Hua Medicine
华领医药

全控血糖 稳而有道

Hua Medicine
2024 Interim Results Presentation
August 2024

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Company Overview

Commercialization of HuaTangNing

2,100+

HuaTangNing was prescribed in over 2,100 hospitals and over 2,900 pharmacies, compared with 143 hospital and 1,080 pharmacies in the first half of 2023.

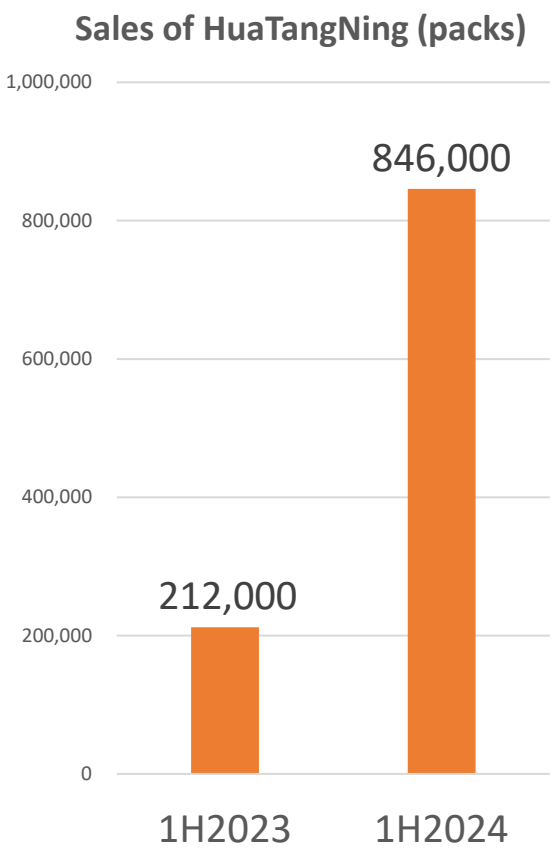
1,150,000

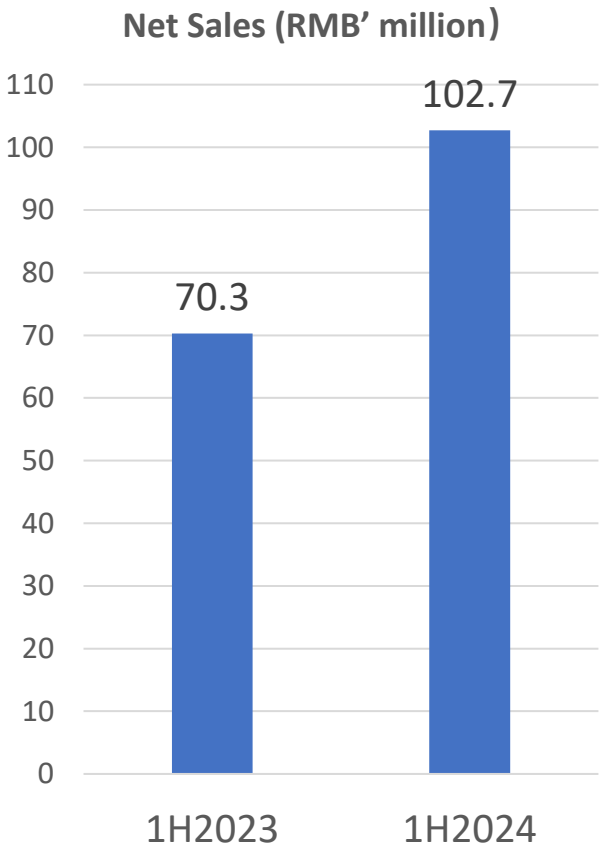
Driven by the acceleration of increased hospital entries, sales of HuaTangNing in the first half of 2024 reached 846,000 packs. 1,150,000 packs sold since the first commercial launch in Oct 2022.

