



2023 Annual Results

Asymchem Laboratories (Tianjin) Co., Ltd.

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Forward-Looking Statement

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.

All financials disclosed in this document are presented in accordance with International Financial Reporting Standards (“**IFRS**”s) except for those specifically noted otherwise.

Use of Adjusted Financial Measures

We have provided adjusted net profit attributable to shareholders of the Company and adjusted net profit margin attributable to shareholders of the Company as additional financial measures, which are not required by, or presented in accordance with, the IFRS. We believe that the adjusted financial measures used in this presentation are useful for understanding and assessing underlying 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/or non-operating items that we do not consider indicative of the performance of our business. However, the presentation of these 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 the IFRS. You should not view adjusted results on a stand-alone basis or as a substitute for results under IFRS.

Contents



- 1 Performance Overview**
- 2 Business Highlights**
- 3 Financial Performance**
- 4 2024 Outlook**



1

Performance Overview

 **ASYM-CHEM**

7.8

Revenue
(RMB billion)

(23.9%)
Exclude large orders  +23.7%

2,269

Net Profit Attributable to Shareholders of the Company
(RMB mm)

2,302

Adjusted Net Profit*
(RMB mm)

2,308

Free Cash Flow
(RMB mm)

 +103.1%

874

Backlog
(\$ mm)

50.9%

Gross Profit Margin

 +3.7pts

39.2%

EBITDA Margin

(0.5pts)

29.2%

Net Profit Margin Attributable to Shareholders of the Company

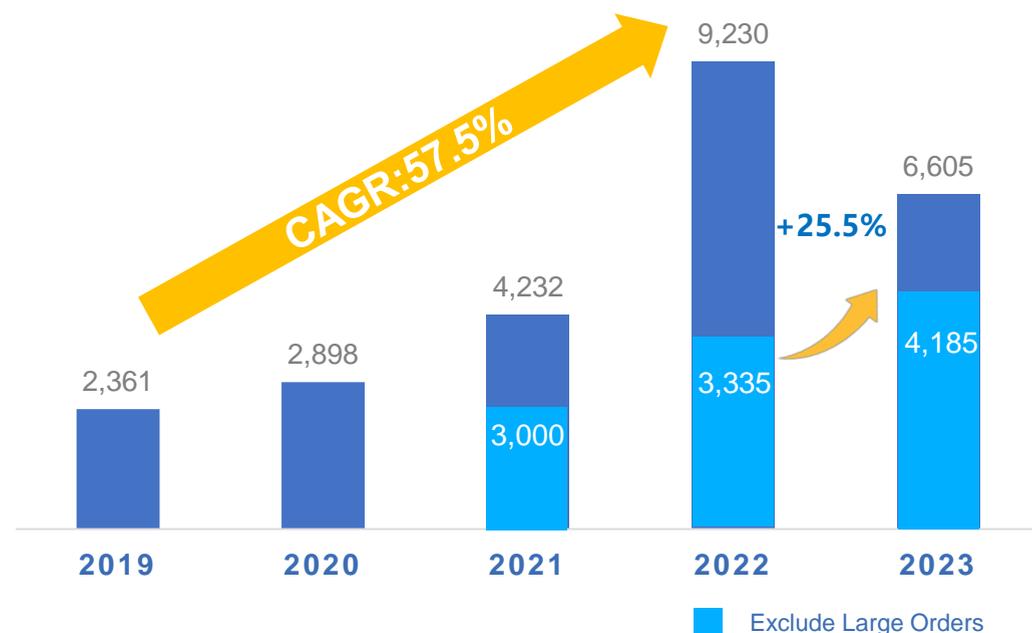
(3.1pts)

29.6%

Adjusted Net Profit Margin*¹

 +0.3pts

Revenues from Small Molecule CDMO Services (RMB mm)



Small Molecule CDMO Service

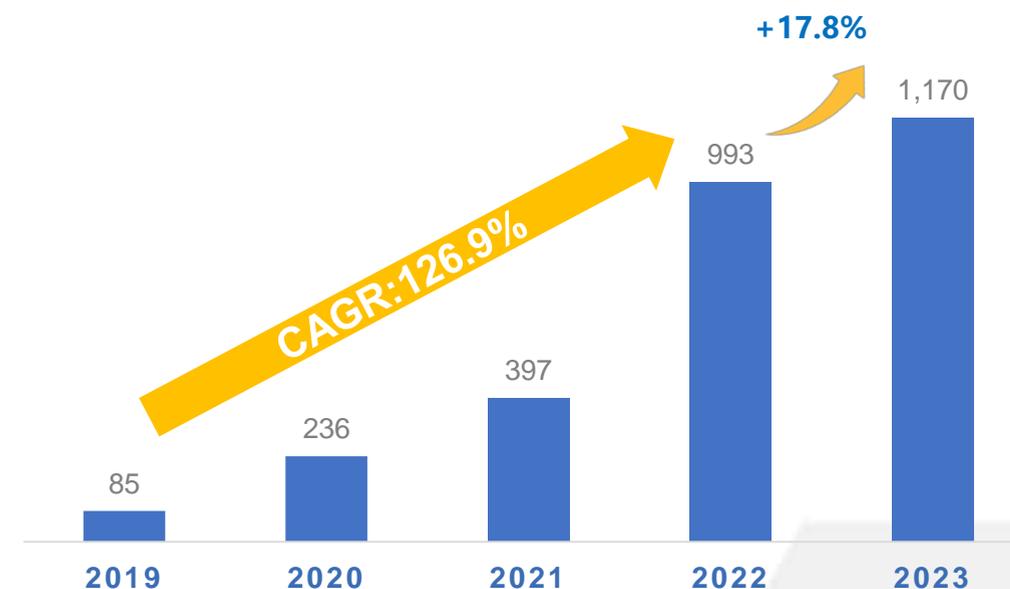
Small molecule CDMO business generated a revenue of **RMB6,605mm**, and excluding large orders, the remaining revenue reached **RMB4,185mm**, reflecting yoy¹ increase of **25.5%**

Small molecule business achieved:

- **426** projects with an increase of **6.8%** compared to the year ended 2022
- including **69** clinical phase III and **40** commercialization projects

Commercialization projects achieved revenue of **RMB5,107mm**, or **RMB2,687mm** excluding large orders, with a yoy growth of **47.2%**

Revenues from Emerging Services (RMB mm)



