

HLS Therapeutics®

Investor Presentation

Greg Gubitz | CEO
Gilbert Godin | President & COO

Post Q2 2019

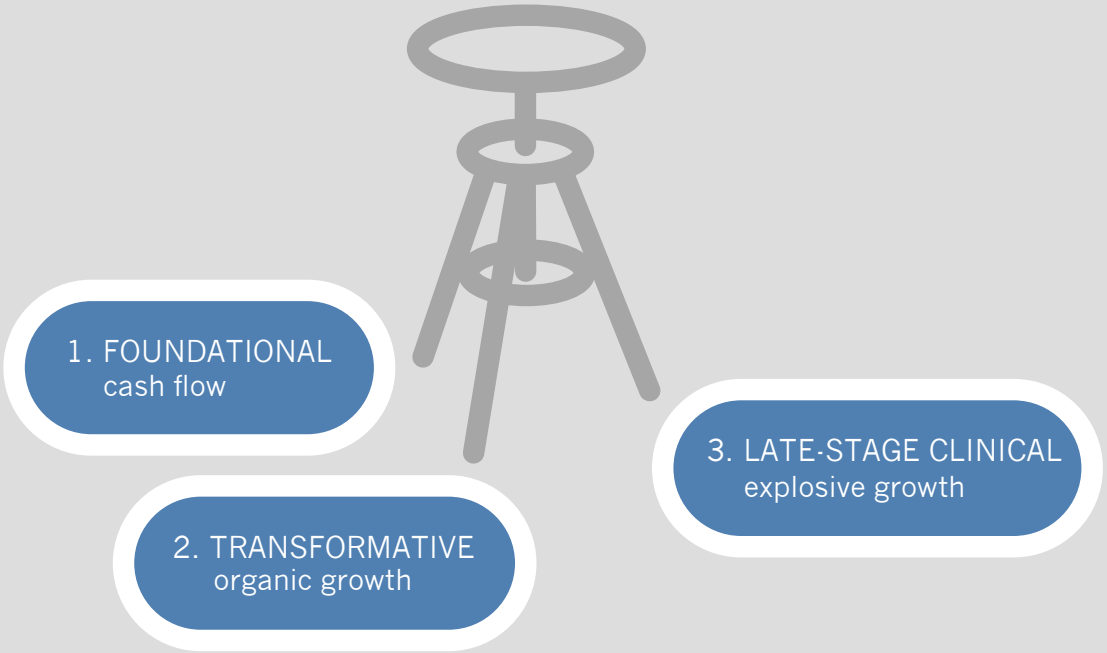
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*** All figures in USD unless otherwise noted.**

HLS's methodical strategy

Staged approach



KEY STRENGTHS

- Operational pharma know-how
- Business development expertise
- Efficient corporate platform
- Strong balance sheet

Canadian-based, North American-focused pharmaceutical company

Rapid scale since inception

6
TRANSACTIONS

2
THERAPEUTIC AREAS

REVENUE (US$ millions)	ADJUSTED EBIDTA[1] (US$ millions)	CASH FROM OPERATIONS (US$ millions)
$61.1	$41.1	$32.7

For the year ended December 31, 2018

15,000
MENTAL HEALTH PATIENTS SUPPORTED

51
EMPLOYEES

- LISTED ON TSX
- DE-LEVERED & REFINANCED DEBT
- C$50M BOUGHT-DEAL FINANCING
- LAUNCHED DIVIDEND

REDUCE-IT trial delivers blockbuster results for Vascepa

[1] net loss adjusted for (i) “stock-based compensation”, (ii) “amortization and depreciation”, (iii) “acquisition and transaction costs”, (iv) “finance and related costs”, and (v) “income tax recovery”

Our portfolio

FOUNDATIONAL PRODUCTS				
Clozaril	Schizophrenia	U.S./Canada	Acquired 2015	marketed
CSAN Pronto	Safety diagnostic to Clozaril therapy	U.S./Canada	In-licensed 2019	filed with Health Canada Mar ‘19
Absorica	Acne	U.S.	Acquired 2016	marketed by third party
TRANSFORMATIVE PRODUCTS				
Vascepa	CV risk reduction	Canada	In-licensed 2017	filed with Health Canada Apr ‘19
Trinomia	CV risk reduction	Canada	In-licensed 2017	pre-filing
PERSERIS	Schizophrenia	Canada	In-licensed 2019	pre-filing

