



2021 Interim Results

August 2021

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Company Update



2021H1 Snapshot



17 Years
In operation

17 Locations
Operation sites ⁽¹⁾ in China / U.S. / U.K.

>12,000
Employees (11,400 scientists & technicians)⁽¹⁾

1 of Only 2
Platform with a fully integrated business model globally⁽²⁾

Top 3
Drug discovery service provider globally⁽²⁾

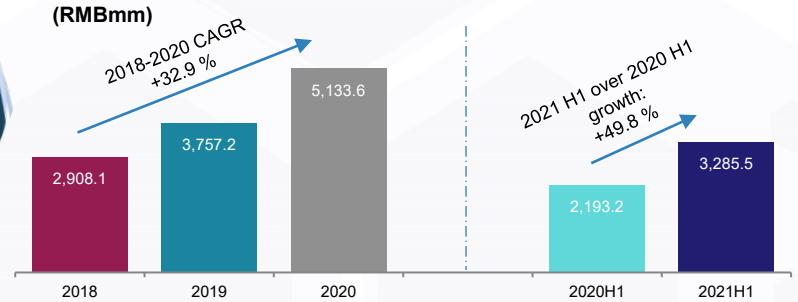
All Top 20
Global pharmaceutical companies are our customers⁽¹⁾

Over 1,500
Customers served in 2021 H1

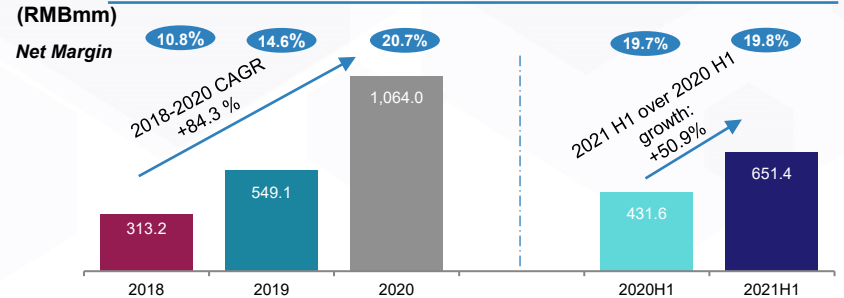
>90% of Revenue
From repeat customers⁽³⁾



Strong Revenue Growth



Robust Non-IFRSs net profit⁽⁴⁾ Growth and Margin Improvement



Source: 2019 Annual Report, 2020 Annual Report and 2021 Interim Report. 2020H1 and 2021H1 financials are unaudited

1. As of June 30, 2021

2. By 2020 revenue, Frost & Sullivan analysis

3. During 2021 H1

4. Non-IFRSs net profit for the period excludes the impact from certain expense such as share-based compensation expenses, foreign exchange related gains or losses, issuance expense on convertible bonds, Losses on fair value change of convertible bonds-embedded derivative component and realized/unrealized gains or losses from equity investments









Global Footprint



Our global presence combines our technical capabilities and efficient services enables us to provide customized solutions





China Sites

8

 <p>Beijing HQ Drug R&D 1.2 million ft²</p>	 <p>Ningbo Drug R&D 850,000 ft²</p>
 <p>Tianjin Chemical Mfg. Land: 538,195 ft²</p>	 <p>Shaoxing Commercial Mfg. Land: 1,791,000 ft²</p>
 <p>Beijing TSP GLP Safety Assessment 215,000 ft²</p>	 <p>Xi'an Chemistry 172,000 ft²</p>
 <p>Nanjing Clinical Research 40,000 ft²</p>	 <p>Shanghai Chemistry 130,000 ft²</p>

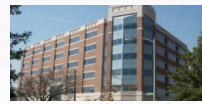




UK Sites

4

 <p>Cardiff Radiolabelled Chemistry 48,000 ft²</p>
 <p>Rushden Radiolabelled Chemistry & Metabolism 29,000 ft²</p>
 <p>Hoddesdon Discovery & Early Development 473,000 ft²</p>
 <p>Liverpool Cell & Gene Therapy CDMO 103,000 ft²</p>

US Sites

5

 <p>Baltimore, MD Clinical Research 40,000 ft²</p>	 <p>Germantown, MD Bioanalytical Sciences 28,000 ft²</p>
 <p>Exton, PA DMPK, CGT 53,000 ft²</p>	 <p>San Diego, CA Ocular, Medical Devices 52,000 ft²</p>
 <p>Boston, MA Biologics, Bioanalysis 10,000 ft²</p>	



Our Core Competitiveness

-  Leading fully-integrated pharmaceutical R&D service platform with strong capabilities and comprehensive service offerings across the globe
-  Global operations, profound experience in pharmaceutical R&D and state-of-the-art technologies to provide customized solutions
-  Committed to utilizing innovative technologies to meet evolving R&D needs and increase efficiency
-  Dedicated, stable and visionary management teams, experienced talent pool with progressive corporate culture
-  Reputable, loyal and expanding customer base that contributes to our sustainable growth and business collaboration
-  Insight into industry trends and well positioned to capture growth opportunities arising from industry evolution

2

Business Highlights



2021 Business Segment Highlights



We operate our integrated pharmaceutical R&D services platform through four main business segments, namely, *Laboratory Services, CMC (Small Molecule CDMO) Services, Clinical Development Services, Biologics and CGT Services* in China, the U.S. and the U.K.



