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**Annual Results Announcement**



31 March, 2023



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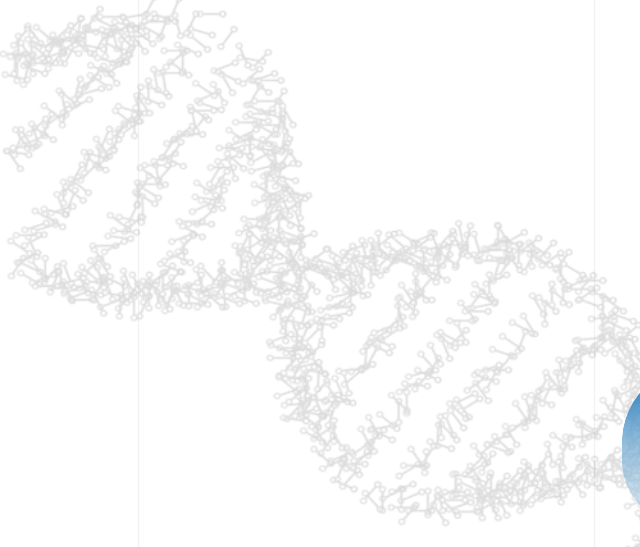
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Growth  
Strategy



# 2022 Performance Overview

## 18 Years

In operation

## 20 Locations

Operation sites in China / U.S. / U.K

## >19,400

Employees (>17,400 scientists & technicians) <sup>(1)</sup>

## ~30%

Total Backlog growth <sup>(1)</sup>

## Top 3

Drug discovery service provider globally<sup>(2)</sup>

## All Top 20

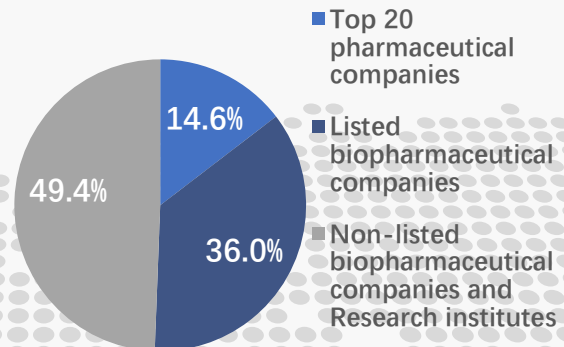
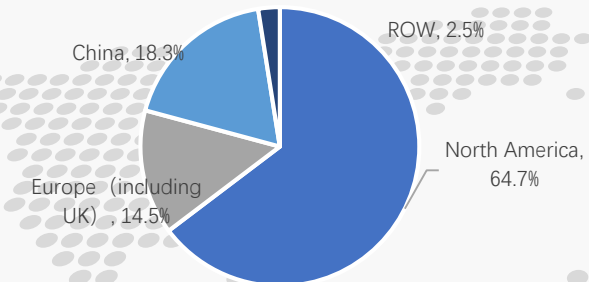
Global pharmaceutical companies are our customers<sup>(1)</sup>

## Over 2000

Customers served in 2022

## ~ 800

New customers<sup>(3)</sup>



China-based customers revenue growth in 2022: **47.5%**

Overseas customers revenue growth in 2022: **35.9%**

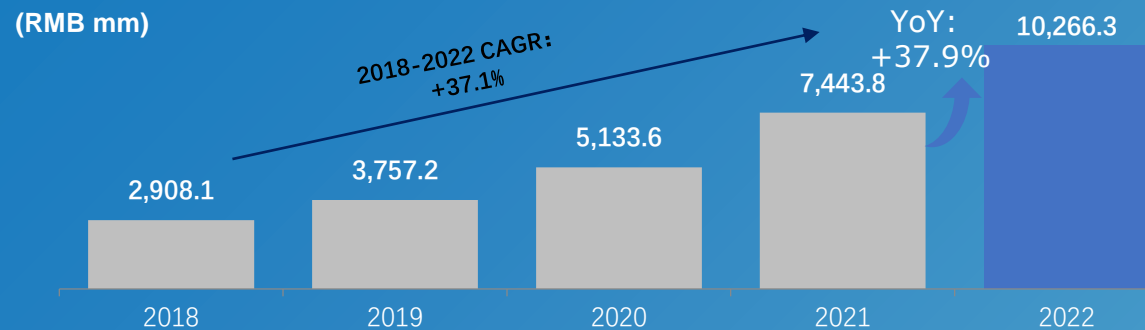
Source: 2019 Annual Report ,2020 Annual Report , 2021 Annual Report , 2022 Annual Report

1. As of December 31 ,2022;

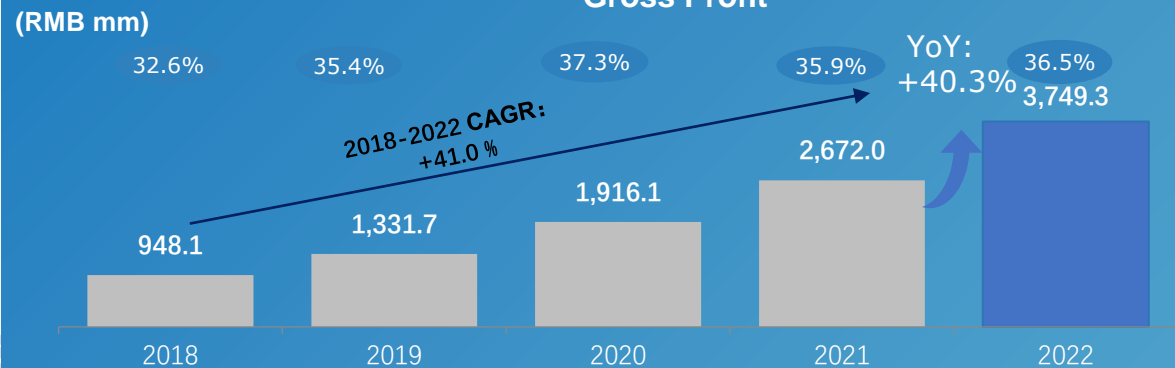
2. By 2020 revenue, Frost & Sullivan analysis;

3. Non-IFRSs net profit for the period excludes the impact from certain expense such as Share-based compensation expenses, Convertible Bonds related gains or losses, Foreign exchange related gains or losses, Foreign exchange related gains or losses, Realized and unrealized gains or losses from equity investments

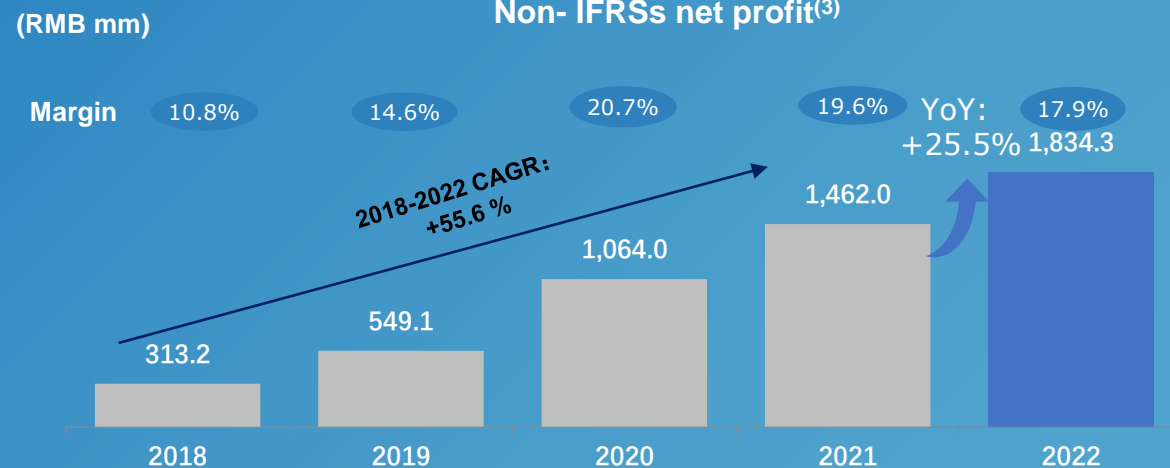
## Revenue



## Gross Profit



## Non-IFRSs net profit<sup>(3)</sup>





China



U.S.



U.K.



**Beijing HQ**  
Drug R&D  
1.2 million ft<sup>2</sup>



**Ningbo Campus I**  
Drug R&D  
2.6 million ft<sup>2</sup>



**Beijing TSP**  
GLP Safety Assessment  
215,000 ft<sup>2</sup>



**Baltimore, MD**  
Clinical Research  
40,000 ft<sup>2</sup>



**Germantown, MD**  
Clinical Bioanalytical Sciences, 28,000 ft<sup>2</sup>



**Hoddesdon**  
Discovery & Early Development  
473,000 ft<sup>2</sup>



**Liverpool**  
CGT CDMO  
103,000 ft<sup>2</sup>



**Tianjin**  
Chemical Manufacturing  
538,000 ft<sup>2</sup>



**Shaoxing**  
Commercial Manufacturing  
1,791,000 ft<sup>2</sup>



**Xi'an**  
Chemistry  
172,000 ft<sup>2</sup>



**Exton, PA**  
DMPK, CGT  
53,000 ft<sup>2</sup>



**San Diego, CA**  
Animal Models, Tox., Ocular and Medical Devices, 52,000 ft<sup>2</sup>



**Rushden**  
Radiolabelled Chem. & Metabolism, 29,000 ft<sup>2</sup>



**Cramlington**  
Commercial API Mfg.  
60,000 ft<sup>2</sup>(production area)



**Nanjing**  
Clinical R&D  
40,000 ft<sup>2</sup>



**Shanghai**  
Chemistry  
130,000 ft<sup>2</sup>



**Ningbo Campus II**  
Biologics CDMO  
350,000 ft<sup>2</sup>



**Boston, MA**  
Biologics, CGT  
24,000 ft<sup>2</sup>



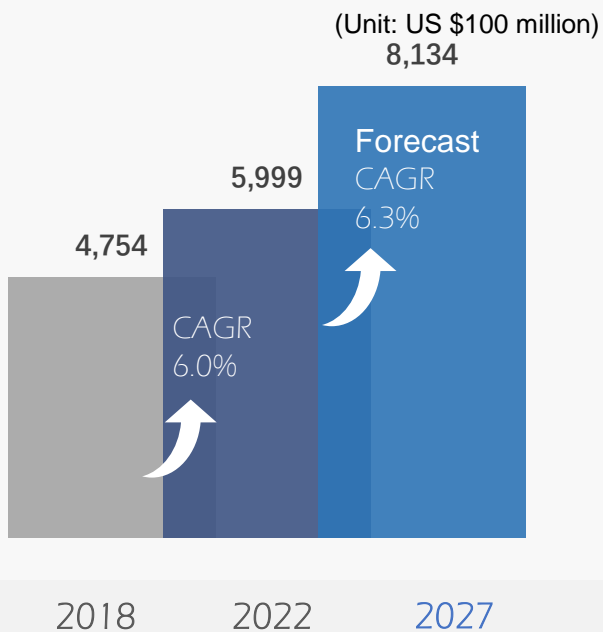
**Coventry, RI**  
Commercial API Manufacturing  
63,000 ft<sup>2</sup>(production area)



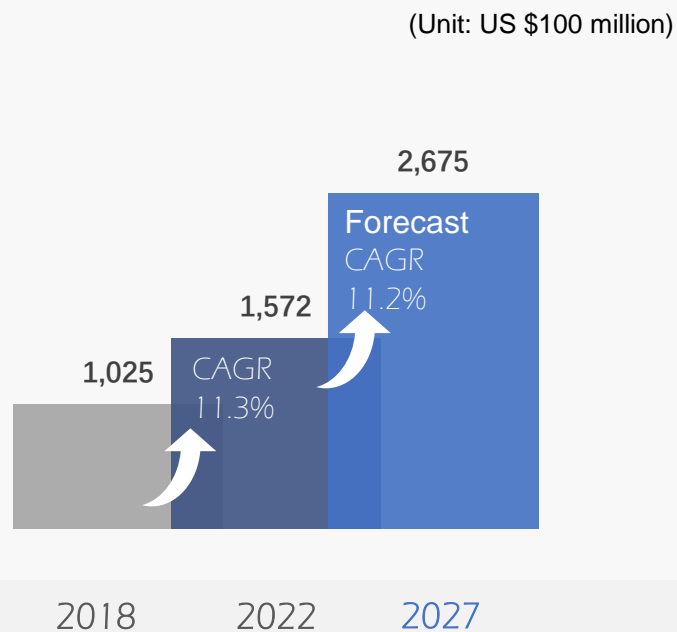
**Cardiff**  
Radiolabelled Chemistry  
48,000 ft<sup>2</sup>

- According to Frost & Sullivan’s forecast, the global drug R&D and manufacturing spending from 2022 to 2027 will maintain a stable growth, of which, the pharmaceutical R&D and manufacturing spending in China is expected to grow at a CAGR of 10.7% from 2022 to 2027.
- According to Frost & Sullivan’s forecast, From 2022 to 2027, the outsourcing penetration rate of the global drug R&D and manufacturing spending will further increase from 2022 to 2027 and the market share of the Chinese drug R&D and manufacturing outsourcing services is expected to reach 25.3% in 2027.