Vascepa granted Priority Review

Clozaril: Well established antipsychotic in North America

WHO essential medicine

Schizophrenia
1% of population

1/3 patients
refractory to first line treatment

LIFE CHANGING
Clozaril can be life changing, often the only and last recourse for refractory patients

80%
response rate

Clozaril

15,000
active patients

US$29.7 Million
revs in Canada in 2018

US$20.1 Million
revs in U.S. in 2018



Great foundational product with strong consistent cash flow

CSAN: Our patient portal and registry is an economic moat for Clozaril in Canada

Created resilient demand for product

25 dedicated resources

Sales reps

Nurses

Physician consultants

24/7 availability

CSAN: Clozaril Support and Assistance Network

200,000 blood tests/year

55% market share

50,000 calls to customers/ year

Every week Follow-up with 1,300 patients to ensure compliance

CSAN PRONTO
"CLOZARIL® (clozapine) SUPPORT AND ASSISTANCE NETWORK



Growing franchise in a genericized Canadian market

PERSERIS: Exclusive Canadian rights

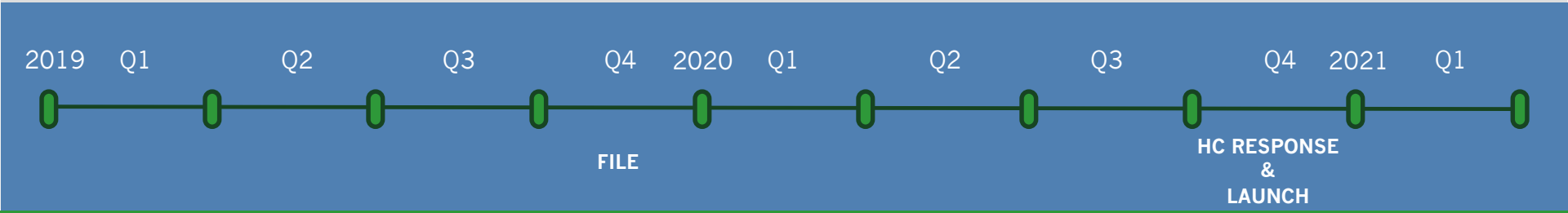
FDA-approved; launched in U.S. market in Q1 2019

First once-monthly risperidone long-acting injectable (LAI)

Strong label and differentiated core claims

Compelling positioning and well-defined marketing plan





Leverages CNS sales and marketing infrastructure

Vascepa (Icosapent Ethyl):

On path to become a first-in-class Rx cardiovascular (CV) product

In-licensed from Amarin Corp (NASDAQ: AMRN)

Approved for sale in the U.S. (indicated for very high triglycerides; FDA ruling on CV label expansion expected toward end of 2019)

Prospective indication for CANADA:

- For all statin-treated patients being managed for CV prevention, VASCEPA is the first and only therapy that significantly reduces the residual risk of CV events and death

Proven prescription therapy developed over ten years at a cost of > $500M



Transformational anchor to launch our second therapeutic franchise

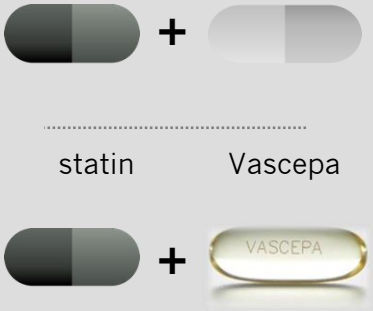
Vascepa: REDUCE-IT trial delivered **Blockbuster** results