Laboratory Services

Laboratory chemistry and bioscience (including DMPK/ADME, *in vitro* biology and *in vivo* pharmacology, safety assessment and U.S. laboratory services) services

Location: sites in China, U.S. and U.K.

2021H1 Revenue: RMB 2,027.0 mm
2021H1 Gross Profit: RMB 848.5 mm



CMC (Small Molecule CDMO) Services

Chemistry process development and manufacturing, material science / pre-formulation, formulation development and manufacturing and analytical development services

Location: sites in China and U.K.

2021H1 Revenue: RMB 762.2 mm
2021H1 Gross Profit: 278.5 RMB mm



Clinical Development Services

Clinical research services, site management services, regulatory bioanalysis and radiolabeled sciences services

Location: sites in China, U.S. and U.K.

2021H1 Revenue: RMB 422.7 mm
2021H1 Gross Profit: RMB 59.6 mm



Biologics and CGT Services

Biologics discovery services, biologics CDMO services, CGT lab services and CGT CDMO services

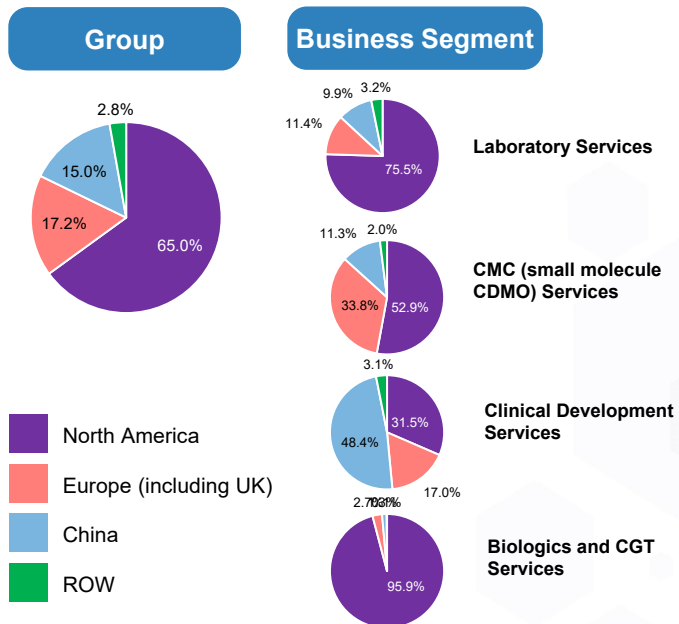
Location: sites in China, U.S. and U.K.

2021H1 Revenue: RMB 71.7 mm
2021H1 Gross Profit: RMB 2.2 mm




2021H1 Customer Analysis


Geographic Locations of Customers



- China-based customers revenue growth in 2021 H1: **92.1%**
- Overseas customers revenue growth in 2021 H1: **44.2%**

Long-term Customer Relationship

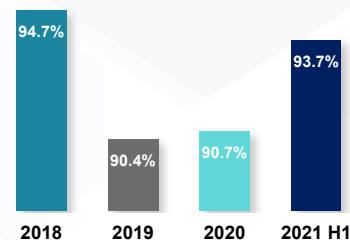
 Customers globally (including Top 20 global pharmaceutical companies) with over **400** new customers introduced in 2021 H1

 **Top 20** global pharmaceutical companies contributed to **20.7%** of revenue in 2021 H1.



5 largest customers in 2021H1 had a minimum of **6** years relationships with us

% of Revenue from Repeat Customers

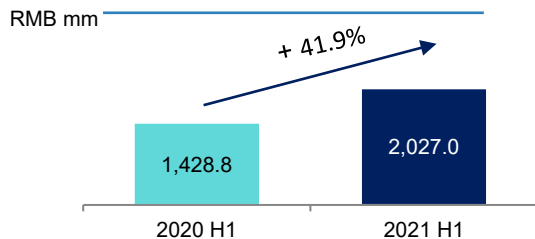


Achieved **100% retention** of our top 10 customers in 2021H1

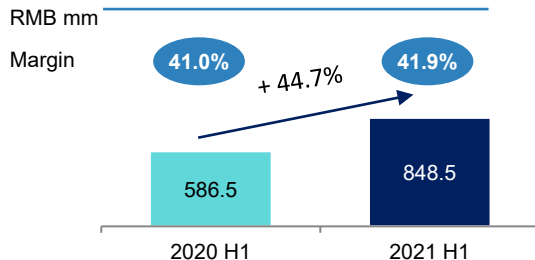
Laboratory Services

Revenue and Margin

Revenue



Gross Profit



Operational Highlights



- Laboratory chemistry continuously achieved steady growth, Pharmaron had over **4,400** scientists and technicians in laboratory chemistry area which is one of the world leading chemistry groups in terms of size and expertise.
- Bioscience services entered the fast lane of development with revenue contribution to the laboratory service increased to **45.8%** in 2021 H1 (2020 H1: **39.6%**)
- **6,122** scientists and technicians⁽¹⁾, increased by **565** from December 31, 2020

Expansion Update

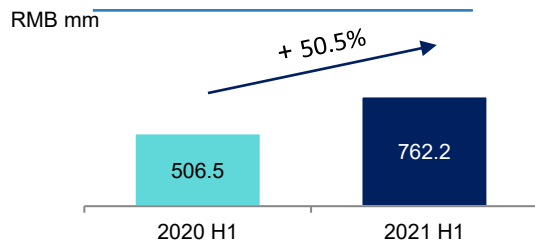
- Acquired the controlling shareholding of Biomedical Research (GZ), Ltd.
- First stage of Phase II construction in Hangzhou Bay R&D Service Center, **120,000 m²** of laboratory spaces, was about to complete and part of it has been gradually in operation from the **first quarter of 2021**.