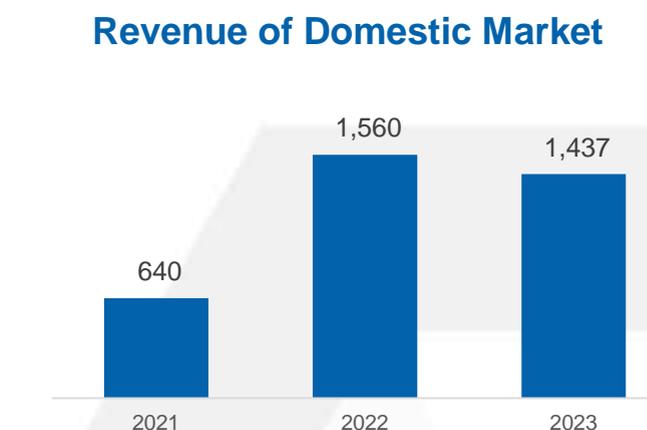
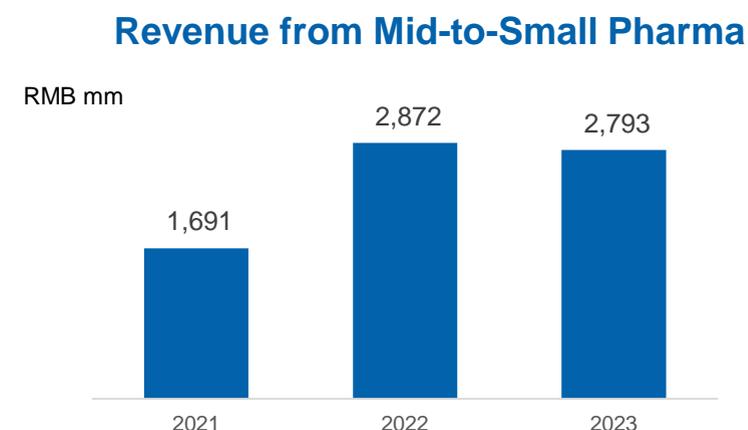
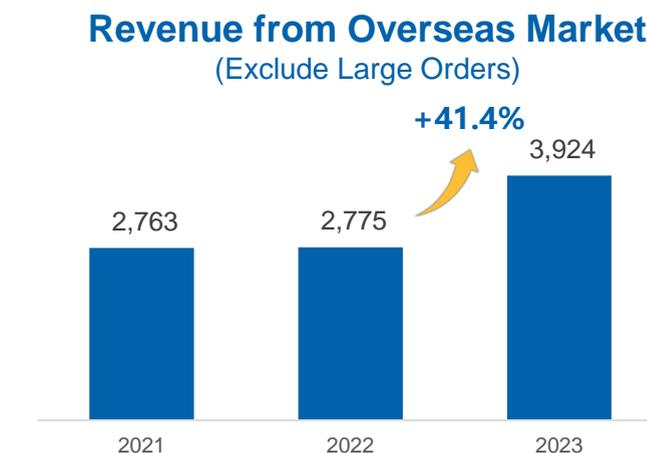
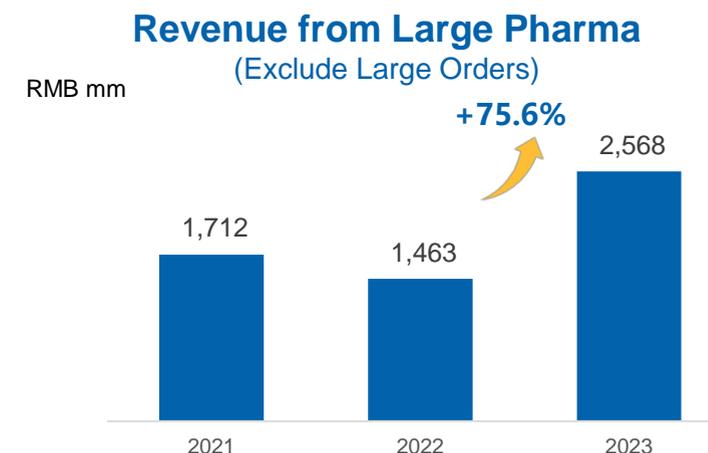
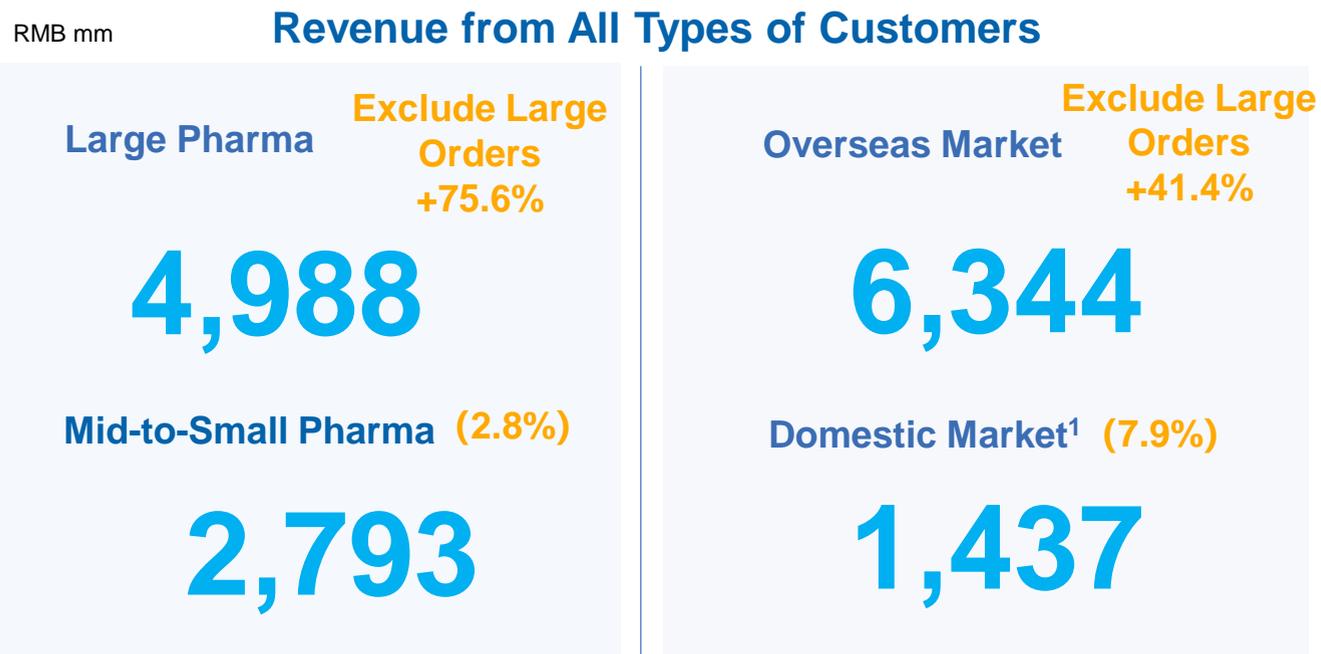
Emerging Business

Emerging business contributed a revenue of **RMB1,170mm**, experiencing a yoy growth of **17.8%**

Due to fluctuations in domestic funding, both revenue growth and gross profit margin declined. The gross profit margin of **24.7%** marked an **8.9pts** decrease from 2022

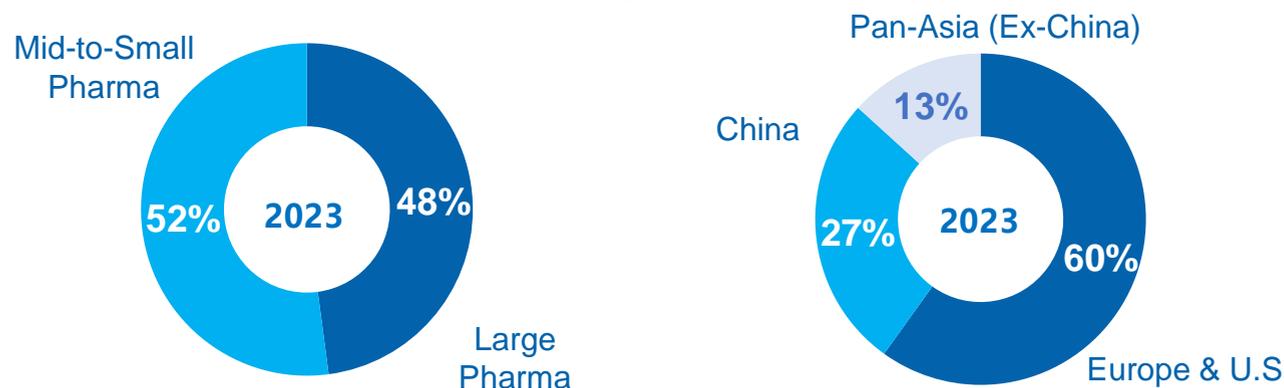
The year 2023 was **the beginning year for the continuous flow technology output business**. Leveraging the technical advantages and continuous production experience, this business line recognized revenue exceeded **RMB100mm**

