



# DDSU: Enabling Innovation for Chinese Customers 2.0

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## Forward-Looking Statements

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This presentation may contain certain “forward-looking statements” which are not historical facts, but instead are predictions about future events based on our beliefs as well as assumptions made by and information currently available to our management. Although we believe that our predictions are reasonable, future events are inherently uncertain and our forward-looking statements may turn out to be incorrect. Our forward-looking statements are subject to risks relating to, among other things, the ability of our service offerings to compete effectively, our ability to meet timelines for the expansion of our service offerings, our ability to protect our clients’ intellectual property, unforeseeable international tension, competition, the impact of emergencies and other force majeure. Our forward-looking statements in this presentation speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements except as required by applicable law or listing rules. Accordingly, you are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. All forward-looking statements contained herein are qualified by reference to the cautionary statements set forth in this section. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and we do not undertake any obligation to update any forward-looking statement, except as required under applicable law.

## Non-IFRS Financial Measures

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We provide non-IFRS gross profit and non-IFRS net profit attributable to owners of the Company, which exclude share-based compensation expenses, listing expenses and issuance expenses of convertible bonds, fair value gain or loss from derivative component of convertible bonds, foreign exchange-related gains or losses and amortization of intangible assets acquired in business combinations, non-financial assets impairment, etc. We also provide adjusted non-IFRS net profit attributable to owners of the Company and earnings per share, which further exclude realized and unrealized gains or losses from our venture capital investments and joint ventures. Neither of above is required by, or presented in accordance with IFRS.

We believe that the adjusted financial measures used in this presentation are useful for understanding and assessing our core business performance and operating trends, and we believe that management and investors may benefit from referring to these adjusted financial measures in assessing our financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and non-operating items that we do not consider indicative of the performance of our core business. Such non-IFRS financial measures, the management of the Company believes, is widely accepted and adopted in the industry the Company is operating in. However, the presentation of these adjusted non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. You should not view adjusted results on a stand-alone basis or as a substitute for results under IFRS, or as being comparable to results reported or forecasted by other companies.

# Retrospect – Business Model of DDSU 1.0



**S**upporting Chinese customers with a novel integrated R&D service model centered on **IP Creation**:



**T**hrough DDSU 1.0 Model to conduct new drug R&D deliverables in exchange for **Future Royalties**:

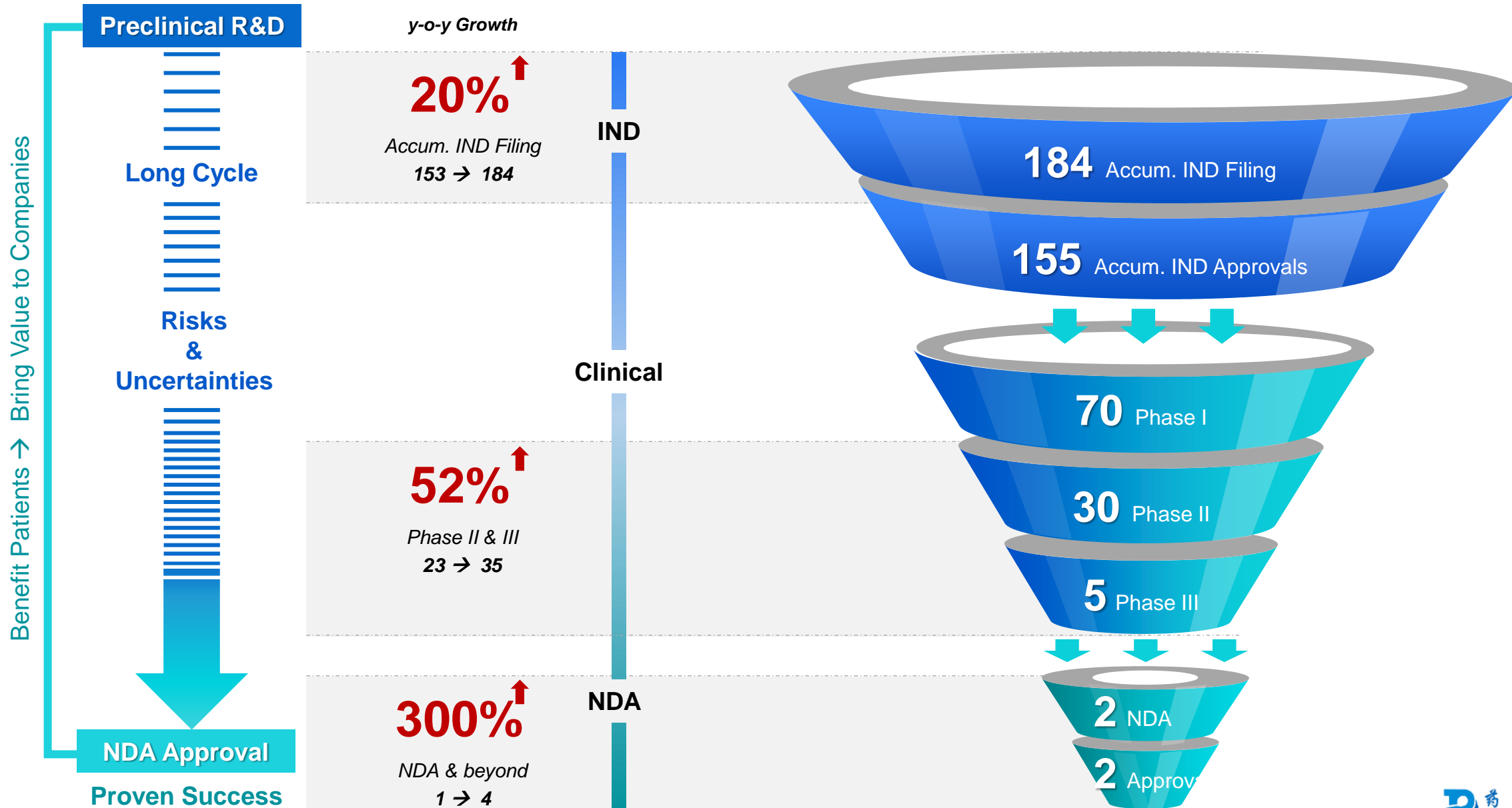
$$\text{Annual IND Deliverable: } \sim 30 \times \text{Success Rate: } 1/3 \times \text{Royalty Rate: } \sim 5\% = \text{New Drugs: } 0.5$$



**A**s of June 30<sup>th</sup> 2022, DDSU assisted our Chinese partners to build **Comprehensive Pipelines**:

*As of June 30<sup>th</sup> 2023* IND Filing: **153 → 184**    IND Approvals: **129 → 155**    Phase II & Beyond: **24 → 39**

