

東曜藥業股份有限公司

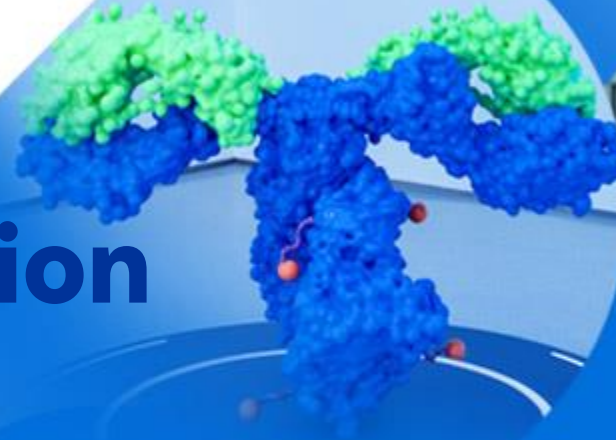
TOT BIOPHARM International Company Limited

(於香港註冊成立的有限公司)

股份代號: 1875

2023 Annual Results Corporate Presentation

18 March 2024



Strive for
Better Life

东曜药业
TOT BIOPHARM



The presentation is prepared by TOT BIOPHARM International Company Limited (the “Company”) and is solely for the purpose of corporate communication and general reference only. The presentation is not intended as an offer to sell, or to solicit an offer to buy or to form any basis of investment decision for any class of securities of the Company in any jurisdiction. All such information should not be used or relied on without professional advice. The presentation is a brief summary in nature and does not purport to be a complete description of the Company, its business, its current or historical operating results or its future business prospects. This presentation contains projections and forward looking statements that may reflect the Company’s current views with respect to future events and financial performance.

This presentation is provided without any warranty or representation of any kind, either expressed or implied. The Company specifically disclaims all responsibilities in respect of any use or reliance of any information, whether financial or otherwise, contained in this presentation. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Performance Overview

2023

Business Highlights

01



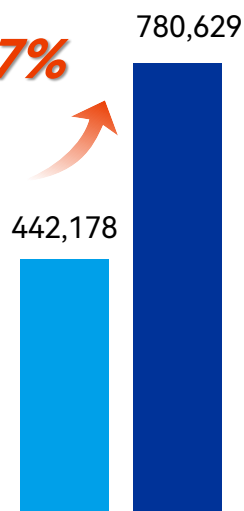
Performance Review in 2023—Continuing steady improvement in business conditions

- Revenue amounted to **RMB781 million**, representing a year-on-year increase of **77%***, excluding the impact of revenue from licenses granted in 2022, revenue would have increased by **101%** YoY
- Profitability continued to improve with adjusted EBITDA* of **RMB40.04 million**, representing a YoY increase of **274%***
- Net operating cash flow (OCF) continued to be positive and amounted to **RMB56.43 million**, despite of no revenue from licenses granted in 2023. Net loss decreased by **25%** YoY to **RMB37.76 million**

Rapid revenue growth

781 million

+77%



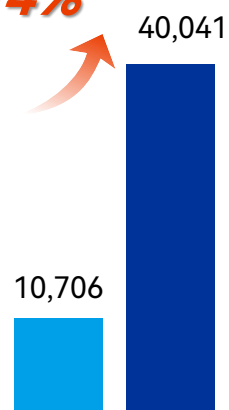
2022 2023

Unit: RMB'000

Adj.EBITDA* significant increase

40.04 million

+274%



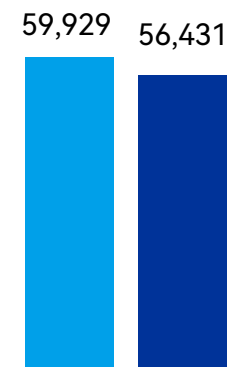
2022 2023

Unit: RMB'000

OCF continuous to be positive

56.43 million

**Positive
second consecutive year**



2022 2023

Unit: RMB'000



01 Enhance one-stop industrialization platform

- Providing one-stop service from DNA sequence to commercial production, which bolsters the front-end funnel effect, accelerates drug development and reduces development costs;
- Reached a strategic cooperation with Chemexpress, accelerating small molecule intermediates into conjugating process development and production, empowering customers' ADC drug R&D and industrialization process



02 Iterative innovation technology platforms

- Reached a cooperation with GlycanLink (糖岭生物) to jointly develop ADC site-specific conjugation technology platform-DisacLink™, and accelerate the development and commercialization of customers' innovative drug conjugates



03 State-of-the-art ADC commercialization production line

- A state-of-the-art large-scale ADC commercial production workshop was completed and put into use, with an annual production capacity of 5.3 million bottles
- 4 complete commercial production lines (ADC*2, antibody*2), significantly improving the flexibility and capacity of the production lines
- With the completion of the Global R&D Service Center in October 2023, we further focused on CDMO business, offering a stronger foundation for the expansion of CDMO business



04 Rapid improvement of ADC CDMO

- 39 newly added projects were secured, representing a year-on-year increase of **44%**
- ADC revenue and projects for the year increased to **65%**
- **4** newly added ADC pre-BLA projects (total of 6), and successfully locked future commercial production
- Developing innovative conjugation drugs (XDC/AXC and etc.)



05 Continuous growth of CDMO Team

- Due to the increase of company's CDMO business, the number of CDMO team members has increased by **34%** compared with 2022, and accounting for **84%** of the company, **95%** retention rate of key talents
- The core technology team has **12++** years of experience in the biomedical field
- The senior management team has **15++** years of work experiences in world renowned multinational companies

Pusintin® Sales Continue To Release And Stable



Annual sales volume

+115%



Chinese market

- Strong sales momentum, the sales volume in 2023 increased by **115%** year-on-year
- Differentiated market strategy, filling out the potential outside hospital market, further expand market share, and creating a good foundation for centralized procurement

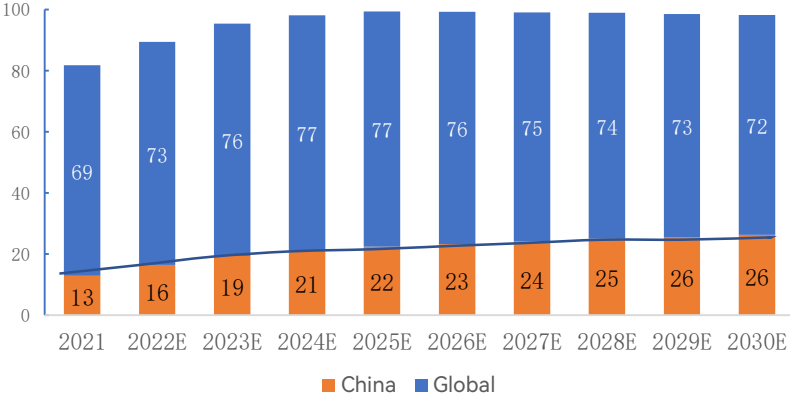
Global market

- Initiated registration application in **23** overseas countries, and the registration application documents have been accepted by **13** countries
- First overseas approval expected in 2024 in order to penetrate overseas markets

