

# 2Q 2020 Earnings Call

August 5, 2020



# Cautionary Statement

Today's presentation includes forward-looking statements relating to the development, commercialization and benefits of our products and investigational product candidates, including AFREZZA®, that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected herein. The words "believe," "expect," "intend," "anticipate," "plan," variations of such words, and similar expressions identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. These forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult for us to predict and include, without limitation, our ability to generate significant product sales, our ability to manage our existing cash resources or raise additional cash resources, stock price volatility, the impact of the COVID-19 pandemic on our business and other risks detailed in MannKind's filings with the Securities and Exchange Commission. For detailed information about the risks and uncertainties that could cause actual results to differ materially from those implied by, or anticipated in, these forward looking statements, please refer to our current and periodic reports filed with the Securities and Exchange Commission from time to time, including our annual report on Form 10-K for the year ended December 31, 2019.



# Today's Agenda

**2Q 2020 Highlights**

**Michael Castagna, CEO**

**Financial Review**

**Steven B. Binder, CFO**

**2H Expectations**

**Michael Castagna, CEO**

**Analyst Q&A**



**mannkind**

# Michael Castagna

Chief Executive Officer

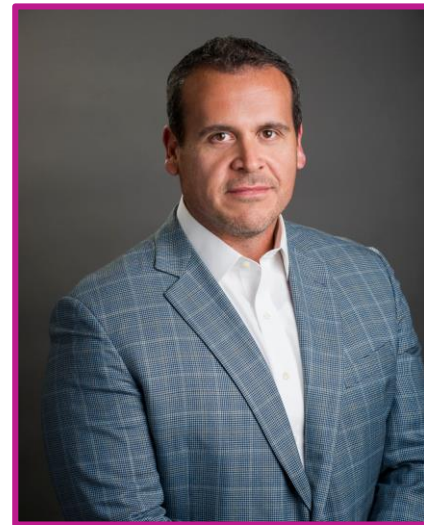
# Our Mission

***To give people control of their health  
and the freedom to live life.***

**life more humann.<sup>SM</sup>**

# New Chief Commercial Officer – Alejandro Galindo

- **Medtronic Diabetes**; President Advanced Insulin Management Business Unit
- **GE Healthcare**, led Emerging Markets, Strategic Corporate Development and Global Supply Chain
- B.Sc. In Industrial & Systems Engineering from Monterrey Institute of Technology; MBA, MS from Indiana University
- Multi-lingual



# 2Q 2020 Update

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- **Afrezza**
  - Quarterly Net Revenue of **\$7.0M, +15%** vs. 2019
    - **Sale to Biomm of \$0.2M**; COVID-19 continues to impact Brazil launch
    - **U.S. TRx** down *only* 3% vs. 1Q; **+11% vs. 2Q 2019**
- **United Therapeutics Collaboration**
  - Received 3<sup>rd</sup> milestone of \$12.5M in May
  - COVID-19 delayed clinical trials but are now opening back up for enrollment
- **Cash Balance**
  - Ended 2Q with \$63.5M
- **Debt Changes**
  - PPP Loan \$4.9M
  - Repaid Promissory Note for \$2.6M as scheduled in June

# COVID-19 Enabled Business Transformation

<b>Workforce</b>	<ul style="list-style-type: none"><li>✓ Work from home</li></ul>	<ul style="list-style-type: none"><li>• Use technology to connect workforce</li></ul>
<b>Manufacturing; R&amp;D</b>	<ul style="list-style-type: none"><li>✓ Keep facility open</li><li>✓ Limit infection risk</li></ul>	<ul style="list-style-type: none"><li>• Limit building to essential workers only</li><li>• Maintain uninterrupted supply chain</li><li>• Build inventory for remainder of 2020</li></ul>
<b>Sustaining our Future</b>	<ul style="list-style-type: none"><li>✓ Reduce spend to offset expected sales impact</li><li>✓ Increase cash to ensure long-term stability</li></ul>	<ul style="list-style-type: none"><li>• PPP Loan to avoid furloughs</li><li>• Reduce pay by -20% (2Q)</li><li>• Reduce vendor spend</li><li>• UTHR milestone, warrant exercise, ATM</li></ul>
<b>TreT Collaboration</b>	<ul style="list-style-type: none"><li>✓ Temporary suspension of clinical trials</li></ul>	<ul style="list-style-type: none"><li>• MNKD &amp; UTHR maintained momentum to keep key clinical support milestones on track</li></ul>
<b>Afrezza</b>	<ul style="list-style-type: none"><li>✓ Sales and marketing plans reprioritized</li></ul>	<ul style="list-style-type: none"><li>• Transition to digital tools and interactions with HCPs</li><li>• Field force phased re-entry complete</li><li>• Build-out of new patient reimbursement hub</li></ul>

