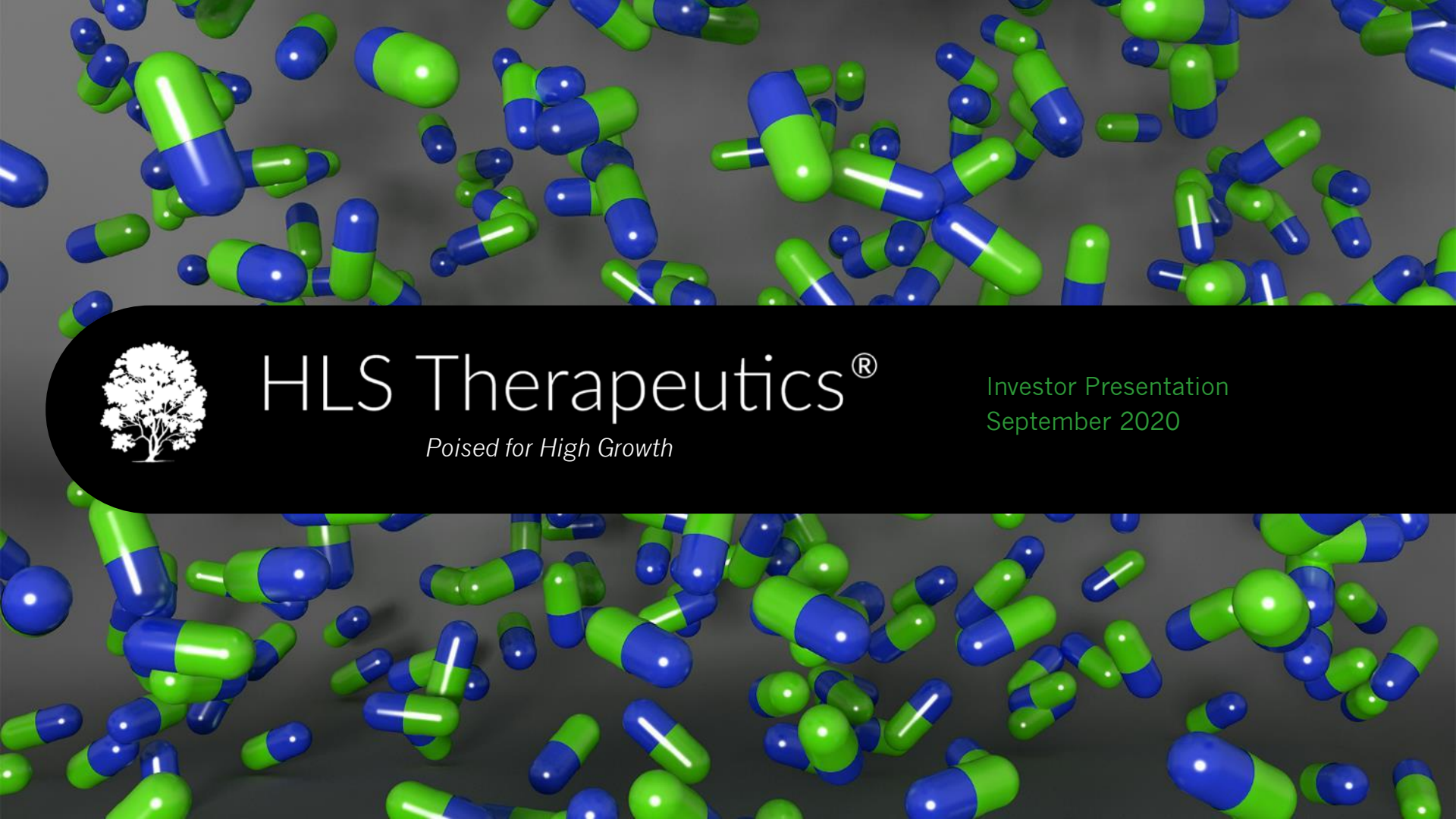


# HLS Therapeutics®

*Poised for High Growth*

Investor Presentation
September 2020

# Forward-looking statements

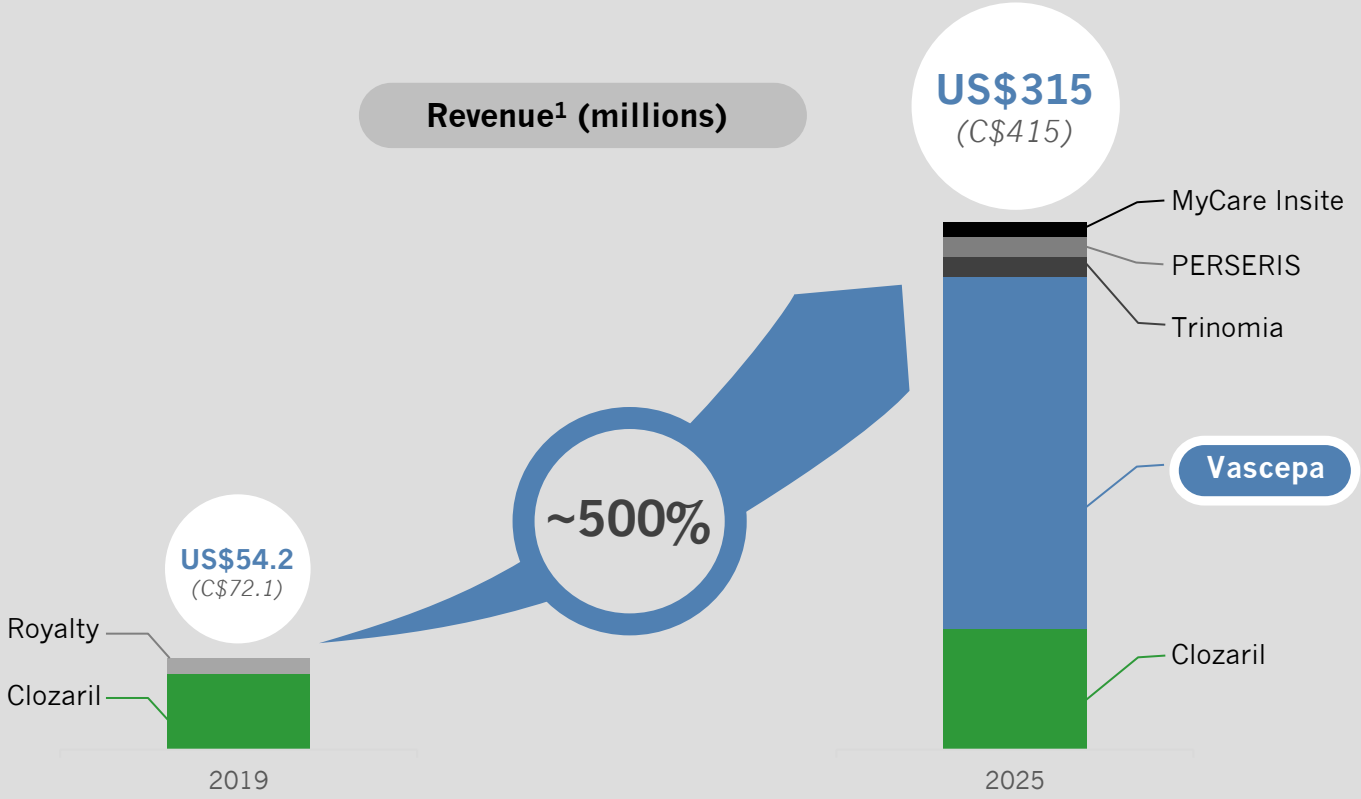
Certain statements in this presentation are “forward-looking statements”. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always using words or phrases such as “project”, “forecast”, “target”, “expect”, “seek”, “endeavour”, “anticipate”, “plan”, “estimate”, “believe”, “intend”, or stating that certain actions, events or results may, could, should, would, might or will occur or be taken, or achieved) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of known and unknown risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated. A number of factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this presentation. These factors should be considered carefully and prospective investors should not place undue reliance on these forward-looking statements. Although the forward-looking statements contained in this presentation are based upon what HLS currently believes to be reasonable assumptions, HLS cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. Except as required by law, HLS does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement, nor does it intend, or assume any obligation, to update or revise these forward-looking statements to reflect new events or circumstances.