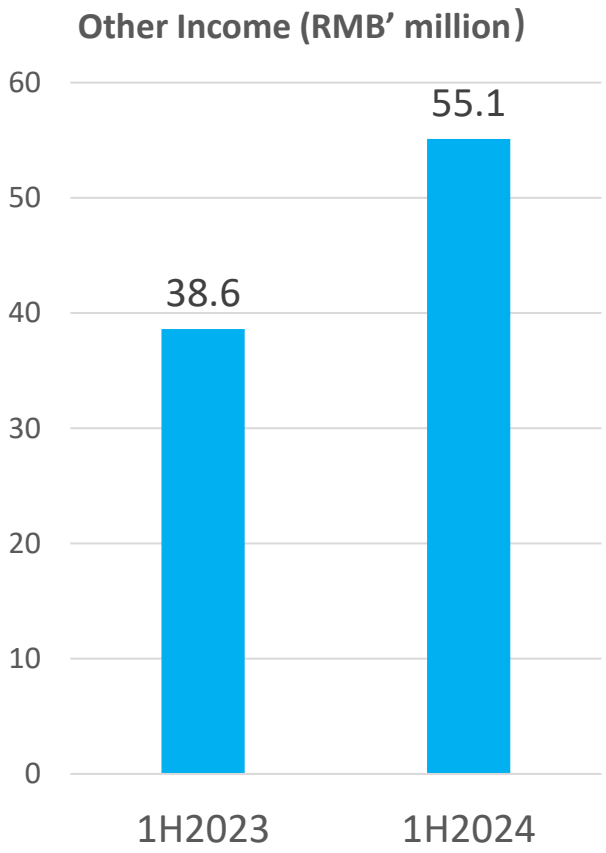
100,000

A good drug safety profile for HuaTangNing has been observed since its commercial launch in October 2022 – a time span of over 20 months and approximately 100,000 patient exposure.

Business Overview







- Represents the first reporting period in which HuaTangNing was sold under NRDL, effective January 1, 2024
- Despite a 64.1% drop in price from RMB420 / pack (out-of pocket price) to RMB150.92 / pack (under the NRDL), net sales increased by 46% for the reporting period, with sales volume increasing almost 4x. Net sales are expected to continue to grow in 2H2024.

2nd Generation GKA in Phase I in the US

- Focusing on Western markets (the majority of patients with obesity) and consistent with Western patients' drug use habits
- Transformative solution for obesity and diabetes: Potential to restore impaired glucose homeostasis, improve β-cell function, elicit even higher GLP-1 release than Dorzagliatin, seek diabetes prevention and remission

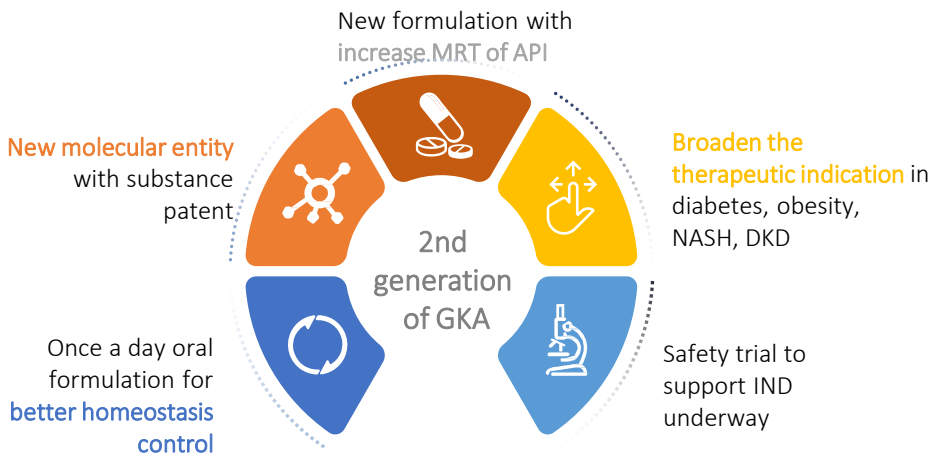
Dorzagliatin: Second Generation

Acceleration in technology to advance medicine

~100 years
4 generations of insulin

20 years
4 generations of GLP-1

Advanced 2nd generation of GKA in Phase I in U.S.



Dec 2023
FDA accepted IND application

Jan 2024
Received note of "safe to proceed" from FDA

Apr 2024
Officially initiated its Phase I clinical trial in the US

- *Phase I data expected by end of 2024*
- *PK/PD profile obtained from US Ph1 trial is expected to demonstrate effective bio-equivalence with Dorzagliatin so that much of the current RWE data of Dorzagliatin in China could be leveraged in the clinical study and eventual commercial launch of 2nd Gen GKA globally*
- *Patent expiry in 2040s*