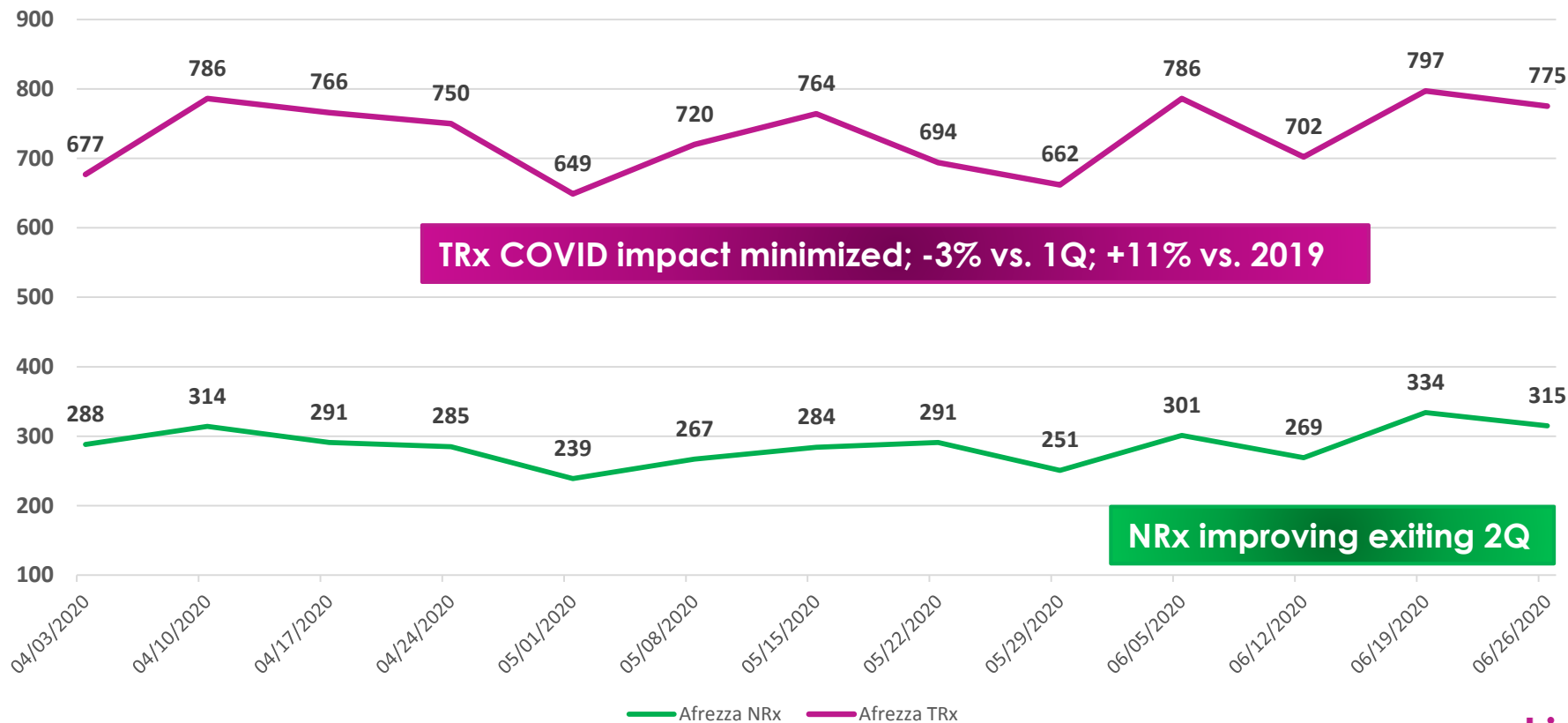


# We quickly pivoted our business model as 'safer at home' orders were implemented across the US

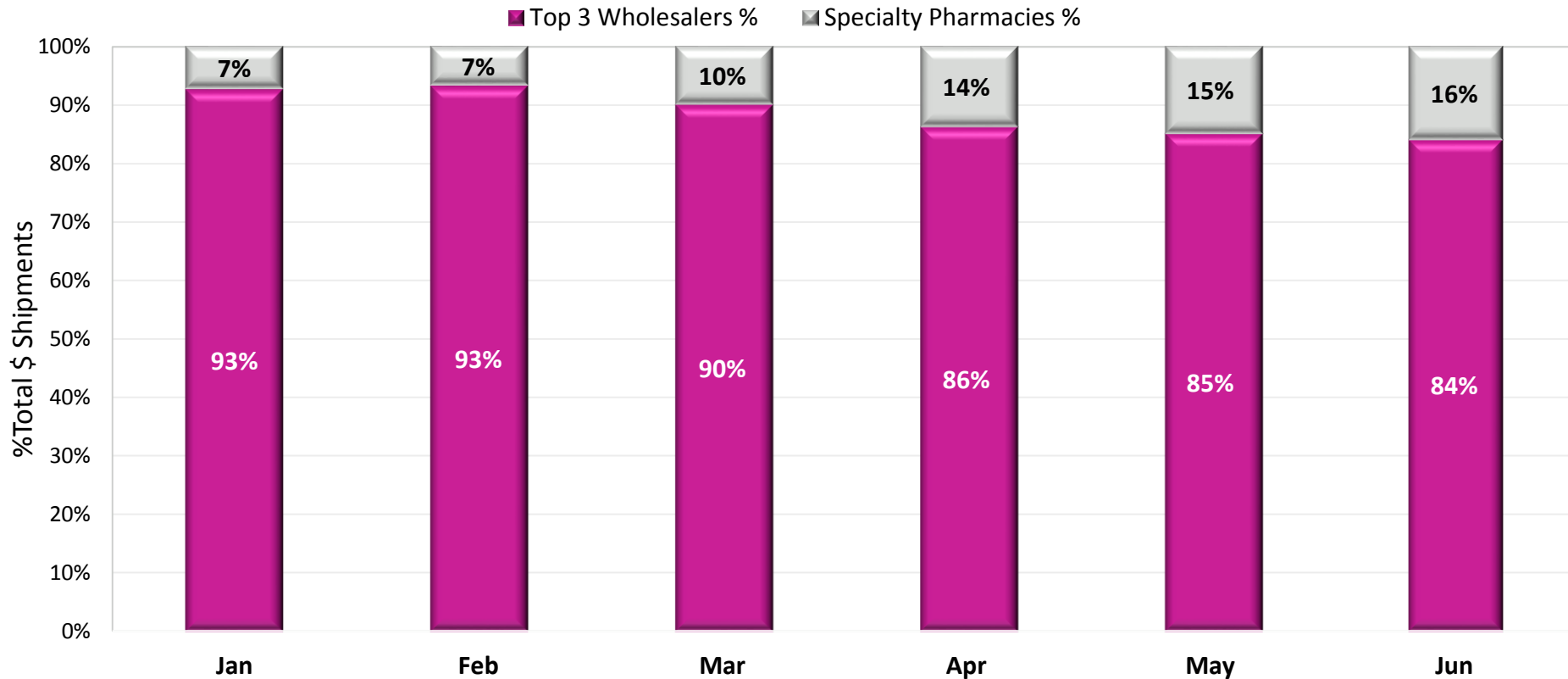
- **Pivoted sales reps to remote sales support**
  - Trained on **inside sales best practices**
  - Created **email templates** that reps could use to outreach to customers
  - Created **digital versions** of essential promo materials
  - Created virtual lunch protocol and field team completed over 800 **virtual lunches**
  - Launched several **training initiatives** to improve clinical impact
  - Created **virtual Dreamboat training** capability for new patients
- **Adjusted commercial operations to fit new needs**
  - Created program to ship FEV<sub>1</sub> devices directly to **patients** as many HCPs moved to telehealth model
  - **Altered sampling program** to ensure local supply and discontinued all direct-to-HCP samples to drive **new patient initiations at reduced costs**
- **Launched digital marketing campaigns and webinars**
  - Monthly email campaigns to HCPs
  - Increased social media campaigns to patients
  - **17 webinars with 22 KOL speakers reaching ~1K HCPs over the last 4 months**



