

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

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# Performance Overview

2023

Business Highlights

01



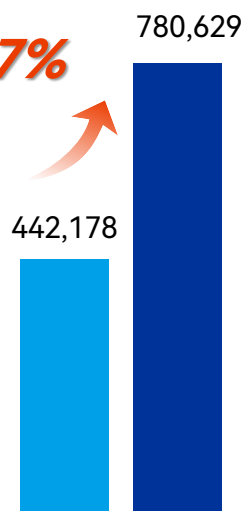
# Performance Review in 2023—Continuing steady improvement in business conditions

- 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%**



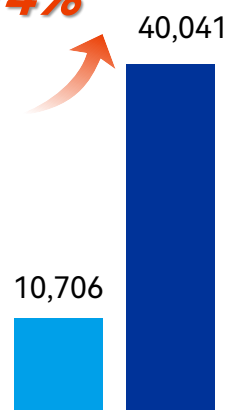
2022 2023

Unit: RMB'000

## Adj.EBITDA\* significant increase

**40.04 million**

**+274%**



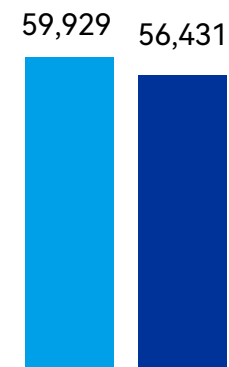
2022 2023

Unit: RMB'000

## OCF continuous to be positive

**50.82 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

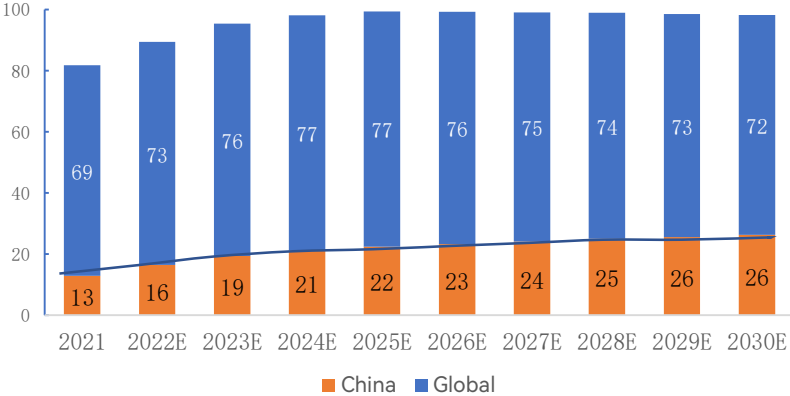
### Global market

- 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

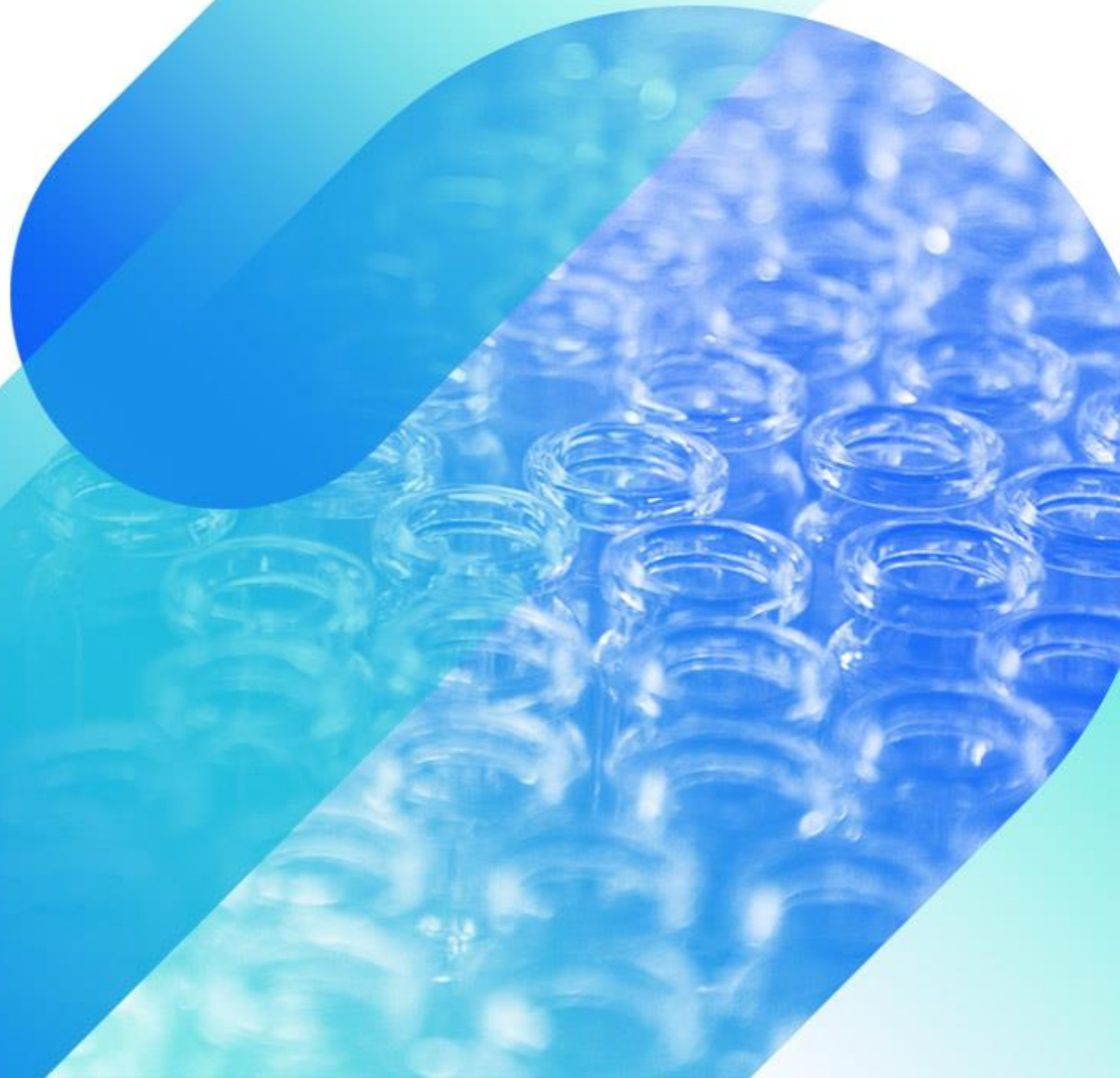
Fallopian tube/peritoneal cancer  
Cervical Cancer  
Hepatocellular carcinoma