Large Pharma and Overseas Customers are Robust Drivers for Our Performance



In 2023, the overseas revenue from mid-to-small pharma increased by **3.3%**

Revenue Breakdown by Customer Type and Location (Exclude Large Orders)

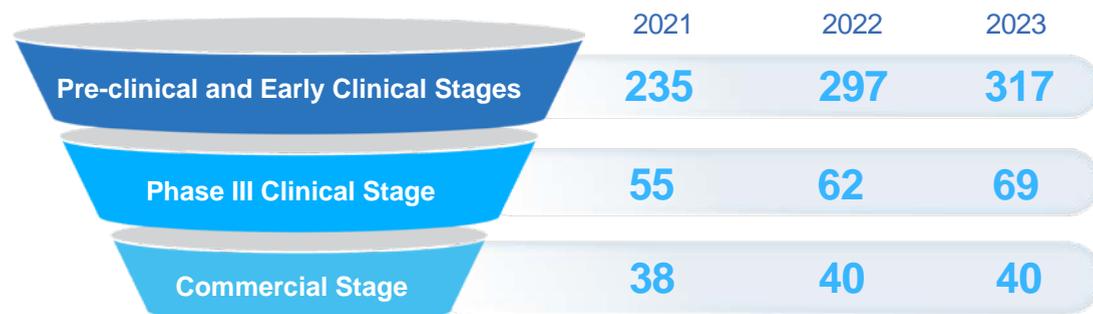


- European Market's Revenue yoy growth was **57.5%**
- Pan-Asia (ex-China) Clients' Revenue yoy growth was **15.3%**
- U.S. Clients Revenue was **RMB5,267mm**, and if large orders are excluded, the remaining revenue had a yoy growth of **47.8%**

2

Business Highlights



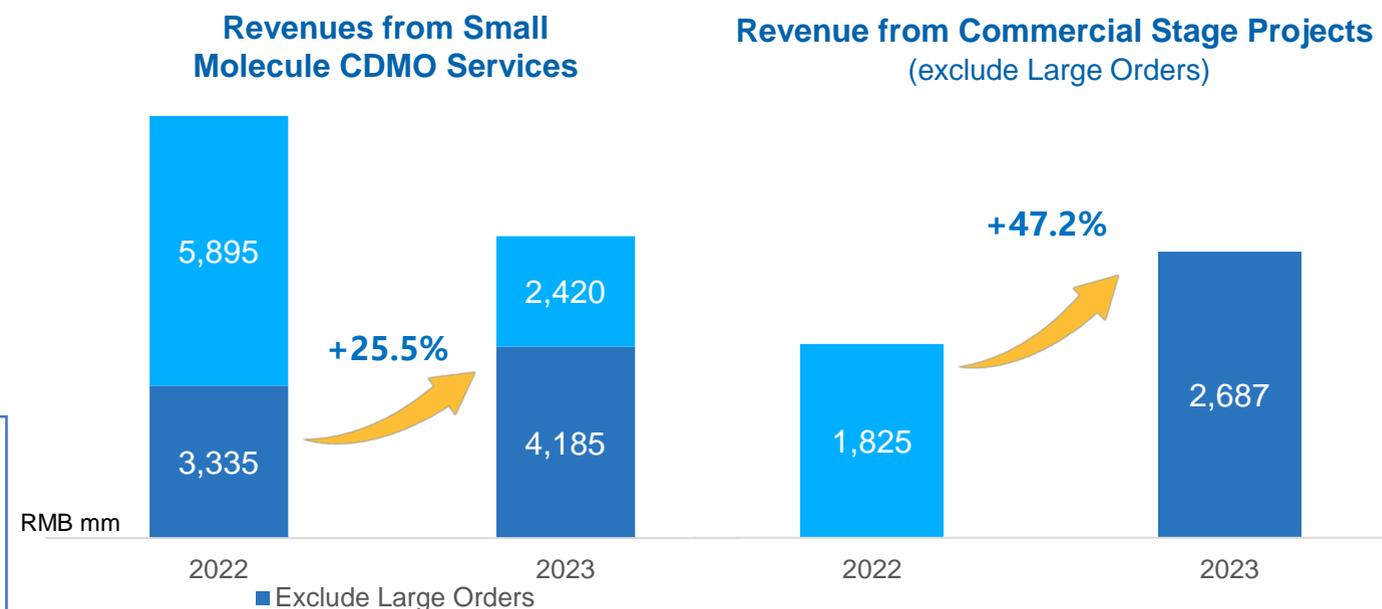


Continuous Revenue Growth from Commercialization Projects

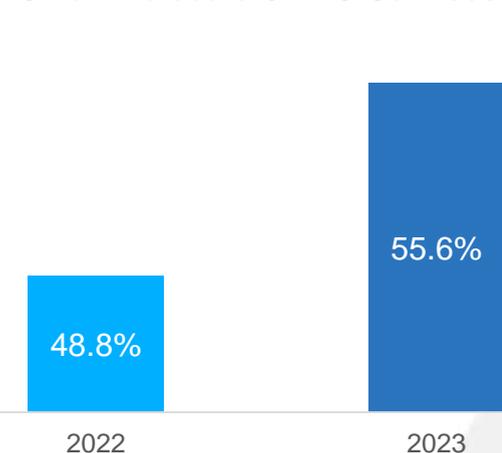
- 40 commercial stage projects generated revenue of **RMB5,107mm**, and if exclude the large orders, the remaining revenue was **RMB2,687mm**, representing a yoy growth of **47.2%**
- The gross margin of commercialization projects reached **60.0%**, indicating an increase of **9.6pts** compared to the year 2022, and an increase of **7.6pts** at CER¹

Reserves of Clinical Projects Ensured for Long-term Growth

- In 2023, the Company had a total of **386** clinical stage projects, including **69** clinical phase III. The revenue from clinical projects reached **RMB1,498 mm** and if excludes the specific anti-virus project, the revenue remained flat yoy
- The gross profit margin of clinical stage was **40.4%**, reflecting **0.7%** slight decrease compared to last year
- Strategically reserves potential bulk projects, and clinical phase III projects involved several popular targets and promising novel targets, like **GLP-1, KRAS, JAK, TYK2, CDK4/6**, etc.
- **28** projects will be reaching the "PPQ"² stage in 2024, representing a **40%** increase compared to 2023, which will provide strong support for long-term steady growth



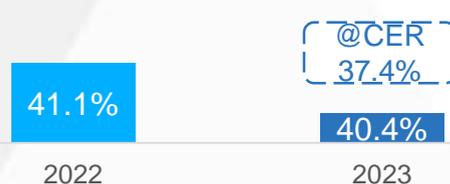
Gross Profit Margin for Small Molecule CDMO Services



Gross Profit Margin for Commercial Stage Projects



Gross Profit Margin for Clinical Stage Project



 **+6.8%**
Revenue

74
New Customers

80
New Projects

Business Progress

- During the reporting period, **33** projects were advanced to stages **later than phase II clinical stage**
- The Company undertook over **35** new projects with:
 - **1** validation production project accomplished
 - **1** validation production project in progress
- Promoted the peptide business as one of the top priorities with **12** new projects undertaken in 2023 with the **1st GLP-1 NDA in progress**
- Continued advancement in toxin-linker, medicinal polymer, polymer-drug conjugates, and cationic lipid businesses, **33** new projects with **10** validation production projects were undertaken and **expanded commercial lipid GMP stocks**

