



维亚生物科技控股集团

VIVA BIOTECH HOLDINGS

(於開曼群島註冊成立的獲豁免有限公司)

股票代號: 1873

# Viva Biotech 2022 Interim Results

August 30, 2022

Shanghai, China



# Forward-Looking Statements



Certain information set forth in this presentation contains “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 forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, future events could turn out differently from those anticipated in such statements. There can be no assurance that forward-looking statements will prove to be accurate as such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause results and future events in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Accordingly, you are strongly cautioned not to place undue reliance on forward-looking statements. 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 the Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws or listing rules.

## Non-International Financial Reporting Standards

To supplement the Group’s consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (“IFRS”), the Company has provided adjusted Non-IFRS net profit, adjusted Non-IFRS net profit margin, and adjusted Non-IFRS earnings per share (excluding fair value loss on financial liabilities at FVTPL, interest expenses of the debt components of the Convertible Bonds, transaction costs relating to the derivative component of the Convertible Bonds, gain/loss on repurchase of the Convertible Bonds, non-recurring loss on disposal of fixed assets, amortization of fair value increment in acquired assets transaction costs relating to the acquisition, foreign exchange gain/loss and listing expenses) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted Non-IFRS financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company’s management and investors may benefit from referring to these adjusted financial measures in assessing the Group’s financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group’s 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 the adjusted results on a stand-alone basis or as a substitute for results under the IFRS. The company provided detailed net profit to Non-IFRS net profit reconciliation in the appendix for reference.

A photograph of a laboratory setting, showing a person in a white lab coat working with equipment. The image is overlaid with a semi-transparent green filter and is partially obscured by a large, light green abstract graphic on the right side of the page.

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**01 Business Highlights**

**02 Financial Performance**

**03 Future Strategies**

**Q&A Session**

# **PART 1: Business Highlights**

# World Leading One-stop Drug Research and Production Platform



## CRO Business

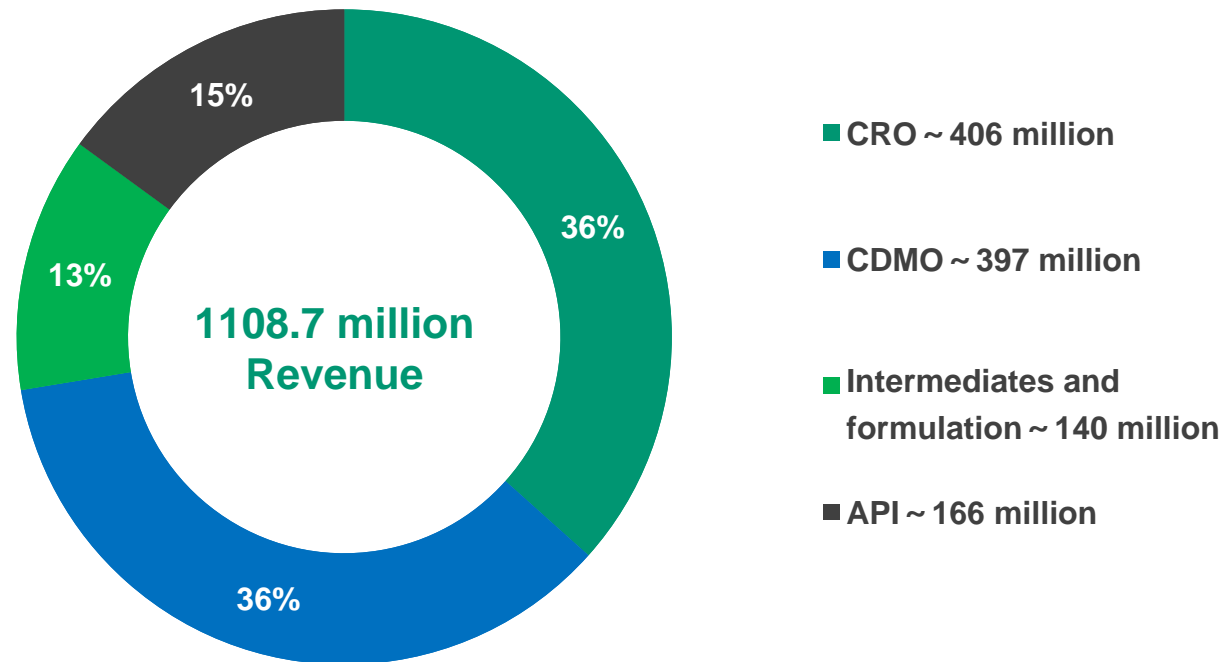
Focus on FIC's Discover business, take SBDD as the core to drive FBDD, drug screening and drug design, and provide all biological and chemical services from Target to PCC