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;

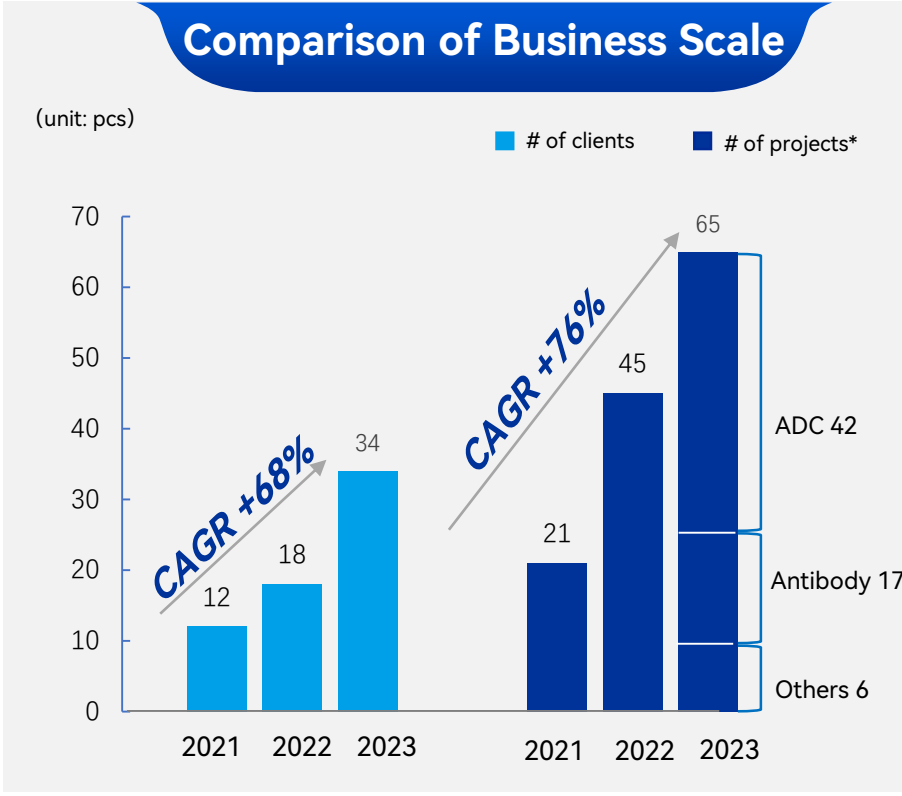
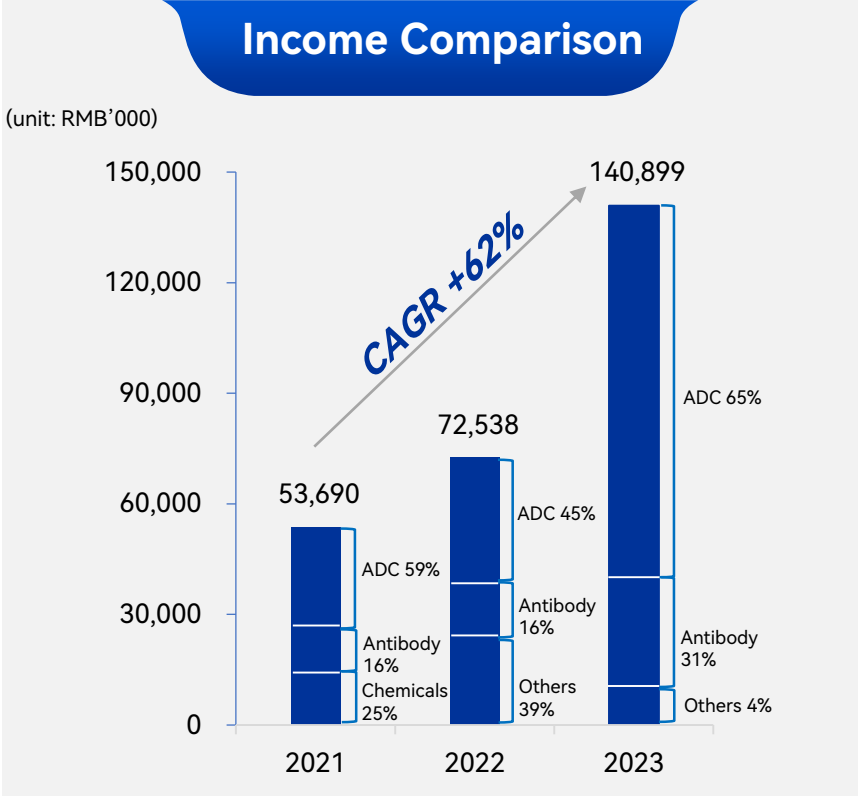
**Business** ◀  
**Development**  
**CDMO Highlights**