Post Marketing Clinical Studies Ongoing

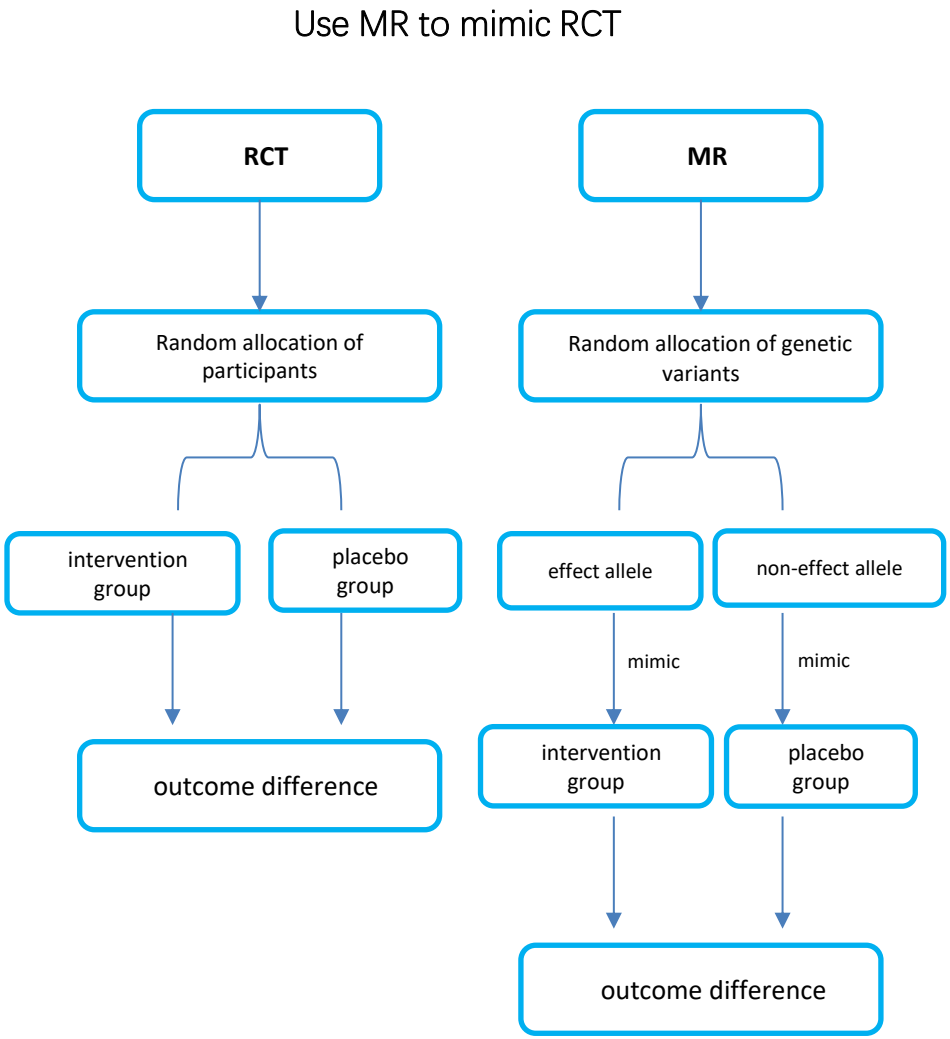
HMM0601

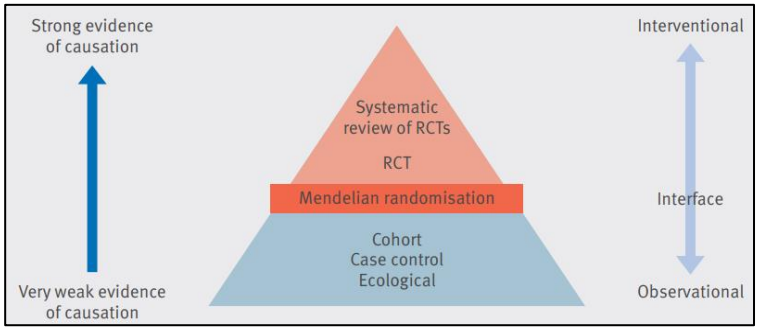
Study Summary	Study Start	Study Completion (estimated)	Progress
The primary objective of this study is to evaluate the long-term safety of Dorzagliatin in a larger population of type 2 diabetes mellitus patients by collecting the post-marketing clinical safety data of Dorzagliatin.	2023/12/30	2026/4/30	1368/2000

HMM0701

Study Summary	Study Start	Study Completion (estimated)	Progress
The primary objective of this study is to explore dorzagliatin's clinical beneficial effects on the improvement of glucose homeostasis, cognitive function and diabetes remission .	2023/9/30	2026/6/30	102/380

Mendelian Randomization





- Mendelian randomization is a causal inference method based on genetic variation—it utilizes the impact of randomly assigned genotypes on phenotypes in nature to infer the influence of biological factors on diseases
- MR studies are now increasingly applied to infer health effects of medications by analyzing variants located in the gene targeted by the drug
- In evidence-based medicine, the evidence level of Mendelian randomization is very high, second only to randomized controlled trials

GKA Reduce Risk of Cardiovascular Disease

For every one-unit decrease in HbA1c due to GK activation
- the risk of coronary artery disease (CAD) is reduced to 0.38 times the original risk
- the risk of heart failure (HF) is reduced to 0.54 times the original risk