## CDMO Research and Production Business

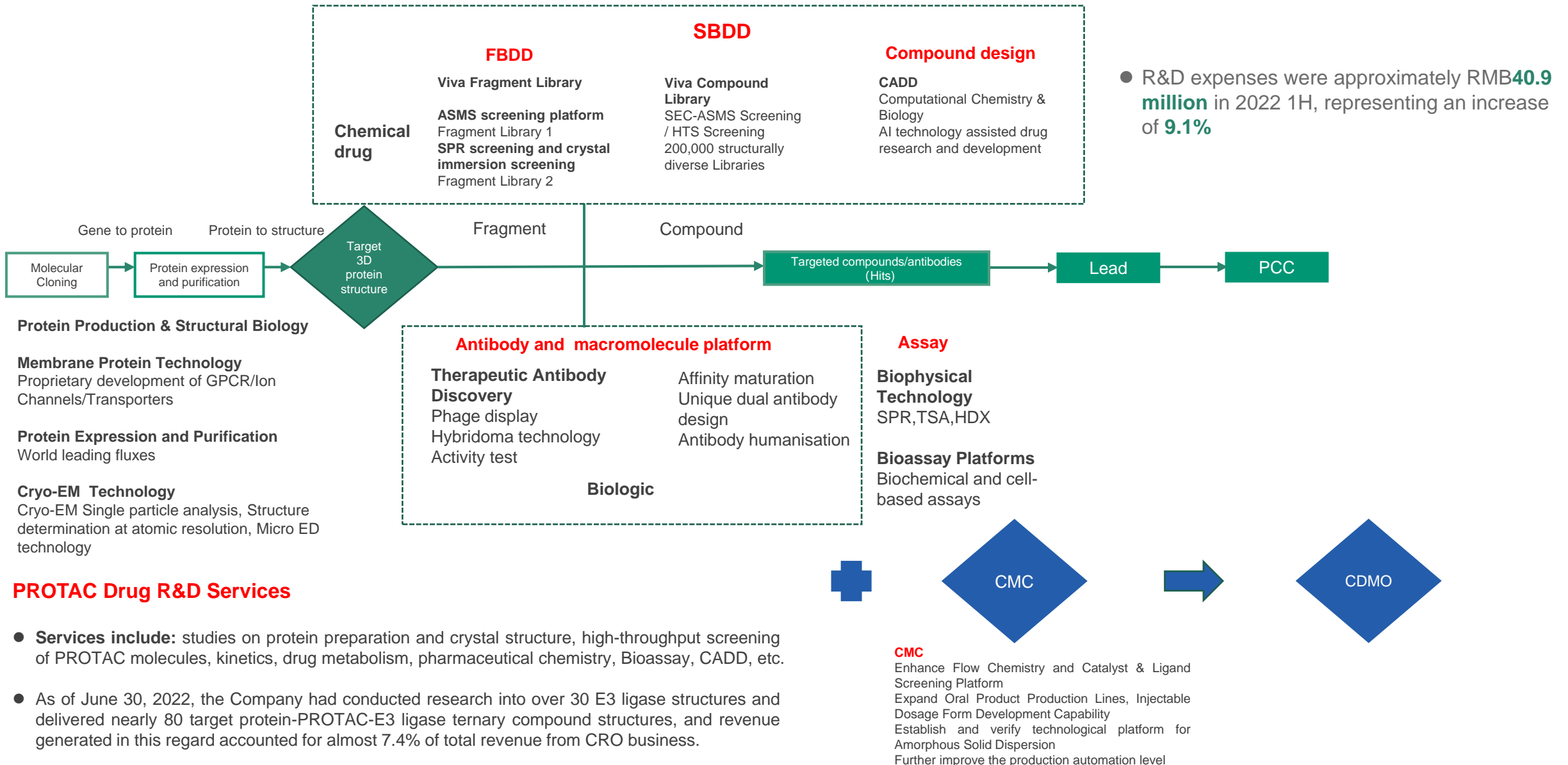
Provide innovative drug partners with small molecule CDMO, API, intermediates and formulation in the whole process of drug R&D and production