Capacity Expansion

- Launched an **exclusive production workshop** for chemical macromolecules, of which **10** pilot-to-commercialization production lines dedicated to oligonucleotides, with an **annual capacity of 500kg**
- The construction of **peptide production line** was on track for **10,250L**, with capacity of **14,250L** to come before 2024H1, satisfying the needs for commercial production of solid phase peptides
- Continuously strengthen the capacity of liquid-phase synthesis and other new technologies

Drug Products Business Achieved Harvest in Both Domestic and Overseas Markets

Business Progress

- Aggressively expanded the customer base:
 - Number of new customer orders contributing **44%** of the total contract numbers
 - Overseas market growth evidenced by a **50%** yoy increase in contract orders
- Successfully completed **148** projects with **156** ongoing projects. **Smoothly passed on-site inspections 5 times by drug regulatory agencies** and underwent nearly **50** audits by domestic and international customers, further highlighting service capabilities from clinical to commercial
- The launch of **Clinical Supply Chain Center** further enhanced end-to-end clinical supply chain service, and as the results of extending service reach, **20+** domestic and international orders have been successfully completed
- Developed mature commercial capabilities in **spray drying and hot-melt extrusion technologies** and has successfully completed the **commercial production and delivery** of hot-melt extrusion drug product
- Multiple batches of **topical drug product projects** were successfully completed for clinical batch supply, further enhancing the research and production service capabilities for topical drug products
- Several **oral peptide projects** are in progress

Technology and Capacity Buildup

- Established the R&D and production platform for **oral liquids**, completing the formulation development and clinical batch production for multiple oral liquid projects
- Solidified **lipid nanoparticle technology platform**, undertook and delivered multiple types of lipid nanoparticle projects
- The **nasal spray and nebulized inhalation solution technology platforms** are also expanding with multiple project simultaneously underway
- The **expansion of capacity for pre-filled syringes** and other business is being planned, providing a solid guarantee for taking new projects

↑ **+15.9%**

Revenue

+20.8%

Overseas Revenue

+50%

Overseas Orders

347

New Projects

44

New Projects in CGT

33

One-Stop Service Projects

Business Progress

- Reached **strategic cooperation** with leading CGT companies, and explored advantages in the field of **rare diseases**
- In the **33** integrated service orders, successfully obtained **5** implied China IND approvals, of which **3** have been deferred to clinical trials
- **Overseas business** breakthrough:
 - **14** new overseas application orders, assisted customers in successfully applying for **FDA approval for 4 items**
 - **3** of them have **received FDA IND implied approval**
- Domestic business:
 - Supported launch of **innovative anti-viral drugs** and **GLP-1 products**
 - Assisted in the submission of **China IND applications** for **20** first-class innovative drugs, with **14** projects receiving implied approval for clinical trials
 - Facilitated the smooth transition of **the world's first lung basal stem cell drug and high-potency HIV treatment drug** to phase II clinical trials, ensuring the timely delivery of key ongoing phase II and III clinical projects
- By the end of reporting period, the Company had **356** clinical trial projects in progress, of which **123** had entered **phase II or later stages**, and passed client audit and authority inspections without any critical finding

Capability Development

- Company achieved **new breakthroughs in field of metabolic diseases, neurology, cardiovascular, anesthesia**, etc.
- Leveraging **AI¹** to empower the **intelligent drug surveillance platform**, enhancing the quality and efficiency in clinical trial project management, clinical trial document management, clinical research data management, and drug surveillance detection, we empowered the entire process of clinical research
- Accelerated the **integration with international clinical trial industry standards**, and engaged **strategic cooperation with top clinical medical institutions** to create high-quality clinical platforms

↑ **+27.4%**

Revenue

71

**Projects
on Hand**

4

Overseas Projects

Business Progress

- Among **71** projects on hand:
 - we have **16 IND** projects, **18 ADC** projects, **3 RDC** projects, and **1 BLA¹** project
 - It is expected that the proportion of revenue from various types of **conjugate drug orders**, including antibody-drug conjugates, **will continue to rise in the future**
- Completed the **1st** dual-antibody ADC order and the **1st FDA IND program** was approved
- Focused on **overseas markets**, during the reporting period, the Company undertook the **1st Overseas project** and generate overseas revenue
- Breakthroughs were achieved **mid-to late-stage project areas**, obtained the **1st BLA order** for an integrated service ADC project, continuing to deepen integrated business operations

Capability Development

- Jinshan: Completed the **commercial capacity expansion** and **passed EU QP audit**
- Fengxiang: **Construction project for the commercial production** base is progressing steadily
- Zhangjiang: **Center of Biological Technology and Innovation (CBTI)** was officially launched in May 2023, driving internal research and development initiatives, and empowering process development. Steadily improve delivery quality and efficiency, with **several patents** currently under application.

RMB103mm
Revenue

>RMB250mm
Contract Value

Marketing Expansion

- Engaged with over **700** customers across **10+** provinces, establishing deep partnerships with **15** new clients
- **19** new external technology contracts signed, including **6** commercial contracts totaling **over RMB250mm**
- Notable clients included a fine chemical company, pharmaceutical company, agrochemical enterprise and so on

Technology Breakthroughs

- Overcame technical barriers in multiple high-risk and high-difficulty processes, successfully validating the scale-up of **several oxidation, nitration, and hydrogenation projects**
- Implemented full-scale continuous processes for several **thousand-ton and ten-thousand-ton** projects, rapidly increasing the market influence and reputation of their continuous technology in the domestic fine chemical industry

Internal Use of CFCT Technology

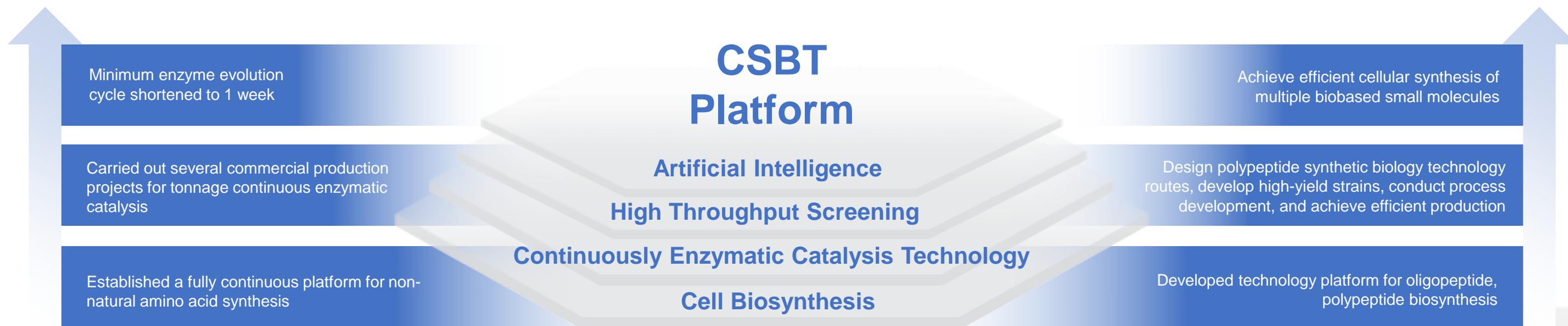
- Executed **68** production projects
- Executed **1st** domestic API continuous verification production – **metformin hydrochloride continuous production verification**. The application for approval has been submitted to the CDE¹ of the NMPA²
- PAT technology was applied for the **1st** time in the continuous production of APIs, aligning with ICH Q13 guidelines from multiple perspectives, aiming to promote the breakthrough of continuous reaction technology in the pharmaceutical API field

Note 1, CDE: Center for Drug Evaluation

Note 2, NMPA: National Medical Products Administration

Note 3, ICH: International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use