Huge market potential

Unit: 100 million USD

Global and China Bevacizumab Market Size and Forecast (2021-2030)



Source: Frost & Sullivan

The global market is expected to reach \$7.2 billion by 2030, with China's market growing to \$2.6 billion; China's compound annual growth rate will far exceed the global market



Target: VEGF

Indication:

Non-small cell lung cancer*
Colorectal Cancer*
Glioblastoma*
Epithelial Ovarian Cancer

Drug Specification:
100mg(4ml)/vial

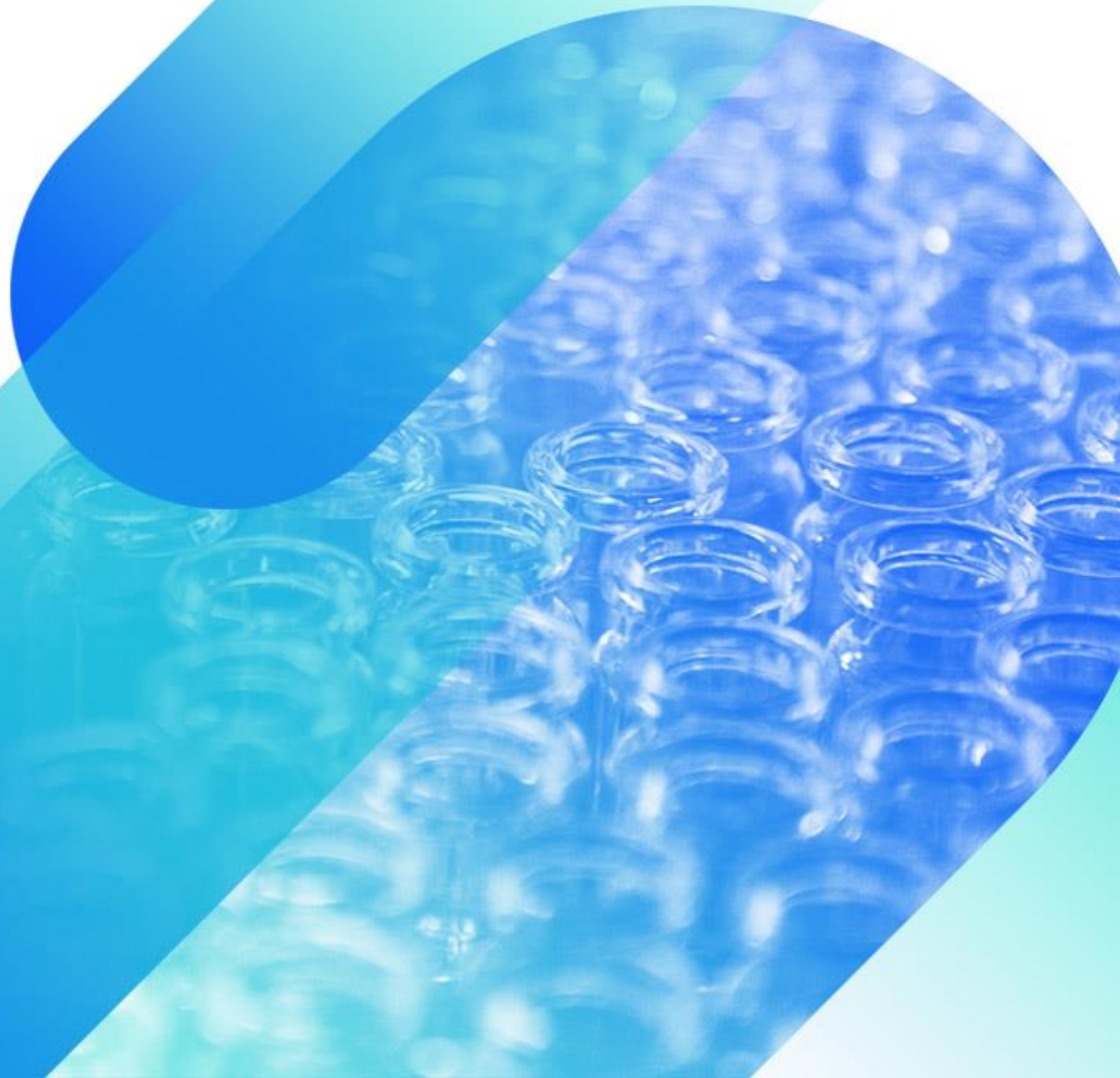
Fallopian tube/peritoneal cancer
Cervical Cancer
Hepatocellular carcinoma

product: Pusintin®

• Six indications in total: Advanced, metastatic or recurrent non-squamous non-small cell lung cancer; Metastatic colorectal cancer; recurrent glioblastoma; epithelial ovarian, fallopian tube or primary peritoneal cancer; cervical cancer;