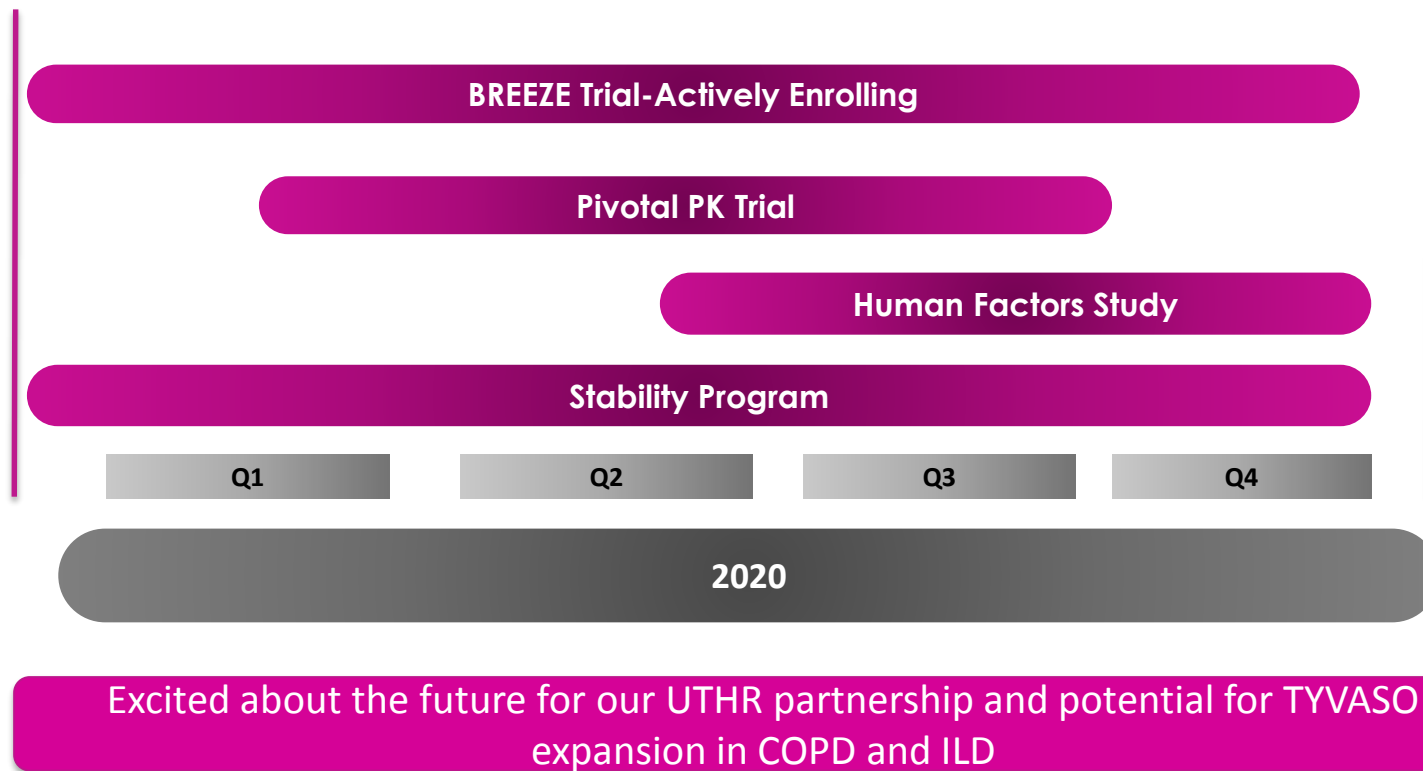
# We Stabilized Rx's in 2Q Despite COVID-19 Challenges