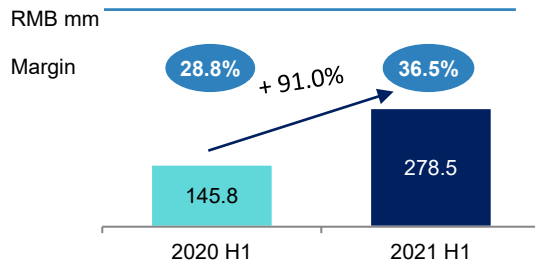
CMC (Small Molecule CDMO) Services

Revenue and Margin

Revenue



Gross Profit



Operational Highlights



- More drug discovery projects accumulated over the years progressing to the development stage, and the U.K. and China teams worked more closely together which in turn contributing to the continuous improvement in the business quality in the CMC(Small Molecule CDMO).
- Worked on **695** APIs or intermediates in 2021, including **467** in preclinical stage, **197** in Phase I-II clinical stage, **27** in Phase III clinical stage and **4** in process validation and commercial stage.
- **2,160** scientists and technicians⁽¹⁾, increased by **226** from December 31, 2020

Expansion Update

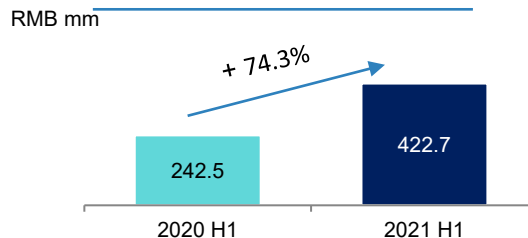
- Phase III construction in Tianjin manufacturing site, **40,000 m²** of process development spaces, was about to completed and part of it has been gradually in operation from **2021Q1**
- Phase I construction in Shaoxing manufacturing site with an area of **81,000 m²** and reactor volume of **600 m³**, of which, reactor volume of **200 m³** is expected to be operational in **2021H2** and the remaining **400 m³** will be completed in **2022**



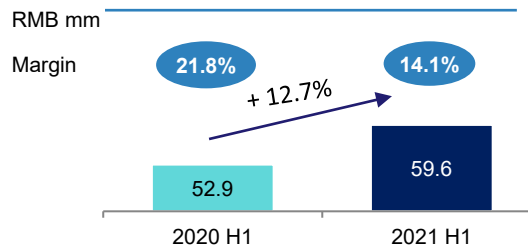
Clinical Development Services

Revenue and Margin

Revenue



Gross Profit



Operational Highlights



- Pharmaron Clinical Services building fully-integrated clinical development service platform in China, provide end-to-end solutions to customers for clinical development and complementary trials between China and the U.S.
- With the help of our unique integrated services platform of radioisotope compound “synthesis clinical-analysis”, our overseas operations achieved steady growth.
- 2,848** scientists and technicians⁽¹⁾, increased by **640** from December 31, 2020

Expansion Update

- During the reporting period, the Company established Pharmaron Clinical Services in Chengdu.



Biologics and CGT Services

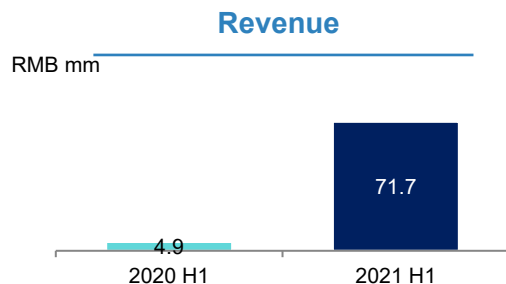


Operational Highlights

- Pharmaron Biologics UK provides customers with CDMO services mainly focusing on CGT products.
- Absorption Systems located in the U.S. providing customers with biologics and CGT *in vitro* and *in vivo* laboratory analytical, bioassays testing and animal testing services.
- **270** scientists and technicians⁽¹⁾, increased by **142** from December 31, 2020

Expansion Update

- Completed acquisition of Allergan Biologics Limited in Liverpool.
- Completed the civil construction of our biologics drug development and manufacturing facility at Hangzhou Bay service center II phase I (nearly **70,000m²**) and started the internal installation, which will become operational for GMP production in the **first half of 2023**.