Leveraging on strong R&D capabilities and over a decade of technological accumulation, we have established a mature **one-stop synthetic biology service capability starting from molecular biology (recombinant expression)**



Business Progress

+38.1%

Revenue

70+

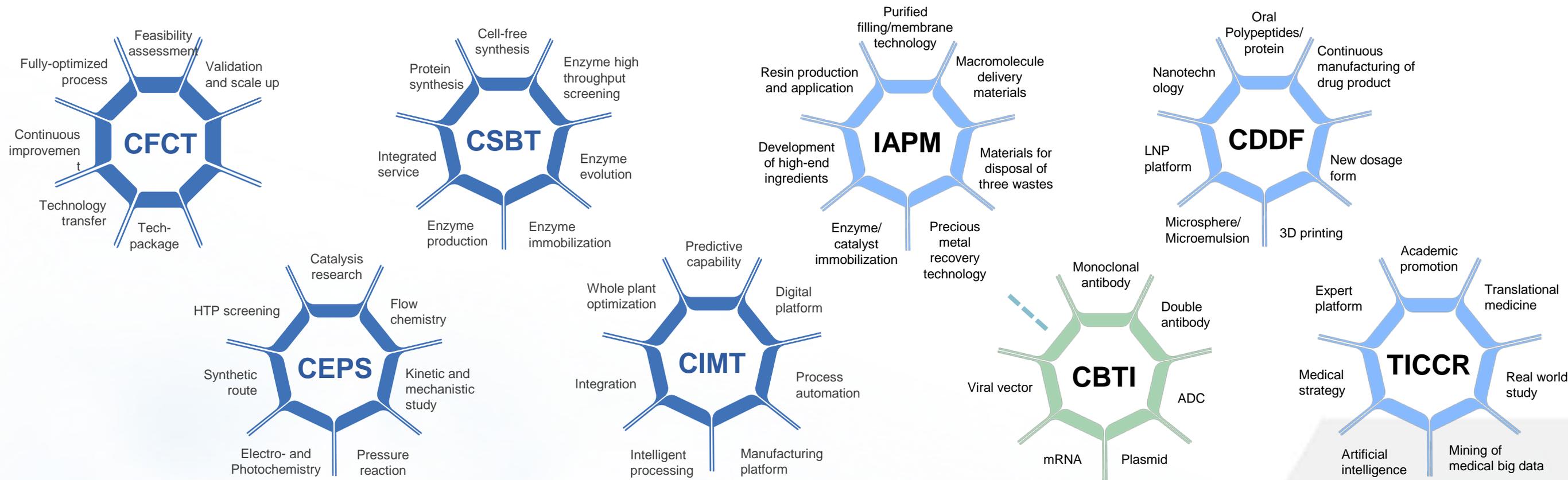
Newly Contacted Customer

Undertook 1st IND filing project
Fulfilled 1st order for enzyme evolution

Capability Development

- New **500L and 5,000L GMP-Class** fermentation capacity under construction
- Planning **new capacity** to satisfy the increasing customer demands by **exploring greener and lower cost enzyme catalytic synthesis routes**
- Accomplished the **construction of oligonucleotide biosynthesis**, realizing the development of solid phase enzyme connection and liquid-phase enzyme connection technologies and the development of **HTS¹ technologies**
- Built up **the technology platform for E. coli and some yeast strain**, and multiple biobased small molecules exceeded the highest reported yields in small trials

Striving to Upgrade Eight R&D Platforms and Talents



In 2023, Our **R&D expense** reached RMB708mm, representing **9.1%** of revenue

At the end of 2023, We have obtained a total of **383** authorized patents both domestically and internationally, including **319** patents in China and **64** patents overseas

Independently developed an **AI protein design platform**, published research papers, and achieved a highly automated R&D platform driven by AI big data

CIMT supported the application of **advanced automation and PAT technology** and optimized batch technologies in commercial projects. By combining AI analysis algorithms and multivariate control, CIMT facilitated the efficient **application of production in commercial projects**

We established talent management systems and accelerated the introduction of talents, including **business leaders and key technical positions**

In 2023, we have recruited **205** expertise, including **83** Ph.D., **29** senior executives and above, and **93** returnees and personnel with working backgrounds in overseas pharmaceutical companies

Environment

E

Climate Actions



- 1 subsidiary got **EcoVadis Silver medal** in 2023
- 4 subsidiaries **joined SBTi** in June 2023
- Rated as **"B"** in **CDP Climate Change**, surpassing the average for the Asian region and other service industries

Green Chemistry



- **Flow and Continuous Technology**
- **Synthetic Biology Technology**
- **Continuous Synthesis Biotechnology**

Save Energy



21 thousand
Green Electricity
(MWH)

38.2
Solar Power Generation
(MWH)

Social

S

Safety First



Safety Production
Level III Certificate



ISO 45001
Certificate

Customer First

50+
Accumulative
Official Audits¹

195
Accumulative
Customer Audits

100%
Passing Rate

Employee First

22
Physical-challenged
Employees

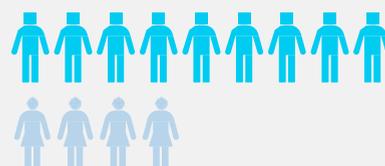
40+
Leadership
Trainings

240+
Emergency Drills

Governance

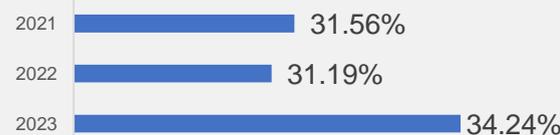
G

Board of Directors – “Her” Power



9 members
4 Female
Directors

% of Female Middle Management



Information Security



- Monthly and quarterly trainings on IT security
- Frequent IT security inspections

Anti-Corruption and Anti-Bribery

- Implemented **Anti-Corruption and Anti-Bribery Policy & Whistleblowing Policy**
- Business ethics audits