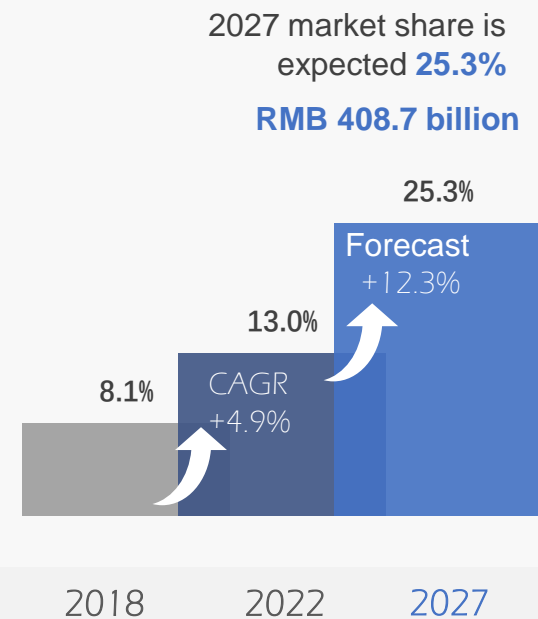
## Global Drug R&D and Manufacturing Spending



## Global Drug R&D and Manufacturing Outsourcing Services Market Size



## Chinese Drug R&D and Manufacturing Outsourcing Services Market Size

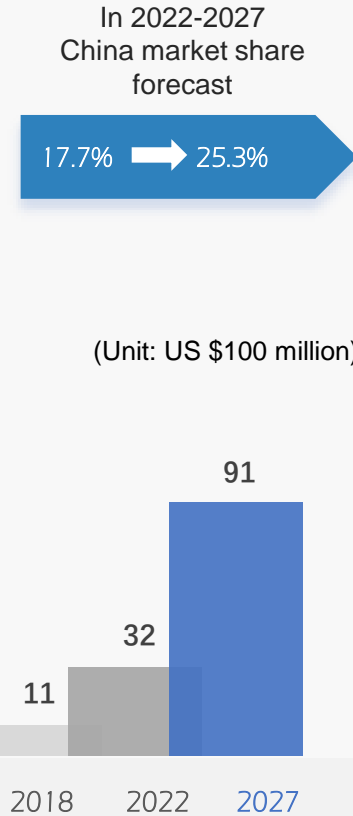
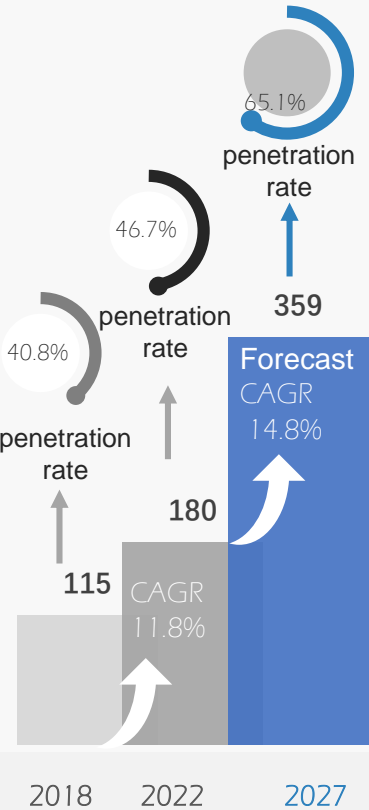




## Discovery R&D Services Trend

Global discovery CRO services market size

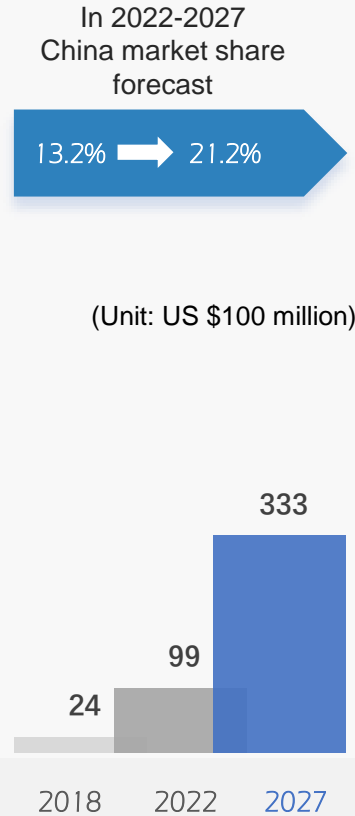
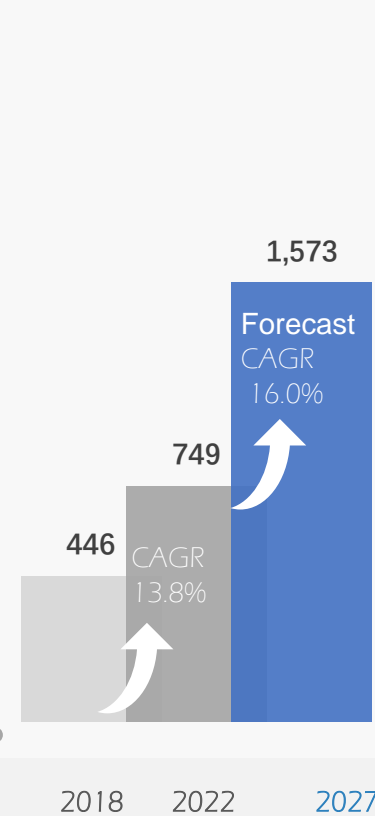
China's discovery R&D CRO services market size



## CDMO Services Trend

Global CDMO services market size

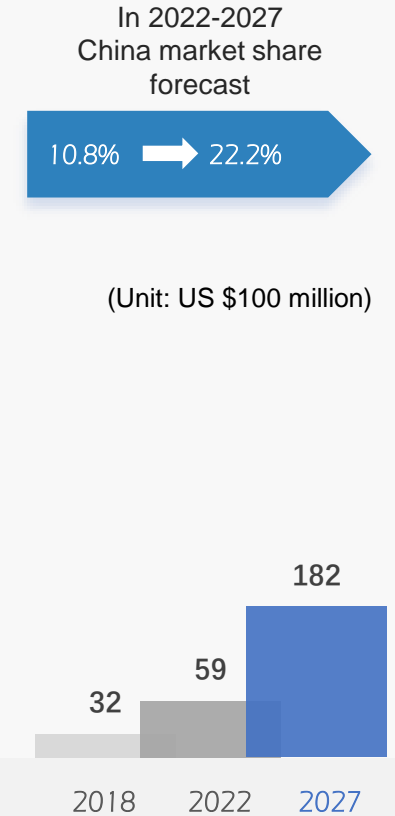
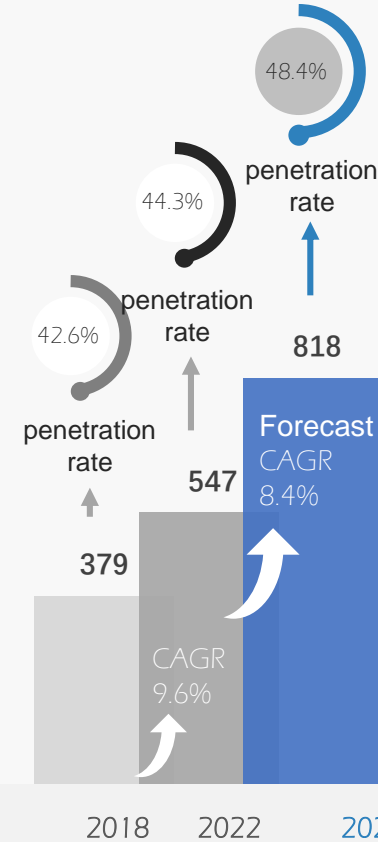
China's CDMO services market size



## Clinical Development Services Trend

Global clinical development services market size

China's clinical development services market size





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Growth  
Strategy



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



## Laboratory Services

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

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

Revenue → **RMB 6,244.7 mm**

Gross Profit → **RMB 2,805.1 mm**



## CMC (Small Molecule CDMO) Services

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

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

Revenue → **RMB 2,406.7 mm**

Gross Profit → **RMB 831.7 mm**



## Clinical Development Services

Overseas clinical development services (radiolabeled sciences and clinical trial services) and domestic clinical development services (clinical research services and site management services covering different service needs of clinical research).

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

Revenue → **RMB 1,393.6 mm**

Gross Profit → **RMB 159.7 mm**



## Biologics and CGT Services

Biologics discovery, development and manufacturing services (CDMO), CGT lab and Gene therapy CDMO services.