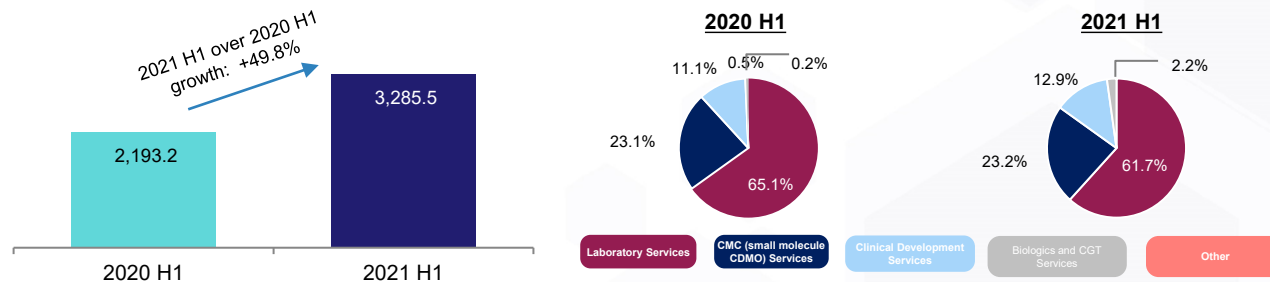
3

Financial Highlights



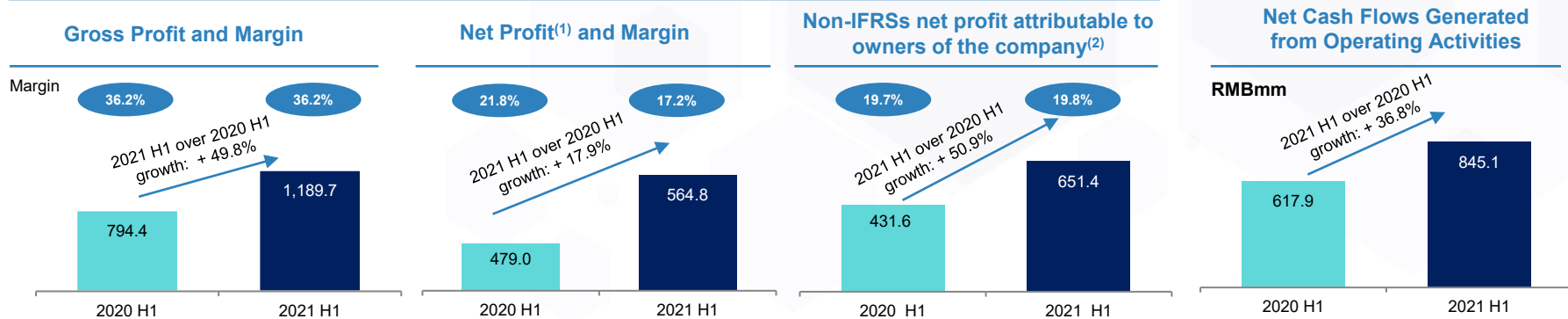
2021 First Half Financial Overview

RMBmm Robust Revenue Growth



- Revenue of each services segment continued to grow, and the profitability further benefited from the economy of scales
- All major operating and financial indicators saw significant improvement

RMBmm Steady Margin Improvement



Source: 2021 Interim Report.

Note: Data are rounded to the nearest million.

1. Net profit attributable to owners of the parent

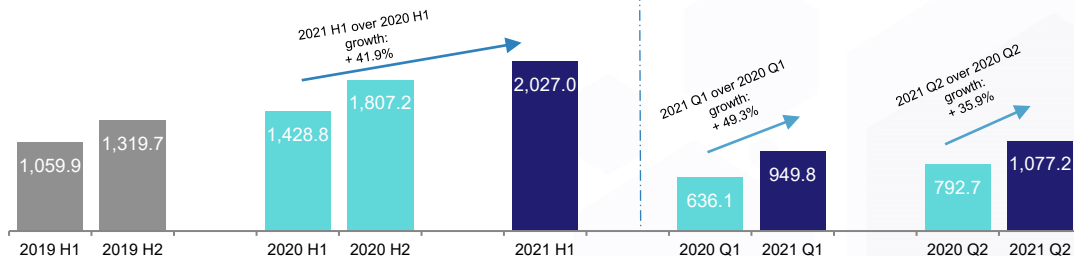
2. Non-IFRSs net profit for the period excludes the impact from certain expense such as share-based compensation expenses, foreign exchange related gains or losses, issuance expense on convertible bonds, losses on fair value change of convertible bonds-embedded derivative component

Robust Growth and Profitability Across All Business Segments



Laboratory Services

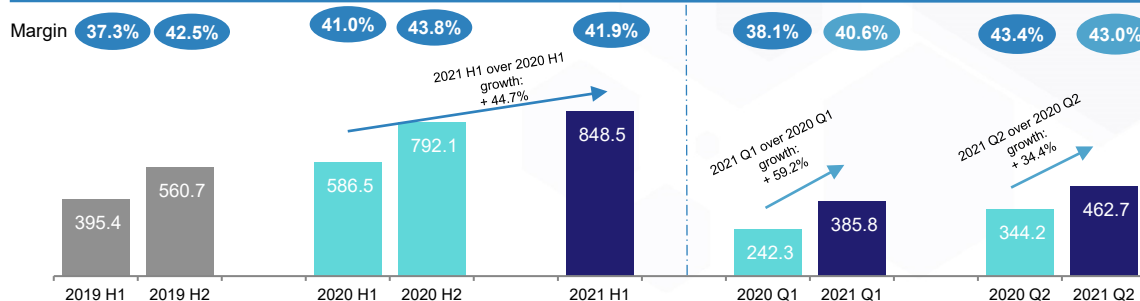
RMBmm **Laboratory Services Revenue**



2021 H1 Highlights

- Revenue growth drivers:
 - Increased demand for our services from existing customers
 - Deepened integration between bioscience and laboratory platform
 - Increased customer interest in our integrated IND enabling solution
 - Impact from Absorption, which was acquired in November 2020
- Gross margin drivers:
 - Higher operating efficiency due to economies of scale
 - RMB appreciation impact