Sustainable Supply Chain

100%
Signing Rate for *Supplier Code & Sunshine Cooperation Agreement*



Selecting EHS compliant suppliers

3

Financial Performance



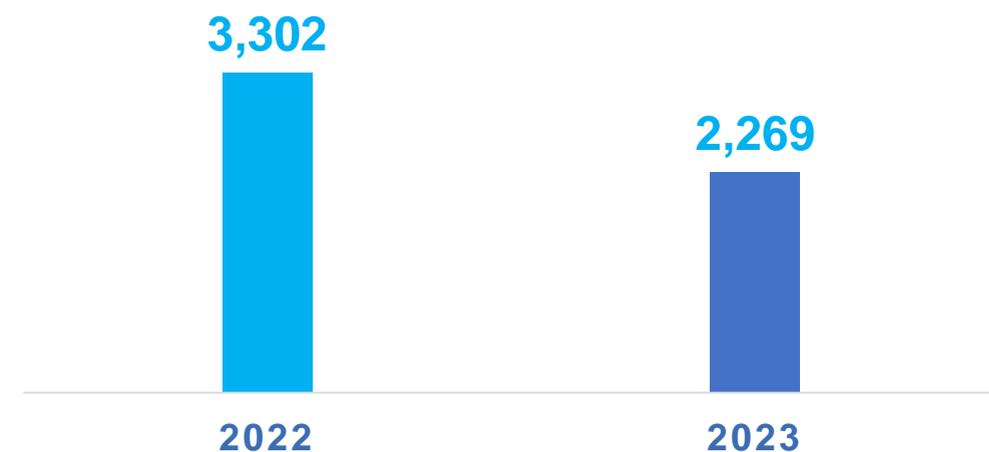
Revenue

RMB mm



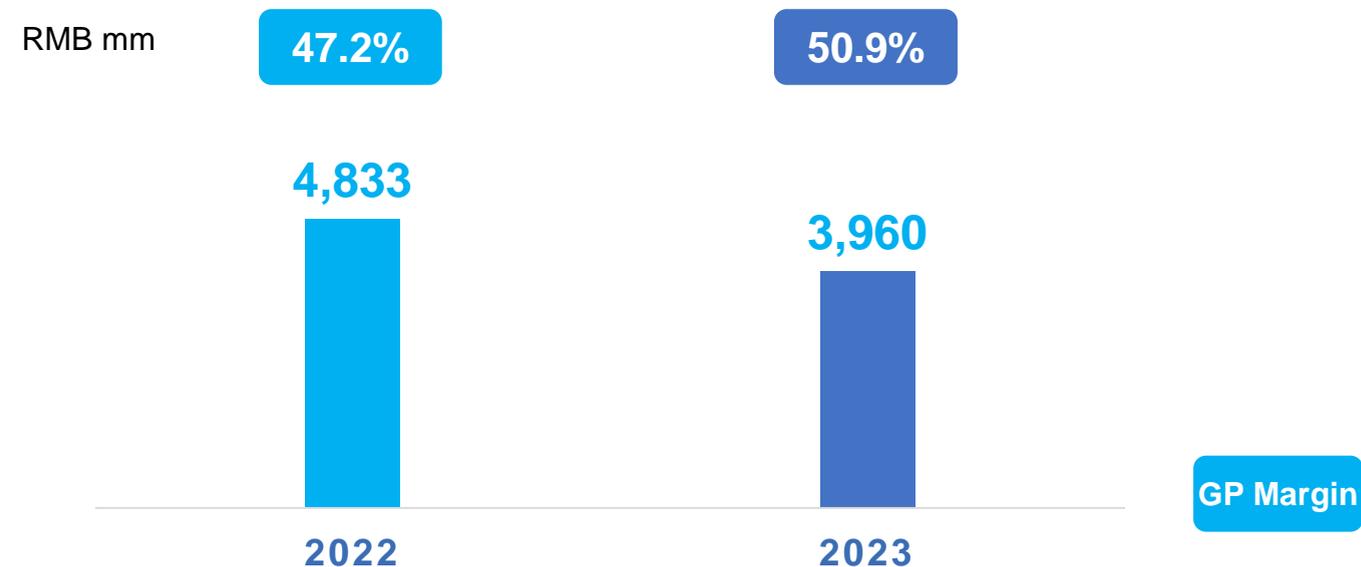
Net Profit Attributable to Shareholders of the Company

RMB mm



Gross Profit & Gross Profit Margin

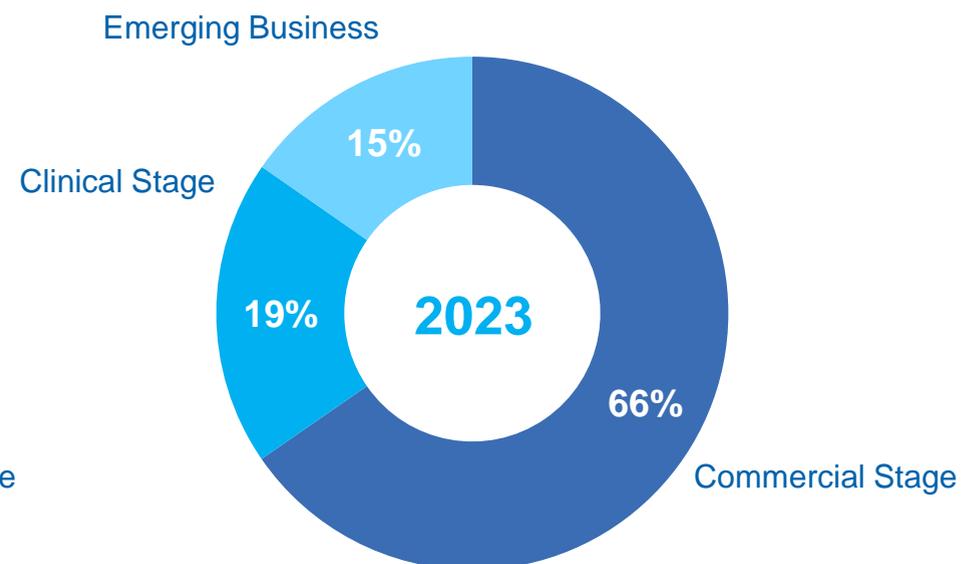
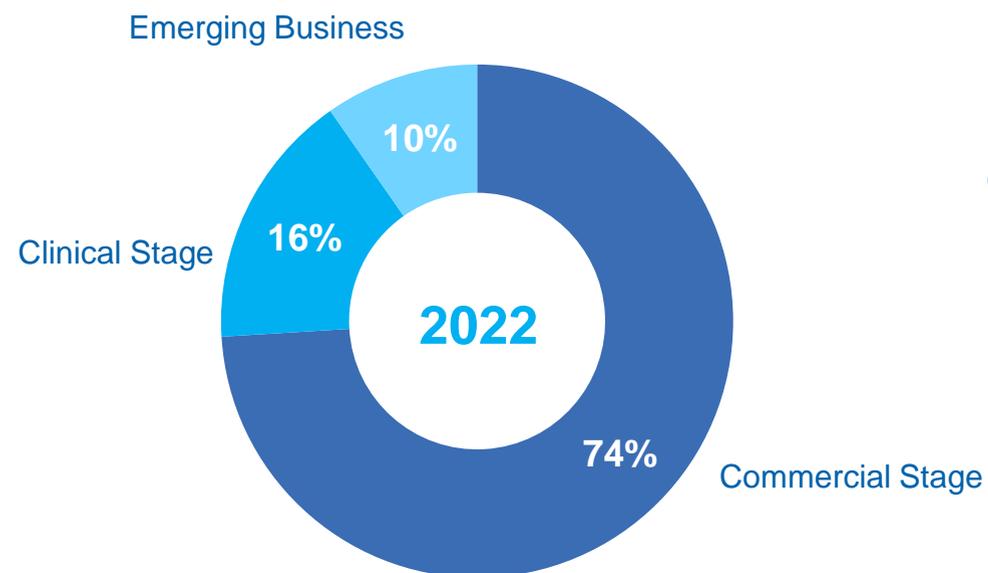
RMB mm



Adjusted Net Profit Attributable to Shareholders of the Company¹

RMB mm





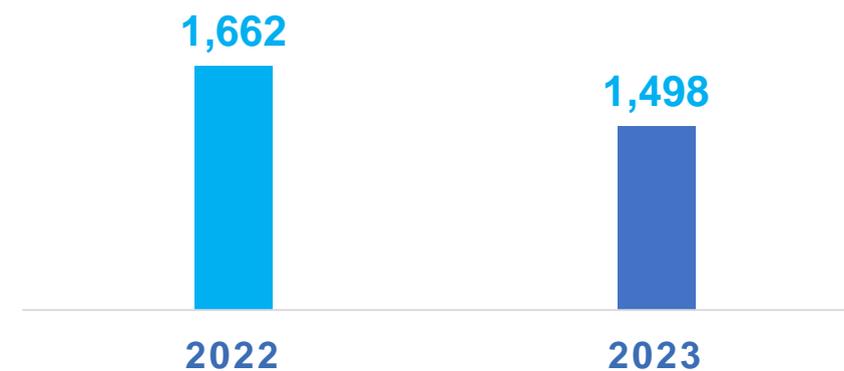
Commercial Stage CDMO Services

RMB mm



Clinical Stage CDMO Services

RMB mm



Excluding the specific anti-viral project impact, the revenue remains essentially flat.