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

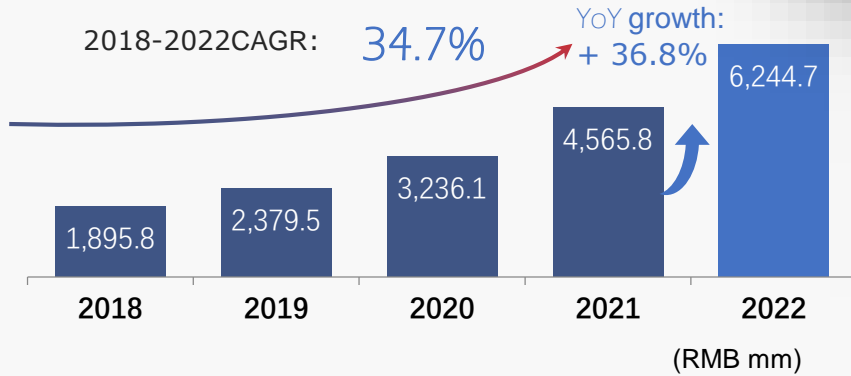
Revenue → **RMB 195.1 mm**

Gross Profit → **RMB -54.1 mm**



# I Laboratory Services

## Revenue

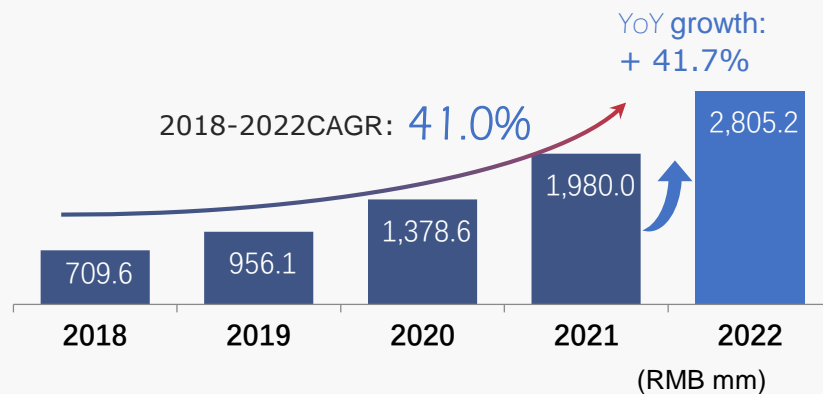



### Operational Highlights

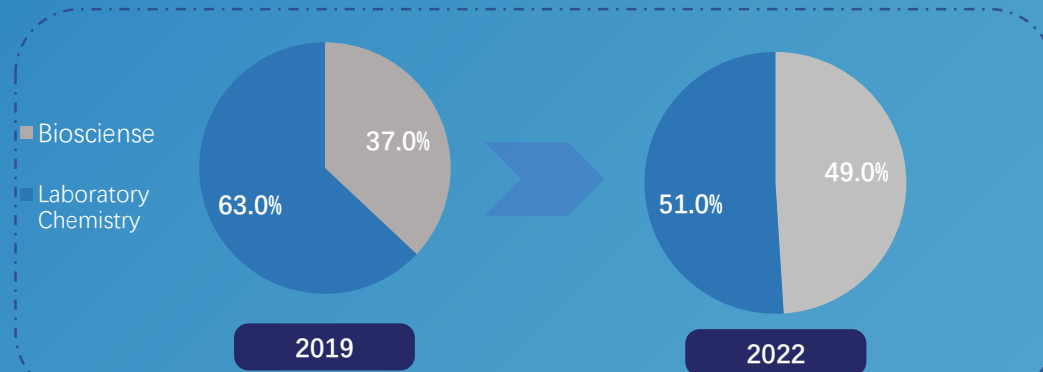
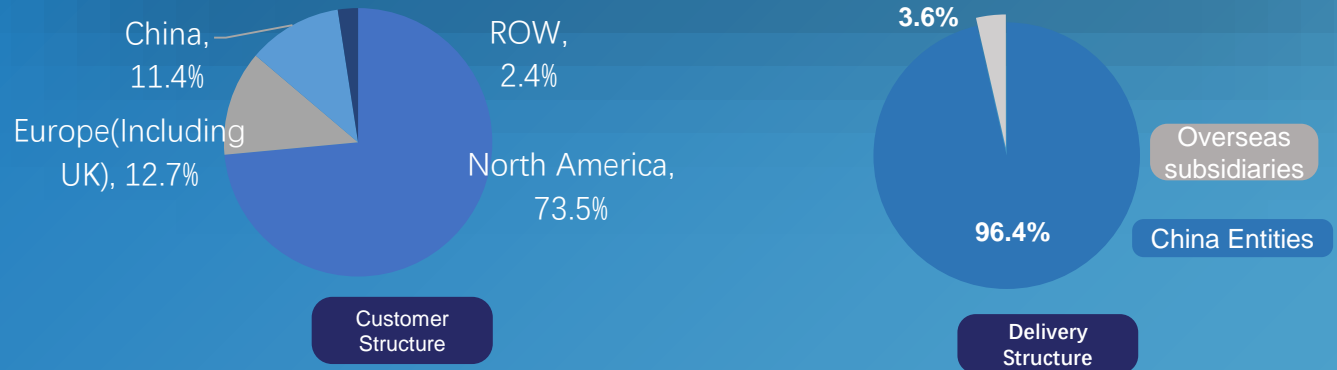
- Providing customers with more flexible and comprehensive laboratory services through the collaboration of laboratory service teams in China, UK and US.
- Participating in **652** drug discovery projects and **87** IND or NDA filings, of which, **79** projects applied with multiple jurisdictions.
- **9,336** employees, increased by **2,200** in 2022, with **6,200** laboratory chemists and technicians.

## Gross Profit

Margin 37.4% 40.2% 42.6% 43.4% 44.9%



Maintain world leading position in laboratory chemistry, accelerate the growth in Bioscience and strengthen the global network



2022H2, Bioscience revenue contributed to the laboratory services **more than 50%**

# I Laboratory Services



Ningbo Campus III (Design Plan)



Xi'an Campus (Design Plan)

Internal and  
M&A  
Expansion

## ■ Infrastructure

- Remaining **42,000m<sup>2</sup>** laboratory space was in the process of internal installation.
- Commenced the construction of **140,000m<sup>2</sup>** safety assessment and *in vivo* bioscience facility in Phase I of Ningbo Campus III and expected to be operational in H2 2023.
- Expanding the laboratory spaces over **70,000** square meters in Beijing and has commenced operation gradually from 2022.
- Begun on the **105,000m<sup>2</sup>** laboratory at the Xi'an Campus, which is expected to be commissioned in 2024

Ningbo Campus I



Qingdao



New Laboratories in Beijing





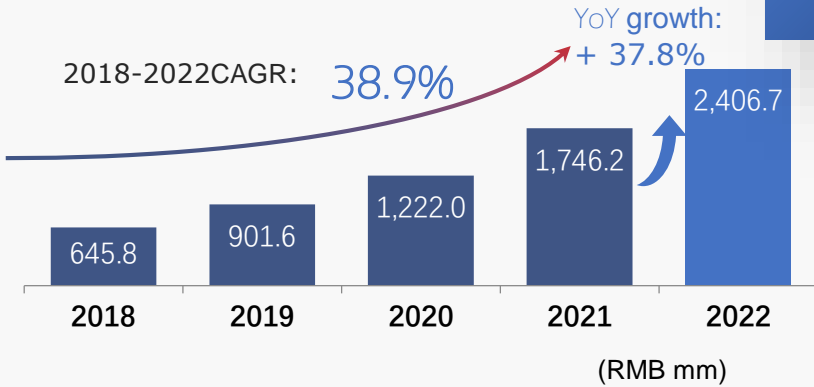
## II CMC (Small Molecule CDMO)

Maintain core competent on early-stage project, expand to late and commercial stage manufacturing services with our service networks in China, US and UK

### Operational Highlights

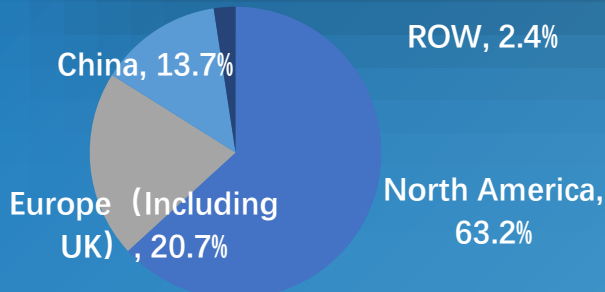
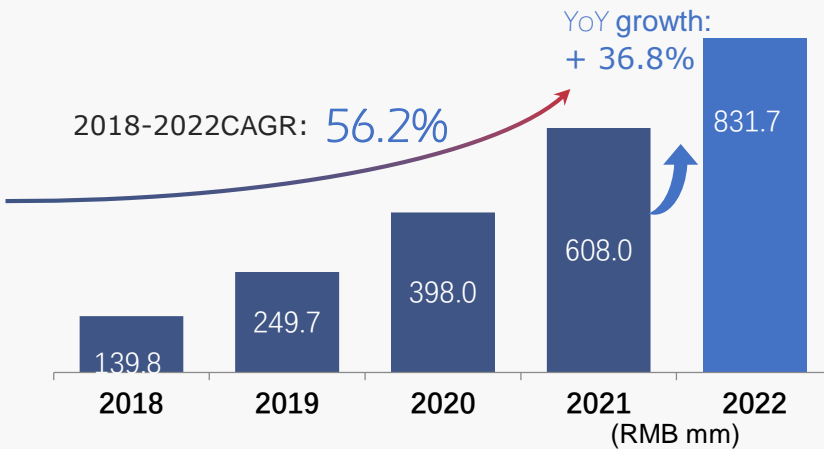
- With the seamless integration of the Company's fully-integrated R&D service platform, over **80%** of CMC (Small molecule CDMO) revenue came from the drug discovery services customers.
- ~80%** of CMC (Small molecule CDMO) revenue was generated from preclinical to Phase II clinical trial stages.
- 3,978** employees, increased by **1,357** from December 31, 2021.

### Revenue

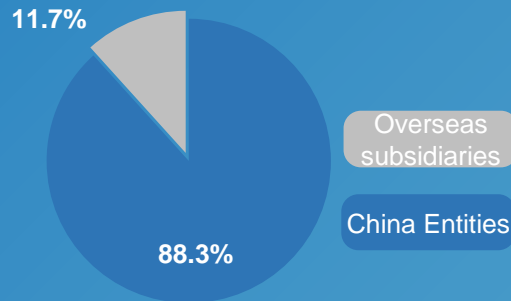


### Gross Profit

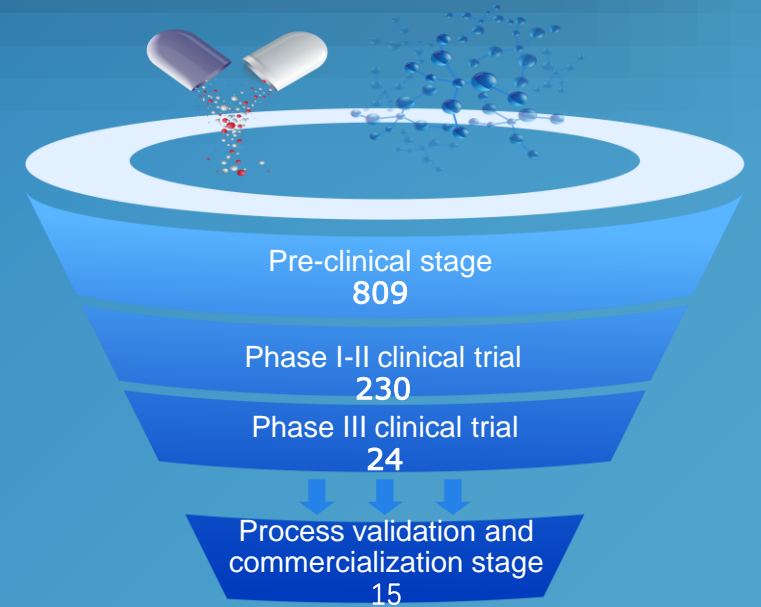
Margin 21.7% 27.7% 32.6% 34.8% 34.6%



Customer Structure



Delivery Structure





## II CMC (Small Molecule CDMO)



Shaoxing, China

Internal and  
M&A  
Expansion



CDMO sites in UK and US

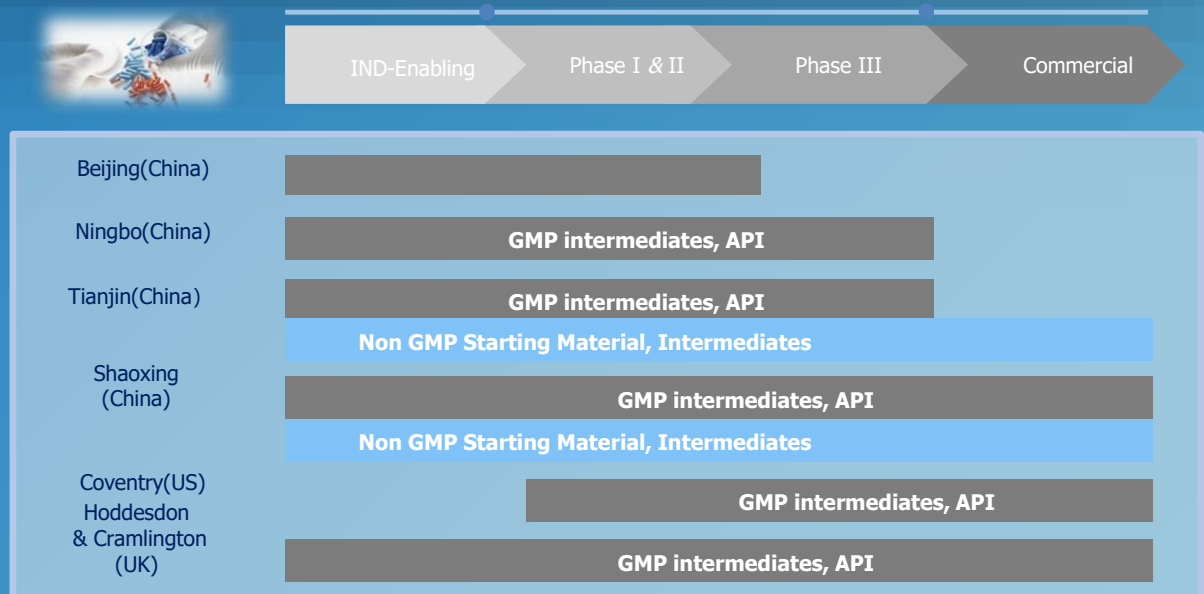
### ■ Infrastructure

➤ With the strategy to extend CMC (small molecule CDMO) service downstream to late-stage clinical and commercial manufacturing services, company have almost successfully completed the construction of Shaoxing Phase I facility with an area of **81,000m<sup>2</sup>** and reactor volume of **600m<sup>3</sup>** and has commenced operation gradually in 2022.