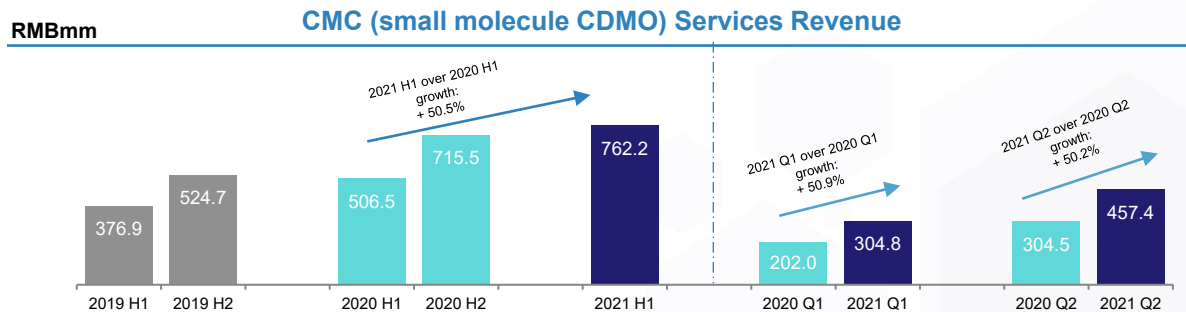
RMBmm **Laboratory Services Gross Profit**



Note: Data are rounded to the nearest million. 2020 H1, 2020 H2, 2021 H1, 2020 Q1, 2020 Q2, 2021 Q1 and 2021 Q2 financials are unaudited

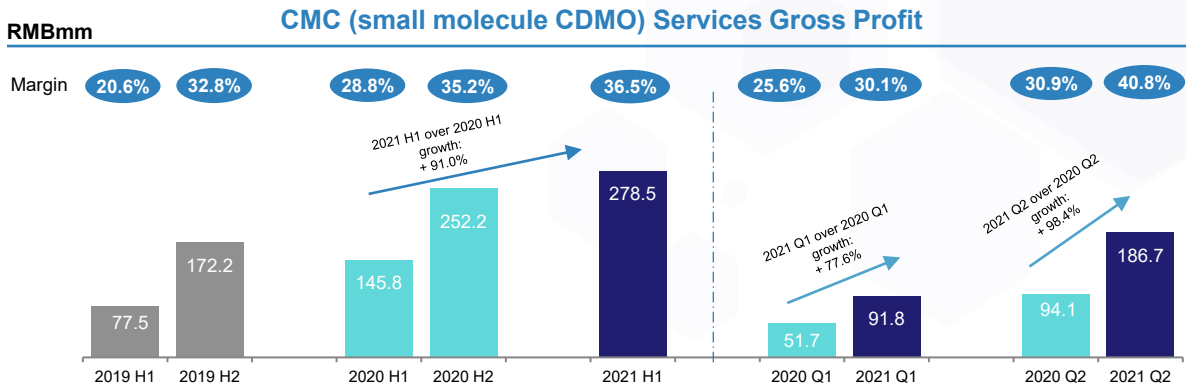
Robust Growth and Profitability Across All Business Segments

CMC (small molecule CDMO) Services



2021 H1 Highlights

- Revenue growth drivers:
 - Strong demand for our CMC services with increased number of projects and strengthened pipeline
 - Successful integration of our CMC operations in China and UK
- Gross margin drivers:
 - Higher operating efficiency due to economies of scale
 - Continuous investment in the new service offerings with relatively low margin
 - RMB appreciation impact



Note: Data are rounded to the nearest million. 2020 H1, 2020 H2, 2021 H1, 2020 Q1, 2020 Q2, 2021 Q1 and 2021 Q2 financials are unaudited

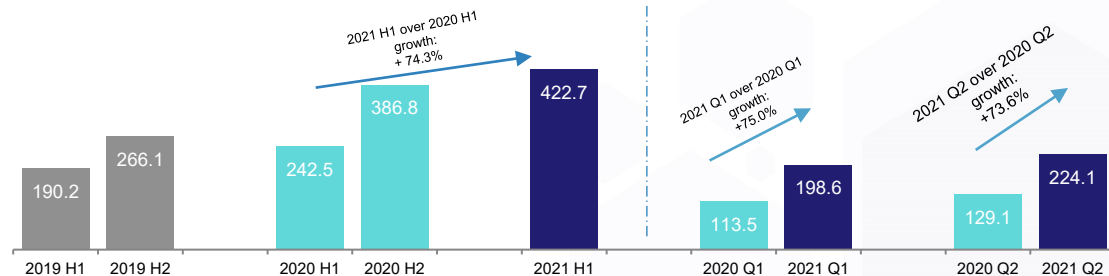
Robust Growth and Profitability Across All Business Segments