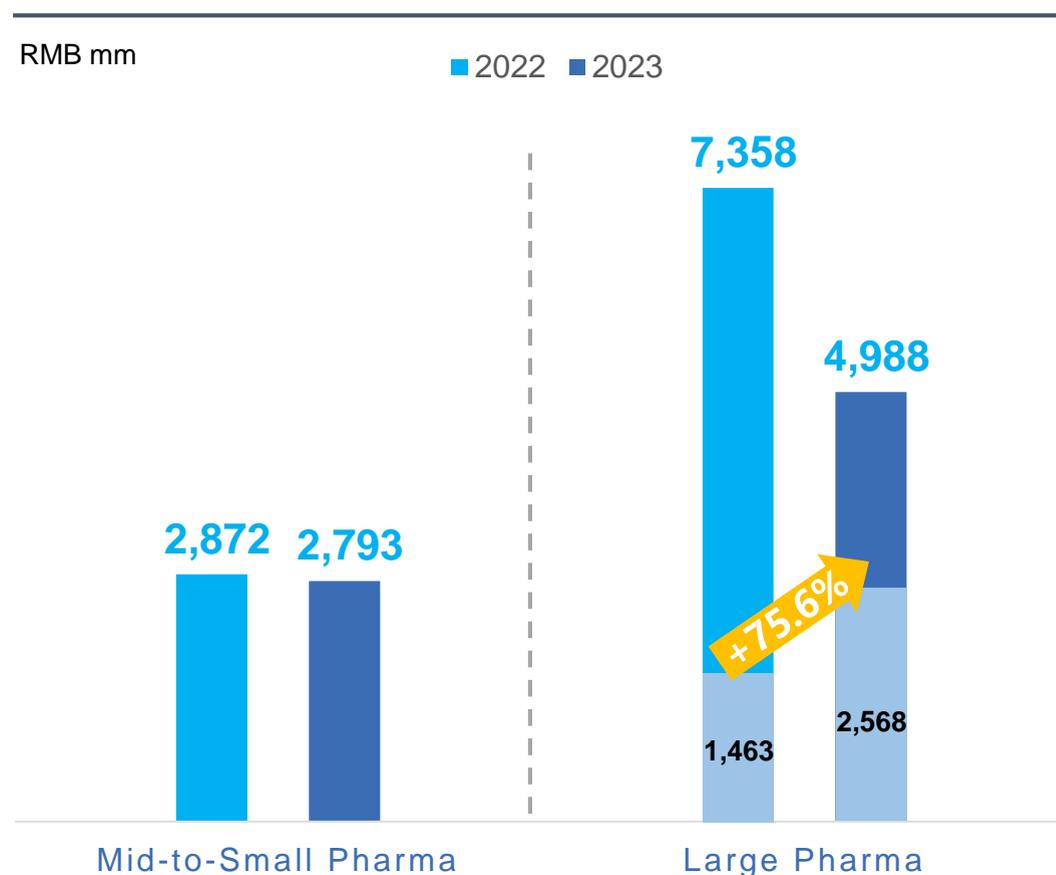
Emerging Business

RMB mm



Through consistently delivering high-quality services to key clients, the Company has expanded its customer base both domestically and internationally, leading to an increased market share