# Impressive Pipeline Progress through June 30<sup>th</sup>, 2023

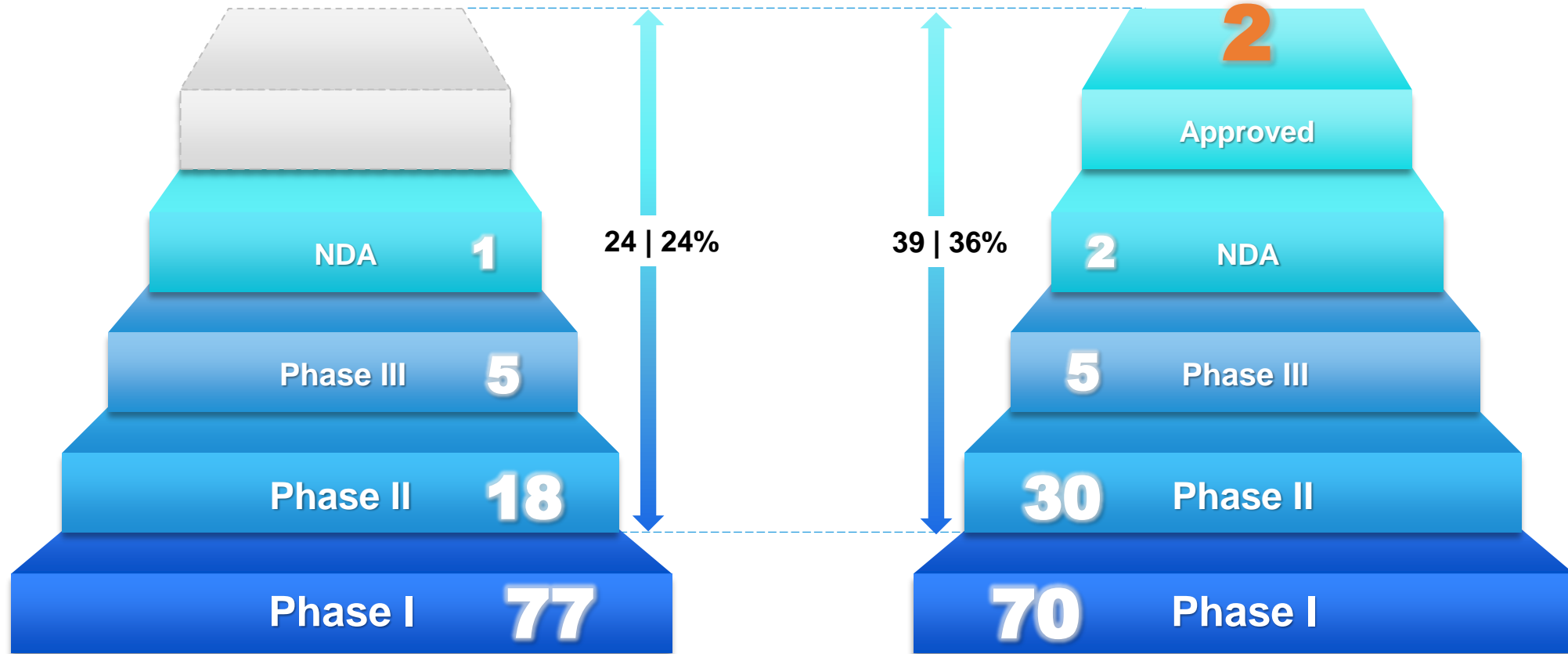


# Plentiful Potential – Late Phase Program Explosion

## Phase II & Beyond

60% more into phase II+ stage: 24 → 39

Increased proportion in clinical pipeline: 24% → 36%



Pipeline at clinical stage and above  
2022.06.30

Pipeline at clinical stage and above  
2023.06.30

# Clinical Pipeline Breakdown

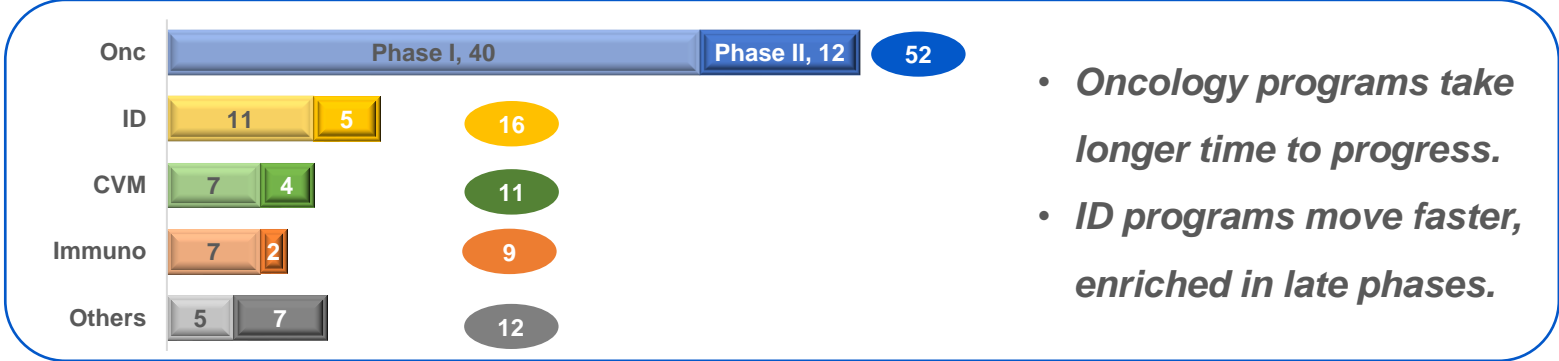


● Onc-NSCLC      ● ID-Covid-19

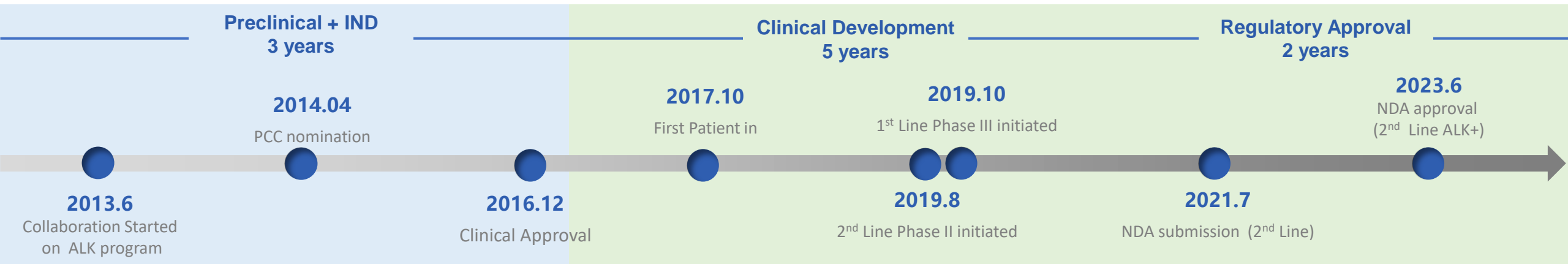
● Onc-Follicular Lymphoma   ● ID-Covid-19 (2<sup>nd</sup>)