Clinical Development Services



RMBmm

Clinical Development Services Revenue

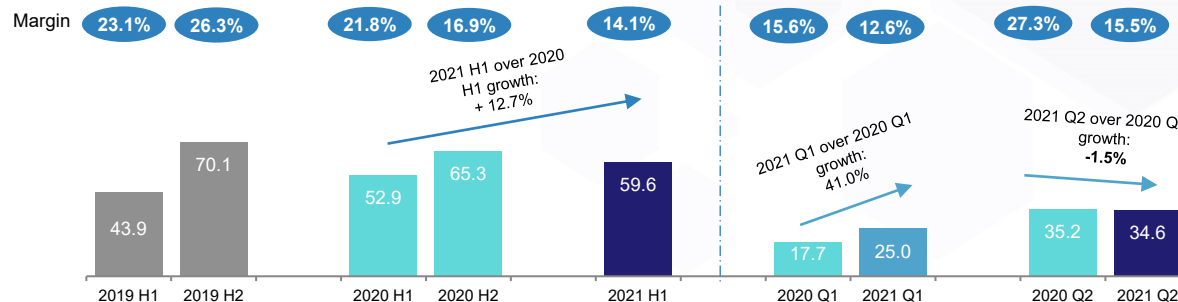


2021 H1 Highlights

- Revenue growth drivers:
 - Overseas operations achieved steady growth due to the unique integrated service platform of “radioisotope compound synthesis-clinical-analysis”
 - Efforts in cross-selling to existing customers from overseas and China
 - Impact from LinkStart, which was acquired in June 2020
- Gross margin drivers:
 - Continuous investment in the new service offerings with relatively low margin

RMBmm

Clinical Development Services Gross Profit



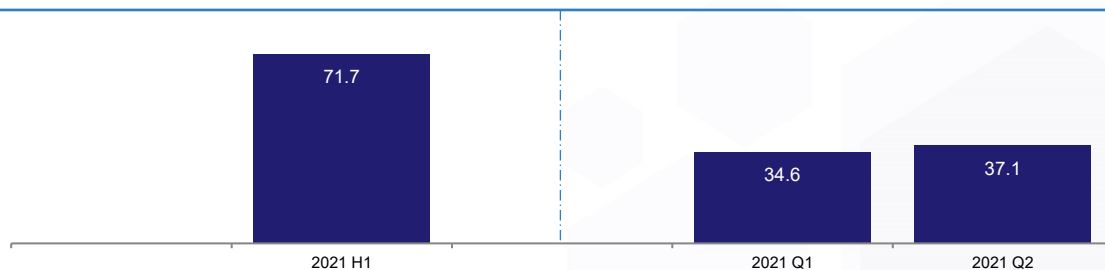
Note: Data are rounded to the nearest million. 2020 H1, 2020 H2, 2021 H1, 2020 Q1, 2020 Q2, 2021 Q1 and 2021 Q2 financials are unaudited

Robust Growth and Profitability Across All Business Segments

Biologics and CGT Services



RMBmm **Biologics and CGT Services Revenue**



2021 H1 Highlights

- The biologics and CGT business segments began independent accounting during 2021 H1.
- Completed acquisition of Allergan Biologics Limited in Liverpool in April 2021.

RMBmm **Biologics and CGT Services Gross Profit**

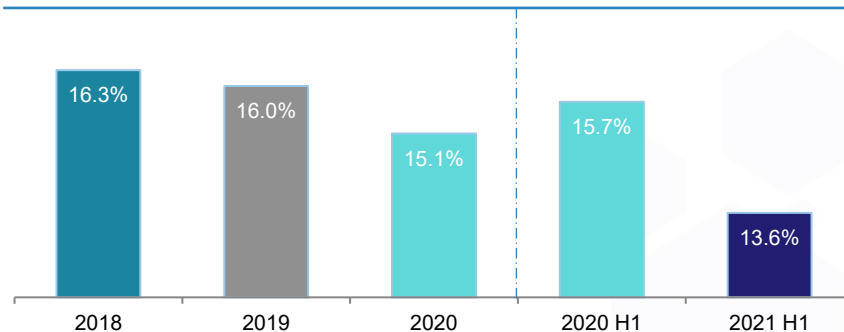


Note: Data are rounded to the nearest million. 2021 H1, 2021 Q1 and 2021 Q2 financials are unaudited

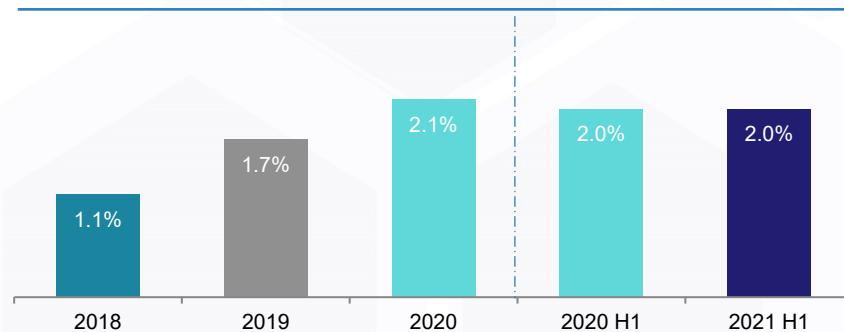
Operational Efficiency Contributing to Steady Margin Improvement