**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

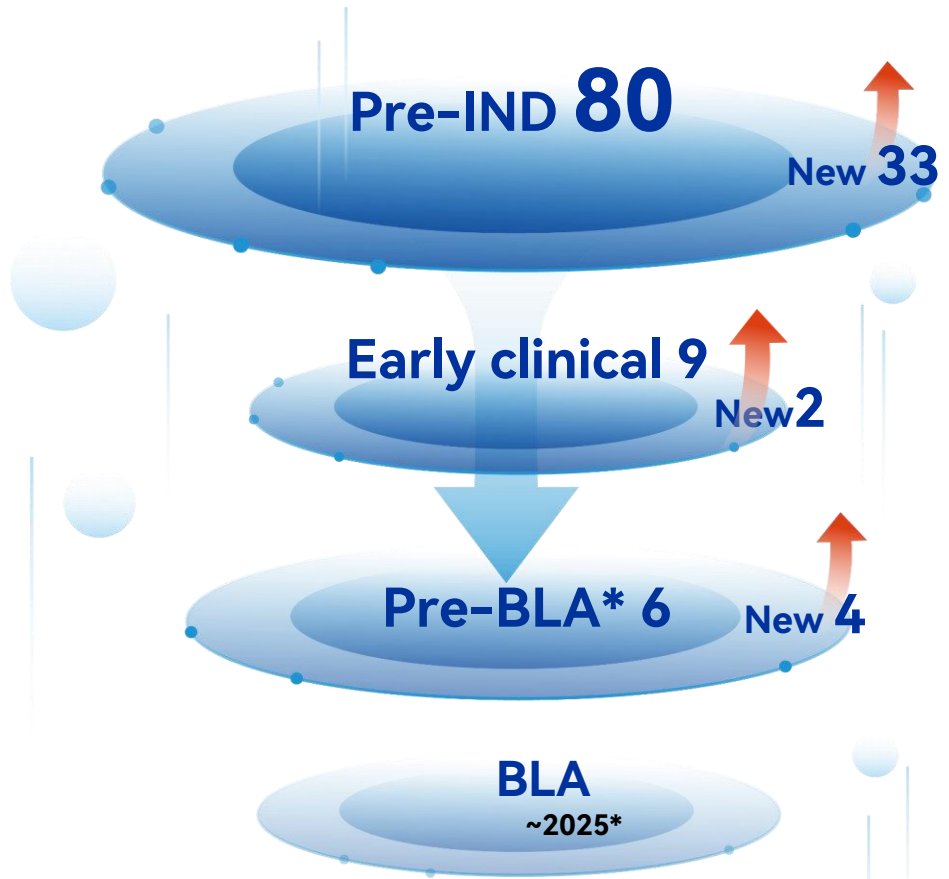
1. **Focus on ADC CDMO, rapid increase in business scale**
  - 39 newly added projects were secured this year, of which 30 were ADCs, accounting for 77% of the total
2. **Expanding early stage projects with significant front-end funnel effect**
  - 33 newly added pre-IND projects were secured this year, 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