## EFS Investment & Incubation Business

Focus on discovering and investing in high potential biotech start-ups to address unmet clinical medical needs

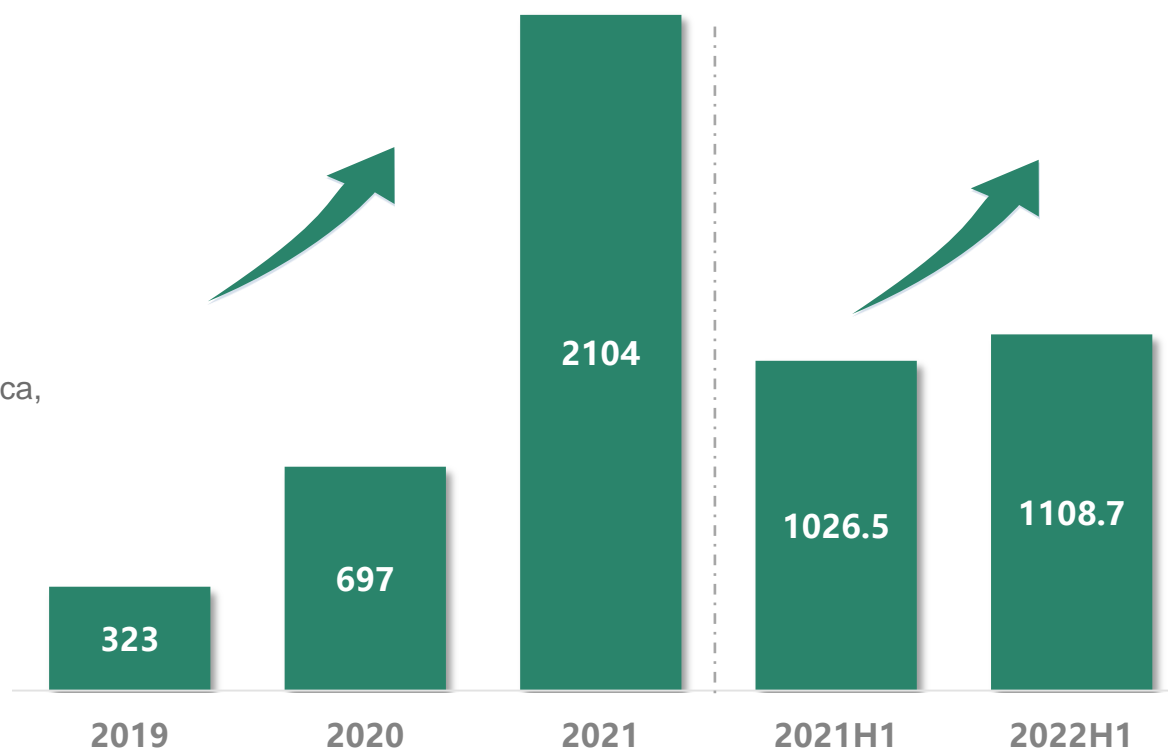


# Continued to Build Technology Barriers, Improved CRO-CDMO Service Capabilities as a One-stop Platform



## Business Highlights

- 2022 H1 revenue: RMB**1108.7 million**, + **8.0%** YOY
- Gross profit: RMB**345.0 million**, +**9.1%** YOY
- Adjusted net profit: RMB**89.0 million**, -**54.8%** YOY
- Adjusted basic earnings per share: RMB**0.04**
  