### ■ M&A expansion

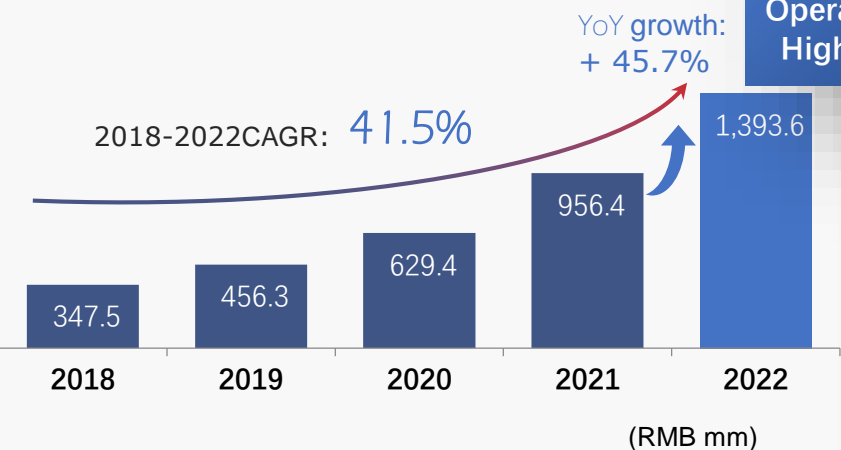
➤ Acquired Aesica Pharmaceuticals Limited (now “Pharmaron Manufacturing Services (UK) Ltd”) in **Cramlington**, U.K. and API manufacturing facility in **Coventry**, Rhode Island, U.S. These two facilities can provide cGMP API manufacturing services from pilot to commercial scale and have been inspected and approved by a number of regulatory agencies including the FDA.

### Global Small Molecule CDMO Capacity Layout



### III Clinical Development Services

#### Revenue

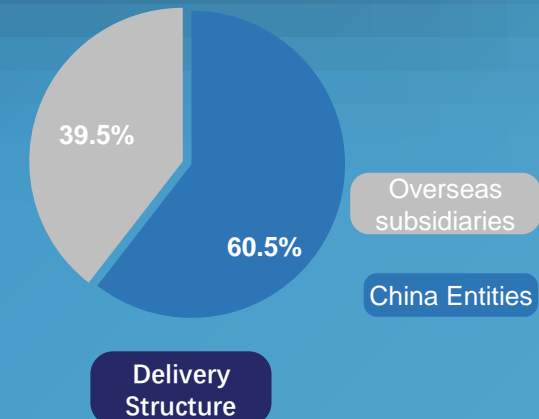
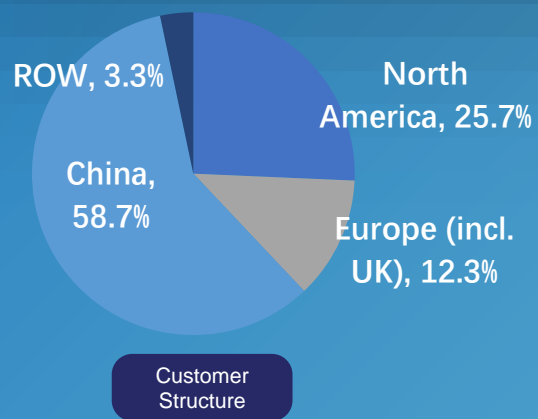
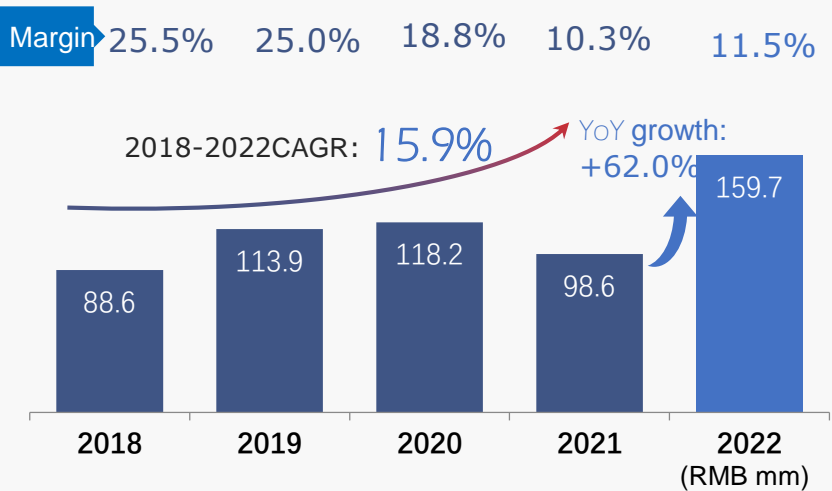


#### Operational Highlights

Continue to develop specialty clinical services overseas, establishing fully-integrated clinical development services platform in China

- Continued to strengthen our fully integrated clinical development services platform in China under the “Pharmaron Clinical” brand, China-based clinical development services achieved a revenue growth of **65.5%** in 2022.
- With the rapid increase in revenue as a result of increased market recognition, the overall gross margin of clinical development services increased by **1.2%** in 2022 as a results of economy of scale and increased in operating efficiency.
- In 2022, Pharmaron Clinical had more than **800** ongoing projects, Clinical research site management service, there were more than **1,100** ongoing projects.
- 3,602** employees, increased by **245** from December 31, 2021.

#### Gross Profit



### III Clinical Development Services

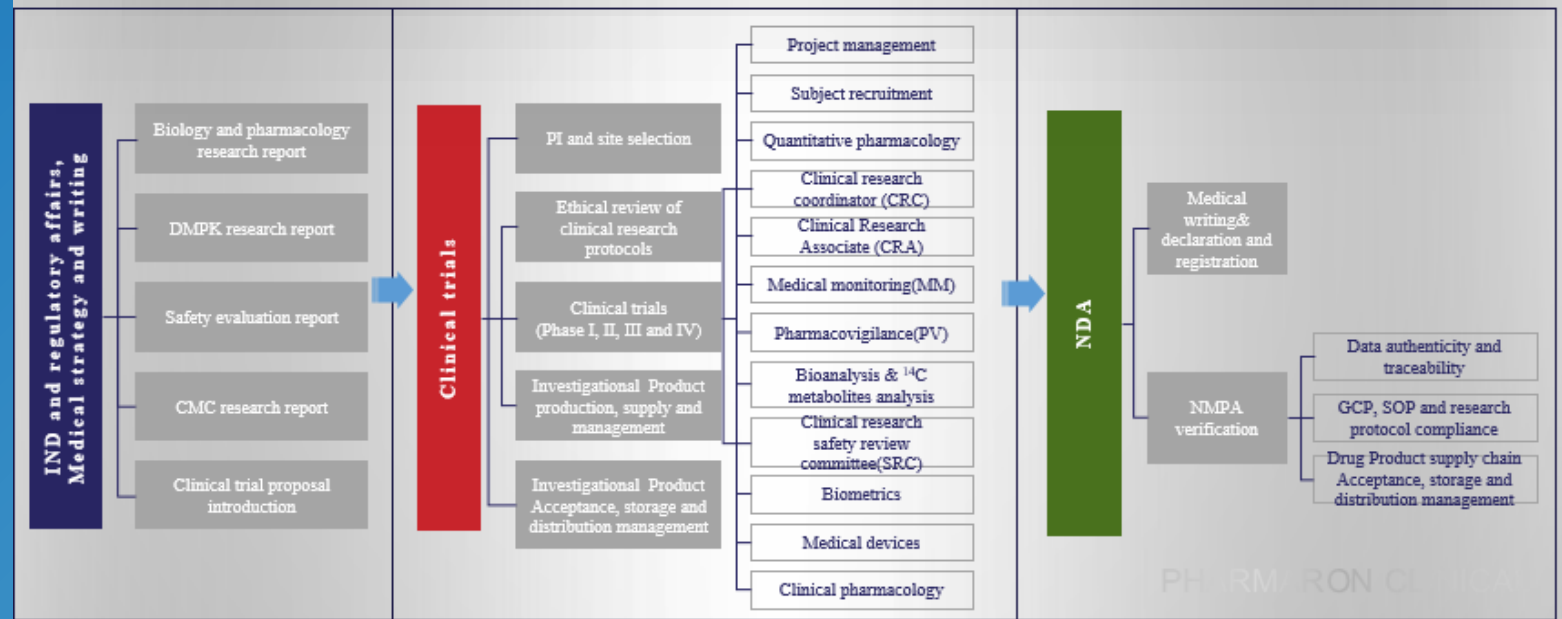
Internal and  
M&A  
Expansion

Global Offices	Global Employees
<b>20</b>	<b>3,600+</b>
SMO Cities coverd in China	Cooperation hospitals and clinical trial centers
<b>120+</b>	<b>~600</b>



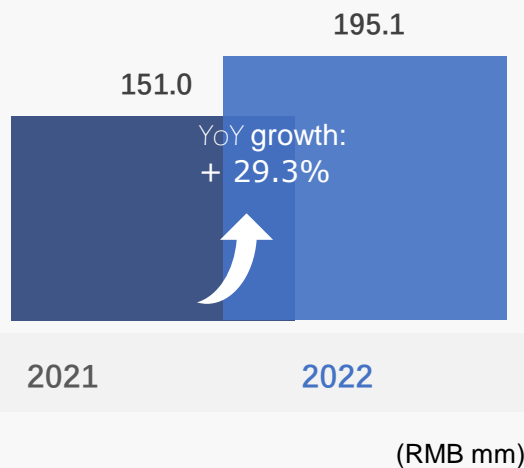
- Integrated platform of “radioisotope compound synthesis – clinical – analysis”, established by effectively combining the advantages in radiolabel technology and clinical basis in the UK and US, has been widely recognized by customers.
- In August 2022, Pharmaron Clinical passed the physical inspection by the expert group from Center for Food and Drug Inspection of NMPA (CFDI) for the various clinical trial projects performed

#### PHARMARON CLINICAL-An integrated global clinical service platform

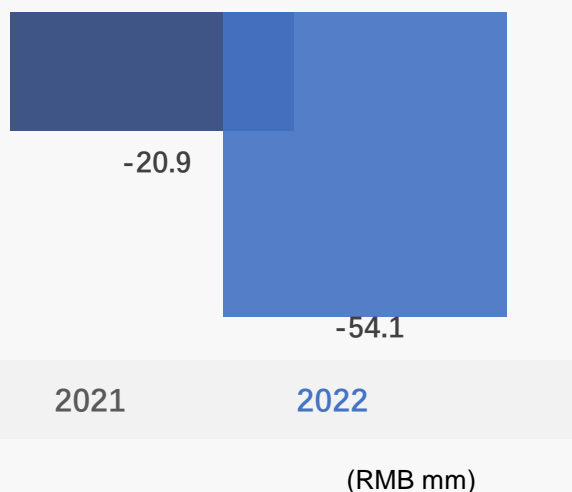


## IV Biologics and CGT Services

### Revenue



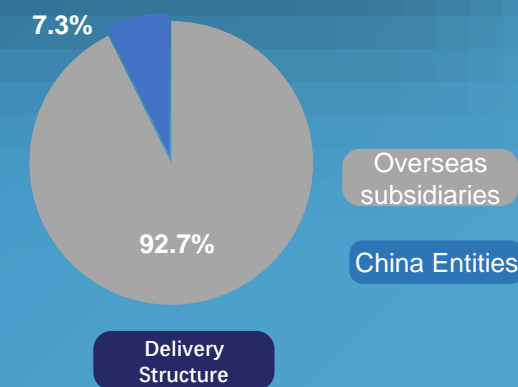
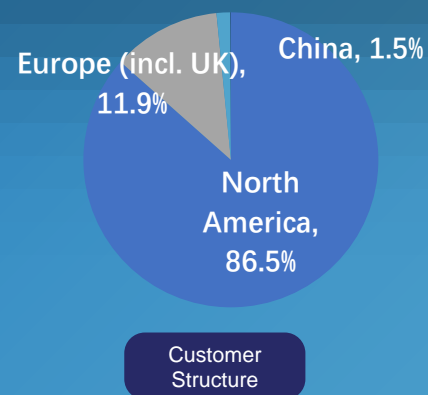
### Gross Profit



Establish world-leading end-to-end CGT services platform, continue to build the services capabilities in Biologics development and manufacturing

### Operational Highlights

- Currently, the Company has more than **50** CGT programs at various stages for analytical release testing, including **19** potency assays for clinical studies and **2** potency assays for commercial manufacture
- For the safety assessment services, over **40** non-GLP and GLP toxicology studies for CGT products either have been completed or are in progress at the Company.
- Delivered over **100** runs of productions of various AAV projects including manufacturing of full scale GMP products.
- The Company's gene therapy CDMO service began to take third-party customer orders by the end of 2021 and currently has around **29** gene therapy CDMO projects across different services offerings and R&D stages.
- 490** employees, increased by **149** from December 31, 2021.