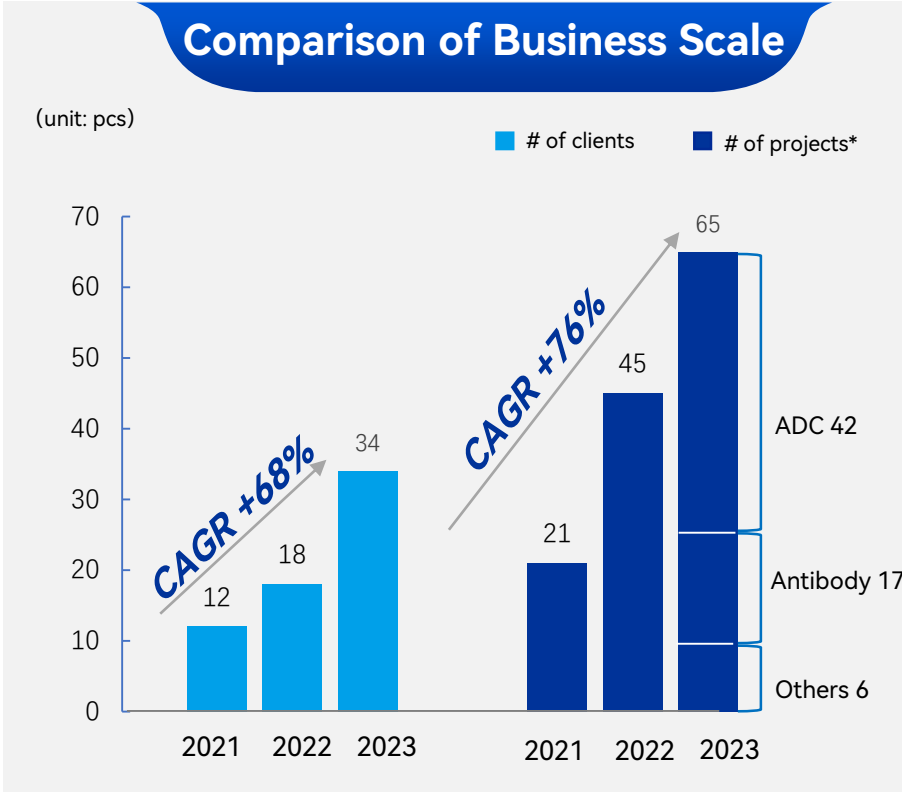
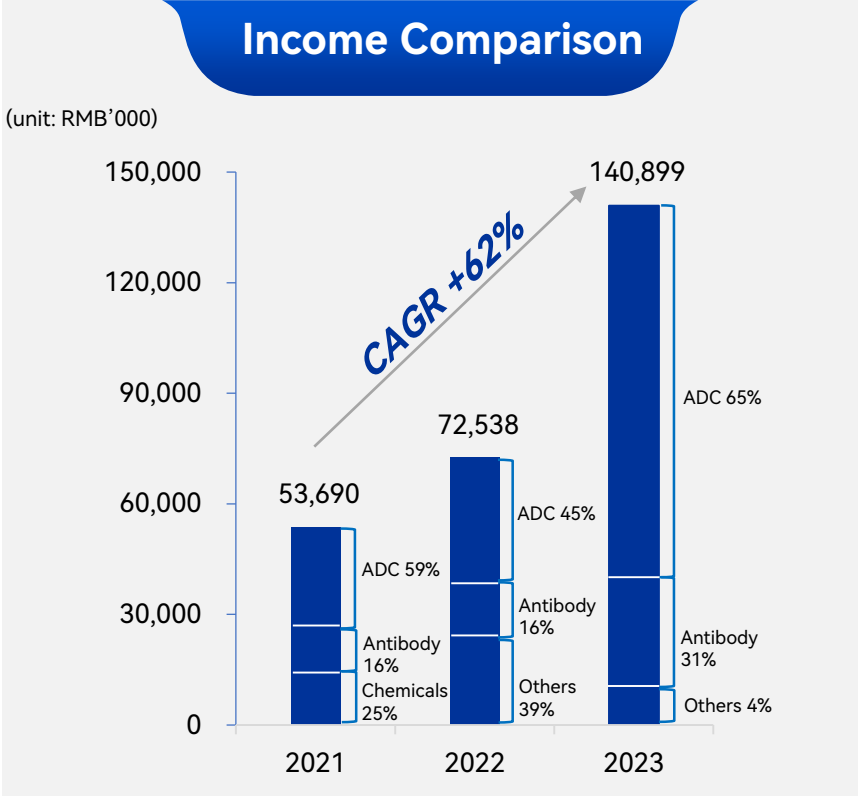
Business ◀
Development
CDMO Highlights

02



CDMO Highlights

- Revenue from CDMO business amounted to **RMB 141 million** in 2023, representing a YoY increase of **94%**
- Since the strategic transformation in late 2020, the 3-year compound annual growth rate (CAGR) of CDMO revenue was **62%**, the CAGR of number clients was **68%** and the CAGR of number projects was **76%**
- Differentiated competitiveness in ADC CDMO has been recognized by the market, among the 65 projects in progress, both the revenue from and the number of ADC projects increased to **65%** as a percentage of all projects



* # of projects in progress

CDMO Business Expands Steadily, ADC Becomes Major Driving Force

With outstanding CMC development and successful commercialization project experience, accumulating 95 projects

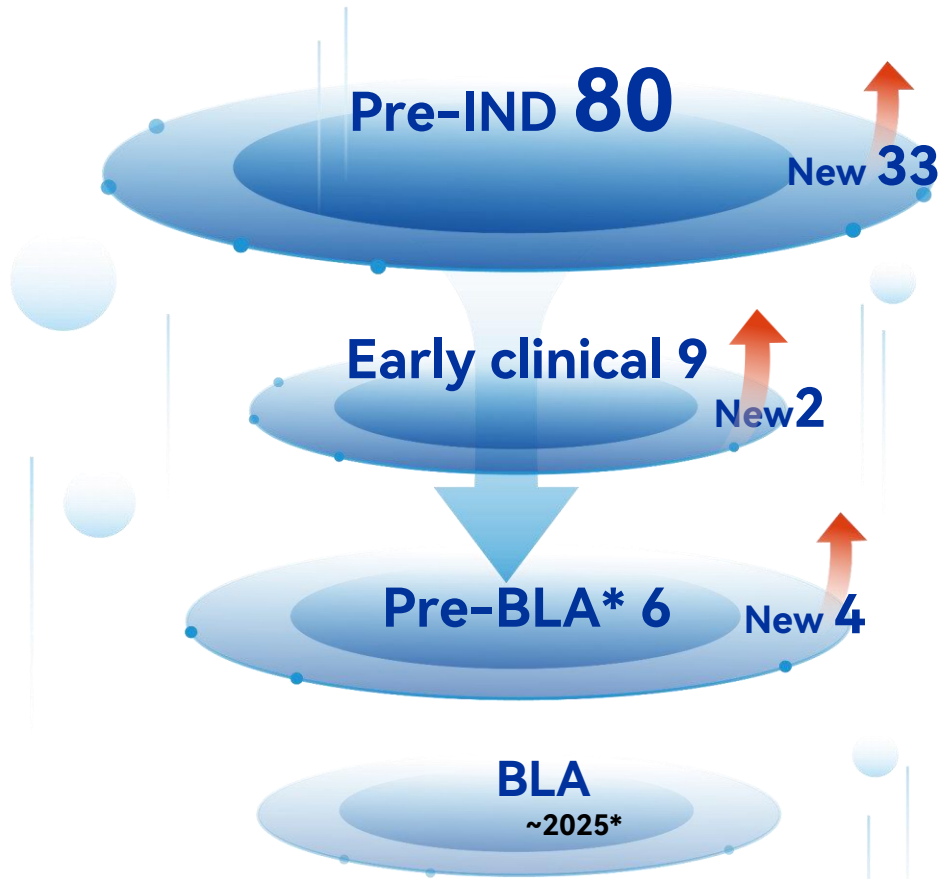
1. **Focus on ADC CDMO, rapid increase in business scale**
 - 39 newly added projects were secured this year, of which 30 were ADCs, accounting for 77% of the total
2. **Expanding early stage projects with significant front-end funnel effect**
 - 33 newly added pre-IND projects were secured this year, which expanded the portfolio of pipeline projects and enhanced front-end promotion
2. **Outstanding CMC development and commercialization production capacity, successfully obtained commercialization projects**
 - 4 newly added pre-BLA projects, secured potential commercialization orders and accelerating cash flow conversion

Newly added projects:

30
ADC

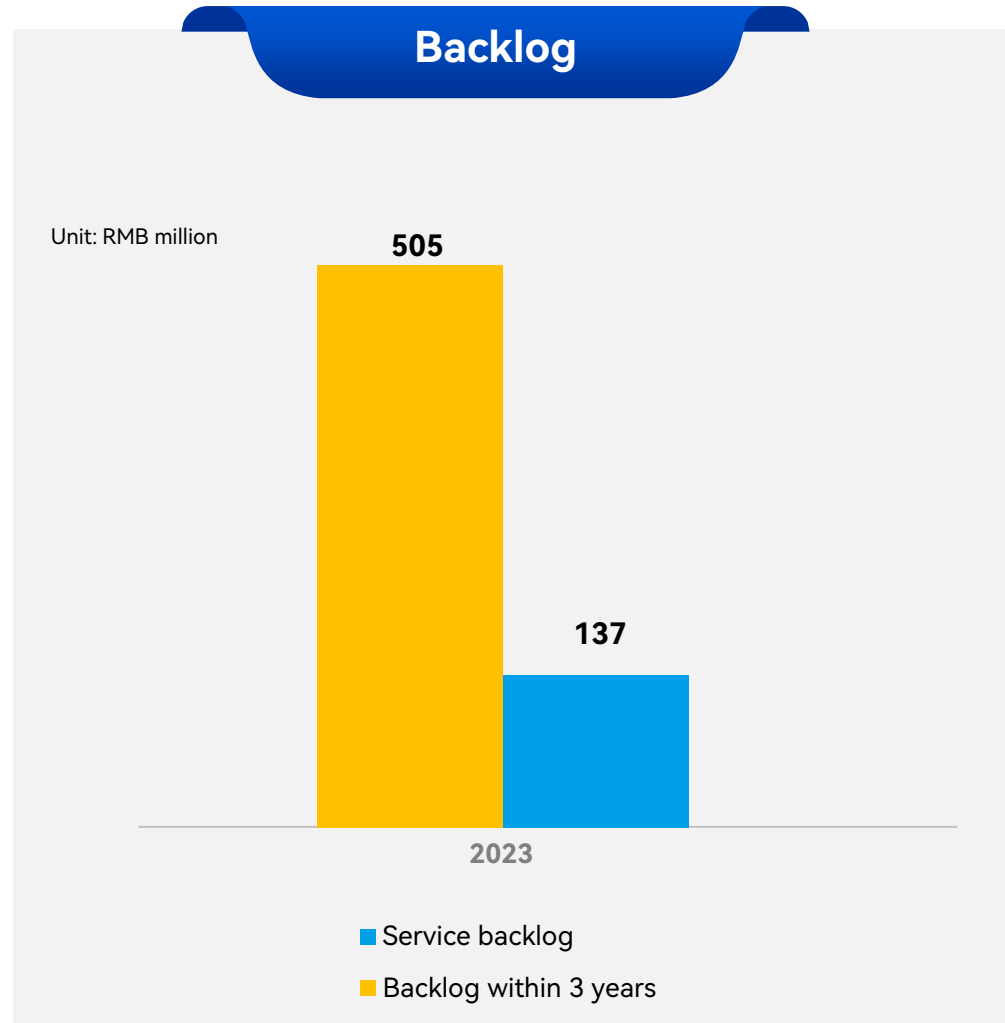
6
Antibody

Cumulative projects by phase



*Pre-BLA refers to pre-NDA filing projects. It is expected that there will be projects for BLA filing in 2025, depending on the actual progress of the projects.

Backlog Continue To Drive Future Revenue Growth



- Attribute to TOT's complete experience from development to commercial production and differentiated advantage of the ADC CDMO industry platform, as of 31st December, 2023, backlog within 3 years amounted to **RMB505 million** with strong growth momentum in performance
- Booked service backlog amounted to **RMB137 million**, representing a YoY increase of **163%**
- Multiple pre-BLA projects in progress ensure high revenue conversion, providing strong support for future business growth
- High-end and flexible production line configuration matching diverse project requirements

Continuous Growing of CDMO Team

Continue to optimize the organizational structure, introducing exceptional talents, with growing project experience and **95%** retention rate of core talents

Optimize the organizational structure, with CDMO team members accounting for **84%** of the group, representing an increase of **34%** as compared with 2022



ADC CDMO team members has increased by **46%** as compared with 2023



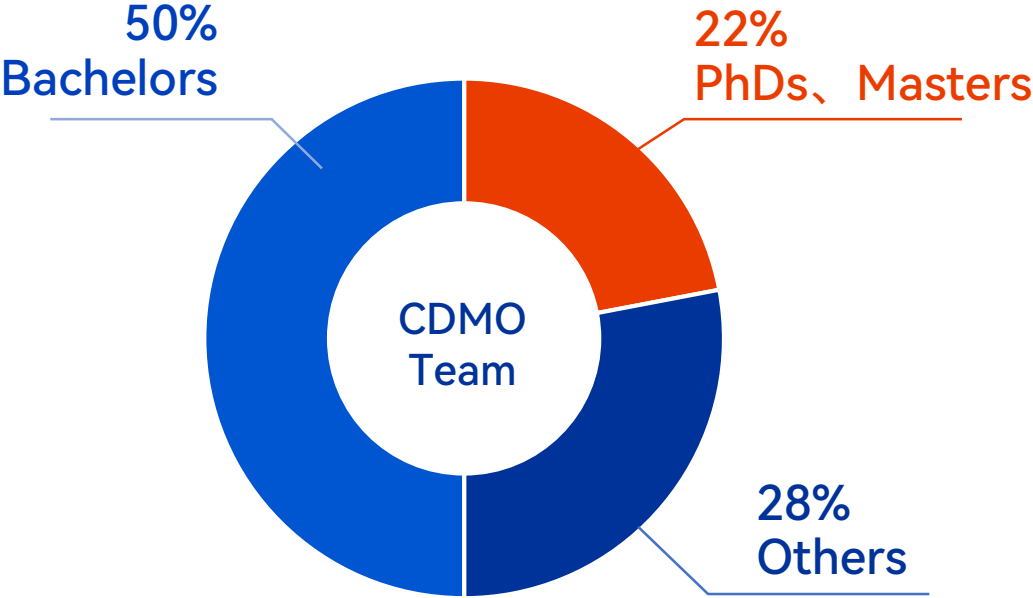
Core technical team* had an average of **12+** years working experience in the biomedical field to fully support projects



Senior management team* had an average of **15+** years of work experiences in world renowned multinational companies



ADC team members' project experience continues to grow, with an average of **20+** projects per person



* Core technical team refers to CDMO team members at manager level or above.
* Senior management team refers to director and above

“One-Base· End-to-End” ADC Industrialization Platform



- Own an ADC integrated platform that integrates antibodies, ADC drug substances and ADC drug products, which can meet the full process requirements of ADC drugs from development to commercial production and ensure stable supply

- Provide customers with one-stop ADC CDMO services through a comprehensive quality management system and an experienced technical team

- Comply with domestic regulatory requirements for non-segmented production of biological products.