● Onc-Breast Cancer      ● ID-Influenza      ● CNS-Insomnia

● ID-TB      ● Immuno-RA



# A Superior ALK Inhibitor in China



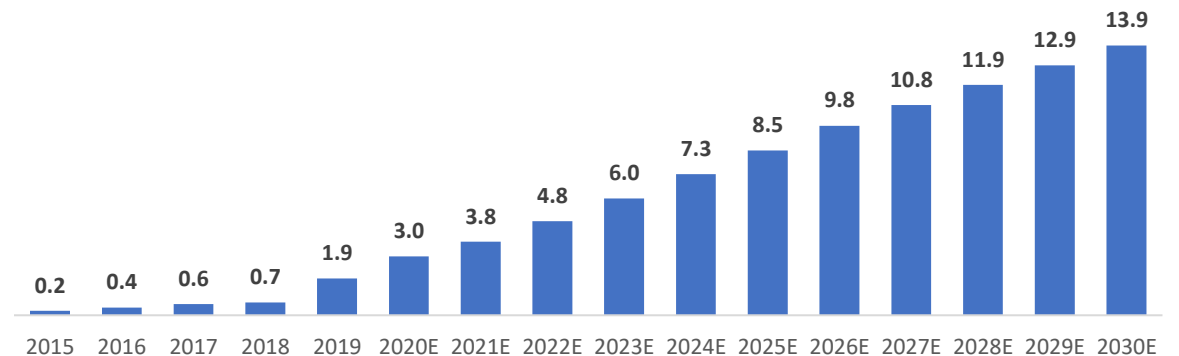
## A Superior ALK inhibitor Overcoming Crizotinib Resistance

- **Approved for 2<sup>nd</sup> line treatment for ALK+ NSCLC**
  - For patients with ALK+ locally advanced or metastatic NSCLC who are previously treated with Crizotinib or intolerant to Crizotinib.
- **Second NDA submitted in Apr. 2023**
- **Excellent Clinical Efficacy (2nd Line Phase II study)**
  - **ORR 69.9%, DCR 96.6%**
  - **mPFS 19.8 months**
  - **1-year OS 85.2%**
- **Better Safety**
  - **No serious Pneumonitis**
  - **TRAE: 2.7%**

## Rapidly Growing ALK Inhibitor Market

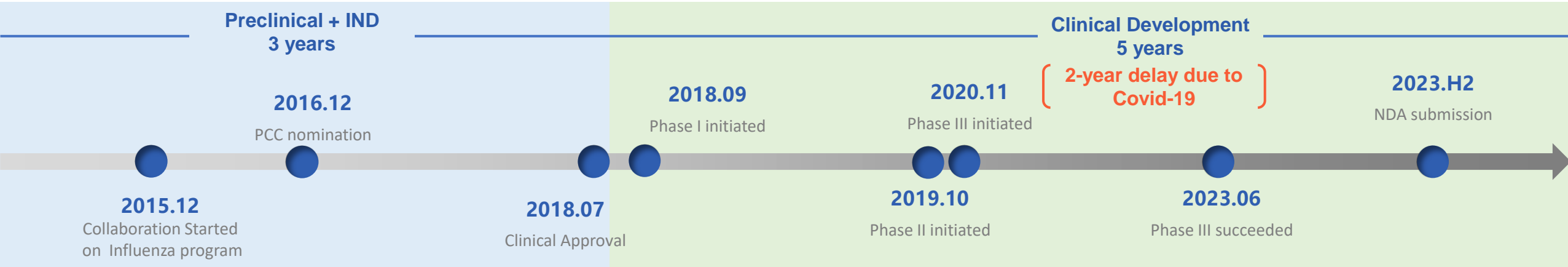
- **ALK inhibitor market in China may reach >10 Billion RMB by 2030.**

Market Size Prediction of ALK Inhibitors in China (Billion in RMB)



Source: 弗若斯特沙利文 (Frost & Sullivan) 分析 2021

# New Mechanism Drug Candidate for Influenza in China

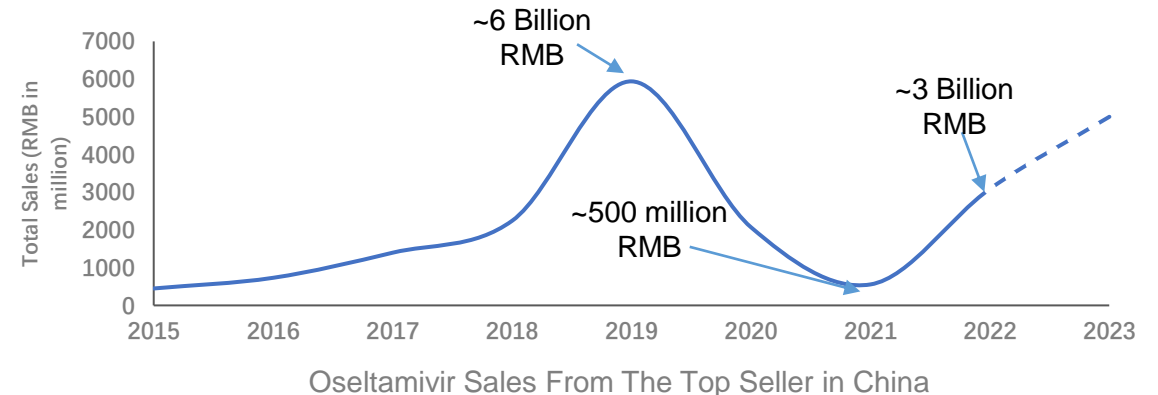


## First RNA polymerase inhibitor for Influenza in China

- **New Mechanism — RNA Polymerase, PB2 subunit**
- **Excellent Clinical Efficacy**
  - Phase III results met endpoints
  - Shorter median remission time of 7 influenza symptoms and fever
- **Drug Resistance (Preclinical data):**
  - Effective against Oseltamivir-resistant influenza viruses