## IV Biologics and CGT Services

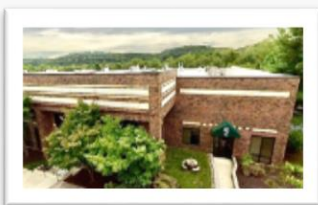


Biologics CDMO in Ningbo

Internal and  
M&A  
Expansion



Gene Therapy CDMO in Liverpool



CGT Laboratory Services in the US

### ■ Infrastructure

- **Biologics CDMO in China:** Large molecule GMP production service projects (Nearly **70,000m<sup>2</sup>**) is expected to undertake in **Q3 2023**.
- **Overseas CGT CDMO :** End-to-End CGT Service Platform. For the plasmid development and manufacturing, the Company has proprietary cell line and plasmid technology and optimized production processes for GMP plasmid manufacturing up to 500L scale. For CDMO of vector, the Company has suspension based production platform with SUBs ranging from 50L to 500L.

### ■ Reorganization & Financing

**Pharmaron Biologics & CGT:** To accelerate the establishment of the biologics and CGT services, an internal reorganization was carried out to group the biologics discovery and CDMO capabilities in China, ABL in UK and Absorption System in the US under the name of Pharmaorn Biologics & CGT and followed by an external financing of **950 million RMB** to support the future growth. After the completion of the financing, the company's shareholding on Pharmaron Ningbo Biologics will be reduced to **88.89%**.



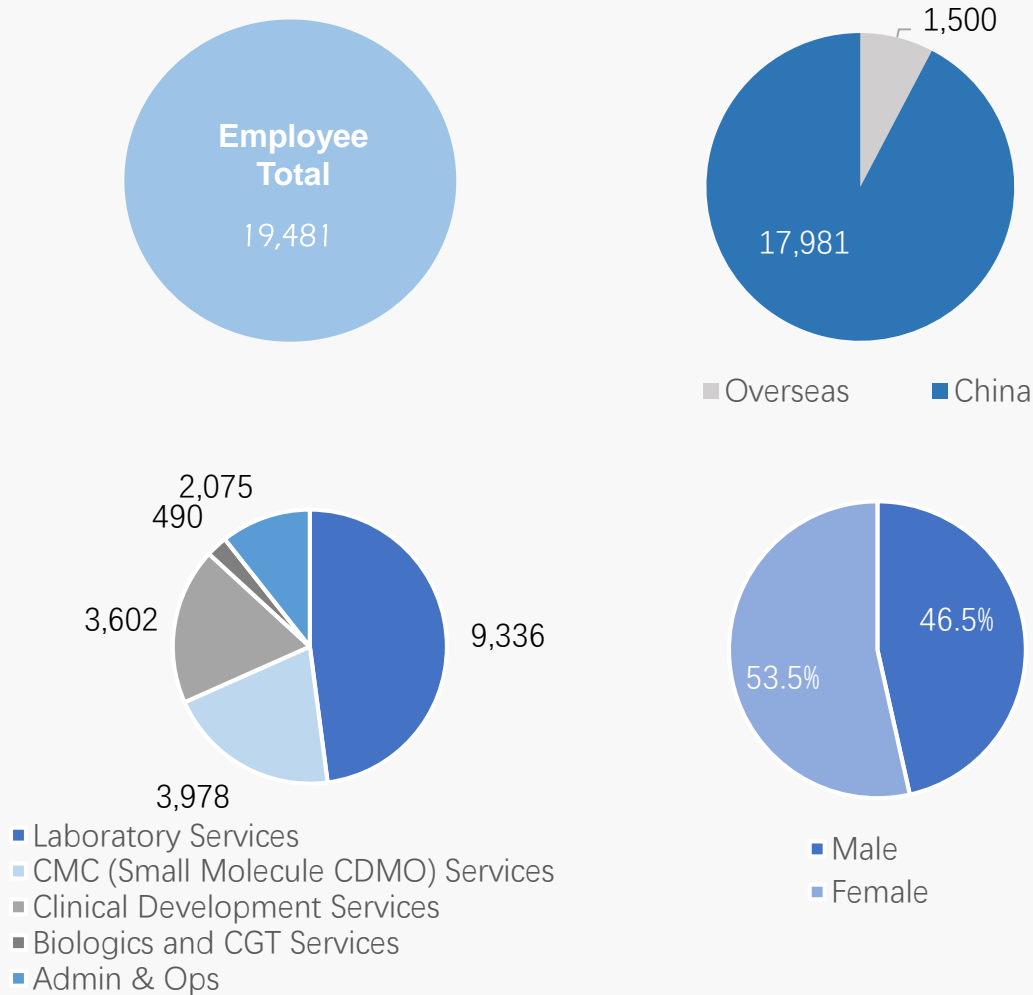
### End-to-End Cell & Gene Therapy Services Overview

Discovery (Candidate Screening)	Proof-of-Concept (Non-GLP)	Preclinical - IND Enabling (GLP/Non-GLP)	Clinical Development (IND - BLA/MAA)
In Vivo Screening (In life: rodents)	Efficacy, PK/PD Studies (In life: rodents)	IND Enabling GLP Toxicology (Rodents and larger species)	Process Compatibility and Stability for Clinical Trial
Discovery Bioanalysis (Expression/Activity)	Preclinical PK/PD Bioanalysis	GLP Bioanalysis (Biodistribution, Shedding)	Clinical PK Sample Bioanalysis Clinical Shedding
Immunogenicity Humoral (ADA)	Immunogenicity Humoral (ADA, NAb)	Immunogenicity Cellular (ELISpot)	Clinical Sample Bioanalysis Immunogenicity, Biomarkers
In Vitro Screening (Cell Lines)	R&D/Working Cell Bank	GMP Cell Bank Production	Process Characterization and Validation
Analytical R&D Testing	Potency Assay R&D Development	Potency Assay Development & Qualification/Other analytical	Potency Assay GMP Qualification
Candidate Cloning	R&D Manufacturing (Plasmid, DS)	DS & DP Process/Formulation Development & Manufacturing	Clinical Batch Manufacturing

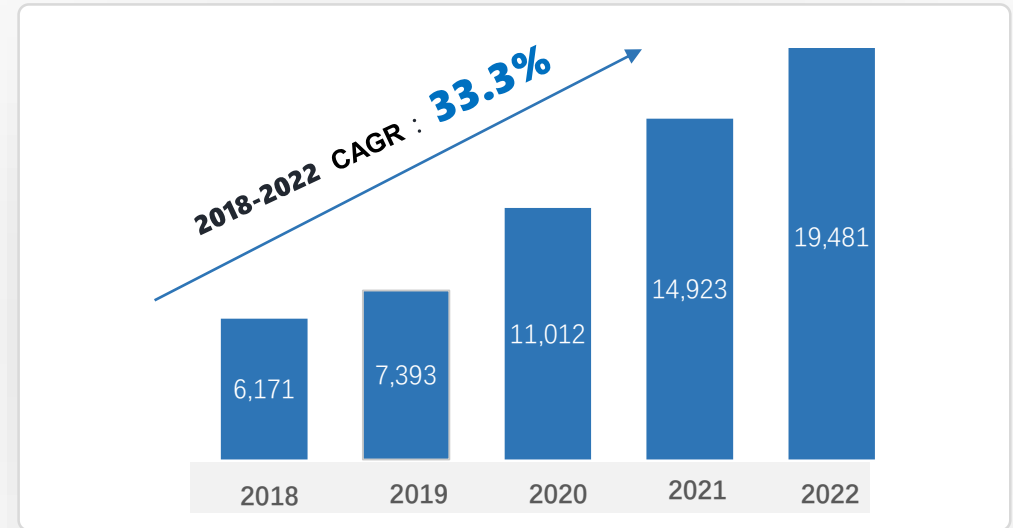
For Gene Therapy Products



## Employee Total and Distribution



## NO. of Employees continues to grow



## Diverse Welfare Scheme



- During the reporting period, we launched 3 batches of equity incentive programs—one restricted equity incentive program motivating 554 employees in total
- The social insurance coverage for full-time employees reached 100%.



## Biocatalysis

We have produced about 3,000 catalytic enzymes, including over 600 genetically modified mutant enzymes. As we are more experienced and mature, we see more efficient development, with over 700 new enzymes developed in 2022 alone. Leveraging our enzyme screening and directed-evolution platforms, we also provided services for our clients to identify high selective enzymes for chiral compound synthesis and production.



## Flow chemistry (continuous production technology)

In 2022, the Company introduced new technologies and means such as continuous photochemistry and Online-Mass online monitoring, continuous technology was applied to the scaling up and production of more than 100 PDM projects, In terms of capacity building, the Company built the whole process continuous technology platform of non-GMP continuous reaction, continuous quenching, continuous separation and continuous online monitoring of PAT in Tianjin plant.



## High-throughput experimentation (HTE) platform for reaction condition screening

More than 350,000 conditions for over 6,400 reactions in 2022



## DNA-encoded chemical library technology platform

Over 15 billion new small molecule drug-like compounds with innovative and unique structures in our collections. Many DNA-encoded chemical probes and DNA-encoded compound libraries were effectively synthesized. Submitted 19 patent applications to the Chinese Patent Office, and one research paper has also been accepted by a peer reviewed journal.



## Chemical proteomics platform

Strength of chemical proteomics platforms by screening covalent binder libraries and established the high-throughput workflow to identify the new targets.

## CMC

(Small Molecule CDMO)

## Laboratory Chemistry

## Biosciences



## 3D spheroid and organoid models

Successfully established nearly 200 cases of human-derived 3D-spheroid models for drug screening. For tumor organoids, the Company has successfully developed robust methodologies for the construction of various tumor organoids including colon cancer, gastric cancer, lung cancer, esophageal cancer, etc., while a strict quality control process has been developed and implemented to ensure the quality of the organoid.



## Imaging technology platform

Established in-vitro cell based imaging and in-vivo animal-based imaging Cellular imaging-based high-content technologies: completed the first run of high-throughput campaign of compound library screening project aimed to evaluate the protein translocation driven by treatment of test articles in engineered cell lines genetically expressing fluorescently tagged proteins. The in vivo imaging system (IVIS):we have established 270 luciferase-expressed tumor cell lines and 112 orthotopic or metastatic tumor models, which cover 30 different cancer types and have been widely utilized in tumor pharmacodynamic studies and related fields.



## Gene editing technology platform

Introduced a number of advanced gene editing technologies, which significantly improved the experimental success rate and shortened the turnaround time, covering expression regulation of targeted proteins, protein overexpression and suppression with or without inducers. We provided services in gene knockout, gene knock-in and targeted mutation to our clients and helped complete early target validation and compound efficacy screening.