Achieved Multiple ADC CDMO Collaborations in 2023

- Promote innovation through quality
- Establishing steady and sustainable cooperative relationships with partners



TOT BIOPHARM established a long-term ADC project cooperation with Lepu Biopharma, pursuant to which will provide comprehensive services from research and development to clinical and commercialization for its ADC drug.



Both parties entered into a close cooperation, pursuant to which we will fully assist Escugen's ADC drugs from late clinical to commercialization.



TOT BIOPHARM will provide BioRay with one-stop CDMO services for various ADC R&D projects, as well as whole process services.



Both sides will rapidly promote the development of innovative radionuclide-drug conjugates (RDCs) based on conjugation technology.



Both parties entered into strategic cooperation to deepen the establish of a one-stop CDMO high-quality service platform covering the whole process from R&D to industrialization of ADC drugs



.....

Company 
Highlights
Competitive
advantage and
commercial production

03



Site-specific Conjugation Technology Platform

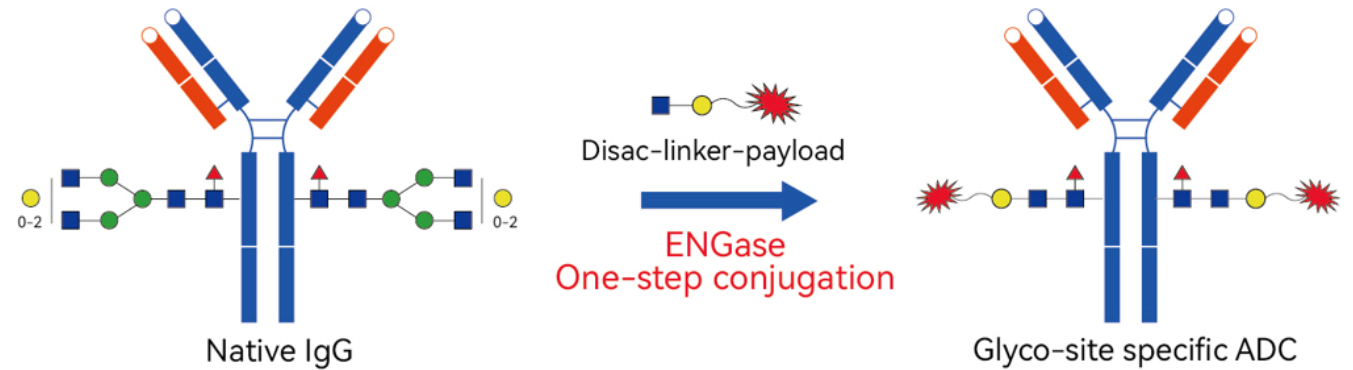
—DisacLink™

Accelerating the overall R&D level and the development of domestic ADC industry

✓ New generation of
“single enzyme **one-step**” method



东曜药业
TOT BIOPHARM



- ✓ Simple and efficient: single enzyme one-step reaction, short reaction time, complete reaction
- ✓ Compatible: no need to pre-modify the antibody sequence, applicable to all antibodies and fusion proteins with antibody Fc segment structure



- DisacLink™ technology is similar in principle to Synaffix's GlycoConnect technology, but simpler to implement
- GlycoConnect has a cumulative license revenue of **\$4.75** billion
- Lonza acquires Synaffix to further enhance capabilities in ADC field service

"One Base, End-to-End" ADC Platform

One-stop CDMO Service

- Complete ADC analysis technology platform and independent quality analysis capability to ensure high-quality product development
- Critical process in one place to achieve more efficient, optimal cost, and lower risk control

The Large-scale ADC Substance & Product Manufacturing Line



- **Antibody:** equipped with 2 independent substance production workshops, 2 production lines, up to 20,000L production capacity
- **ADC substance:** equipped with 3 independent substance production workshops, annual capacity reaches 960kg; Simultaneously equipped with a non-toxic conjugation workshop to support non-toxic conjugation projects
- **ADC product manufacturing:** maintain 2 filling lines (2 freezing lines), Provide filling and packaging services for injections and freeze-drying at different stages, with an annual production capacity of 5.3 million vials

— **Over 100+ batches Produced, 100% Success Rate** —

Expectation Outlook for 2024

04



Outlook for 2024

Core business

- Focus on XDC CDMO and advancing the implementation of more projects from multiple dimensions
- Further increase the market share of Pusintin® and contribute stable cash flow to the company

1

Expanding emerging bioconjugates field and related technologies platform

- Expanding competitive differentiation
- Continue to build a cutting-edge innovative technology platform and accumulate rich project experience
- Actively explore other broader fields of drug conjugates to inject sustained growth momentum into the Company

2

Accelerating expansion in ADC CDMO overseas business

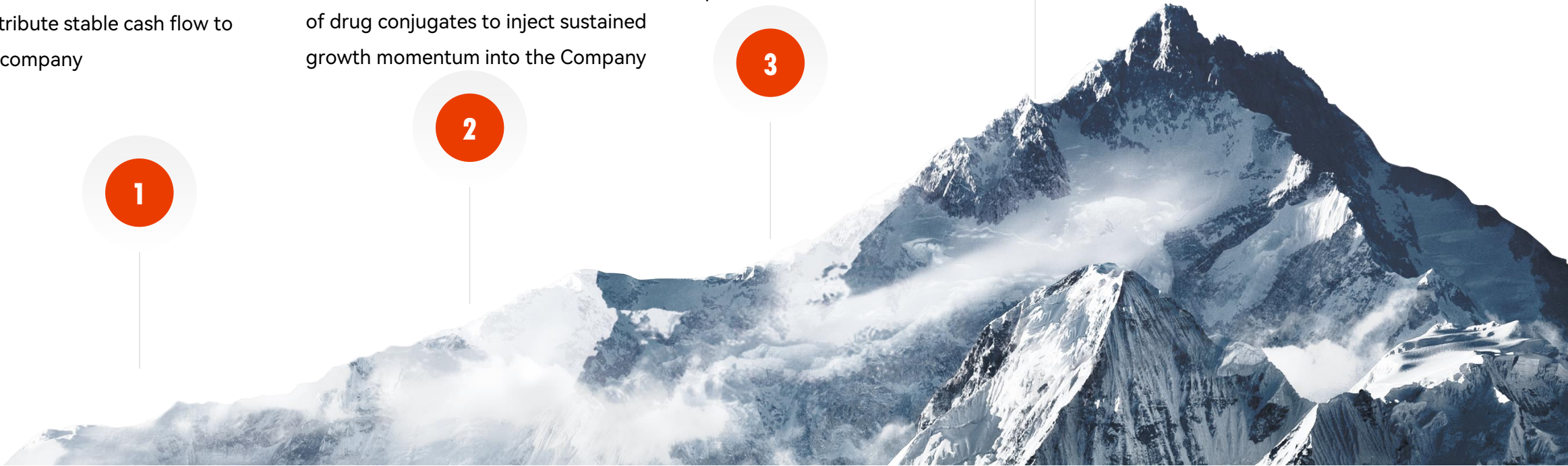
- Strengthen the construction of internationalized quality system, continue to enhance project compliance, and expand differentiated service advantages
- Promote more cooperation with leading international biopharmaceutical companies to expand market share