## Influenza market is strongly rebounding

- Annual drug sales for Influenza vary yoy with peak sale >6 billion RMB in China. (>3B in 2023Q1\*)

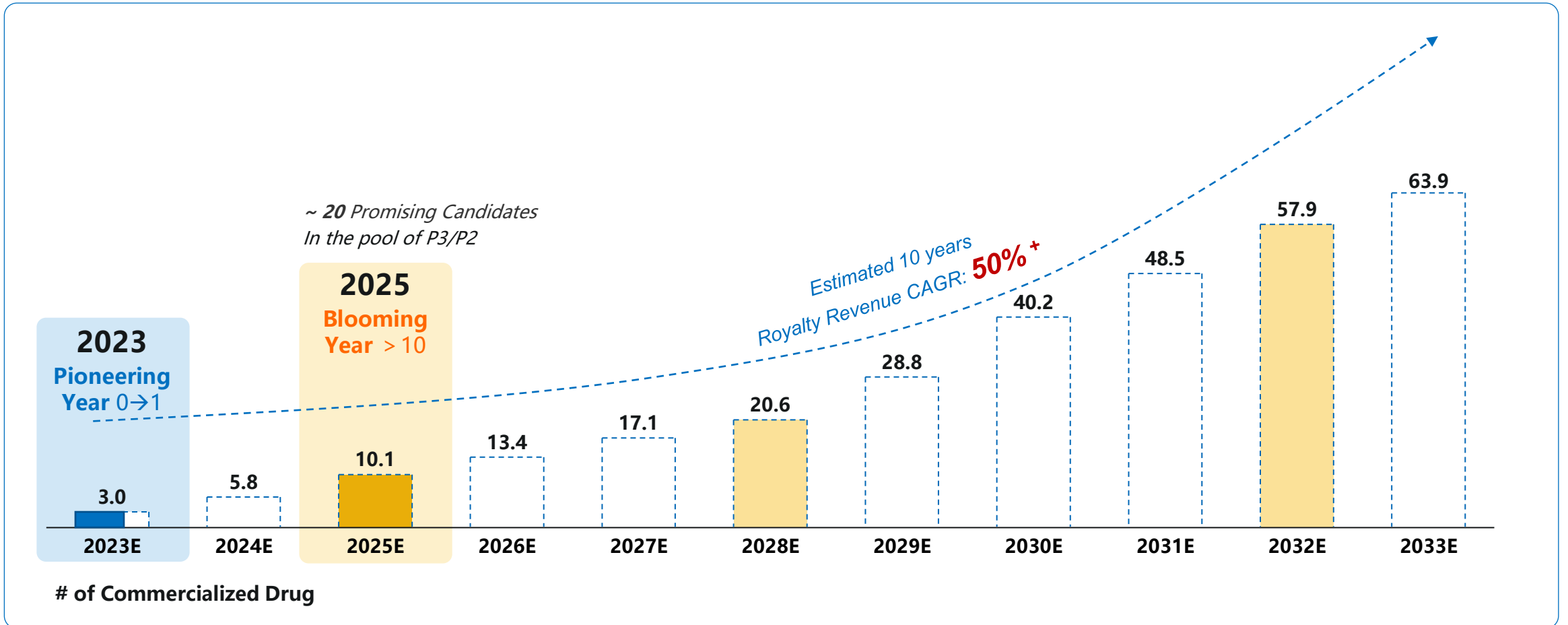


\* 2023Q1 sales data from 医药网 (pharmnet.com.cn)



# Long-term Sustainable Royalty Stream from DDSU 1.0

Cumulative IND Submissions	2014	2015	2016	2017	2018	2019	2020	2021	2022	1H 23
	-	3	18	28	55	85	118	144	172	184



# Stronger Confidence in Deliverables from DDSU 1.0



*Annual IND Filings*

**30**

Average ~30 IND Filings  
2018-2023



*Success Rate*

**1/3**

- 2 approved drugs in 2023
- >10 approved drugs by 2025
- 39 programs at Phase II and beyond



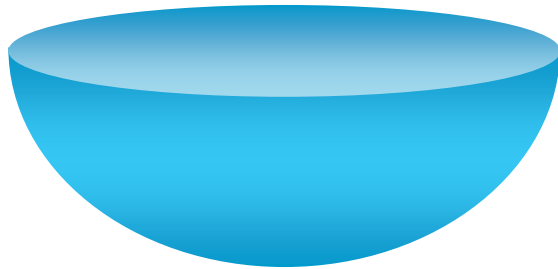
*Royalty Share*

**5%**

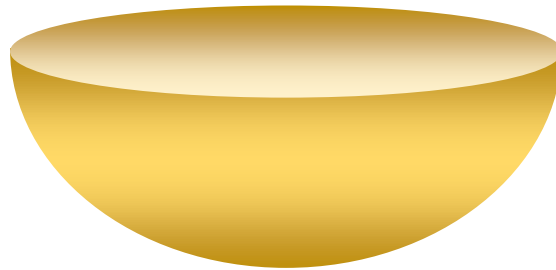
- Royalty revenue from 2023Q2
- Royalty revenue CAGR >50%

# Retrospect – Challenges to New Drug R&D Industry

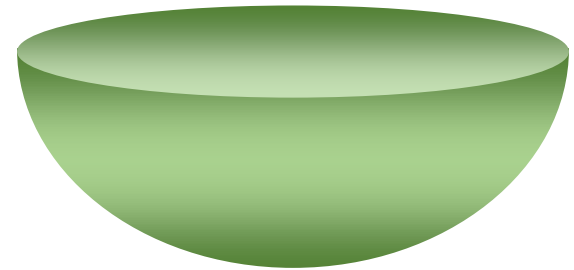
**Pharmaceutical  
Procurement  
Policies**



**Financing  
Environment  
Impact**

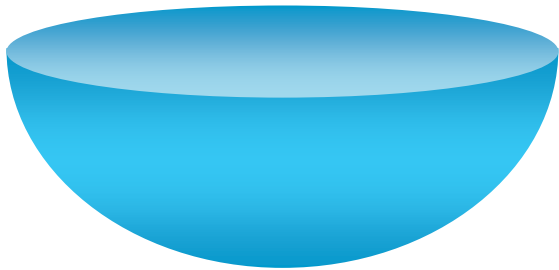


**Diversified  
New Modality  
Competitions**



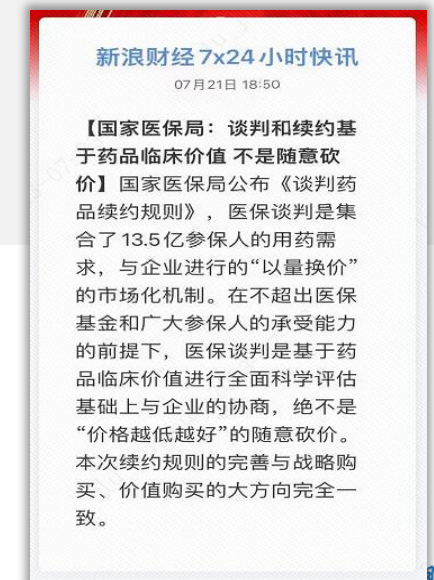
# Retrospect – Challenges to New Drug R&D Industry