Exposure	Outcome	Case/control	OR (95% CI)	*P*
Main analysis	CAD	122733/424528	0.38 (0.29, 0.51)	8.77×10^{-11}
Genetically proxied GK activation (per 1% lower HbA_{1c}) instrumented by 17 SNPs	HF	47309/930014	0.54 (0.41, 0.73)	3.55×10^{-5}
	PAD	7098/206541	1.17 (0.59, 2.33)	0.659
	Stroke	40585/ 406111	0.96 (0.68, 1.35)	0.810
Sensitivity analysis	CAD	122733/424528	0.43 (0.26, 0.71)	0.001
Genetically proxied GK activation (per 1% lower HbA_{1c}) instrumented by 2 SNPs	HF	47309/930014	0.56 (0.31, 1.02)	0.056
	PAD	7098/206541	0.89 (0.14, 5.79)	0.901
	Stroke	40585/ 406111	0.92 (0.38, 2.23)	0.857

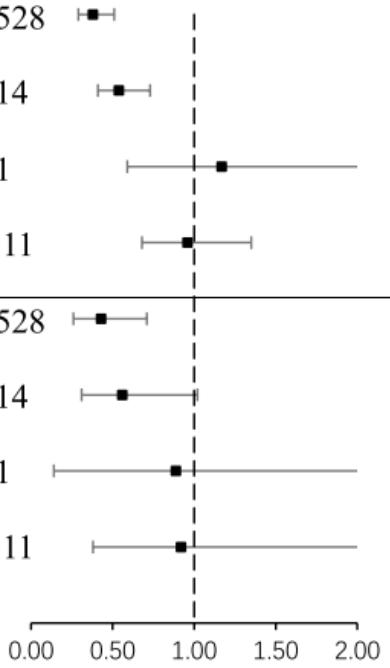


Fig. 2 Associations of genetically proxied GK activation with risks of CAD, HF, PAD and stroke. The population was restricted to European ancestry. All estimations were based on the inverse variance weighted method. 1% lower HbA_{1c} equals to 11 mmol/mol lower. OR, odds ratio; CI, confidence interval; GK, glucokinase; SNP, single-nucleotide polymorphism; CAD, coronary artery disease; HF, heart failure; PAD, peripheral arterial disease

Wang Ke, et al. Cardiovascular Diabetology 21, 192 (2022)

GKA Reduce Risk of Dyslipidaemia

- Impaired GK-GKRP interaction significantly increased TG, LDL-C and ApoB levels, increased HDL-C level. In contrast, GK activation did not worsen lipid profiles and slightly decreased TG and increased HDL-C level.
- Hypertriglyceridemia observed in previous clinical trials with some GKAs are most probably due to unexpected impaired GK-GKRP interaction during GK activation

Exposure	Outcome	Beta (95% CI)		P
Impaired GK-GKRP interaction (per 1mmol/L lower FPG)	Triglycerides	3.66 (3.52, 3.80)	↑	$<2.2\times10^{-308}$
	LDL-C	1.23 (1.08, 1.38)	↑	5.13×10^{-60}
	HDL-C	-0.16 (-0.30, -0.03)	↓	0.018
	ApoB	1.76 (1.61, 1.90)	↑	1.93×10^{-121}
GK activation (per 1mmol/L lower FPG)	Triglycerides	-0.17 (-0.31, -0.02)	↓	0.025
	LDL-C	-0.00 (-0.13, 0.12)	–	0.971
	HDL-C	0.09 (0.02, 0.16)	↑	0.007
	ApoB	-0.05 (-0.19, 0.09)	↓	0.483

Wang Ke, et al. Cardiovascular Diabetology 23, 228 (2024)