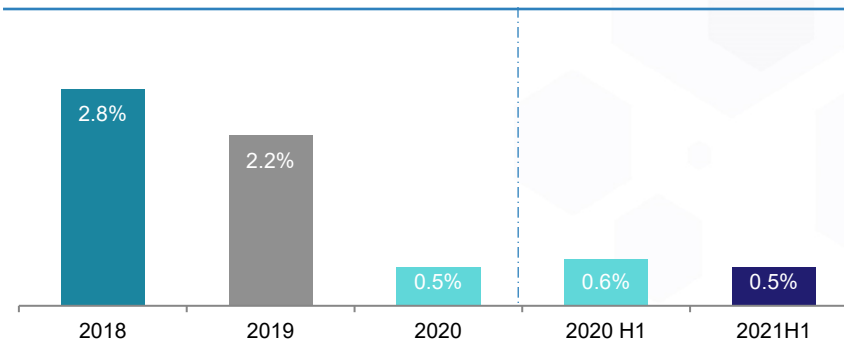
SG&A Expenses as % of Total Revenue



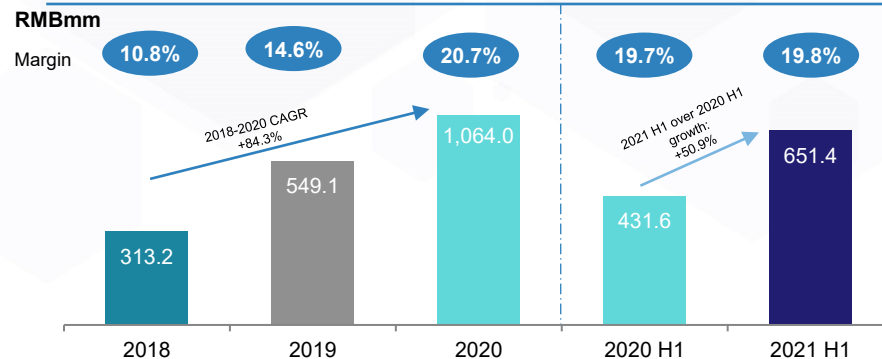
Research and Development Cost as % of Total Revenue



Finance Costs as % of Total Revenue



Non-IFRSs Net Profit Attributable to Owners of The Company



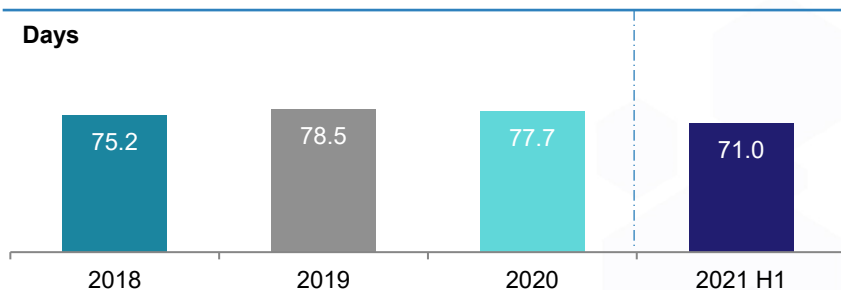
Source: 2019 Annual Report, 2020 Annual Report and 2021 Interim Report. 2020H1 and 2021H1 financials are unaudited
Note: Data are rounded to the nearest million

Outstanding Working Capital Management Capabilities



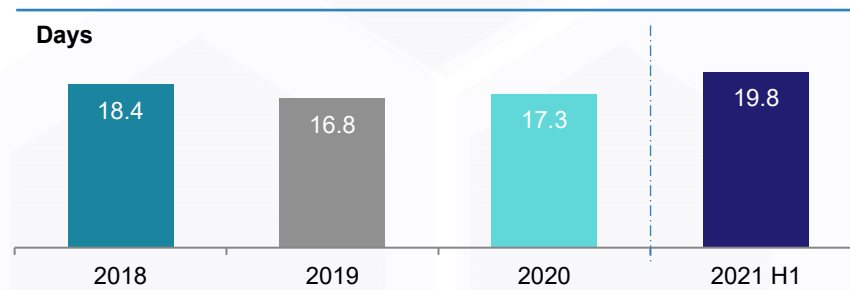
Trade Receivables and Contract Assets Turnover⁽¹⁾