## Pharmaceutical Procurement Policies



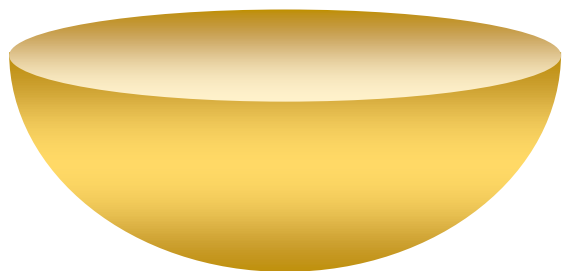
### Positive Signals

- More friendly expressions on continuous contract renewal and non-exclusive bidding.
- Clinical value based pricing policy.



# Retrospect – Challenges to New Drug R&D Industry

## Financing Environment Impact

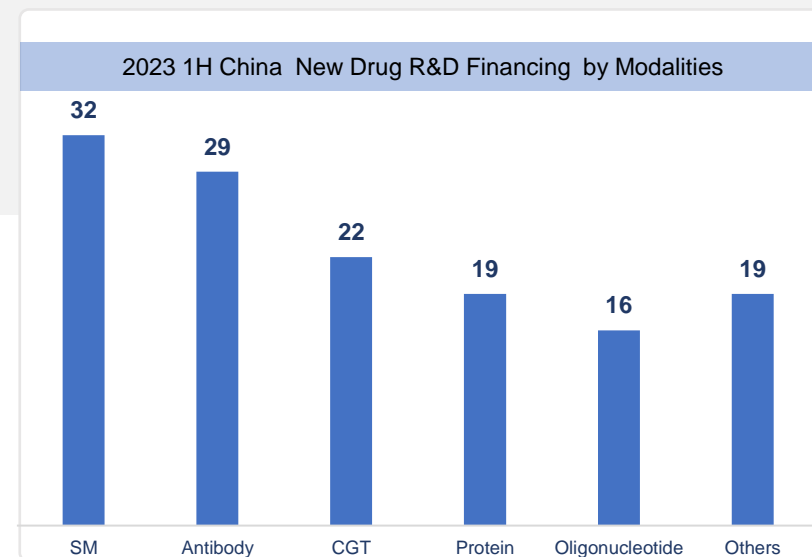


### Turnaround Within Sight

- Demand for good quality products always exists.
- Prudent investors linger on but keep seeking for high potential targets.
- DDSU core competencies for innovative drug R&D strengthened over years.



Source: JIKE Data | July 5 2023

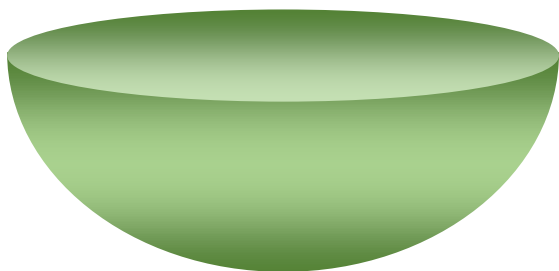


Note: Repeated counting for different modalities from the same company



# Retrospect – Challenges to New Drug R&D Industry

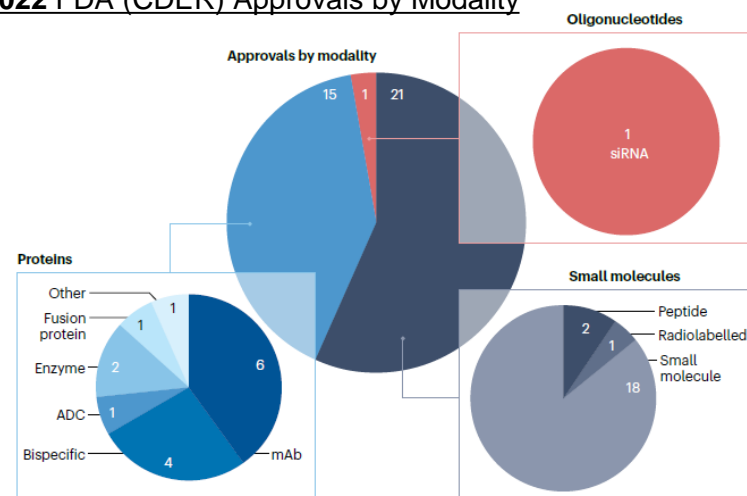
## Diversified New Modality Competitions



### Proactively Engaged in New Racetrack

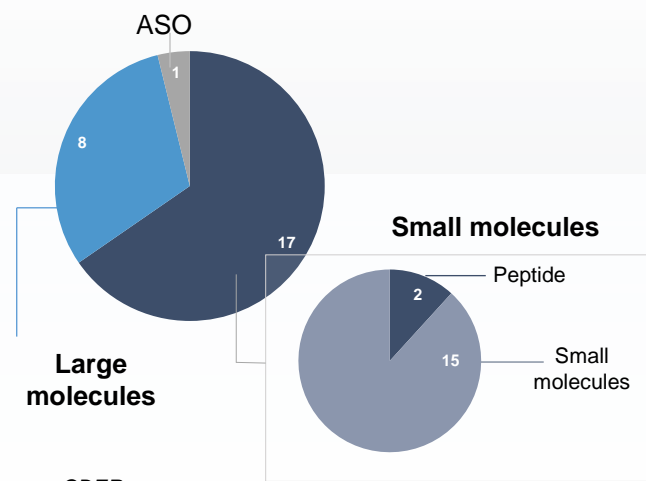
- Quickly built up diversified new modality pipeline, such as Peptide, PDC, PROTAC®, and siRNA.
- DDSU new modality pipelines are expected to enter phase I by 2023YE.