More Study Will Be Launched

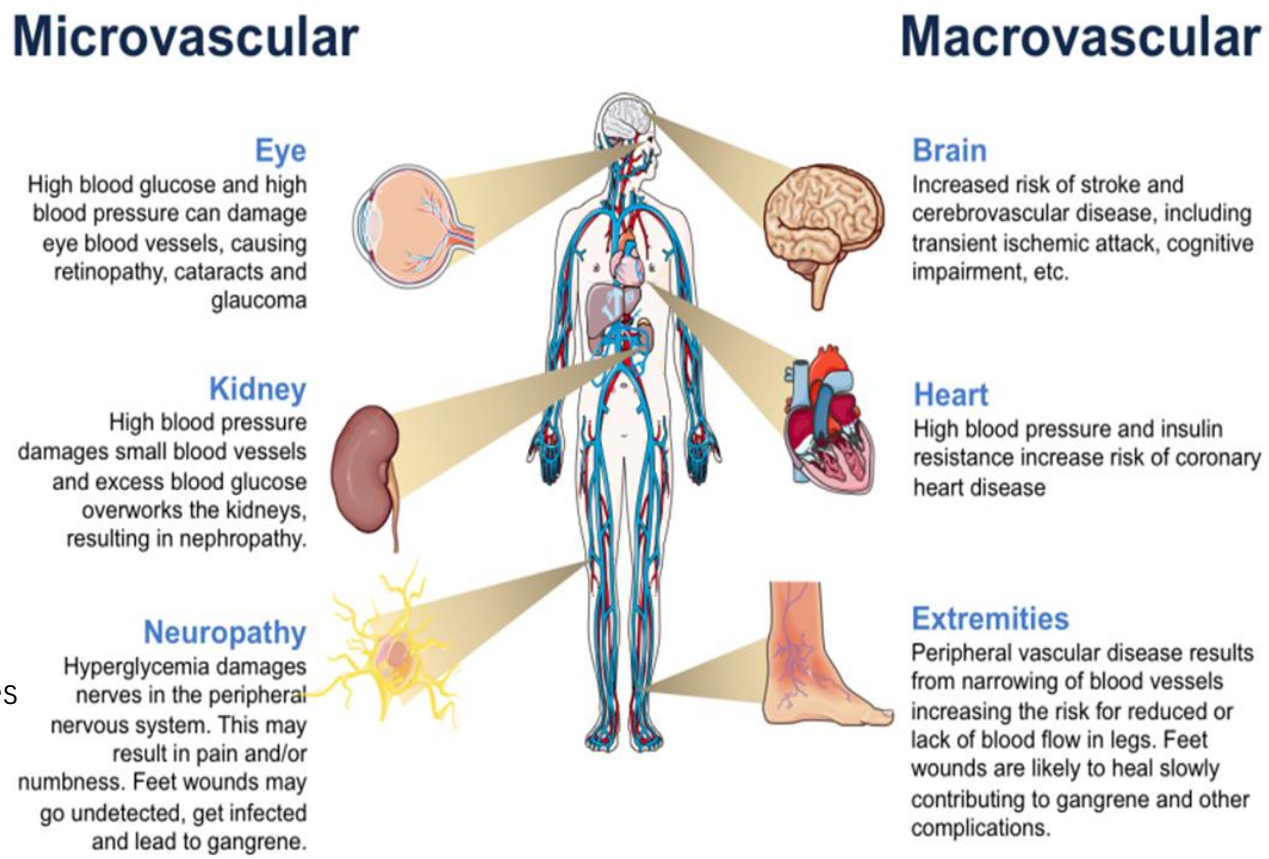
Using Mendelian randomization to provide more comprehensive evidence of the benefits of GKA drugs on diabetic complications, and provide direction for the development of new indications