3

Enhance comprehensive competitiveness

- Lean management
- Leveraging our advantage in production capacity and expand the economies of scale effect
- Continue to introduce and cultivate talents to enhance the team's project capabilities

4



Corporate Vision, Mission, and Values

Vision: Empowering pharmaceutical innovation to improve the quality of life and safeguard human health

Mission: To be the industry-leading and the best customer-trusted partner in biopharmaceuticals



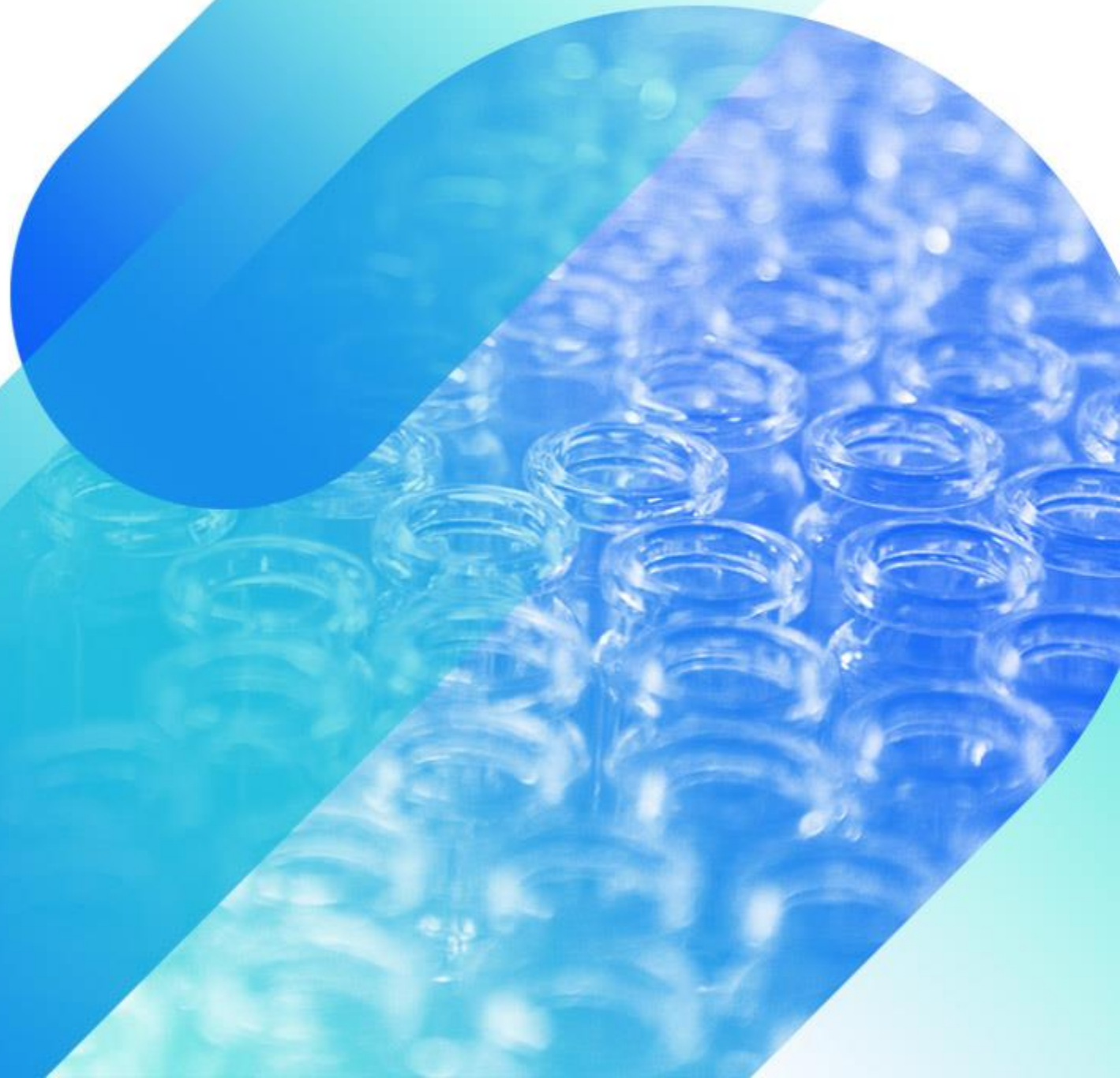
Strive for Better Life !