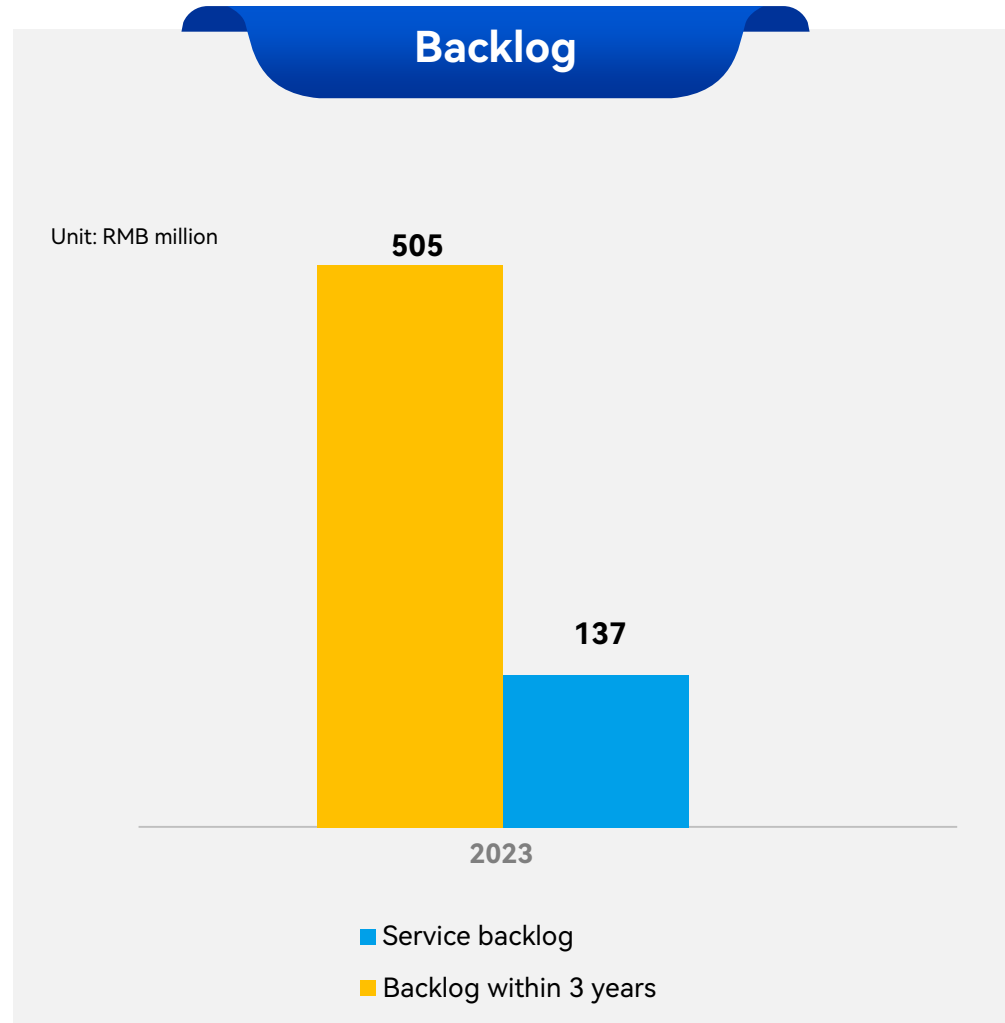
**6**  
Antibody

**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 31<sup>st</sup> 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



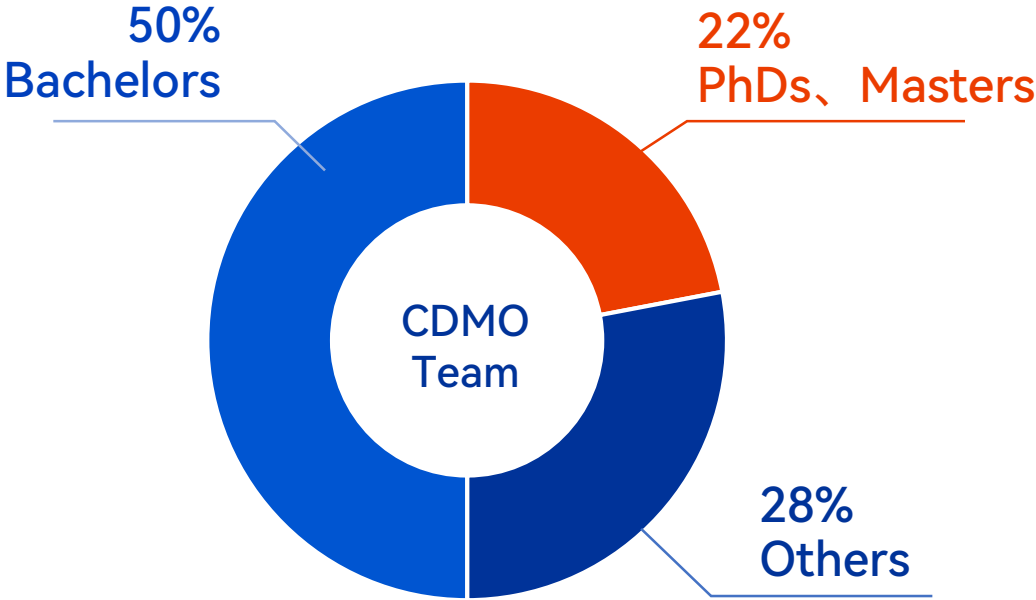
Core technical team\* had an average of **12+** years working experience in the biomedical field to fully support projects



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 Esugen'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



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**Company**   
**Highlights**  
**Competitive**  
**advantage and**  
**commercial production**