Conventional complications

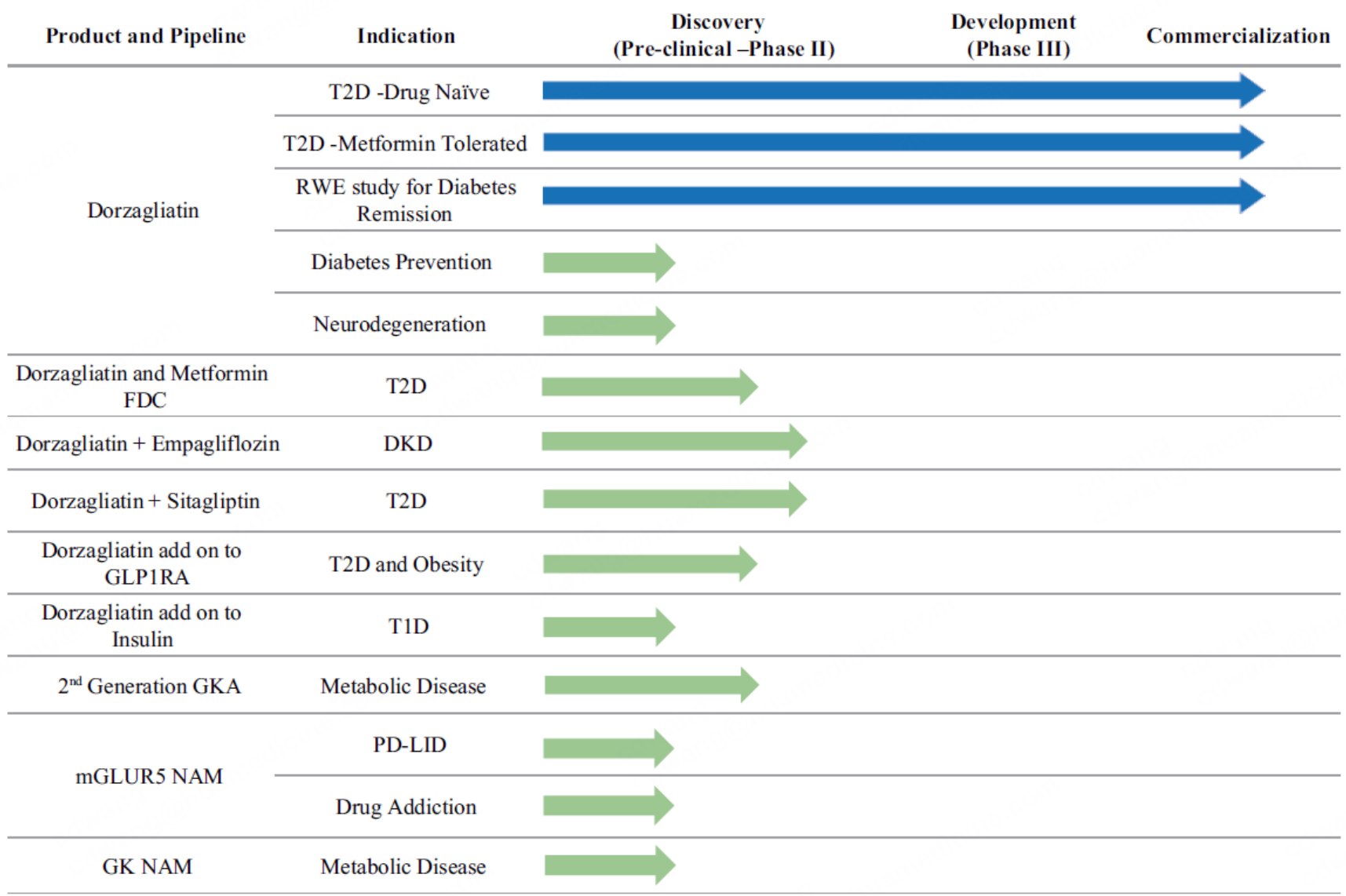
- Cardiovascular diseases
- Renal diseases
- Neuropathy related diseases
- Eye related diseases
- Foot related diseases
- Skin related diseases
- Oral diseases

Emerging complications

- Neurodegenerative diseases
- Different types of cancers



Hua Medicine R&D Pipeline

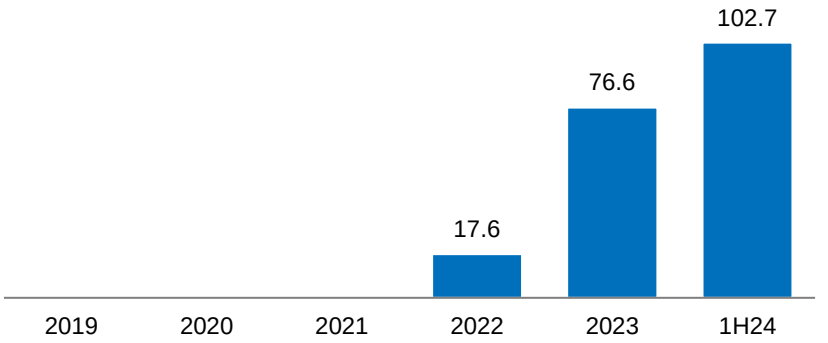


Financial Section

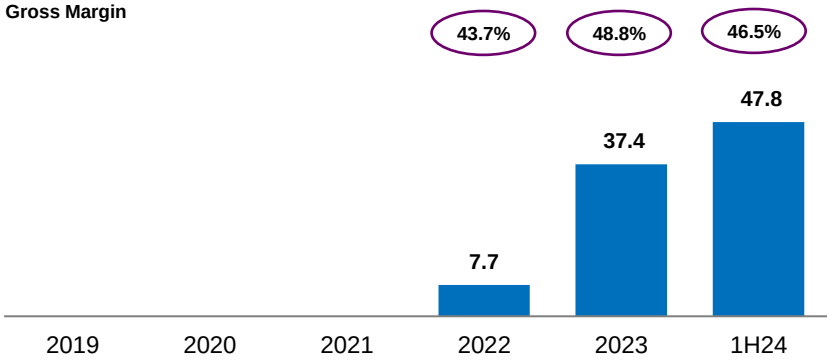
Revenue and Profit

- Total sales revenue in the first half of 2024 reached RMB102.7 million, representing a 46% increase over the first half of 2023.
- Gross margin decreased by 2.3% as compared to 48.8% for 2023, which was a result of entering the NRDL effective January 1, 2024.
- Other income increased by RMB16.5 million to RMB 55.1 million for the six months ended June 30, 2024 from RMB38.6 million for the six months ended June 30, 2023.