Financial Review

▶

Financial analysis of 2023

05

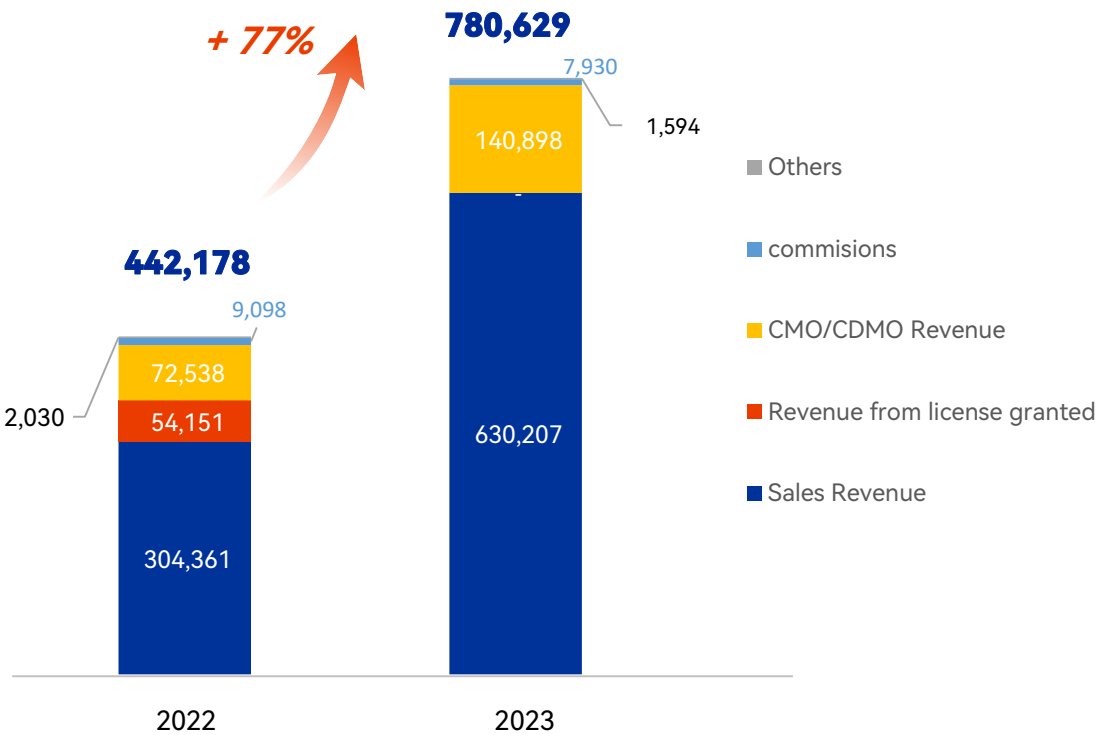


Continued significant revenue growth

- Operating revenue in 2023 amounted to RMB781 million, representing a YoY increase of **77%**
- Excluding the impact of revenue from licenses granted in 2022, revenue would have increased by **101%** in 2023
- Revenue from sales of product in 2023 was RMB630 million, representing an increase of **107%**, mainly due to the significant increase in the sales volume of our core product Pusintin®
- Revenue from CDMO/CMO business in 2023 was RMB 141million, representing an increase of **94%**, of which **65%** was generated from ADC projects

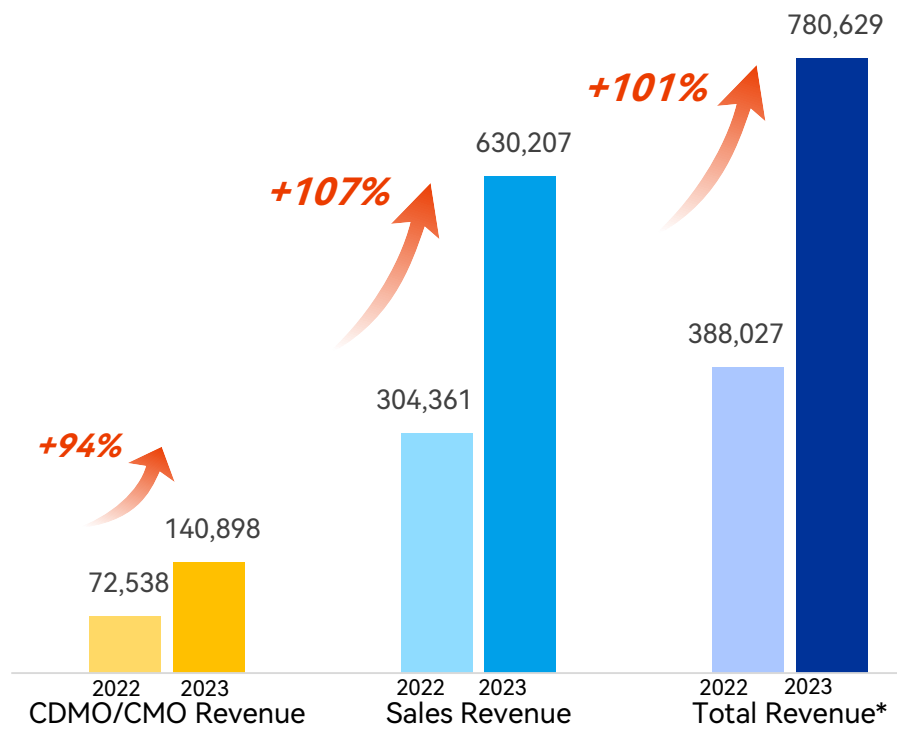
Income Distribution

(unit: RMB'000)



Revenue Distribution

(unit: RMB'000)



Note: 2022 full year revenue excludes revenue from license granted

Key Financial Data – Consolidated P&L Statement

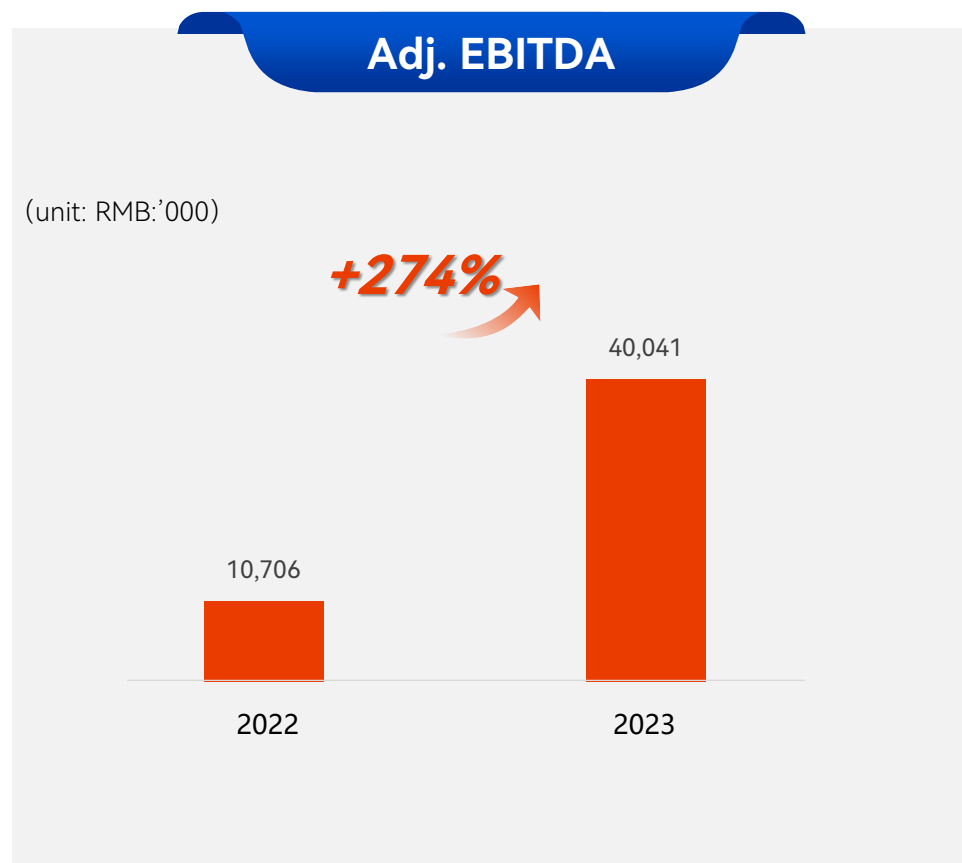
(Unit: RMB'000)

项目	2023	2022	+/-
Revenue	780,629	442,178	77%
Cost of revenue	(206,643)	(71,563)	189%
R&D expense	(103,890)	(151,168)	-31%
Selling expense	(441,019)	(203,954)	116%
General and administrative expenses	(68,310)	(62,587)	9%
Net impairment losses on financial and contract assets	(11,481)	(597)	1823%
Other income and losses - net	17,654	8,615	105%
Operating profit (loss)	(33,060)	(39,076)	-15%
Net financial income and expenditure and investment gains and losses	(4,697)	(10,970)	-57%
Net profit (loss)	(37,757)	(50,046)	-25%