**03**



# Site-specific Conjugation Technology Platform

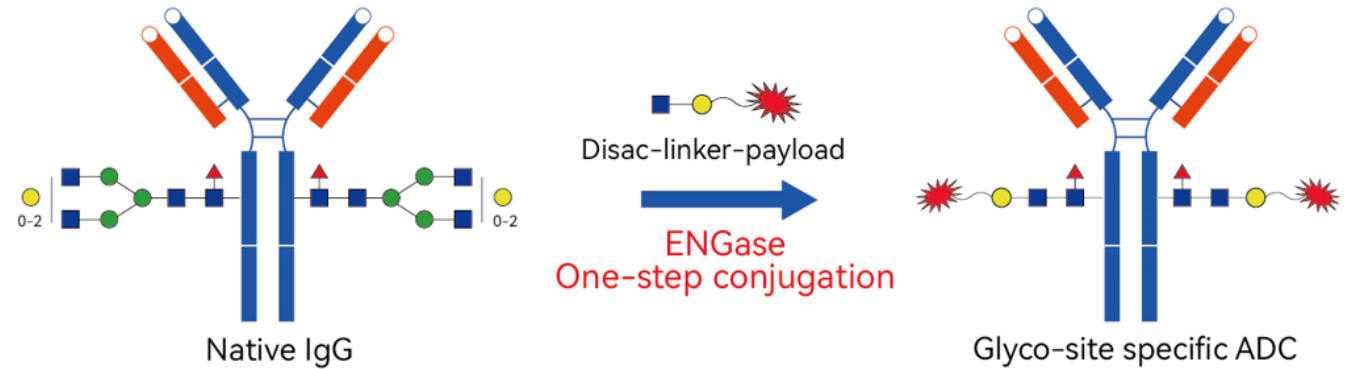
## —DisacLink™

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

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



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- ✓ 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 production



Drug substance production



Product manufacturing production

- **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

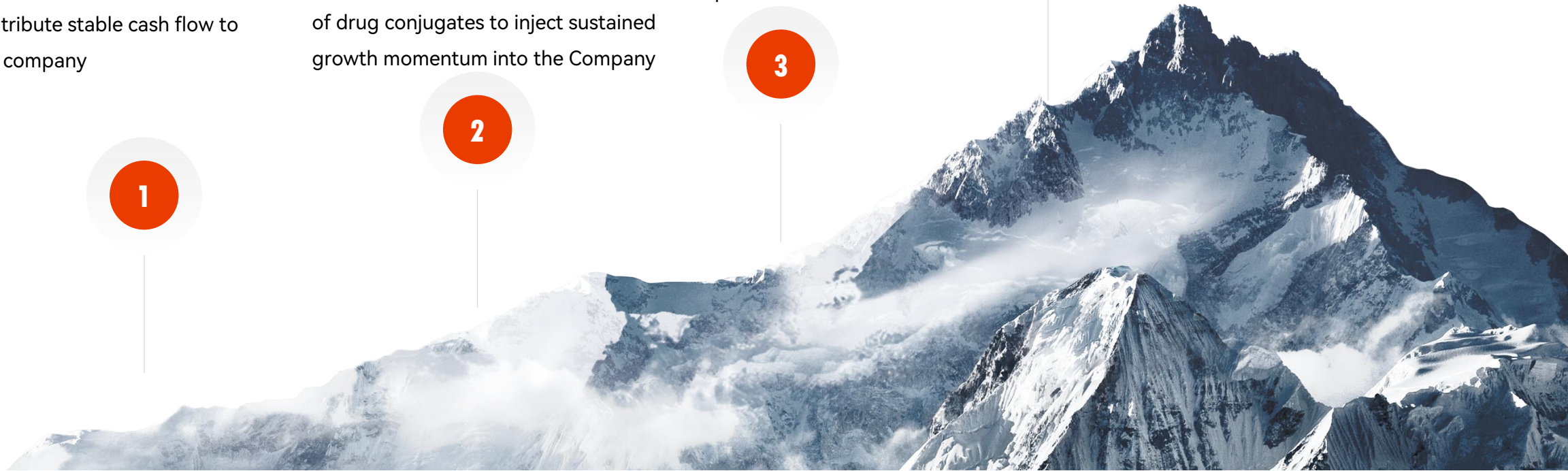
- Strengthen the construction of internationalized quality system, continue to enhance project compliance, and expand differentiated service advantages
- Promote more cooperation with leading international biopharmaceutical companies to expand market share