# Growth in Specialty Pharmacies Will Improve Margins



# TreT Continues To Be On Track: Status On Key Milestones



# Steven B Binder

Chief Financial Officer

# 2Q & 1H 2020 Revenue

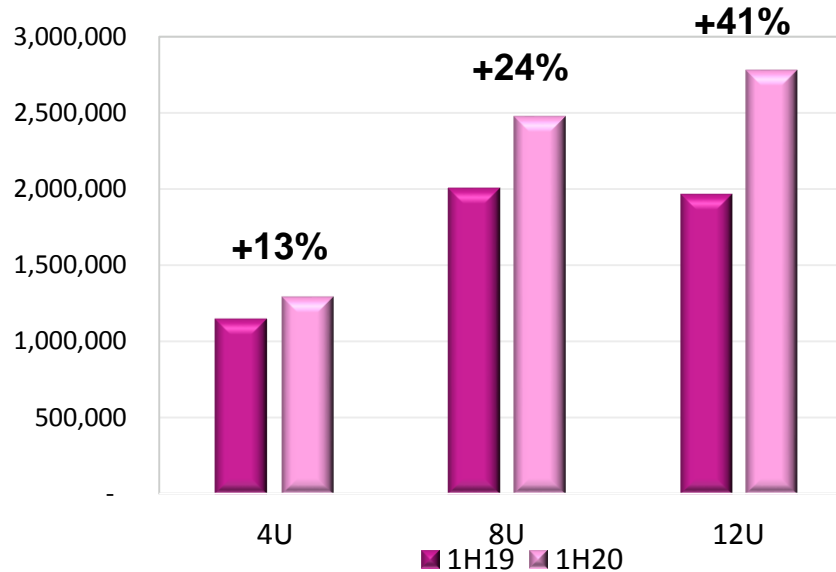
	2Q 2020	2Q 2019	% Chg	1H 2020	1H 2019	% Chg
Net Revenue - Afrezza U.S.	6.8	6.1	12%	14.8	11.1	33%
Net Revenue - Afrezza International	0.2	-	N/A	0.2	-	N/A
Net Revenue - Afrezza	7.0	6.1	15%	15.0	11.1	35%
GTN %	41%	41%		42%	40%	
Revenue - Collaborations and Services	8.1	8.9	-9%	16.4	21.3	-23%
Total Revenues	15.1	15.0	1%	31.3	32.5	-3%

- **Afrezza Net Revenue 2Q +15%; 1H +35%**
  - 2Q, 1H: growth driven by price, mix/volume.
  - COVID-19 impact: 1Q patient stockpiling & W/S inventory build negatively impacted 2Q; reduced access to physician offices; reduced new patient starts
- **Collaborations and Services Revenue 2Q -9%; 1H -23%** due to UTHR research agreement substantially completed in 2Q 2019

# Favorable U.S. Cartridge Mix Growth Continues

## - Driven by Patient Titration to Higher Doses

### 4U Equivalent Cartridges



# Improving Afrezza Gross Profit/Margin Trends Driven by Manufacturing Efficiency and Revenue Growth

## Gross Margin Approaching 50%

	(\$M)	1Q 2019	2Q 2019	3Q 2019*	4Q 2019	1Q 2020	2Q 2020
Net Revenue - Afrezza		5.1	6.1	6.4	7.8	8.0	7.0
Cost of Goods Sold - Afrezza		(4.0)	(4.3)	(4.3)	(4.6)	(4.2)	(3.7)
Gross Profit - Afrezza		1.1	1.7	2.1	3.1	3.8	3.3
Gross Margin - Afrezza		20.8%	28.7%	32.1%	40.3%	48.0%	47.4%

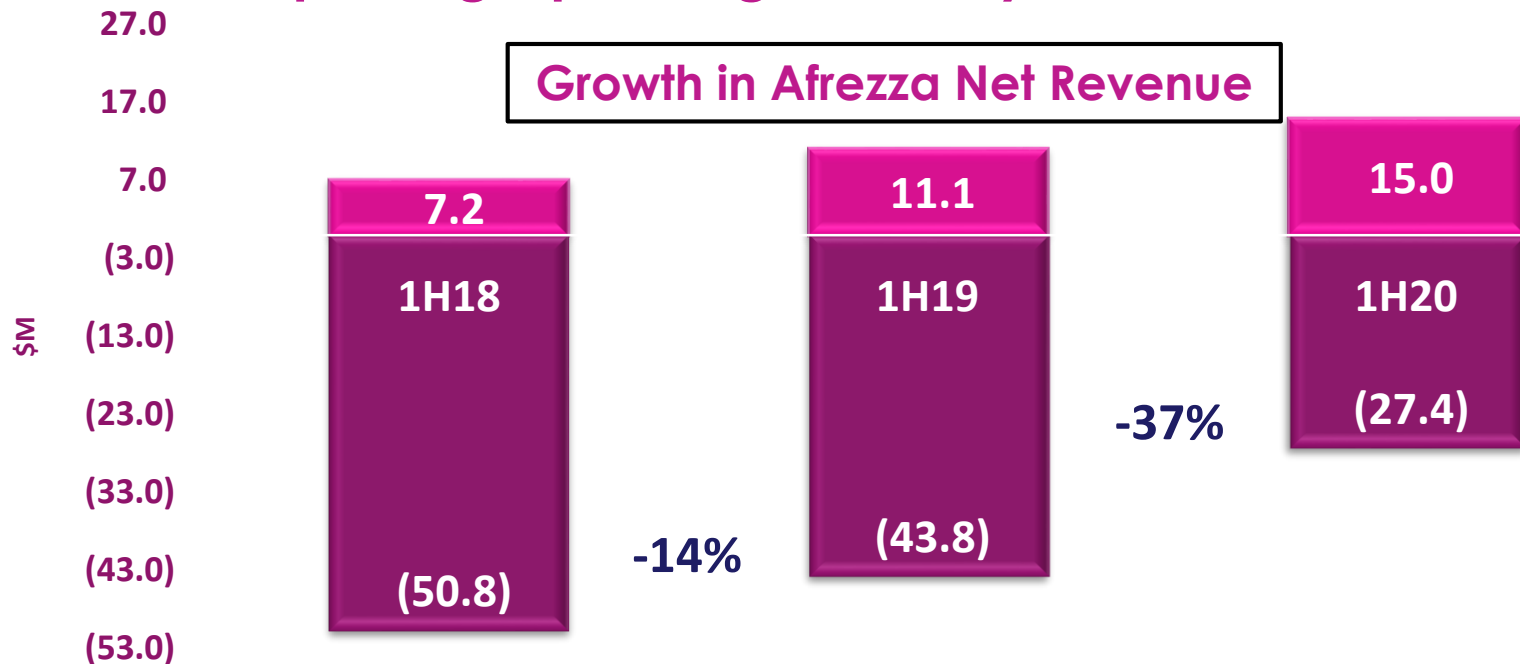
## Gross Profit Growth is Levered by Revenue Increase & COGS Efficiencies