- **All figures in USD unless otherwise noted.**
- **Historical financials are per HLS filed quarterly and annual statements**
- **Forward-looking financial estimates are converted at an exchange rate of 1 USD = 1.33047 CAD and 1 CAD = 0.751613 USD**

# HLS: A growth story in the making

**TSX: HLS** | **Market Cap[2] C$440M**

**Revenue[1] (millions)**




## Vascepa

Blockbuster Potential:

**C$275-325M** peak-year revenue estimate

**C$100-130M** peak-year Adj EBITDA estimate

1: 2019 are actual results and 2025 are estimates
2: as at 09/21/21

# Who We Are

Canadian-based, North American focused pharma company

**2**

**THERAPEUTIC AREAS**

Cardiovascular
&
Central Nervous System

**7**

**PRODUCTS**

4 in-market
&
3 in pipeline

**US$26.5M**

Year-to-date[1] revenue

**OPERATIONAL STRENGTH**

**US$10.9M**

Year-to-date
Adj EBITDA

[1] for the six-month period ended June 30, 2020

# Our portfolio

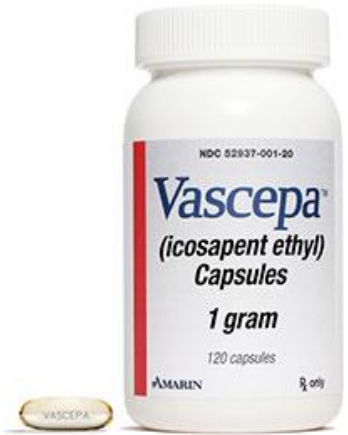
| | | | |
|---|---|---|---|
| **CARDIOVASCULAR (CV)** | | | |
| **Vascepa** | Transformative | Canada | Marketed |
| **Trinomia** | Transformative | Canada | Pipeline |
| **CENTRAL NERVOUS SYSTEM (CNS)** | | | |
| **Clozaril** | Foundational | U.S./Canada | Marketed |
| **CSAN Pronto** | Foundational | U.S./Canada | Marketed |
| **PERSERIS** | Transformative | Canada | Pipeline |
| **MyCare Insite** | Transformative | Canada | Pipeline |
| **ROYALTY PRODUCTS** | | | |
| **Absorica** | Foundational | U.S. | Marketed by third party |

# **Vascepa**: Next pillar in cardiovascular risk reduction

## "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




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

# **Vascepa:** HLS has exclusive Canadian rights

First and only Health Canada-approved drug to reduce the risk of CV events and death in statin-treated patients with elevated triglycerides and other risk factors