Trial design

8,200 PATIENTS

statin + placebo

statin + Vascepa



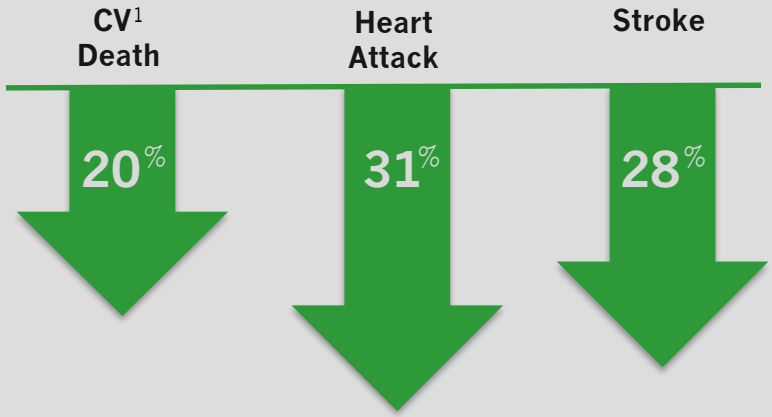
Trial results

Primary endpoint



Reduction in Major Adverse CV[1] Events

Significant reductions on secondary endpoints

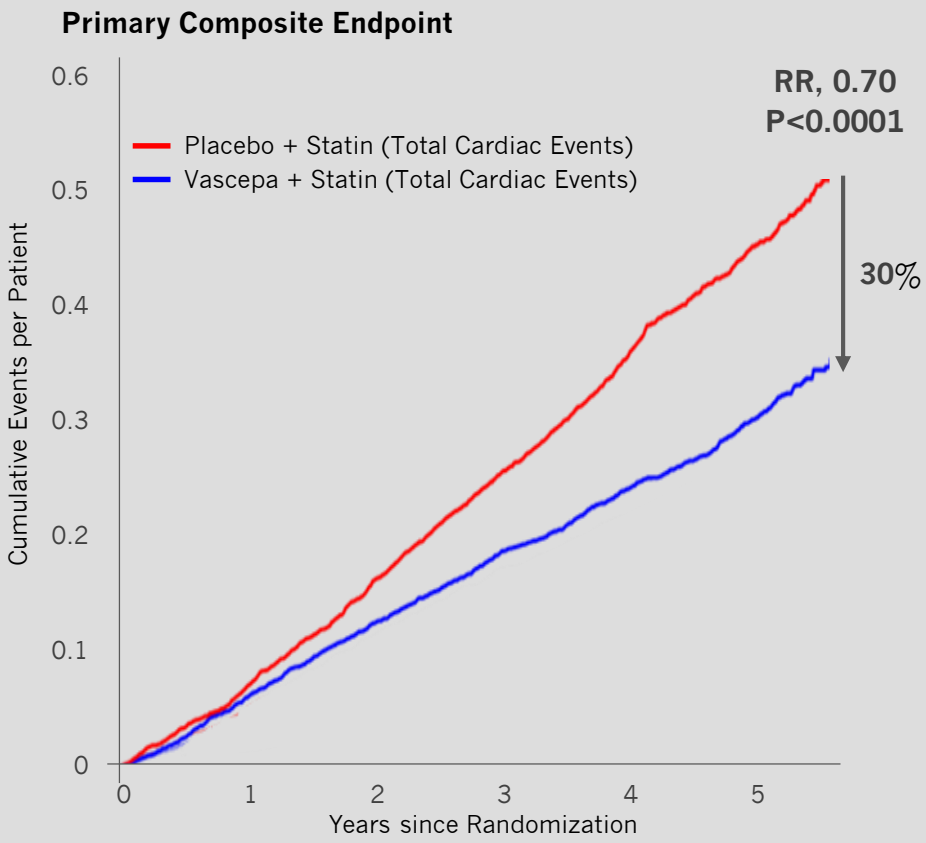


Number Needed to Treat (NNT) for Vascepa: 21. For Lipitor: 45*

*LaRosa JC, Grundy SM, Waters DD, et al. Intensive lipid lowering with atorvastatin in patients with stable coronary disease. N Engl J Med 2005; 352: 1425-35

[1] CV = Cardiovascular

Vascepa: 30% Reduction in First *and Subsequent* Events



"This may be the biggest development in cardiovascular prevention since statins."[1]

