

# U.S. business (Upsher-Smith)



## FY2022 Marks a turning point for Upsher-Smith

-looking to build on momentum from strong FY2022 performance-

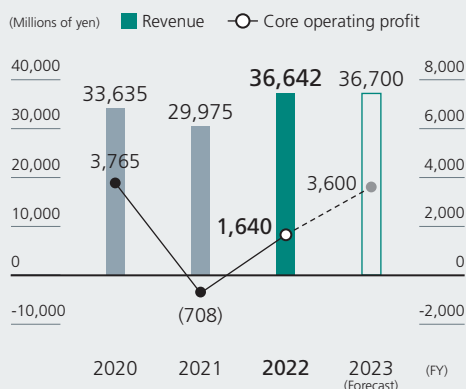
### Rich Fisher

President & COO, Upsher-Smith Laboratories

#### SWOT analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Consistent high quality supply from manufacturing facilities located in the U.S.</li> <li>• Strong relationships with major wholesalers</li> <li>• High level of employee engagement</li> <li>• Strong development partnerships with outside partners</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lower relative price competitiveness compared to Indian companies</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• High population growth rate for an advanced country</li> <li>• Size of the market, which accounts for about 40% of the global market</li> <li>• Supply disruptions of competitors that struggle to comply with regulations and raise funds</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Excessive decline in selling price due to competition with new entrants</li> <li>• Continuing pricing pressures driven by consolidation into three major purchasing groups</li> </ul>

#### Revenue / Core operating profit



#### FY2022 performance

My name is Rich Fisher and I assumed the role of President and COO of Upsher-Smith Laboratories (USL) approximately one year ago. Despite the continuation of challenging conditions in the U.S. generic market, USL had an outstanding year. FY2022 marked USL's first year-over-year revenue increase in nearly a decade and USL also achieved substantive improvements in profitability. We expect additional revenue and profitability growth in FY2023. Growth in FY2023 will be driven primarily by a significant number of new product launches, which will more than offset expected revenue declines for mature products. USL's external R&D model, which was implemented over a year ago, has been a spectacular success, leading to a dramatic decrease in expense and an increase in pipeline products, submissions to FDA, and new product launches.

#### Investing in human resources for future growth

Shortages of workers in production areas continue to be a challenge, with unemployment in MN remaining at historic lows of approximately 3%. USL continues to aggressively recruit and work on initiatives important to employees such as Diversity, Equity and Inclusion. In FY2022, USL increased the diversity pool of candidates for new jobs, implemented

new training tools, and expanded activities associated with Employee Resource Groups. Despite worker shortages, significant milestones were achieved in FY2022.

#### Outlook for FY2023

USL's new 25,000 square meter manufacturing facility was approved by the FDA late in 2022 and began commercial manufacturing in February of 2023. The outlook for FY2023 and beyond looks promising. USL has a strong reputation in the U.S. for consistently delivering quality products. Some of USL's competitors have stumbled due to 1) lack of regulatory compliance, leading to importation bans into the U.S. 2) Financial difficulties, leading to bankruptcy filings and inability to continue to market their products 3) Insufficient investments in operations, leading to potential non-compliance with pending serialization and aggregation requirements. It is possible that these developments mark a turning point in the U.S. generic industry, and USL is very well-positioned to capitalize on competitor's failures.