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



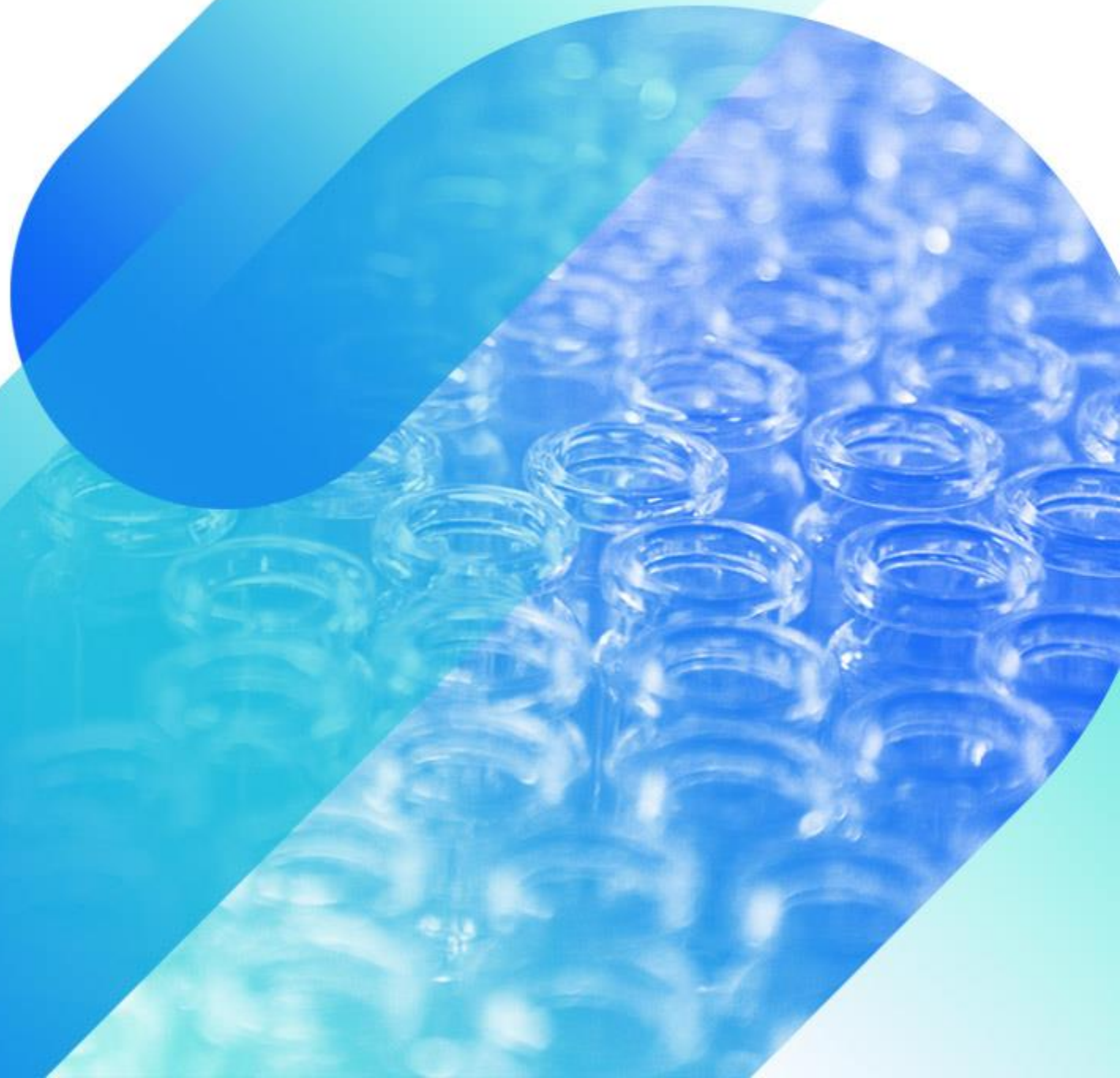
*Strive for Better Life !*

# Financial Review

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## Financial analysis of 2023