Days



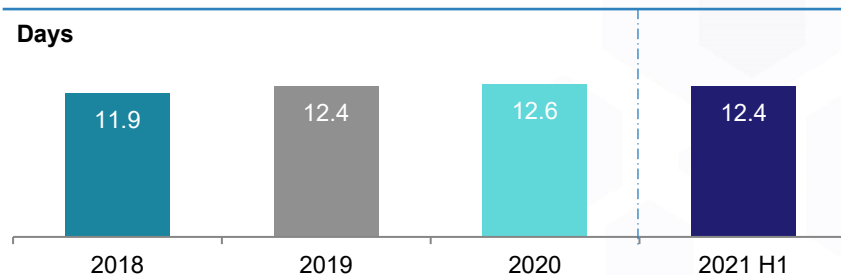
Trade Payables Turnover⁽²⁾

Days



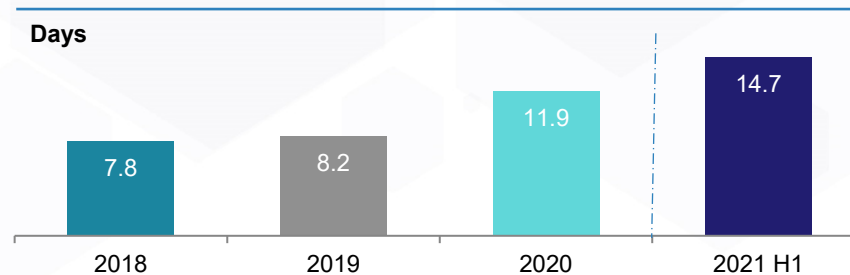
Inventories Turnover⁽²⁾

Days



Contract Costs Turnover⁽²⁾

Days



Source: 2018 Annual Report, 2019 Annual Report, 2020 Annual Report and 2021 Interim Report. 2021H1 financials are unaudited

1. Calculated based on average of the opening and closing balances of sum of trade receivables (before adjustment of allowance for impairment) and contract assets (before adjustment of allowance for impairment) for the relevant year/period, divided by the corresponding revenue for the year/period, and then multiplied by 360 days for a year and 180 days for a six-month period

2. Calculated based on average of the opening and closing balances for the relevant year/period, divided by the corresponding cost of sales for the year/period, and then multiplied by 360 days for a year and 180 days for a six-month period

Issuance of Convertible Bonds



In June 2021, issued principal amount of **US\$300 million** zero coupon convertible bonds due 2026 and principal amount of **RMB1,916 million** zero coupon US\$-settled convertible bonds due 2026 (together, the “Convertible Bonds”)

The net proceeds from the Convertible Bonds was approximately RMB3,776.0 million.

Highlight of the Issue

- The **First** RMB-linked USD-settled convertible bond since 2016, reducing the Company's exposure to mark-to-market volatility from accounting treatment
- The **First** convertible bond issued by A+H dual list company since September 2019
- The USD tranche priced with a zero coupon and zero yield and the **highest conversion premium** for healthcare CB issuances in U.S. dollars

Financial Impact

- **Mark-to-market** fair value adjustment for the derivative component of the **USD tranche** is required.
- Recognized RMB100 million non-cash fair value loss in 2021H1 due to the **substantial increase of the company's H-share stock price** during the period.
- Non-IFRSs net profit excludes the impact from issuance expense on Convertible Bonds and fair value loss or gain from derivative component of Convertible Bonds.



Laboratory
Services



Chemistry,
Manufacturing
and Control



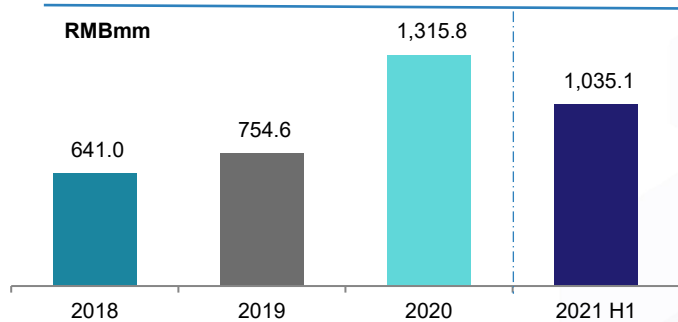
Clinical
Development



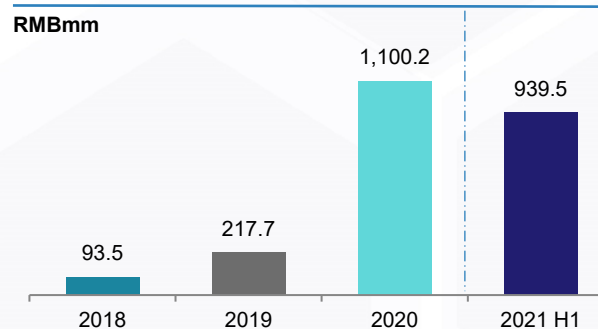
Biologics

Continued Capital Expenditure and Equity Investments

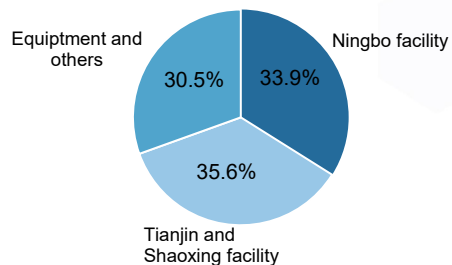
Capital Expenditure



Equity Investments



2021 H1 Capital Expenditure Distribution



Biomedical Research (GZ), Ltd.



Allergan Biologics Limited

4 Growth Strategy



Our Growth Strategies

Continue to build and improve our fully-integrated international pharmaceutical R&D service platform