Deepak L. Bhatt, MD, MPH

- Professor of Medicine at Harvard Medical School
- Exec Director of Interventional Cardiovascular Programs at Brigham and Women's Hospital Heart and Vascular Center
- Global Principal Investigator and Steering Committee Chair for REDUCE-IT

159

fewer MACE per 1,000 patients for those treated for five-years with Vascepa vs placebo

[1] Brigham and Women's REDUCE-IT results press release November 10, 2018

Vascepa: Characteristics of a category leader

The Problem

#1 Killer globally is CV disease

Unmet Need



The Solution

Vascepa effectively and safely lowers CV events by 30%

7-8M

Canadians have elevated Triglyceride levels

40M

Rx/year written for statins

Estimated revenue opportunity of C$150-250M per year

Vascepa – Strong differentiator and market position

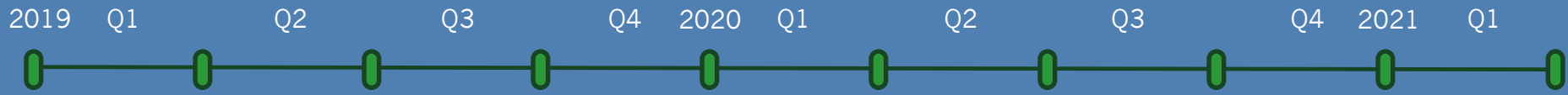
HLS has exclusive Canadian rights to Vascepa

$5M paid upfront

$60M in milestone payments largely tied to sales

Double-digit tiered-royalty





Vascepa granted Priority Review by Health Canada

Trinomia: Expanding our cardiovascular franchise

In-licensed from Ferrer Internacional, S.A. (Spain private)

INDICATION

SECONDARY PREVENTION OF CARDIOVASCULAR EVENTS

DIFFERENTIATION

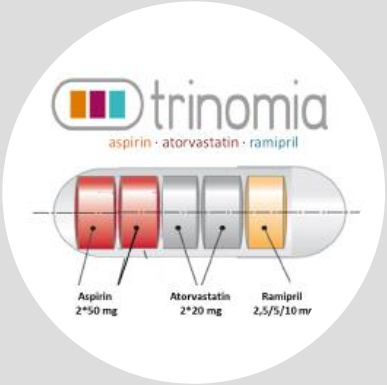
TRI-COMBO CAPSULE
"Polypill"

Aspirin
(anti-coagulant)

Atorvastatin
(lipid lowering)

Ramipril
(anti-hypertensive)





COMPLIANCE/ADHERENCE IMPROVEMENT

Patients at risk following an initial CV event are poly medicated (7-8 drugs).

Pill burden is biggest reason for non-adherence to treatment

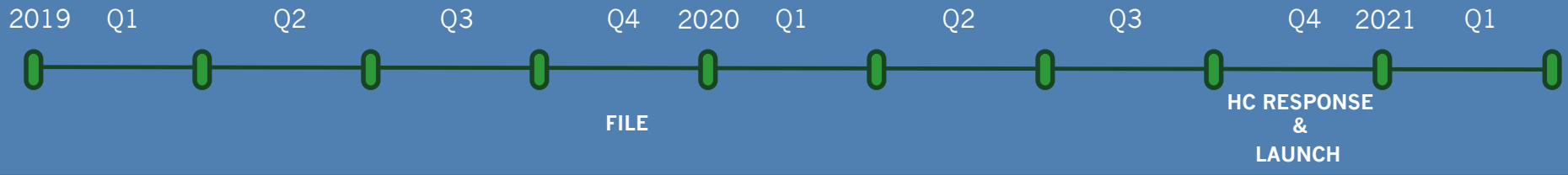
Complementary therapy to cardiovascular franchise

Trinomia: Exclusive Canadian rights

46,000
Rx/month 36 months post launch (Spain)