# 05

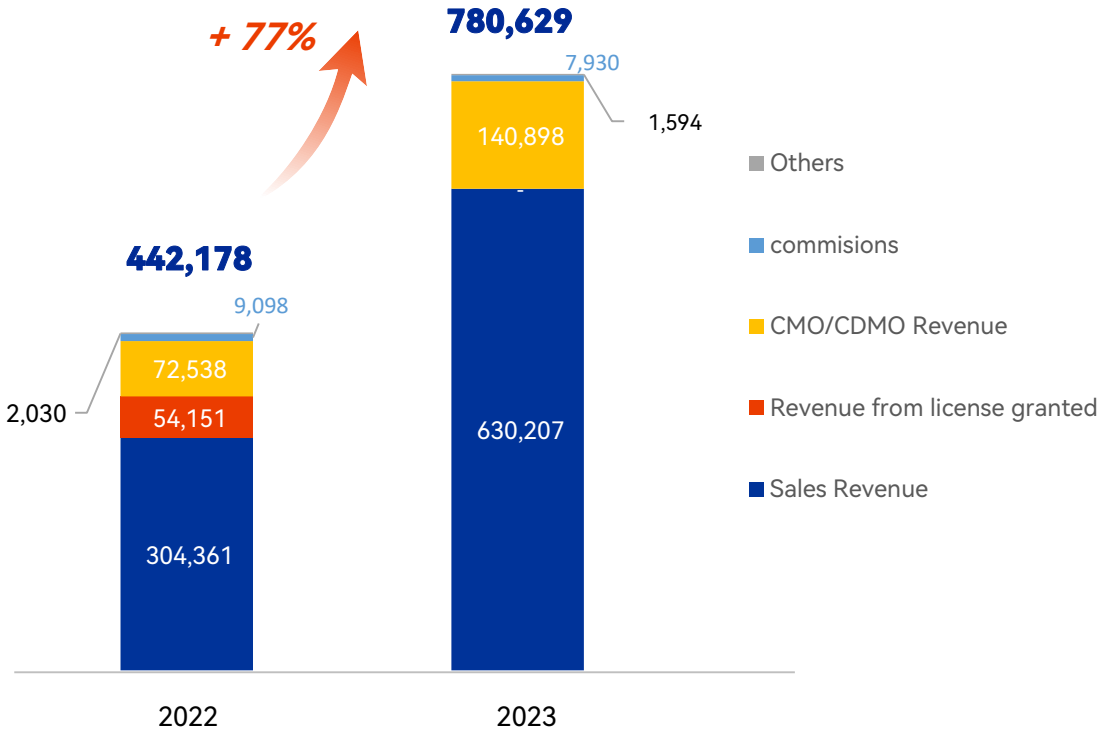


# Continued significant revenue growth

- 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

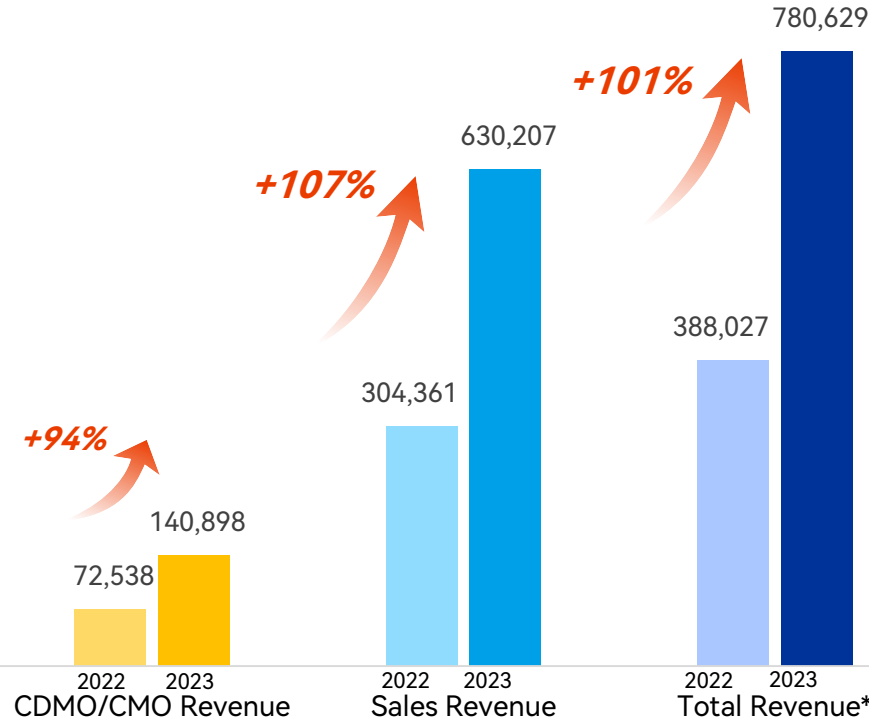
## Income Distribution

(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

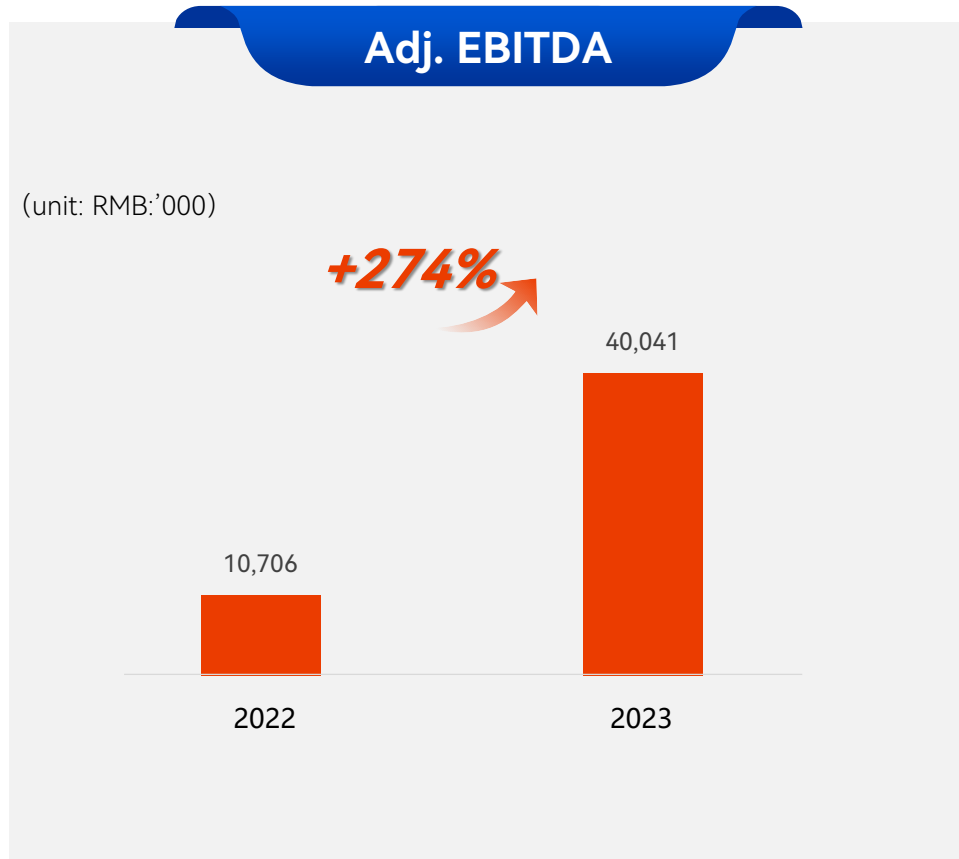
(Unit: RMB'000)

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%
<b>Operating profit (loss)</b>	<b>(33,060)</b>	<b>(39,076)</b>	<b>-15%</b>
Net financial income and expenditure and investment gains and losses	(4,697)	(10,970)	-57%
<b>Net profit (loss)</b>	<b>(37,757)</b>	<b>(50,046)</b>	<b>-25%</b>