- **Cost of revenue:** mainly due to the large-scale expansion of CDMO/CMO business, corresponding to the increase in investment; and the increase in sales of self-developed products, resulting in the increase in COGS
- **R&D expense:** mainly due to the streamlining of product pipeline, further devoting R&D resources to ADC CDMO process development and technological innovation
- **Selling expense:** mainly due to the increase in sales of self-developed products and the increase in marketing and promotion expenses year-on-year
- **Net impairment losses on financial and contract assets:** mainly attributable to the impairment provision for other receivables and other assets resulting in past years, in response to company's strategic transformation

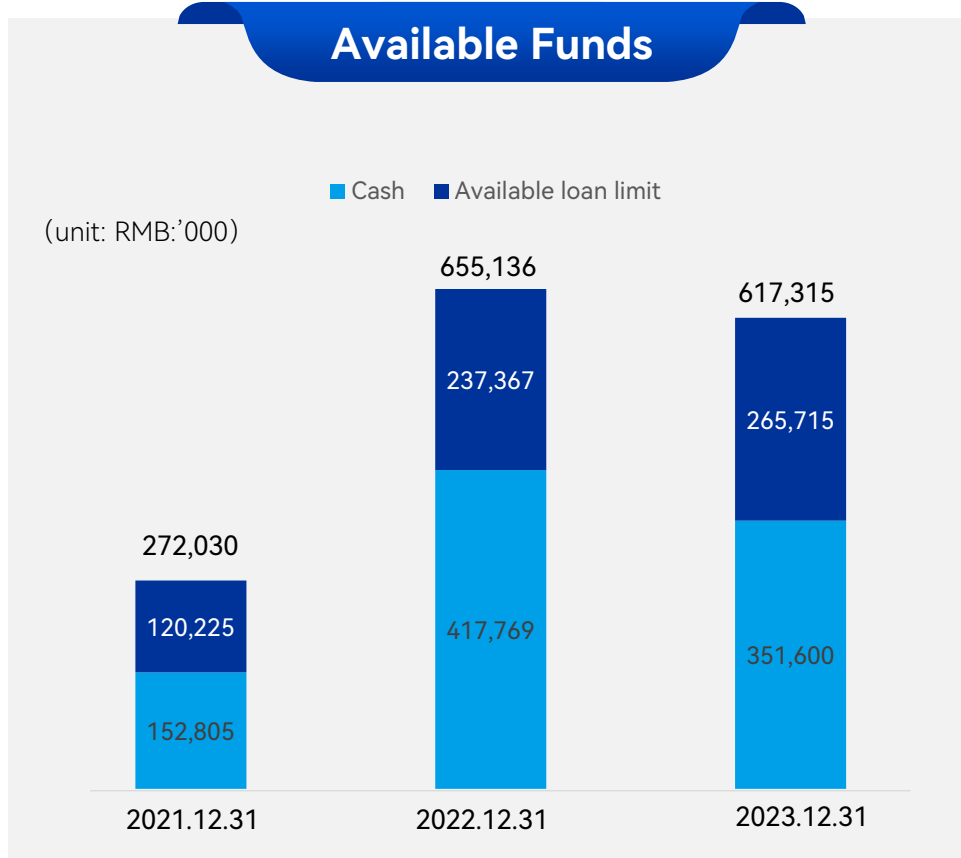
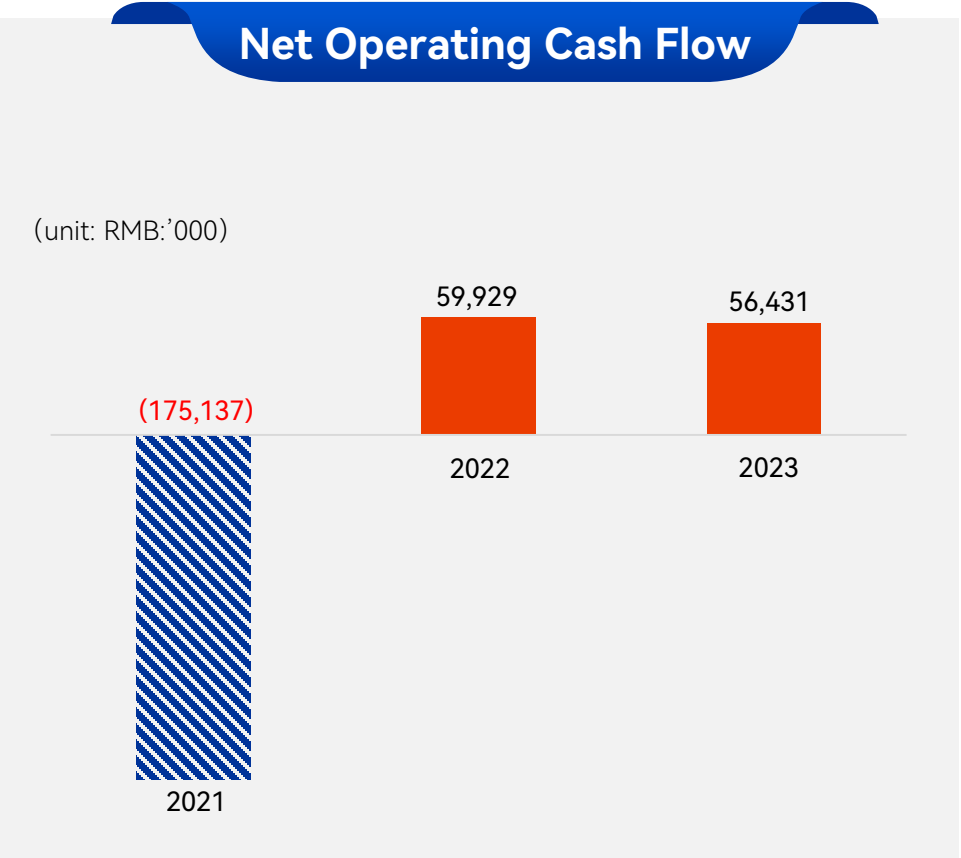
Continuous Improvement In Profitability

- Adjusted EBITDA amounted to RMB 40.04 million, representing a YoY increase of **274%**, entering a new stage of stable development
- The strategic transformation has achieved remarkable results, with adjusted net loss continued to narrow down, to RMB 8.16 million, representing a YoY decrease of **76%**



Continuous Solid Cash Security

- Cash generating capability continues to enhance, and the net operating cash flow continues to be positive and amounted to **RMB56.43 million**, despite of no revenue from licenses granted in 2023
- Balancing capital expenditures and available funds for use to lay the solid foundation for company's sustainability



东曜药业
TOT BIOPHARM

Thank you!
ir@totbiopharm.com



长按二维码关注