**PEAK-YEAR & BEYOND**

**C$275-325M** net revenue potential

**35-40%** target Adj EBITDA margin

**C$100-130M** Adj EBITDA per year




Launched in Canada in February 2020

Long runway: 8-years of data exclusivity. Patent protection into the 2030's

# **Vascepa:** REDUCE-IT trial delivered

**Trial design**

**8,200 PATIENTS**

**11 COUNTRIES**

**5-YEAR TRIAL**

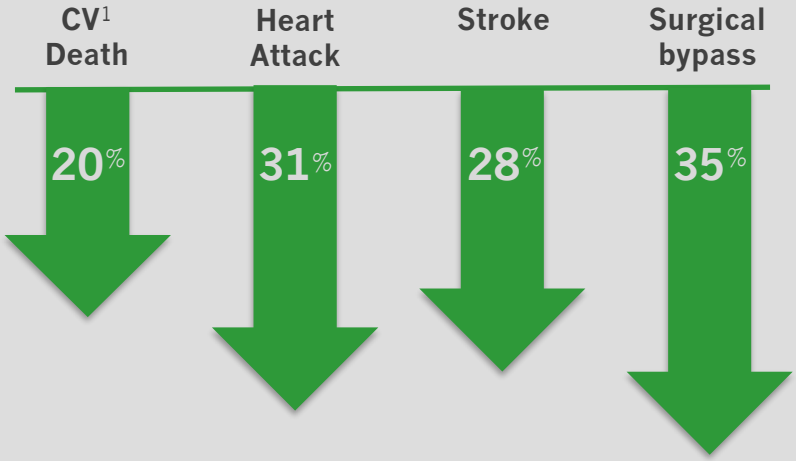
**Trial results**

**Primary endpoint**




**Reduction in Major Adverse CV[1] Events**

**Significant reductions on secondary endpoints**




**Blockbuster** clinical results



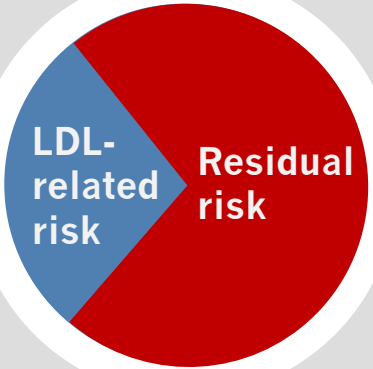
[1] CV = Cardiovascular

# **Vascepa:** Characteristics of a category leader

### The Problem

**#1 Killer** globally is cardiovascular disease

### Unmet Need




### The Solution

Vascepa effectively and safely lowers CV events by **30%**

up to **2M** Canadians in-label

# **Clozaril:** Canadian Market Leader

WHO essential medicine

Schizophrenia

*1% of population*

## 1/3 patients

Do not respond to first line treatment

## LIFE CHANGING

Clozaril can be life changing, often the only and last recourse for patients not responding to first line treatment

## 80%

Response rate

**~US$45-50M**

**(C$60-67M)**

**annual revenue**




Strong consistent cash flow

# **CSAN:** Patient Portal is our competitive advantage for Clozaril in Canada

**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




## Growing franchise in a genericized Canadian market

# **PERSERIS:** Synergistic to CNS/psychiatry franchise

PIPELINE

Exclusive Canadian rights

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

Indicated for the treatment of schizophrenia in adults

Compelling positioning and well-defined marketing plan







**C$15-20M** annual revenue potential *(US$11-15M)*

# **MyCare Insite:** Synergistic to CNS/psychiatry franchise

PIPELINE

Exclusive Canadian distributor

Point-of-care device using a single drop of blood to measure the level of six antipsychotic drugs in patients' blood

No product of this type currently exists in Canada







**C$10M, annual revenue potential** *(US$7.5M)*

# **Trinomia:** Synergistic to cardiovascular franchise

Exclusive Canadian Rights

PIPELINE

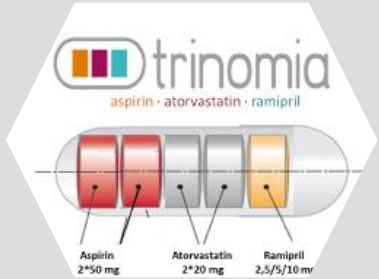
## INDICATION

SECONDARY PREVENTION OF CARDIOVASCULAR EVENTS

- Aspirin (anti-coagulant)
- Atorvastatin (lipid lowering)
- Ramipril (anti-hypertensive)

## DIFFERENTIATION

TRI-COMBO CAPSULE "Polypill"




## 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

**2020** Q1 Q2 Q3 Q4 **2021** Q1 Q2 Q3 Q4

- **Accepted for review by HC**
- **HC Response**
- **Target Launch**

**C$15-20M** annual revenue potential *(US$11-15M)*

# 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 potential blockbuster product, Vascepa, on deck

| (USD$ millions) | | *FY 2019* | *YTD 2019*[2] | YTD 2020[2] |
|---|---|---|---|---|
| **REVENUE** (USD$ millions) | Product | *44.6* | *22.0* | 22.4 |
| | Royalty | *9.6* | *4.7* | 4.1 |
| | **Total** | ***54.2*** | ***26.7*** | **26.5** |
| **ADJUSTED EBITDA**[1] (USD$ millions) | | ***31.6*** | ***16.4*** | **10.9** |

**2020 Adjusted EBITDA reflects investment in the launch of 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"
[2] for the six-month periods ended June 30, 2019 and June 30, 2020

# Strong balance sheet

## SUMMARY BALANCE SHEET & CAPITALIZATION

| *(US$ millions)* | At Dec 31, 2019 | At Jun 30, 2020 |
|---|---|---|
| Cash and Cash Equivalents | 47.1 | **33.7** |
| Senior Secured Term Loan | 93.8 | **91.1** |
| Net Debt (Term Loan less Cash) | 46.7 | **57.4** |

| | At Dec 31, 2019 | At Jun 30, 2020 |
|---|---|---|
| Shares Outstanding ('000's) | 31,059 | **31,743** |