- **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

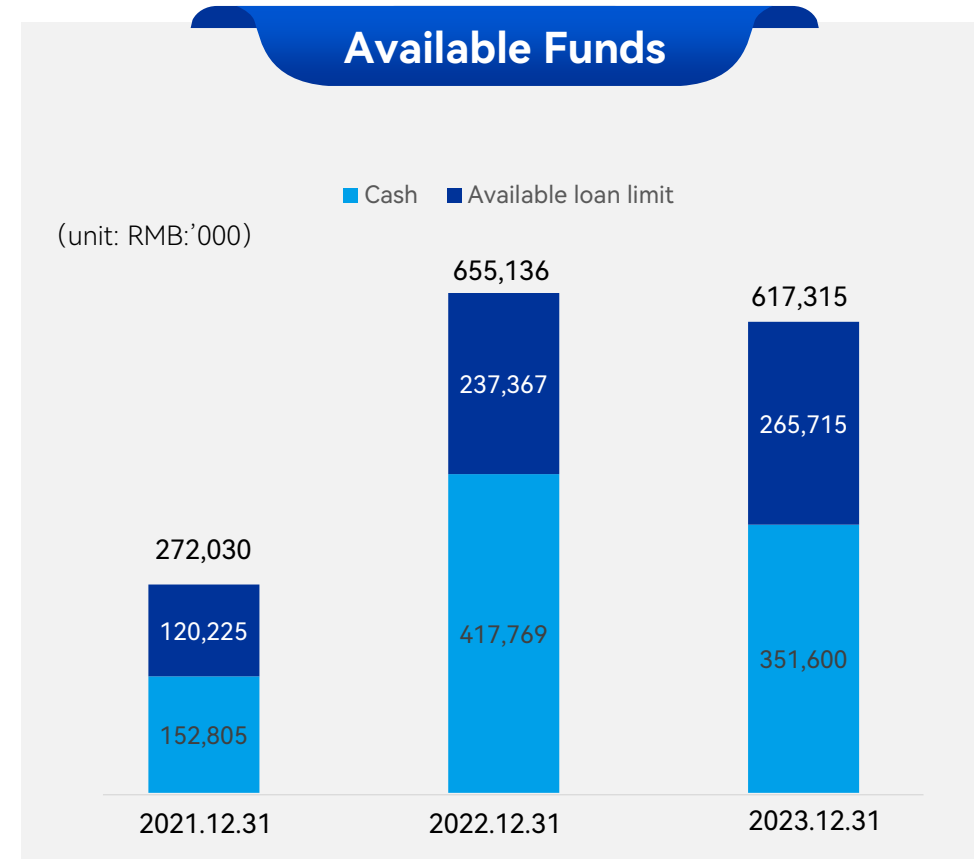
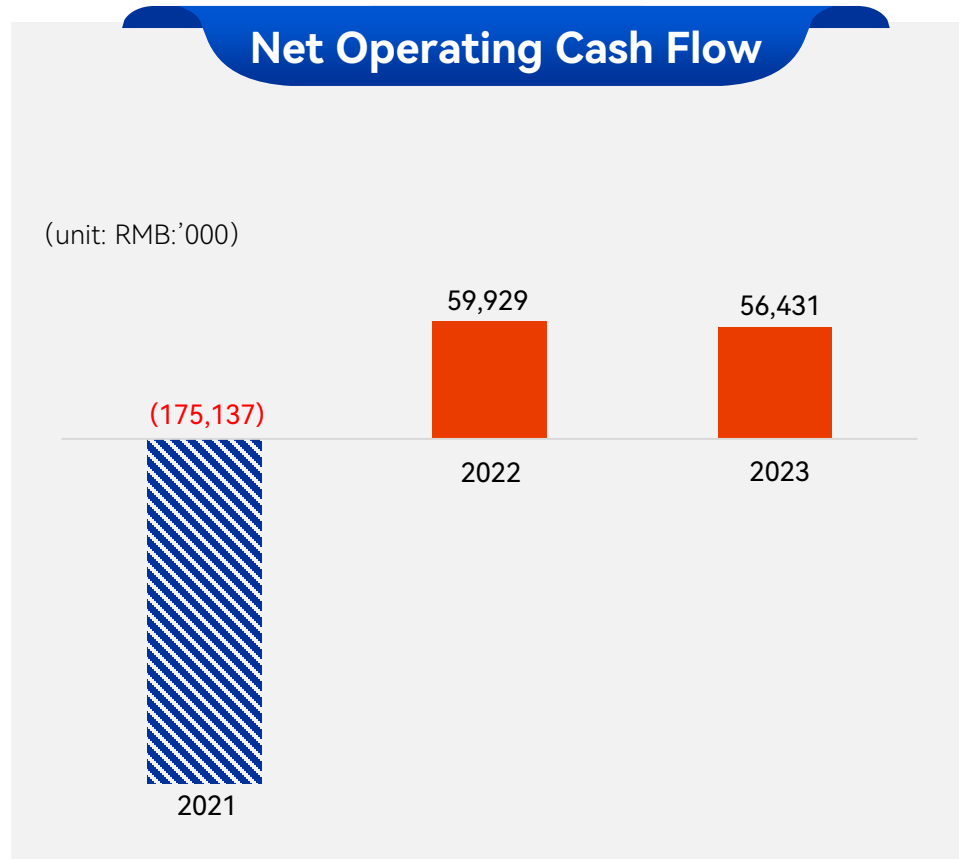
# Continuous Improvement In Profitability

- 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





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