### ESG Governance

- Built a three-tiered ESG governance framework with “governance, management, and implementation” level
- Issued and implemented the ESG Management Measures and the ESG Information Management Handbook
- Developed the 2021-2025 environmental targets
- Issue the first standalone ESG Report

### Responsible Operations

- High-quality products
- Innovative technologies
- Quality Services
- Stable and sustainable supply chain

### Empowering Talent Development

- Equality and diversity
- Talent attraction and retention
- Employee health and safety

### Engaging in Charity and Public Welfare

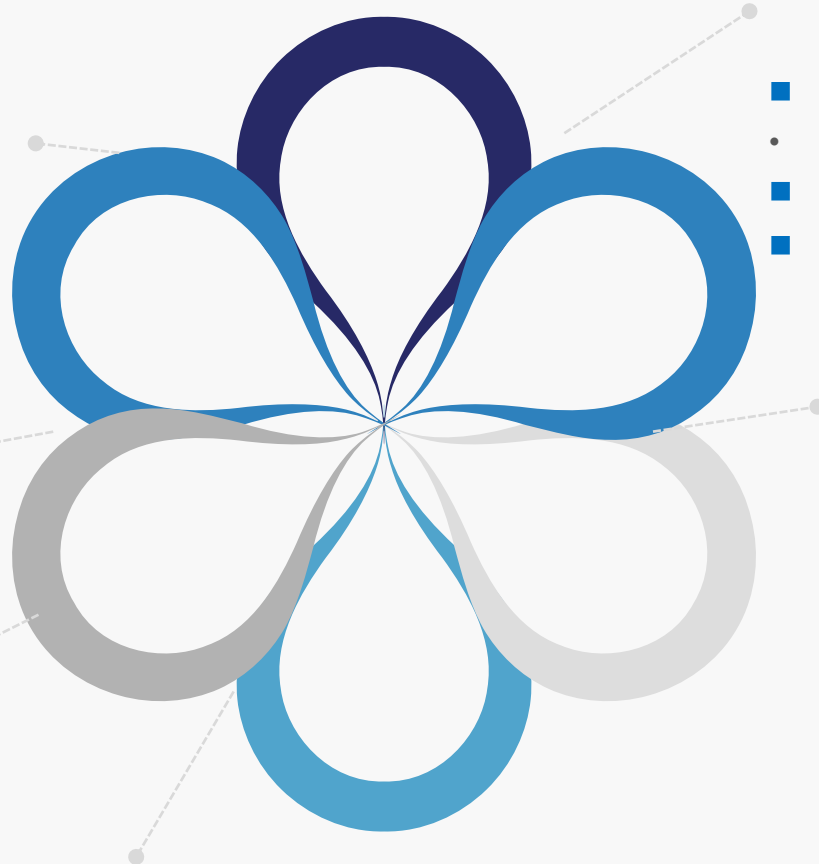
- Public Welfare Platform
- Public Welfare Actions

### Ethics and Compliance

- Business integrity, improve regulatory compliance, 0 legal actions due to corruption or fraud.
- Information Security
- Ethics of Clinical Trials
- Animal Welfare
- Marketing Compliance

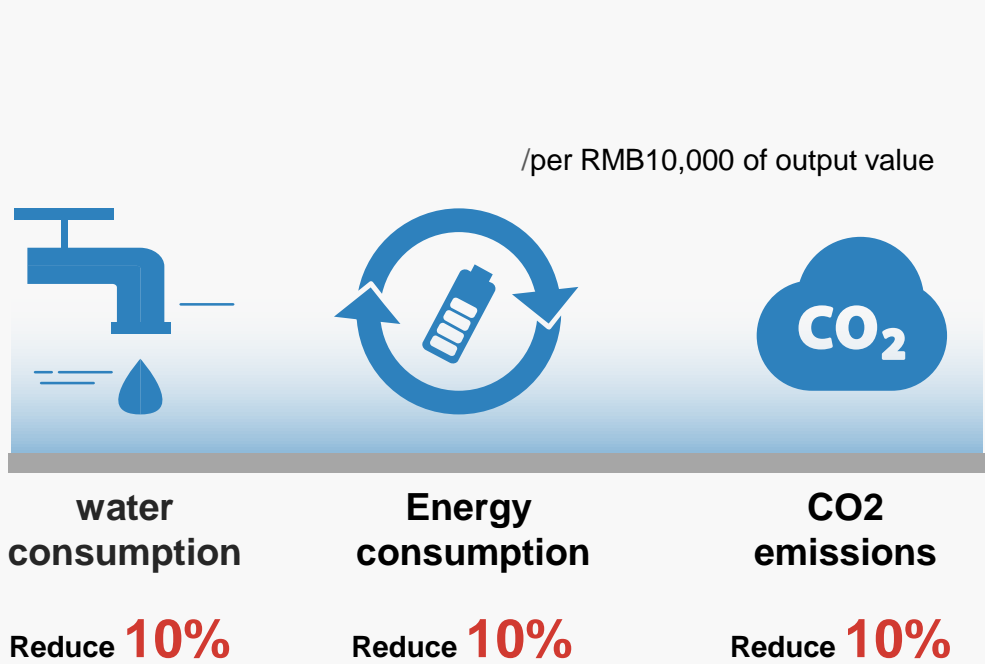
### Environmentally Sustainable and Low-Carbon Operations

- Responding to Climate Change
- Sustainable Environmental Goals
- Environmental Management
- Pollution Prevention and Control
- Resource Protection



## Green and Low-Carbon Operations

### 2021-2025 Environmental Targets



Maintaining **100%** compliance in waste disposal

### 2022 MSCI ESG:BBB



ISS Governance: Continued to maintain a high-level ISS Governance rating among the industry.



Achieved a "B" scoring for CPD Climate Change Questionnaire.



- Signed the SBTi Commitment Letter.
- The Company has been ISO14001-certified.
- Joined the ACS GCI2 Pharmaceutical Roundtable.
- Received a Gold certification from the My Green Lab.

In the 12th China Securities Golden Bauhinia Awards, the Company won the award of "Best ESG Practice Listed Company"

- Included in **HSCI, HSHCI, MSCI China Health Care Index, CHINEXT Composite, SZSE Component Index**



Influential Enterprise of the Year” awarded on CCV Award Ceremony



Top 50 Valuable Listed Companies on GEM



Best ESG Practice Listed Company



Eighth of the “Top 25 Pharmaceutical Companies”



Top 20 Chinese Pharmaceutical CRO Enterprises in 2022



Golden Horse Award - 2022 Best Preclinical CRO/CDMO Enterprises



Overseas Market Exploration Achievement Award



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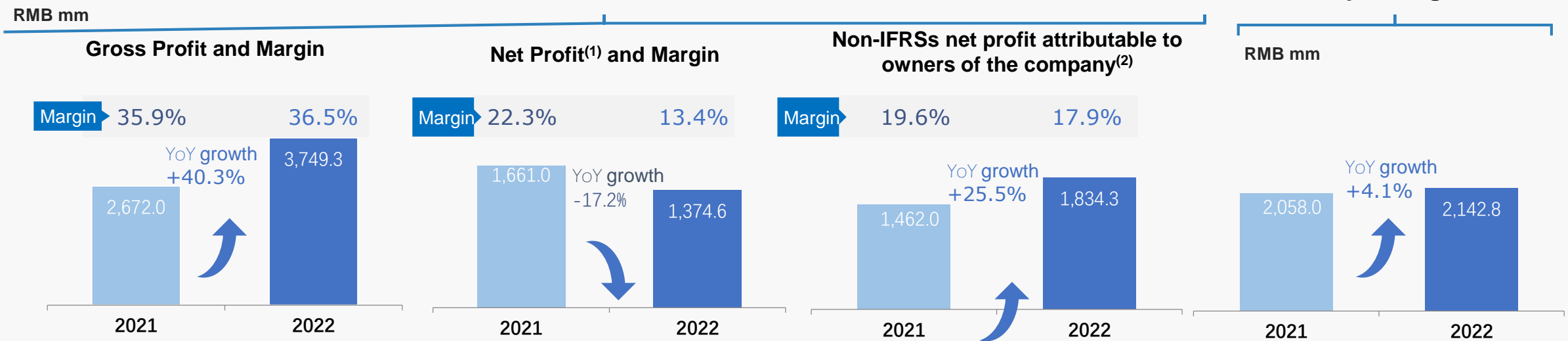
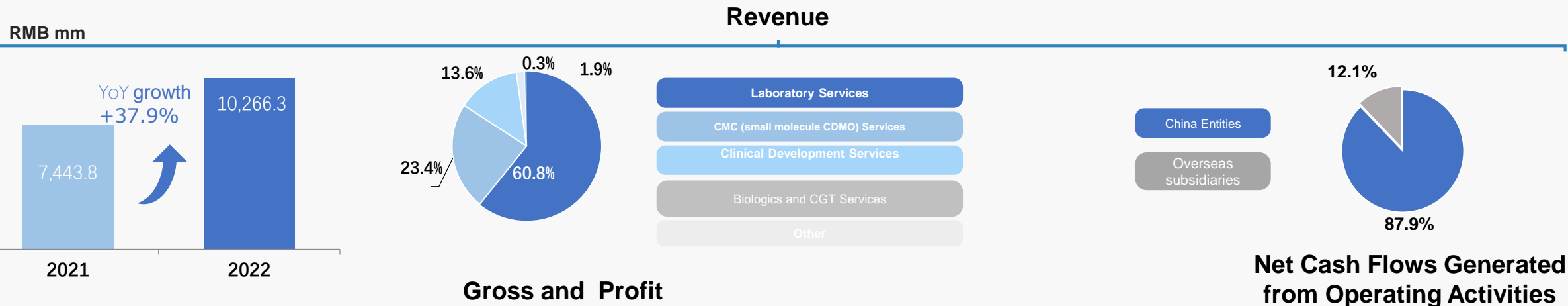
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Source: 2022 Annual Report.

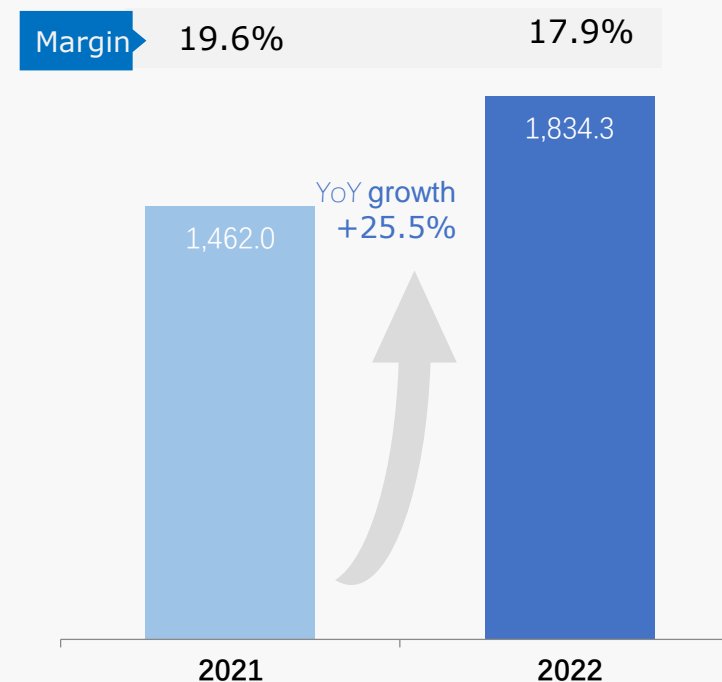
Note: Data are rounded to the nearest million.