	(\$M)	1H 2020	1H 2019	% Chg
Net Revenue - Afrezza		15.0	11.1	
Cost of Goods Sold - Afrezza		(7.8)	(8.3)	
Gross Profit - Afrezza		7.1	2.8	156%

\* 3Q 2019 Afrezza COGS, Gross Profit and Gross Margin excludes \$2.75M AMPH Amendment Fees. Please see GAAP to Non-GAAP reconciliation at end of presentation.



# Improving Operating Efficiency and Cash Balance



## Reduction in Non-GAAP Net Cash Used in Operating Activities\*

Cash Balance\*\*  
as of June 30:

**\$26.2M**

**\$32.9M**

**\$63.2M**

**Michael Castagna**  
Chief Executive Officer

**Growing Our Future**

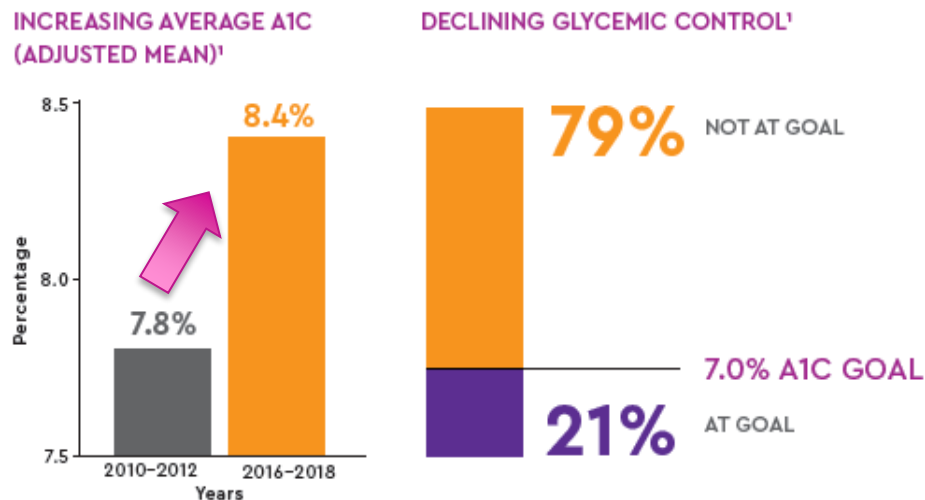
# Building Our Shareholder Base: Improving Awareness of MNKD In The Investor Community

- **Improving outreach to current and new institutional investors during the pandemic**
  - Investor discussions have been a two-way street: we tell our story and the reasons to believe in MNKD's future, but we also listen and take away feedback on key issues
- **Institutional Investors AUM >\$250M**
  - Virtual Non-Deal Road Shows
  - Virtual BioPharma Investor Conferences
- **Institutional Investors/Family Offices AUM <\$250M**
  - Virtual Investor Conferences & 1:1 for healthcare investors
- **Research Analysts**

