of seasoned pharmaceutical executives with a strong track record of success in these therapeutic areas and at managing products in each of these lifecycle stages. For more information visit: www.hlstherapeutics.com

¹CAUTIONARY NOTE REGARDING NON-IFRS MEASURES

This press release refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of HLS's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of HLS's financial information reported under IFRS. HLS uses non-IFRS measures to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. HLS also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. HLS's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess HLS's ability to meet its future debt service, capital expenditure and working capital requirements.

In particular, management uses Adjusted EBITDA as a measure of HLS's performance. To reconcile net income (loss) for the period with Adjusted EBITDA, each of (i) "stock-based compensation", (ii) "amortization and depreciation", (iii) "finance and related costs, net", (iv) "other costs (income)", and (v) "income tax expense (recovery)" appearing in the Consolidated Statement of Net Income (Loss) are added to net income (loss) for the period to determine Adjusted EBITDA. Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss) prepared in accordance with IFRS as issued by the IASB.

FORWARD LOOKING INFORMATION

This release includes forward-looking statements regarding HLS and its business. Such statements are based on the current expectations and views of future events of HLS's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including, among others, statements with respect to HLS's pursuit of additional product and pipeline opportunities in certain therapeutic markets, statements regarding growth opportunities,

expectations regarding financial performance, and the NCIB and ASPP. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting HLS, including risks relating to the specialty pharmaceutical industry, risks related to the regulatory approval process, economic factors and many other factors beyond the control of HLS. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause HLS's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks and assumptions associated with this release can be found in the Company's Annual Information Form dated March 12, 2025, and Management's Discussion and Analysis dated March 12, 2025, both of which have been filed on SEDAR+ and can be accessed at www.sedarplus.ca. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and HLS undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Unaudited
[in thousands of U.S. dollars]

	As at December 31, 2024	As at December 31, 2023
ASSETS		
Current		
Cash	17,456	21,952
Accounts receivable	7,454	10,608
Inventories	9,058	9,534
Income taxes recoverable	71	86
Other current assets	1,361	1,915
Total current assets	35,400	44,095
Property, plant and equipment	997	965
Intangible assets	122,122	162,344
Deferred tax asset	857	1,037
Other non-current assets	528	619
Total assets	159,904	209,060
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	8,709	14,107
Provisions	8,367	5,424
Debt and other liabilities	5,317	6,876
Income taxes payable	152	281
Total current liabilities	22,545	26,688
Debt and other liabilities	61,944	84,233
Deferred tax liability	4,074	442
Total liabilities	88,563	111,363
Shareholders' equity		
Share capital	260,595	262,127
Contributed surplus	15,136	13,865
Accumulated other comprehensive loss	(10,210)	(2,838)
Deficit	(194,180)	(175,457)
Total shareholders' equity	71,341	97,697

Total liabilities and shareholders' equity	159,904	209,060
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HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF LOSS

Unaudited

[in thousands of U.S. dollars, except per share amounts]

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Revenue	15,542	15,863	56,619	63,074
Expenses				
Cost of product sales	2,685	2,533	8,997	7,624
Selling and marketing	3,438	4,716	16,733	19,896
Medical, regulatory and patient support	1,539	1,386	5,663	5,574
General and administrative	2,323	1,888	8,578	8,928
Stock-based compensation	423	(601)	1,617	(538)
Amortization and depreciation	5,434	7,047	22,717	31,939
Finance and related costs, net	2,295	2,109	10,293	11,237
Other costs (income)	343	2,111	(2,397)	6,217
Loss before income taxes	(2,938)	(5,326)	(15,582)	(27,803)
Income tax expense (recovery)	85	75	4,073	(272)
Net loss for the period	(3,023)	(5,401)	(19,655)	(27,531)
Net loss per share:				
Basic and diluted	\$(0.10)	\$(0.17)	\$(0.62)	\$(0.85)

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Unaudited

[in thousands of U.S. dollars]

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Net loss for the period	(3,023)	(5,401)	(19,655)	(27,531)
Item that may be reclassified subsequently to net loss				
Unrealized foreign currency translation adjustment	(5,194)	2,186	(7,372)	2,422
Comprehensive loss for the period	(8,217)	(3,215)	(27,027)	(25,109)

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited

[in thousands of U.S. dollars]

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2022	265,206	13,821	(5,260)	(148,449)	125,318
Stock options exercised	178	(44)	—	—	134
Shares repurchased	(3,257)	—	—	1,705	(1,552)
Share purchase obligation	—	(115)	—	—	(115)
Stock option expense	—	203	—	—	203
Net loss for the year	—	—	—	(27,531)	(27,531)

Dividends declared	—	—	—	(1,182)	(1,182)
Unrealized foreign currency translation adjustment	—	—	2,422	—	2,422
Balance, December 31, 2023	262,127	13,865	(2,838)	(175,457)	97,697
Shares repurchased	(1,532)	—	—	932	(600)
Share purchase obligation	—	300	—	—	300
Stock option expense	—	971	—	—	971
Net loss for the year	—	—	—	(19,655)	(19,655)
Unrealized foreign currency translation adjustment	—	—	(7,372)	—	(7,372)
Balance, December 31, 2024	260,595	15,136	(10,210)	(194,180)	71,341

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
[in thousands of U.S. dollars]

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
OPERATING ACTIVITIES				
Net loss for the period	(3,023)	(5,401)	(19,655)	(27,531)
Adjustments to reconcile net loss to cash provided by operating activities				
Stock-based compensation	423	(601)	1,617	(538)
Amortization and depreciation	5,434	7,047	22,717	31,939
Gain on royalty sale	—	—	(3,381)	—
Impairment charges	—	1,541	—	3,893
Accreted interest	314	217	1,226	797
Fair value adjustment on financial assets and liabilities	3	(263)	526	2,888
Deferred income taxes	59	107	3,812	(696)
Net change in non-cash working capital balances related to operations	(5)	1,087	1,141	5,037
Cash provided by operating activities	3,205	3,734	8,003	15,789
INVESTING ACTIVITIES				
Proceeds from royalty sale	—	—	13,250	—
Payment of purchase consideration	—	—	(1,500)	—
Additions to property, plant and equipment	(13)	(14)	(15)	(41)
Other additions to intangible assets	—	—	—	(148)
Cash provided by (used in) investing activities	(13)	(14)	11,735	(189)
FINANCING ACTIVITIES				
Stock options exercised	—	—	—	134
Shares repurchased	—	(580)	(600)	(1,552)
Dividends paid	—	—	—	(2,398)
Repayment of borrowing under credit agreement	(2,510)	(3,172)	(21,043)	(8,855)
Debt costs	—	—	(1,191)	(1,360)
Lease payments	(144)	(134)	(530)	(608)
Cash used in financing activities	(2,654)	(3,886)	(23,364)	(14,639)
Net increase (decrease) in cash during the period	538	(166)	(3,626)	961
Effect of foreign exchange on cash	(622)	310	(870)	268
Cash, beginning of period	17,540	21,808	21,952	20,723
Cash, end of period	17,456	21,952	17,456	21,952

SOURCE HLS Therapeutics Inc.