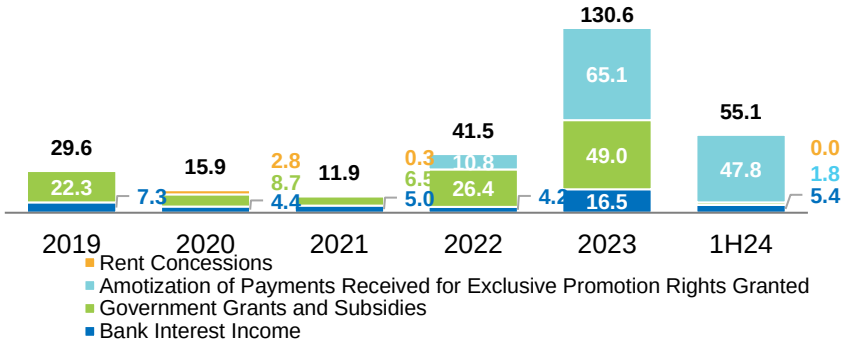
Revenue



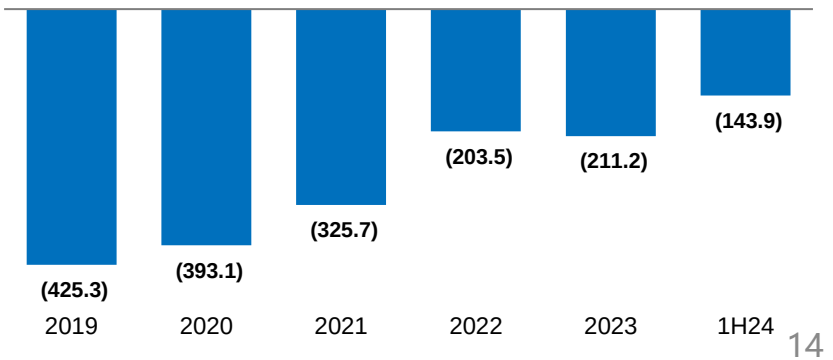
Gross Profit



Other Income



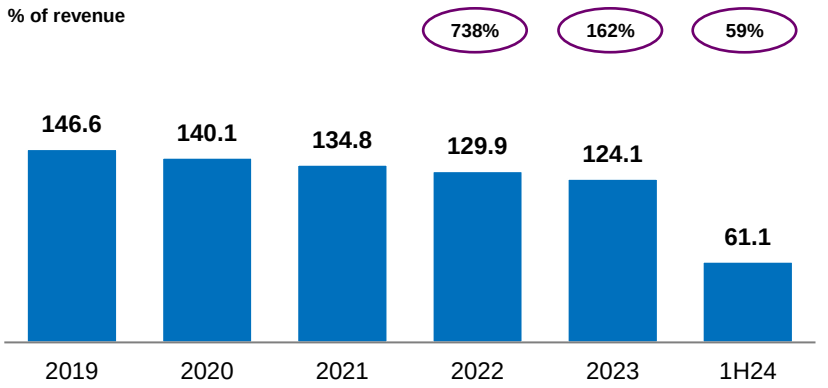
Net Loss



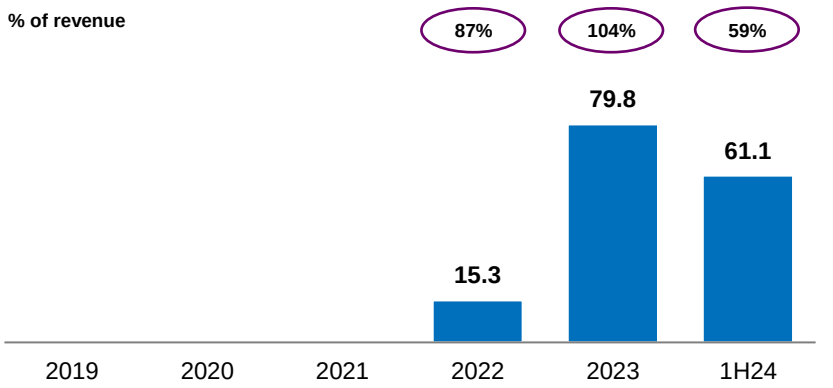
Key Operational Expense

- Administrative expenses increased by RMB7.1 million to RMB61.1million for the six months ended June 30, 2024 from RMB54 million for the six months ended June 30, 2023.
- Selling expenses increased to RMB61.1million for the six months ended June 30, 2024 from RMB52.9 million for the six months ended June 30, 2023.
- R&D expenses increased by RMB 48.8 million to RMB119.8 million for the six months ended June 30, 2024 from RMB71 million for the six months ended June 30, 2023.