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, Convertible Bonds related gains or losses, Foreign exchange related gains or losses, Foreign exchange related gains or losses, Realized and unrealized gains or losses from equity investments

## 2022 Non-IFRS adjusted net profit attributable to owners of the parent

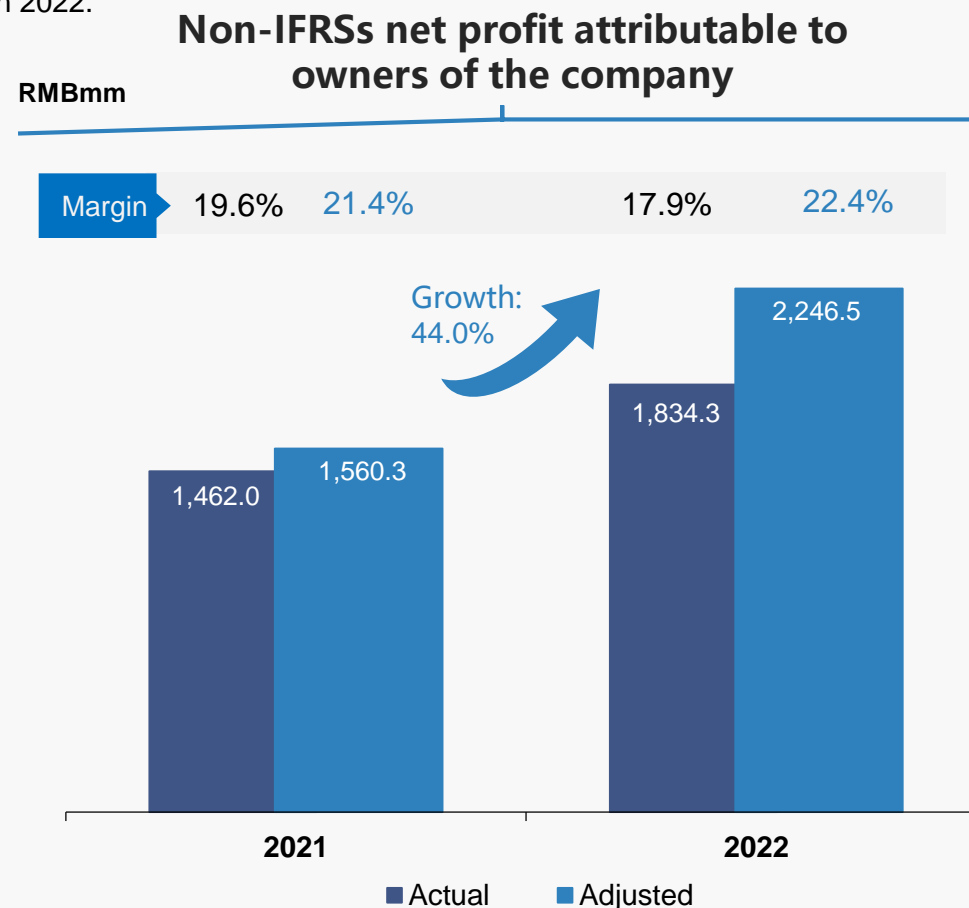
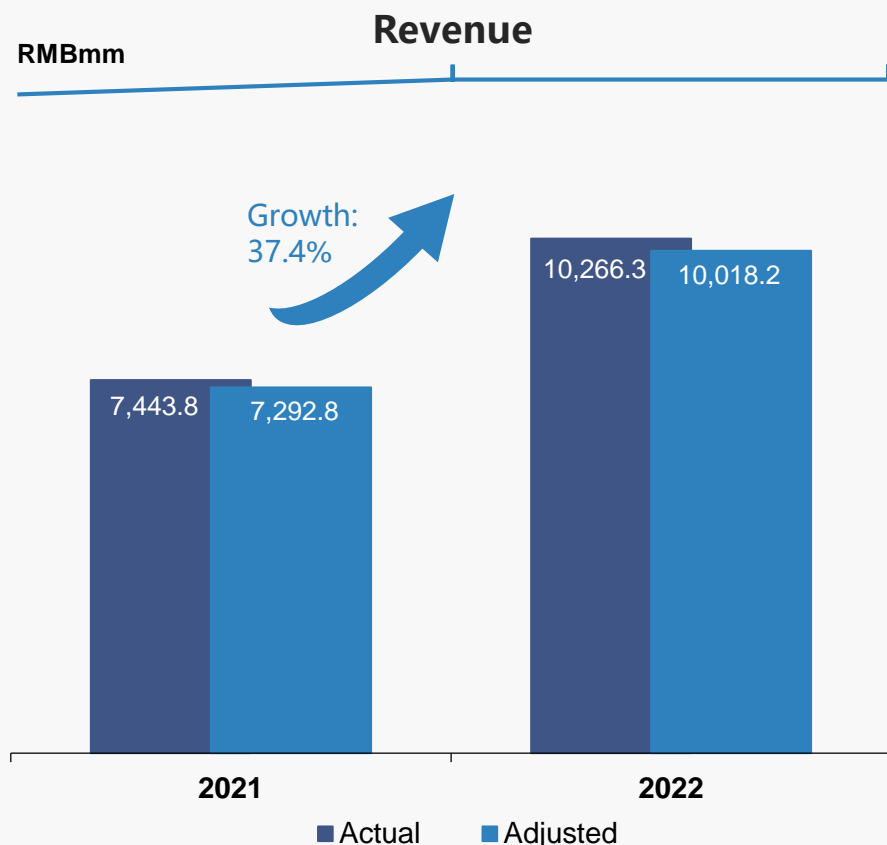
RMB mm	2021	2022
<b>Profit attributable to owners of the parent</b>	<b>1,661.0</b>	<b>1,374.6</b>
Add:		
Share-based compensation expenses	56.8	157.2
Convertible Bonds related (gains)/losses	(12.9)	142.0
Foreign exchange related (gains)/losses	(23.4)	77.7
Realized and unrealized (gains)/losses from equity investments	(219.5)	82.8
<b>Non-IFRS adjusted net profit attributable to owners of the parent</b>	<b>1,462.0</b>	<b>1,834.3</b>



# Solid Growth on Revenue and Profitability of the Established Business Segments

Both revenue and non-IFRSs net profit of the established business segments excluding impact from **Biologics and CGT Services** and the **addition of overseas small molecule manufacturing capacities** achieved solid growth in the first 9 months of 2022.

- **Biologics and CGT Services** - Since 2021, we began to build our Biologics and CGT Services through internal buildup and external acquisitions for the medium and long-term growth of the company. As these new business are still in the integration and investment stage, there are certain negative impact on the profitability in 2022.
- **Addition of overseas small molecule manufacturing capacities** - Since 2022, with the strategy of establishing a global service network for the small molecule CDMO services, we have acquired manufacturing sites in UK and US in January and July 2022, respectively. As we are in the process of integrating these manufacturing capacities into our services platform, there are certain negative impact on the profitability in 2022.

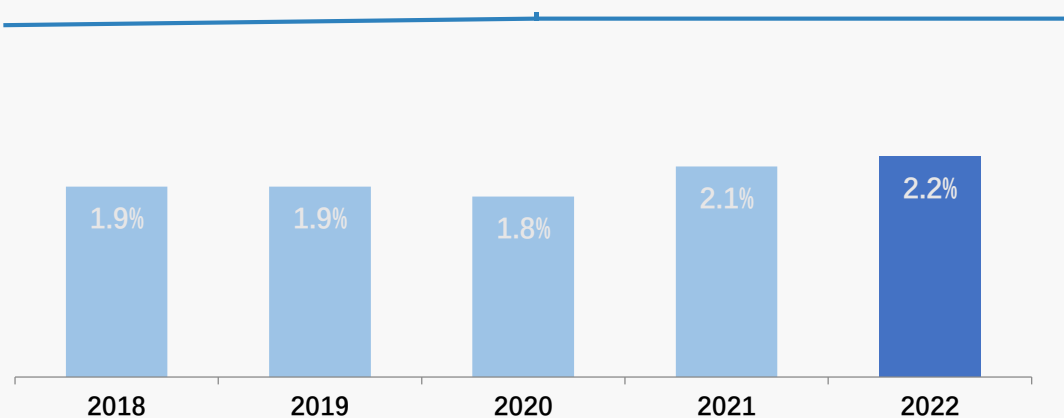


Note:  
Adjusted numbers exclude the impact of Biologics and CGT Services in 2021&2022, and Overseas Capacity Layout of CMC (small molecule CDMO) Services in 2022.

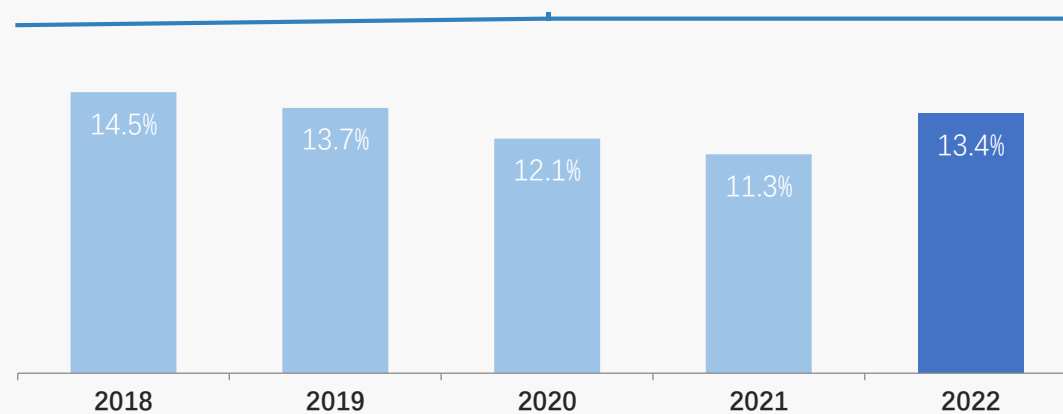
## 2022 Expenses

- **Administrative expenses as % of Total Revenue:** During the reporting period, the Company completed several overseas acquisitions. With the relatively low revenue in the integration stage, the administrative expenses as % of total revenue increased.

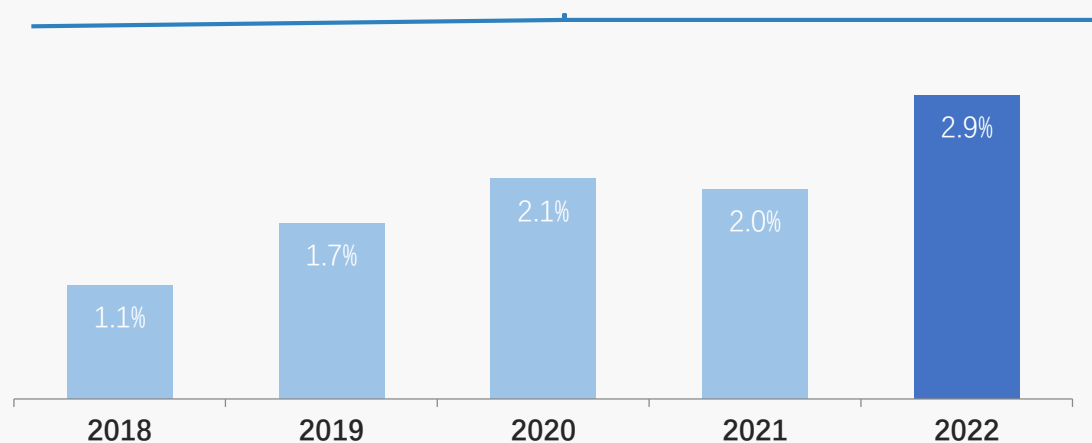
### Selling and distribution expenses as % of Total Revenue



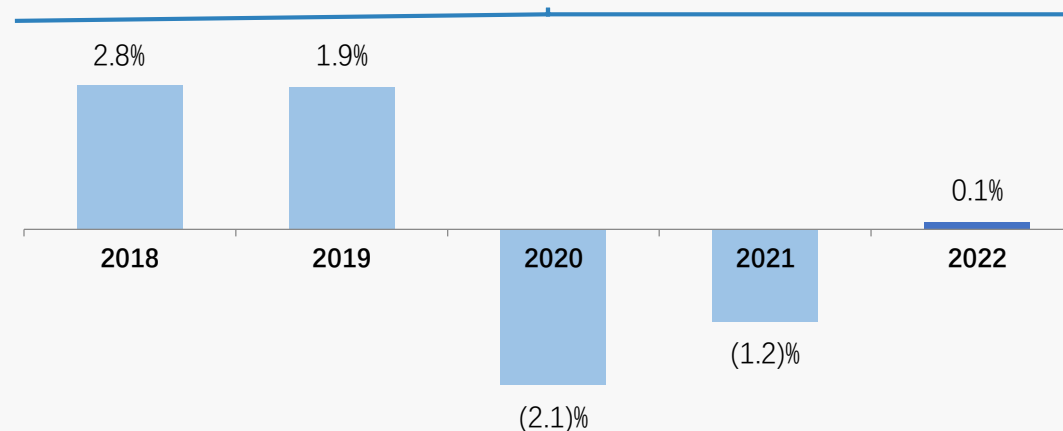
### Administrative expenses as % of Total Revenue <sup>(1)</sup>



### Research and Development Cost as % of Total Revenue



### Net finance costs as % of Total Revenue <sup>(2)</sup>



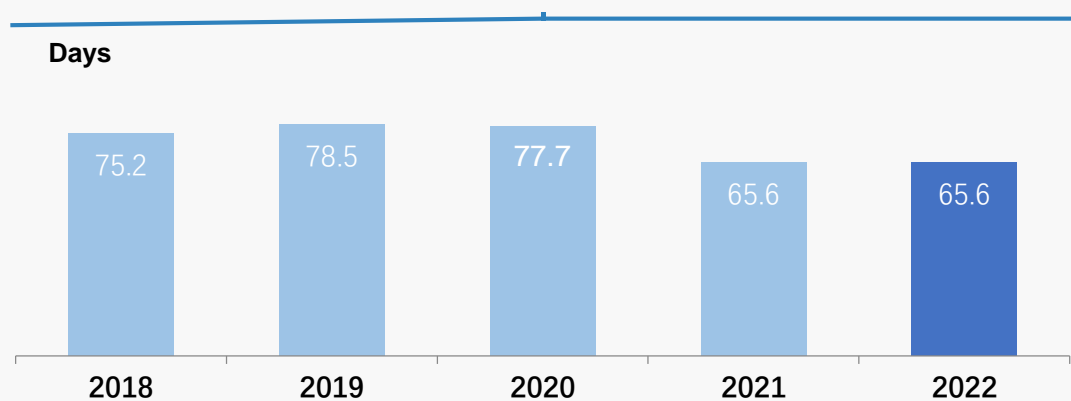
Source: 2019 Annual Report ,2020 Annual Report , 2021 Annual Report and 2022 Annual Report .