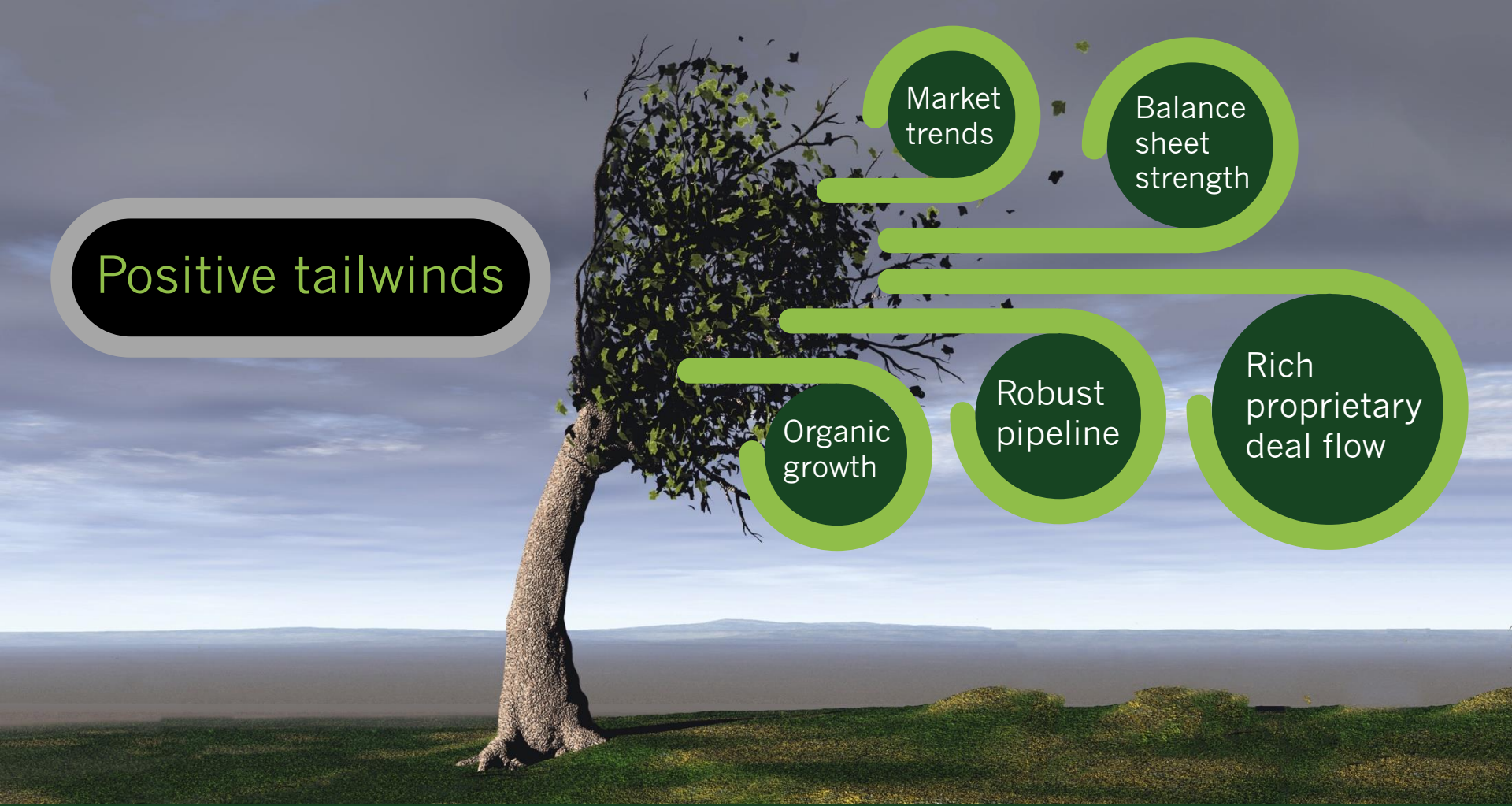
30+
countries approved in



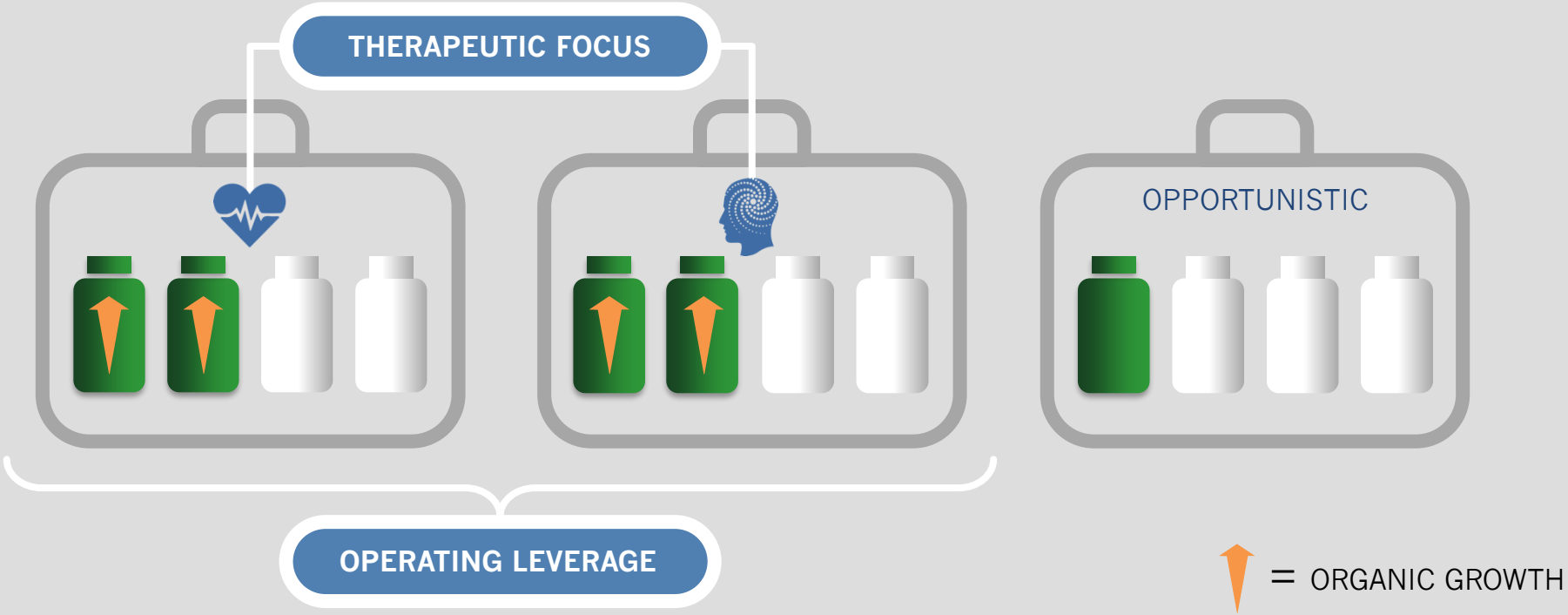


Leverages Vascepa sales and marketing infrastructure

Positive tailwinds



Strong organic growth built-in with rich pipeline of proprietary deal flow



Significant head room to grow portfolio

Veteran specialty pharma leadership team

MANAGEMENT

William Wells | Executive Chairman
Former CEO and Director of Biovail

Greg Gubitz | Chief Executive Officer
Former Senior Vice President, Corporate Development and General Counsel of Biovail

Gilbert Godin | President and Chief Operating Officer
Former Executive Vice President and COO of Biovail, CEO of Duchesnay (USA), President of MDS Pharma (USA); VP at Schering-Plough (FR) and L'Oreal

Tim Hendrickson | Chief Financial Officer
Formerly of Cubist Pharmaceuticals; Procter & Gamble; P&G Pharmaceuticals; and Warner Chilcott

Ryan Lennox | General Counsel
Former Senior Counsel at Amgen Inc., where he was responsible for all of the legal affairs of their Canadian affiliate

Dr. Jason Gross | VP, Scientific Affairs
Former VP of Scientific and Medical Affairs at Crown, MDS Capital, and Zenith Goldline, ex-National Institutes of Health (NIH) and Food & Drug Administration (FDA)

Sanjiv Sharma | Chief Commercial Officer
Former SVP Worldwide Commercial & Country Head-US for NicOx; and VP Commercial for Duchesnay USA, Biovail, Aventis

Dr. Hemanth Varghese, Phd | Head of Corporate Strategy and Business Development
Former senior executive with Valeant and Endo in Business Development and in Operations, prior to which he was VP of Business Development for Biovail

BOARD

William Wells | Executive Chairman
Current or former Board roles with: Biovail/Valeant, Medgenesis, ACADIA Pharmaceuticals, EnerCare and Evizone

Greg Gubitz | Director
Former Board roles with: biOasis, Telesta, Drug Royalty and Imperial Plastech

J. Spencer Lanthier | Lead Director
Former Chairman and CEO of KPMG Canada, formerly board member of TMX Group, Torstar Corp., Biovail Corp., Rona Inc., Ellis-Don Inc.