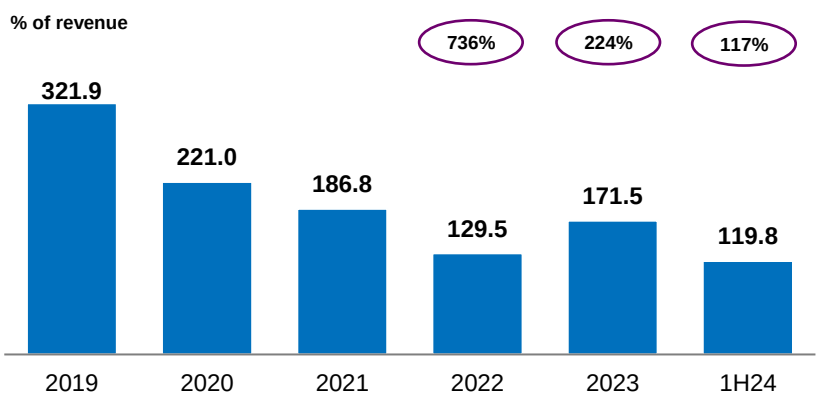
Administrative Expenses



Selling Expenses

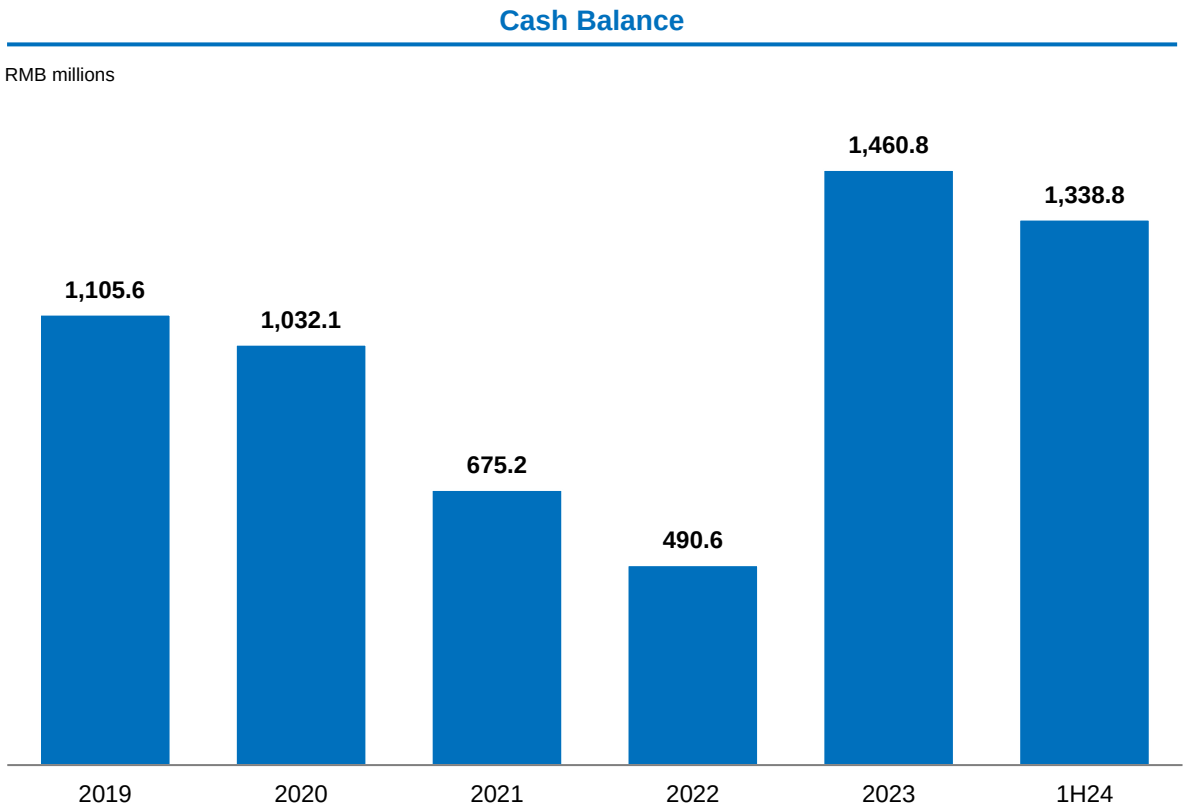


Research & Development Expenses



Cashflow and Balance

- Cash balance remained at a healthy level. Bank balances and cash position was approximately RMB1,338.8 million as of June 30,2024.
- The primary use of our cash was to fund our research and development activities, manufacturing activities, regulatory and other clinical trial costs, and related supporting administration. Our prepayments and other current assets, accounts payable and other payables balances were affected by the timing of vendor invoicing and payments.



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