Revenue by Customer Type



In 2023, the overseas revenue from mid-to-small pharma increased by **3.3%**

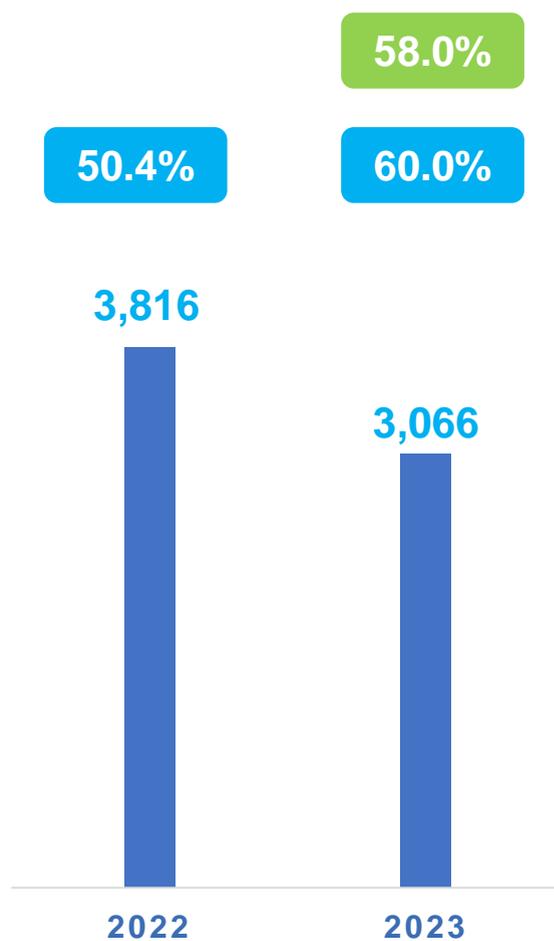
Revenue by Customer Region



■ Exclude Large Orders

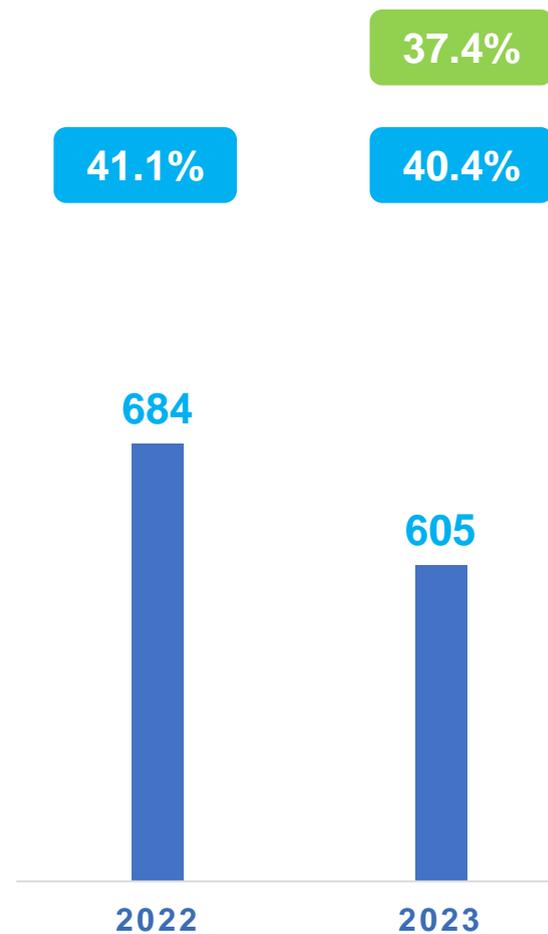
Commercial Stage CDMO Services

RMB mm



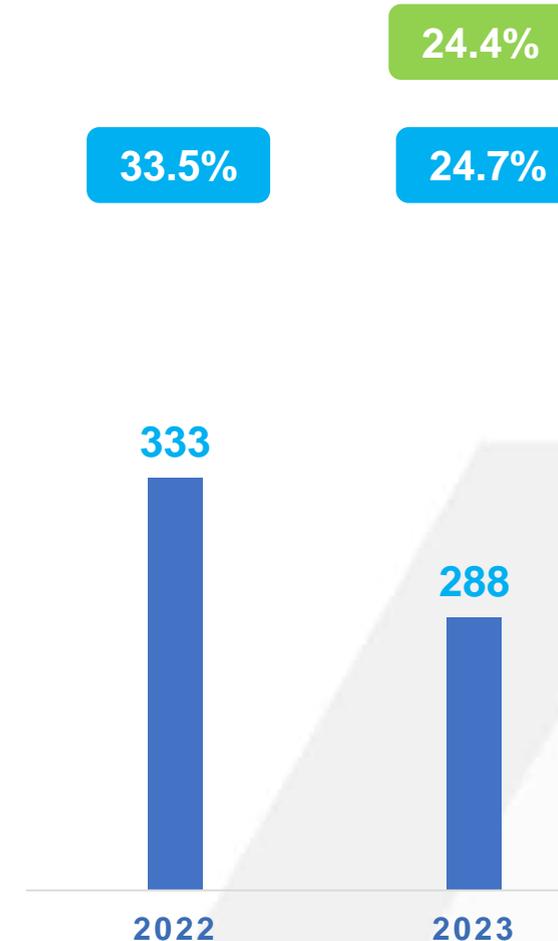
Clinical Stage CDMO Services

RMB mm



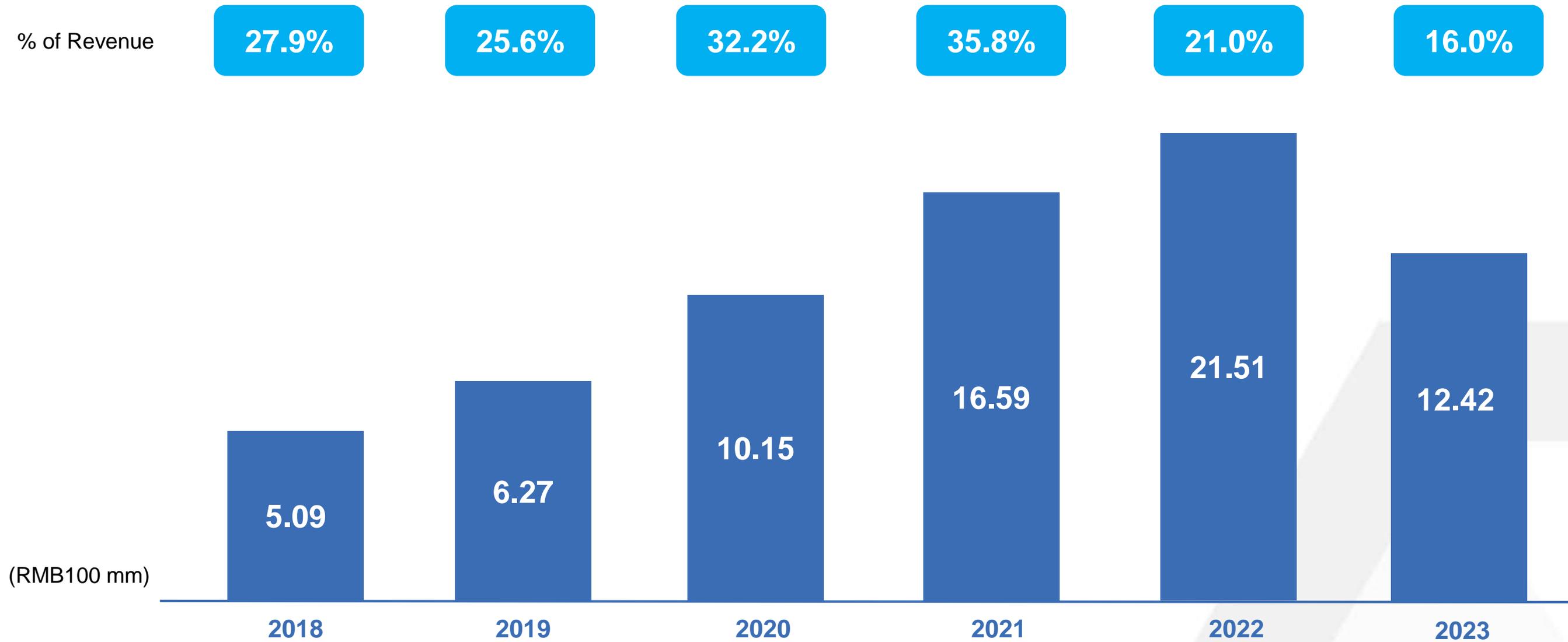
Emerging Business

RMB mm



GP Margin

GP Margin @CER



RMB mm	2023	2022
Net Profit Attributable to the Shareholders of the Listed Companies	2,269	3,302
Plus:		
Equity Incentive Amortization Expense	54	53
Gain or Loss on Exchange Rate Fluctuations	(15)	(409)
Income Tax Effect	(6)	53
Adjusted Net Profit Attributable to Shareholders of the Listed Company	2,302	2,999
Net Profit Attributable to the Shareholders of the Listed Companies	29.6%	29.3%

4

Outlook





Against the backdrop of industry restructuring, we strive to sustain 15%-25% growth in non-covid business revenue



Optimize overall profitability of the Company and ease the downward pressure on its margins



Accelerate the construction of overseas capacity, especially the capacity of small molecule API from pilot to commercial stage



Domestic CAPEX would be roughly in line with 2023



The board proposed 2023 Profit Distribution Plan, aiming to raise the proportion of cash dividends with a dividend of RMB18 (tax inclusive) per 10 ordinary shares

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Appendix



RMB mm

	2023	2022
Revenue	7,781	10,230
Cost of sales	(3,822)	(5,397)
Gross profit	3,959	4,833
Other income and gains	410	654
Selling and distribution expenses	(196)	(150)
Administrative expenses	(820)	(837)
Research and development expenses	(708)	(709)
Impairment losses on financial and contract assets, net	(9)	(26)
Other expenses	(71)	(62)
Finance costs	(6)	(11)
Share of profits/(losses) of associates	(2)	33
Profit before tax	2,557	3,725
Income tax expense	(306)	(430)
Profit for the year	2,251	3,295
Attributable to:		
Owners of the parent	2,269	3,302
Equity incentive amortization expense	54	53
Gain or loss on exchange rate fluctuations	(15)	(409)
Income tax effect	(6)	53
Adjusted Net Profit Attributable to Owners of the company	(2,302)	2,999

RMB mm

	2023	2022
Non-current assets		
Property, plant and equipment	5,366	4,830
Right-of-use assets	526	540
Goodwill	146	146
Other intangible assets	54	58
Deferred tax assets	213	178
Investments in associates	260	277
Prepayments, deposits and other receivables	689	237
Financial assets at fair value through profit or loss	131	113
Equity investments at fair value through other comprehensive income	30	-
Total non-current assets	7,415	6,379
current assets		
Inventories	945	1,510
Trade receivables	2,011	2,451
Contract assets	81	64
Prepayments, deposits and other receivables	297	376
Tax recoverable	3	18
Financial assets at fair value through profit or loss	1,906	2,151
Cash and bank balances	7,110	5,290
Total current assets	12,352	11,860
Total assets	19,767	18,239

RMB mm

	2023	2022
Current liabilities		
Trade payables	452	569
Other payables and accruals	1,276	1,511
Interest-bearing bank borrowings	12	-
Lease liabilities	29	28
Amounts due to related party	1	1
Tax payable	31	68
Total current liabilities	1,801	2,177
Non-current liabilities		
Deferred income	233	168
Lease liabilities	106	110
Deferred tax liabilities	117	89
Total non-current liabilities	456	367
Equity		
Share capital	369	370
Restricted Shares under share-based payment	(494)	(1,247)
Other reserves	17,605	16,524
Non-controlling interests	30	48
Total equity	17,510	15,695

Thanks