Yvon Bastien | Independent Director
Former CEO of Sanofi Aventis in Canada, formerly held executive positions with Eli Lilly, IMS Canada, Delta Healthcare

Rodney Hill | Independent Director
Chief Risk Officer with OMERS

Laura Brege | Independent Director
Managing Director of Cervantes Life Science Partners, LLC, current Board roles with Acadia Pharmaceuticals, Aratana Therapeutics, Pacira Pharmaceuticals, Portola Pharmaceuticals and Dynavax Technologies formerly served as CEO and President of Nodality, Inc.

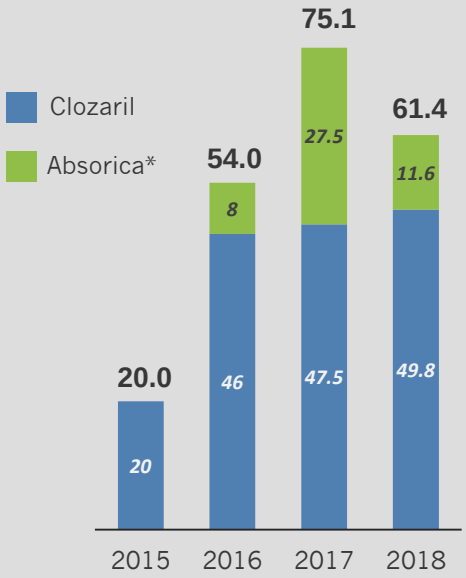
Don DeGolyer | Independent Director
President and CEO of Vertice Pharma, formerly COO with ENDO Pharmaceuticals and Sandoz North America

A business of scale based on two foundational products

With potentially transformative products on deck

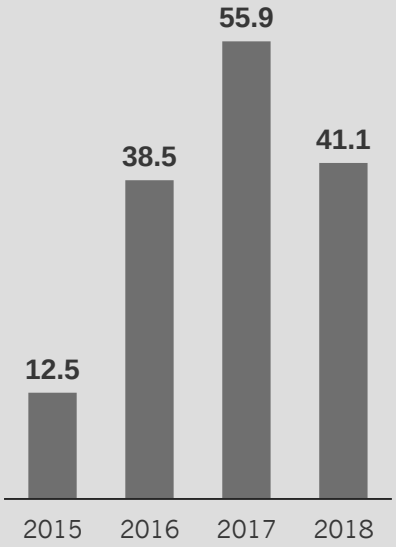
REVENUE*

($ millions)



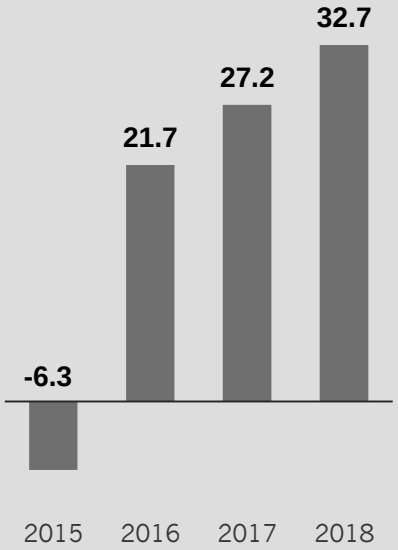
ADJUSTED EBIDTA*[1]

($ millions)



CASH FROM OPERATIONS

($ millions)



[1] net loss adjusted for (i) "stock-based compensation", (ii) "amortization and depreciation", (iii) "acquisition and transaction costs", (iv) "finance and related costs", and (v) "income tax recovery"