# Afrezza Continues to Serve an Unmet Need For Mealtime Control as 4 out of 5 Patients Aren't at Goal

*Despite adoption of new technologies such as CGM and Insulin pumps outcomes have worsened over past decade*

- T1D Exchange tracks data from top diabetes research centers across the U.S.
- Type1 diabetes remains uncontrolled for the majority of patients



Data from a longitudinal study on diabetes management and outcomes were collected from 2016-2018 and compared with data collected from 2010-2012 (N=22,697). To minimize the impact of potential cohort and duration effects, cross-sectional comparisons of A1C included 9,657 patients contained in both time cohorts with >3 years duration at the time of the 2010-2012 data collection.<sup>1</sup>

Foster NC. Diabetes Technol Ther. 2019;21(2):66-72

# What to Expect in the 2H 2020

- **Afrezza**

- New Commercial and Medical leadership with deep diabetes experience
- Increased share of voice due to expanded Sales and Medical field footprint
- Building Stepping Stones for Integrated Care Model
  - Launch AfrezzaAssist (Patient Reimbursement Hub)
  - Telehealth collaborations
  - Continued enhancements with distribution model to lower costs
- Launch BluHale Pro for Healthcare Providers
- New scientific publications and data dissemination

- **Collaborations**

- Receive 4<sup>th</sup> milestone from UTHR in 4Q
- Complete clinical and CMC support work to support the NDA

- **Pipeline**

- Sumatriptan toxicology work completed

# From December 2019 through December of 2020, MannKind will have supported or presented over 24 scientific disclosures

Select Manuscript Titles	Authors	Journal
Hypoglycaemia is Reduced with Use of Inhaled Technosphere Insulin Relative to Insulin Aspart in Type 1 Diabetes Mellitus	Seaquist ER, Blonde L, Heller SR, Kendall DK, Bumpass JB, Pompilio FM, Grant ML	Diabetic Medicine
Comprehensive Pulmonary Safety Review of Inhaled Technosphere Insulin in Patients With Diabetes Mellitus	McGill JB, Peters A, Buse JB, Steiner S, Tran T, Pompilio FM, Kendall DM	Clinical Drug Investigation
Understanding Inhaled Insulin: Results of a 16 Week Trial in Type 1 Diabetes (Study 117)	McGill JB, Weiss D, Grant ML, Jones MC, Kendall DM, Hoogwerf BJ	Journal of Diabetes
Efficacy and Safety of Technosphere Insulin Compared to Insulin Aspart in Persons with Type 2 Diabetes Receiving Basal Insulin: Results of a 24 Week Study (Study 014)	Hoogwerf BJ, Pantalone KM, Basina M, Jones MC, Grant ML, Kendall DM	Endocrine Practice (pending final review)
Effect of Afrezza on Glucose Dynamics During Hybrid Closed Loop Treatment	Galderisi A, Cohen N, Calhoun P, Kraemer K, Breton M, Weinzimer S and Cengiz E	Diabetes Care

**Thank you**  
(Contact: [IR@mannkindcorp.com](mailto:IR@mannkindcorp.com))

# GAAP to Non-GAAP Reconciliations

	(\$M)	3Q 2019
Net Afrezza Revenue	6.4	
Cost of Goods Sold	(7.1)	
<b>GAAP Gross Profit</b>	<b>(0.7)</b>	
Exclude Amphastar Amendment F	2.8	
<b>Non-GAAP Gross Profit</b>	<b>2.1</b>	
<b>Non-GAAP Gross Margin</b>	<b>32.1%</b>	
<b>GAAP Cost of Goods Sold</b>	<b>(7.1)</b>	
Exclude Amphastar Amendment F	2.8	
<b>Non-GAAP Cost of Goods Sold</b>	<b>(4.3)</b>	

	1H 2018	1H 2019	1H 2020
<b>GAAP Net Cash Used in Operating Activities</b>	<b>(48.8)</b>	<b>(31.3)</b>	<b>(14.9)</b>
License fee received from Cipla	(2.0)		
Milestone received from UTHR		(12.5)	(12.5)
<b>Non-GAAP Net Cash Used in Operating Activities</b>	<b>(50.8)</b>	<b>(43.8)</b>	<b>(27.4)</b>