#### 2022 FDA (CDER) Approvals by Modality



Source: 2022 FDA (CDER) Approvals, Nature Reviews Drug Discovery

#### 2023 1H FDA (CDER) Approvals by Modality



Source: CDER

# 2023 Update on DDSU Business 2.0

## DDSU 2.0

- **Better:** Best-in-class
- **Newer:** New modality
- **Faster:** Top Tier IND-in-China

Integrated clinical services



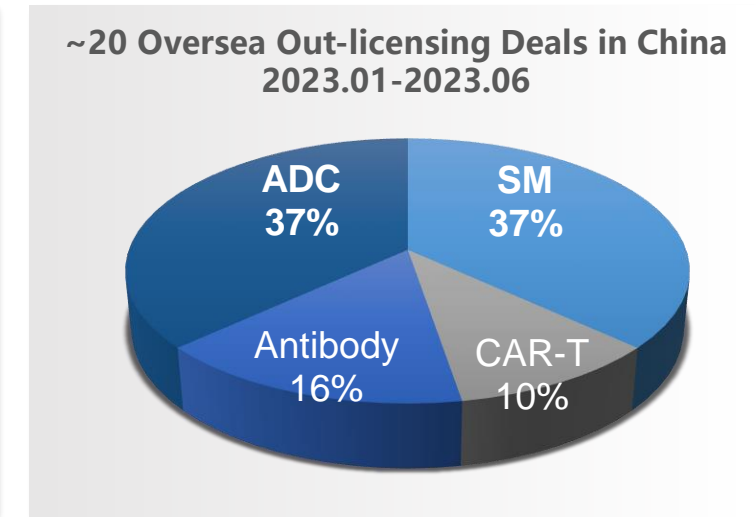
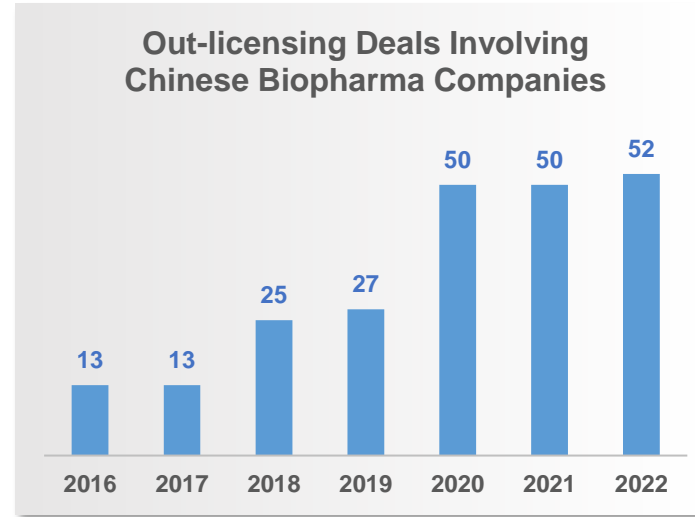
## DDSU 1.0

- Fast-follow
- Me-too and Me-better
- Traditional small-molecule drugs

# Better: Better Properties Attract Oversea Biopharma Attentions

Chinese innovative drug R&D quality is gradually recognized by oversea biopharmas.

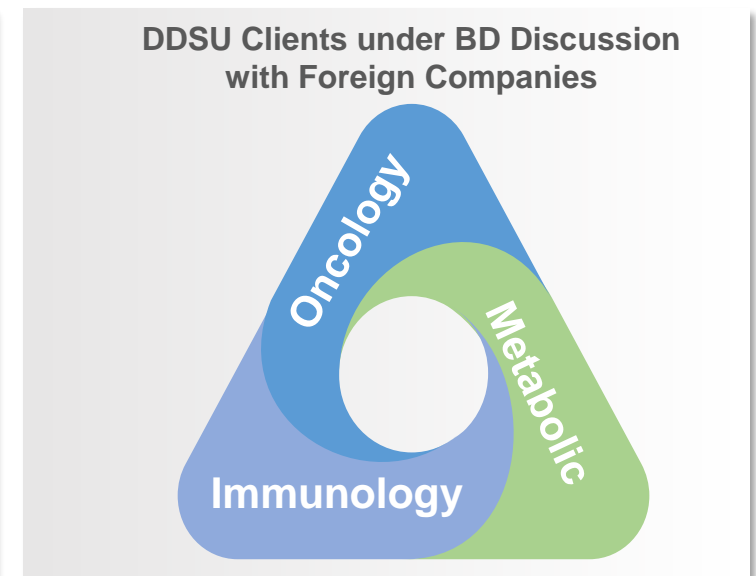
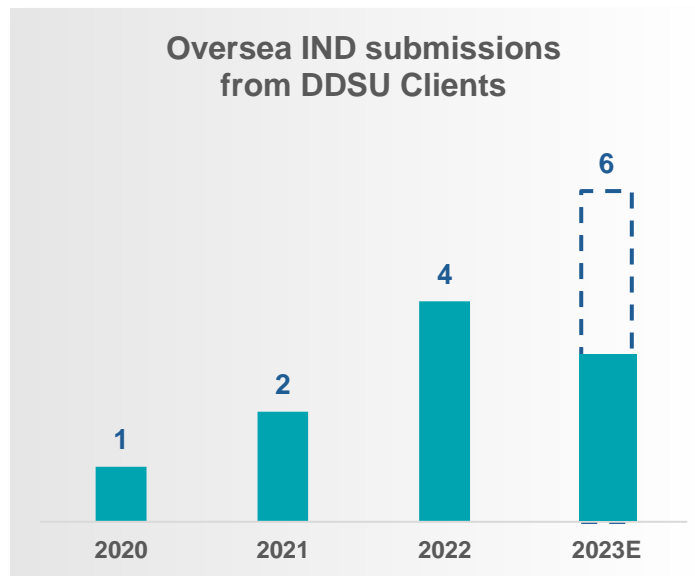
More and more Chinese biopharmas are involved in oversea out-licensing deals.