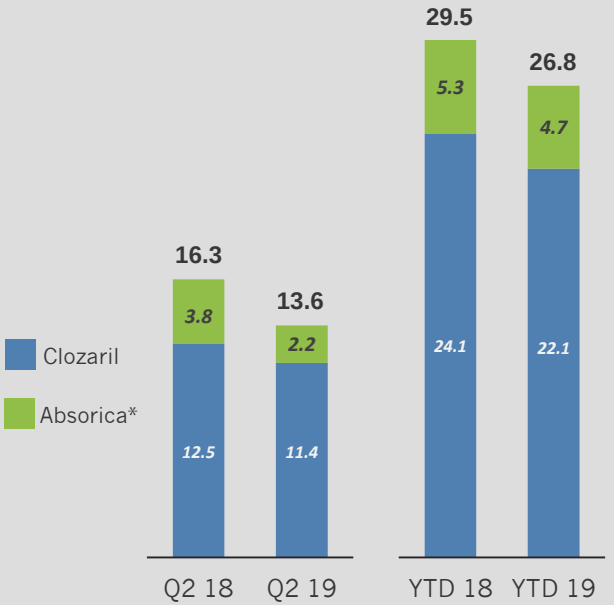
* Absorica included a one-time benefit in 2017 due to competitive disruptions and manufacturer promotions

YTD 2019: Steady Financial Results

With potentially transformative products on deck

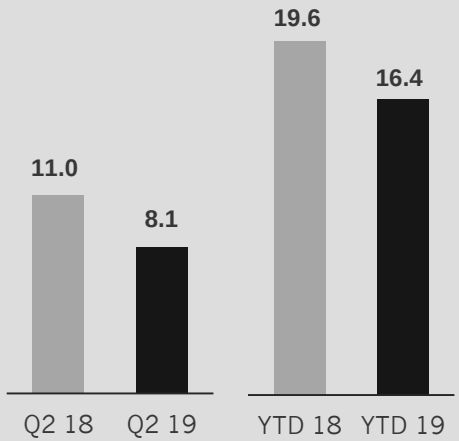
REVENUE

($ millions)



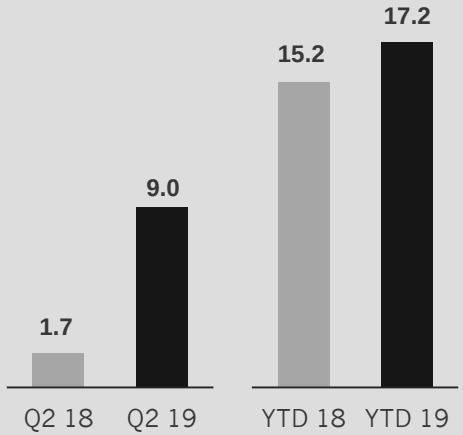
ADJUSTED EBIDTA[1]

($ millions)



CASH FROM OPERATIONS

($ millions)



[1] net loss adjusted for (i) "stock-based compensation", (ii) "amortization and depreciation", (iii) "acquisition and transaction costs", (iv) "finance and related costs", and (v) "income tax recovery"

Strong balance sheet

SUMMARY BALANCE SHEET & CAPITALIZATION

(in USD '000,000's, unless otherwise noted)	At Dec 31, 2018	At Jun 30, 2019
Cash and Cash Equivalents	10.9	**52.3**
Senior Secured Term Loan	98.7	**96.3**
Net Debt (Term Loan less Cash)	87.8	**44.0**

	At Dec 31, 2018	At Jun 30, 2019
Shares Outstanding ('000's)	27,295	**30,741**

Market Cap at 08/12/2019: ~**$475M CDN**

$100M
debt expansion facility available

C$50M
bought-deal financing completed June 5

Supported by reliable cash flows

Strength

Strong cash flow and balance sheet

Dividend: $0.20 per share per year

Debt Refi: De-levered & ~$10M annual savings

Execution

Clear value creating strategy
Cash flow/Growth/Explosive growth

2 cash flowing assets

2 filed with Health Canada

2 pre-registration assets

Opportunity

Vascepa: Blockbuster trial results

Scalable platform

Robust deal flow for acquisitions