Note:1.Excluding share-based compensation expenses recognized in administrative expenses.

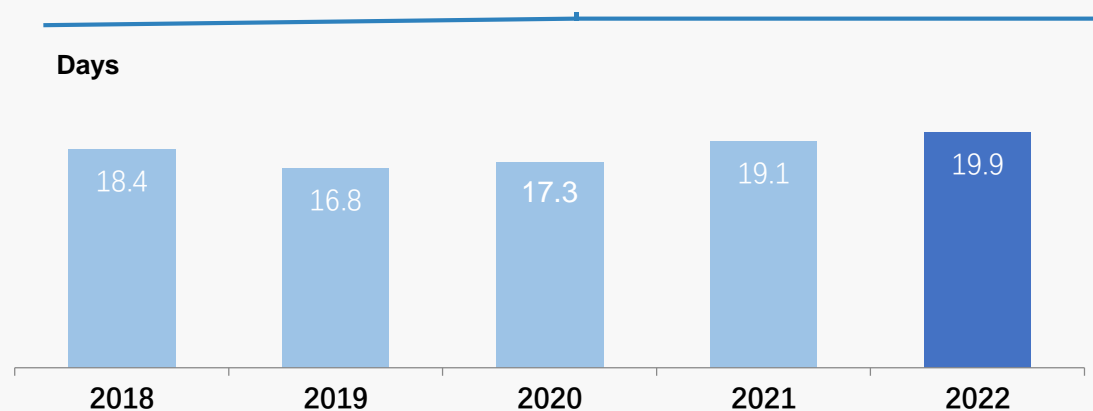
2. Net finance costs including interest expenses on bank borrowings and lease liabilities, interest income and bank wealth management products related gains or losses



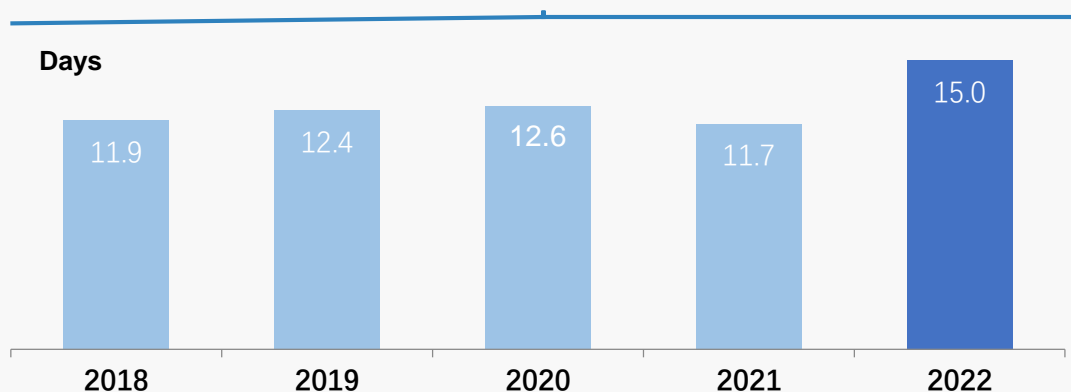
## Trade Receivables and Contract Assets Turnover<sup>(1)</sup>



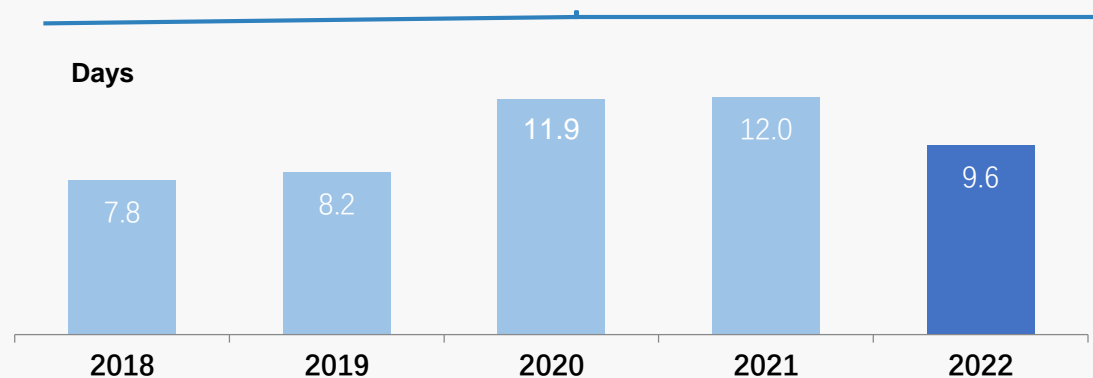
## Trade Payables Turnover<sup>(2)</sup>



## Inventories Turnover<sup>(2)</sup>



## Contract Costs Turnover<sup>(2)</sup>



Source: 2019 Annual Report, 2020 Annual Report, 2021 Annual Report, and 2022 Annual Report.

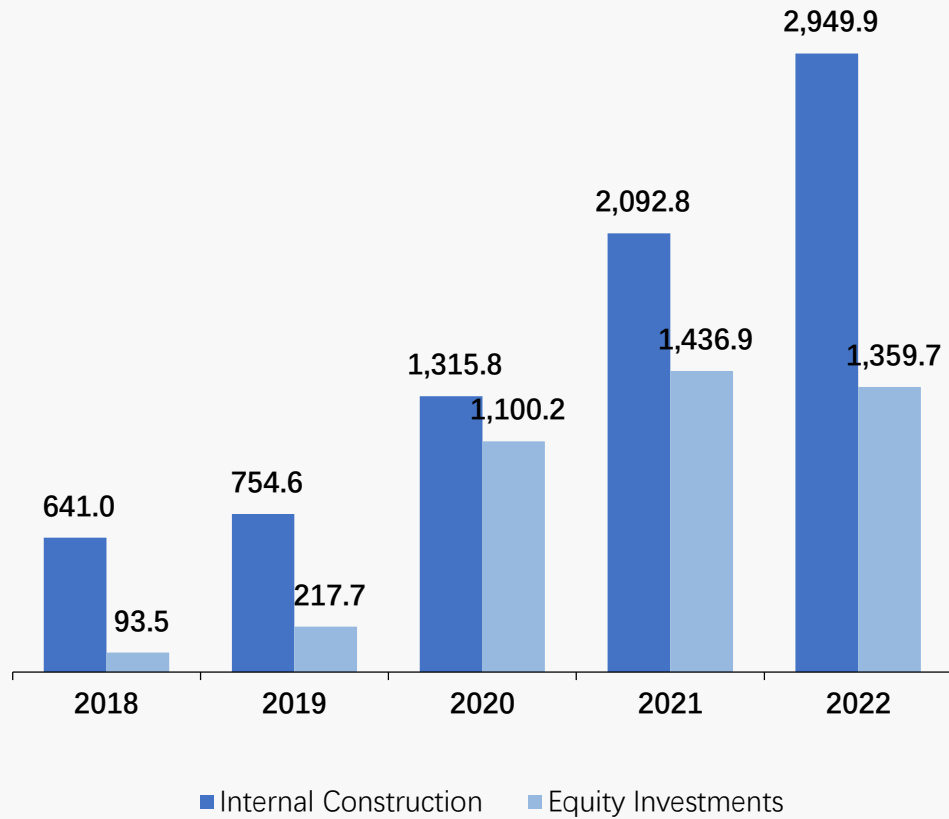
1. Calculated based on average of the opening and closing balances of sum of trade receivables (before adjustment of allowance for impairment) and contract assets (before adjustment of allowance for impairment) for the relevant year/period, divided by the corresponding revenue for the year/period, and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

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.

# 2022 Capital Expenditure, Bank-related Assets , Bank Facilities and Loans

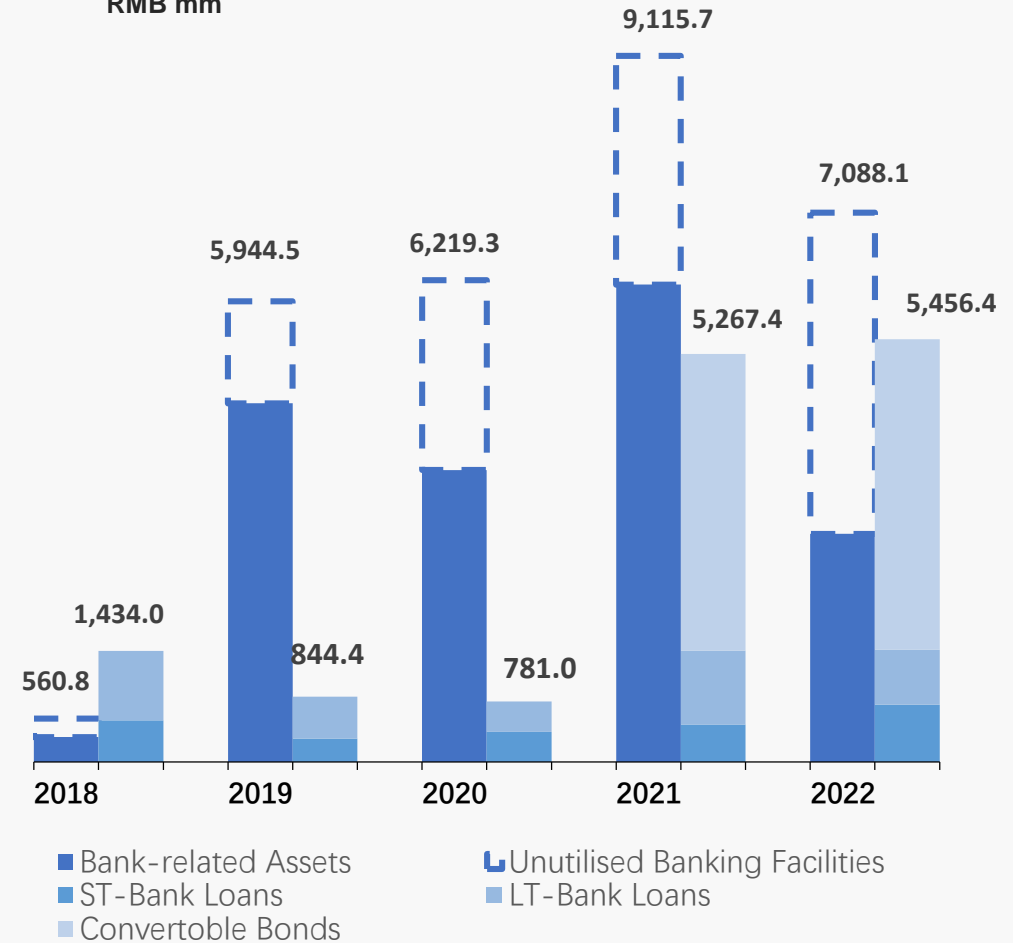
## Capital Expenditure

RMB mm



## Bank-related Assets, Bank Facilities and Loans <sup>note</sup>

RMB mm



Notes:

Bank-related Assets including cash and cash equivalents, bank wealth management products , etc. Loans including bank loans and convertible bonds, convertible bonds are listed at par value \* exchange rate as at Dec 31, 2021&Dec 31 2022

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## Our Growth Strategies

- Continue to build and improve our “end-to-end, fully integrated and global” pharmaceutical R&D service platform

Continue to strengthen the fully integrated clinical development services platform

Strengthen the leading position in the small molecule R&D service area

Continue accelerating the build-up of biologics and CGT services platform

Continue to strengthen our talent pool to support our long-term and sustainable growth

Further enhance management capabilities

Continue to expand domestic and overseas market shares



Thank You!