Source: 1. <https://baiopharm.chemlinked.com/news/2022s-top-10-cross-border-licensing-deals-involving-chinese-biopharma-companies>  
2. 医药观澜 2023/07/04

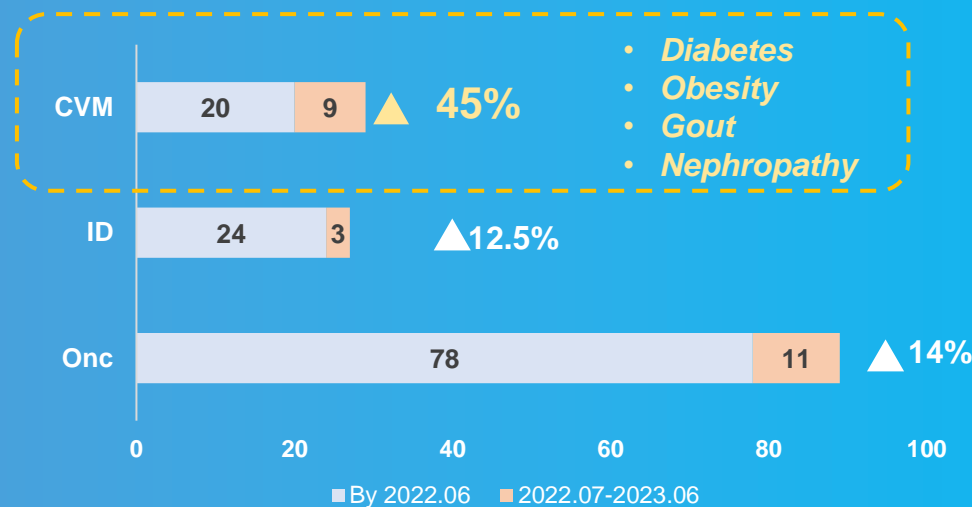
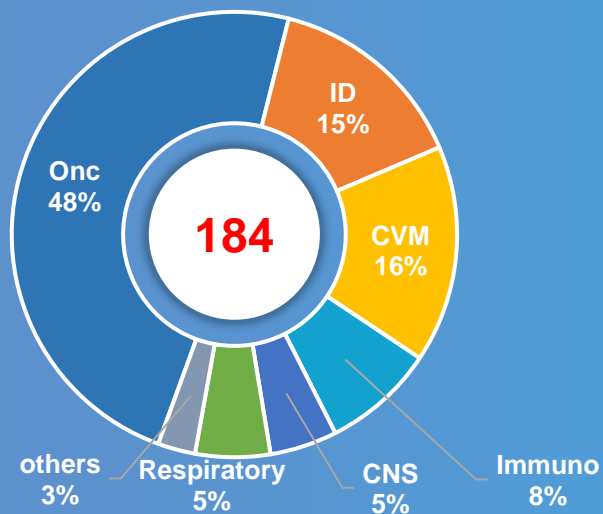
Growing interests in oversea deals from clients.

Multiple products within multiple TA are under BD discussion with potential foreign buyers.



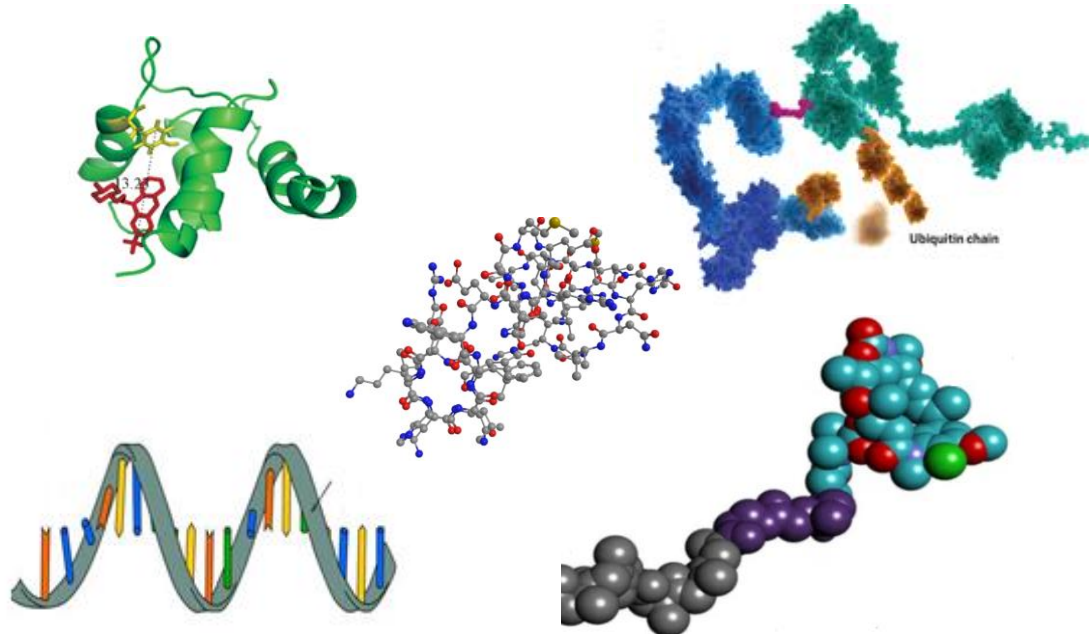
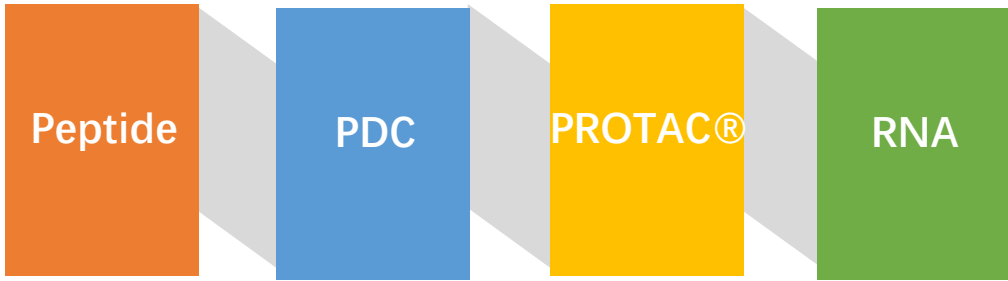