**US$25M**
**revolving facility**

**US$ 100M**
**debt expansion facility**

## Strength

Strong cash flow and balance sheet

Dividend: C$0.20 per share per year

Experienced leadership

## Execution

Clear value creating strategy

*Cash flow/Growth/Explosive growth*

4 commercial-stage assets

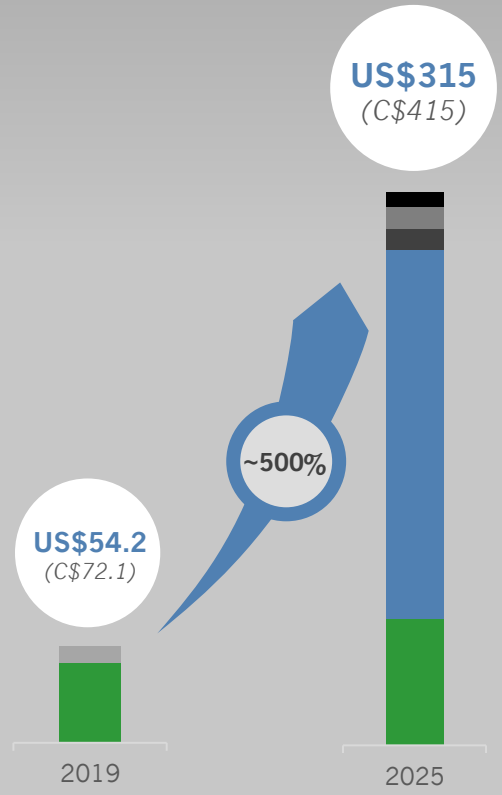
3 assets in pre-approval stage

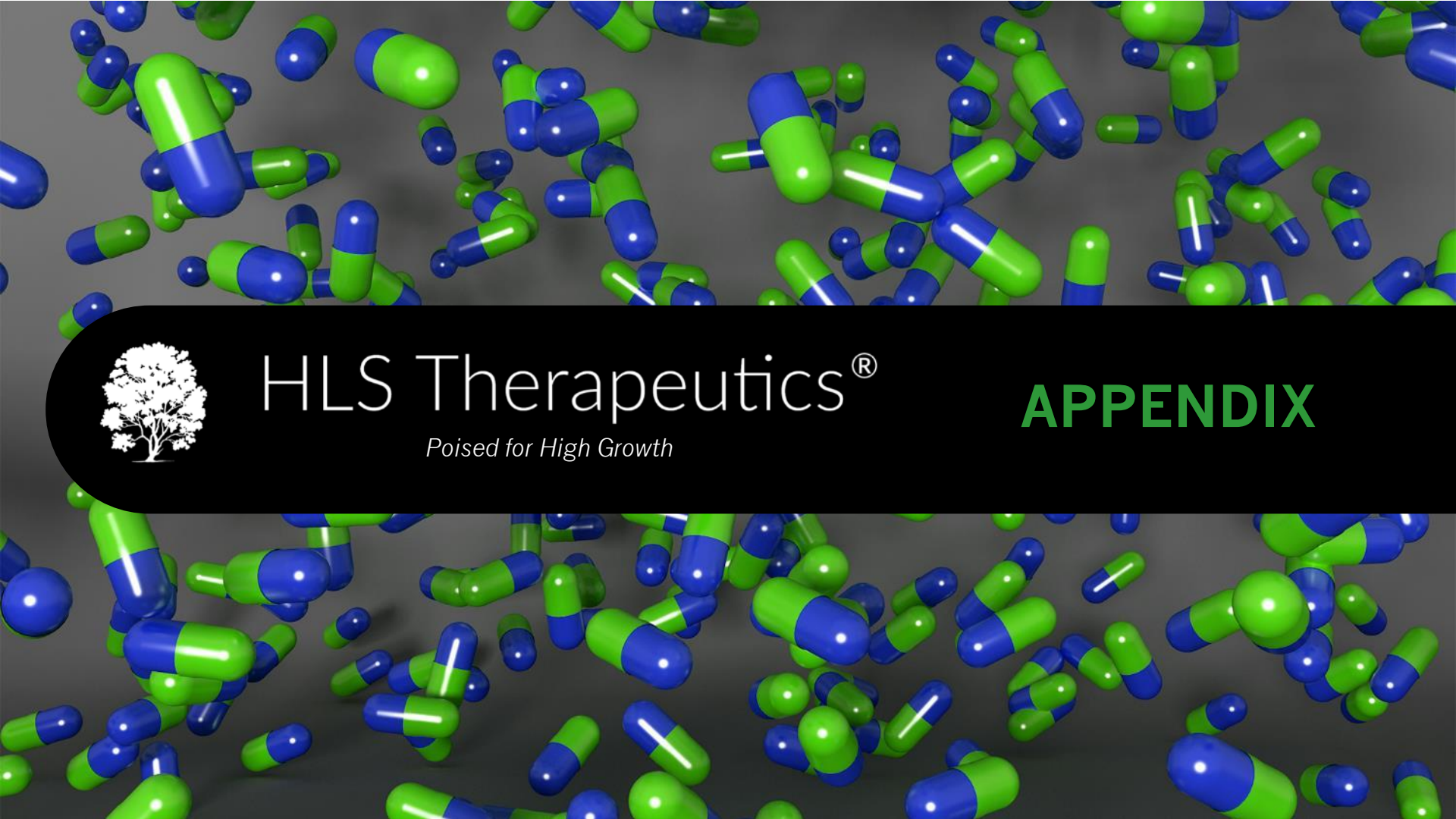
## Opportunity

Vascepa: C$275-325M sales estimate

Scalable platforms in CV & CNS

Robust deal flow for acquisitions





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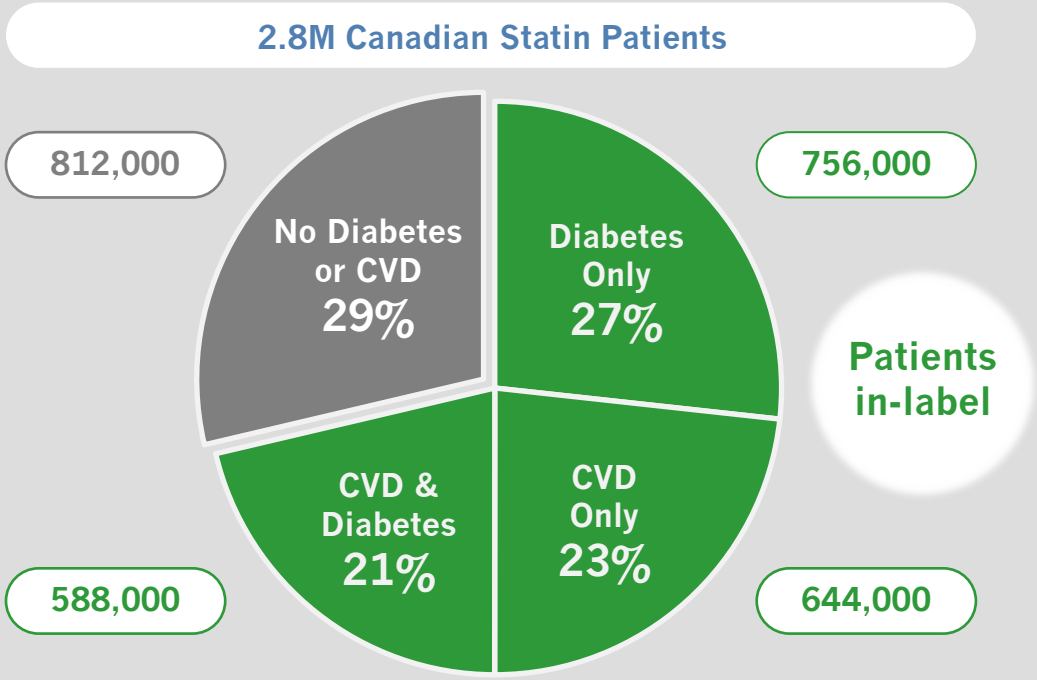
# APPENDIX

# Up to 2M patients in-label




| | All Statin Patients | Relative Share of REDUCE-IT population |
|---|---|---|
| **Diabetes** | 27% | **High Risk:** Primary Prevention: |
| **CVD** | 23% | **Very High Risk:** Secondary prevention: |
| **Both** | 21% | |
| **Neither** | 29% | Not included in REDUCE-IT trial |

**CVD only + CVD with Diabetes = Up to 1.2M**
**CVD only + CVD with Diabetes + Diabetes and risk factor = Up to 2M**

***REDUCE-IT studied statin-treated patients with elevated triglycerides with established CVD (Very High Risk), or with diabetes and one or more CV risk factor(s) (High Risk)***



Source: https://www150.statcan.gc.ca/n1/pub/82-003-x/2016001/article/14305/tbl/tbl02-eng.htm
https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2989357/
https://www150.statcan.gc.ca/n1/pub/82-625-x/2018001/article/54982-eng.htm