# Better: Better Prepared For Customers' Needs

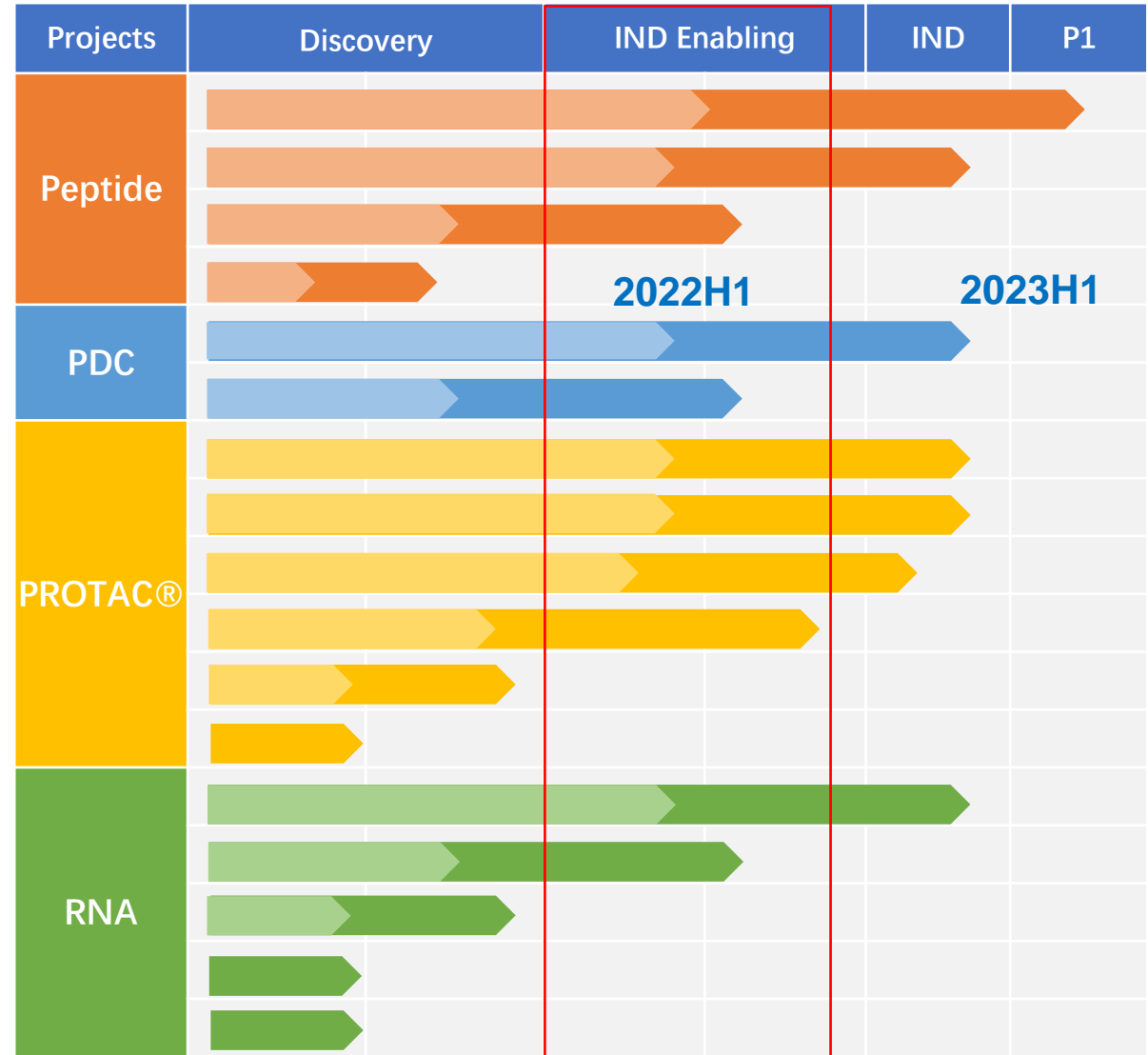


# Newer: New Modalities Progress to IND/Clinical Stage

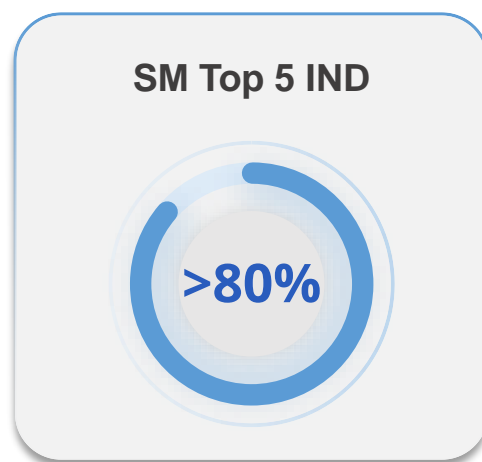
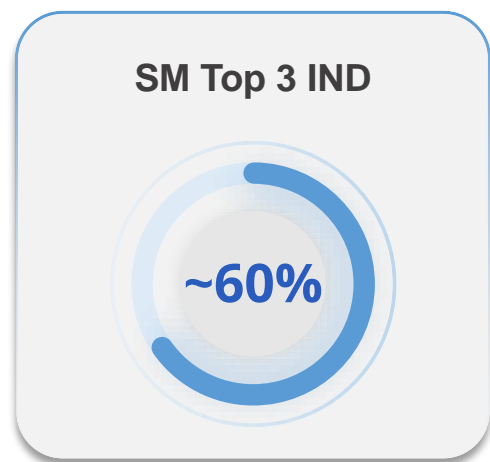
## Multiple New Modalities



## Multiple Programs into IND Filing Expect to enter clinical development by 2023YE



# Faster: Top-Tier-IND in China (2022.07-2023.06)



# Faster: Integrated Clinical Development Led by DDSU



## Clinical Science (Quality)

Precise clinical design through in-depth interpretation of non-clinical profiles, clinical needs and policies



## Project Management (Speed)

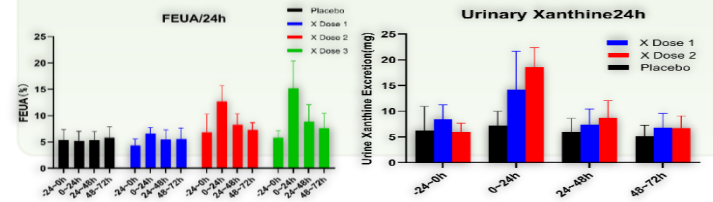
Efficient operation through integrating services from WuXi Platform and eliminating gaps between different modules



## Case Study – Project X

First clinically validated dual Inhibitor

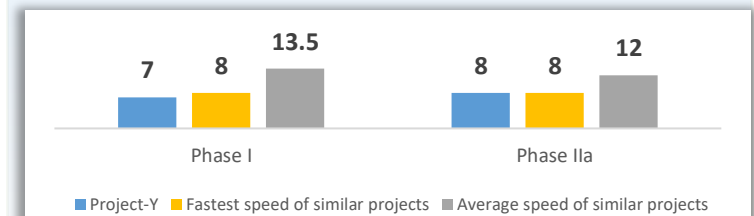
- Improve the clinical success rate
- Potential FIC & BIC in the gout area
- Potential out-licensing candidate



## Case Study – Project Y

Complete Phase I & IIa within 15 months

- Phase I in 7 months (vs 13.5m)
- Phase IIa in 8 months (vs 12m)



# Remain Confidence in DDSU 2.0 (Quality over Quantity)



01

## Better:

- *Well prepared high quality programs to cover wide range of TA*
- *Continue to assist clients to capture oversea out-licensing opportunities*

02

## Newer:

- *Continue to expand new modality pipeline and deliver high quality INDs*
- *Further explore innovative target combinations*

03

## Faster:

- *Keep delivering top-tier ranking INDs in China*
- *Accelerate clinical advancement using Integrated Clinical Services*