- The Group's total no. of clients: **1947**, widely located in North America, Europe and Asia, etc.
- Revenue from overseas accounted for **82.54%**
- The Group's total employees: **2309**



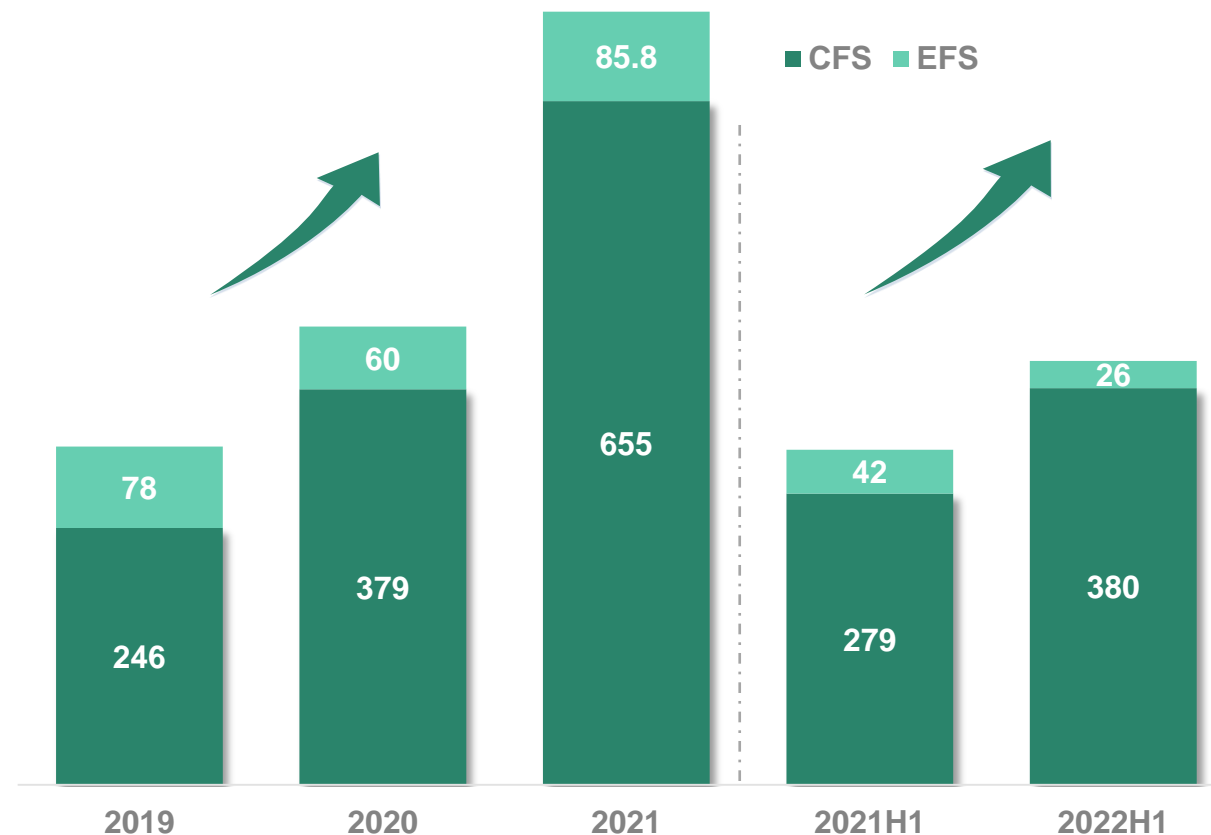
RMB million

# Overview



## CRO: The Core Competitiveness Remained Ahead with Favorable Backlog in the Medium and Long Term Despite the Growth Rate was Affected by the Fluctuations of COVID-19 in 2022 1H

- Revenue: RMB**406 million**, **+26.48%** YOY
- Gross profit: RMB**179.0 million**, **+26.1%** YOY
- Revenue from Top 10 clients accounted for **27.15%**
- Revenue from Mainland China accounted for **16.39%**, increase by approx. **28.89%** YOY
- Revenue from CFS: RMB**380 million**, **+36.2%** YOY
- Revenue from EFS: RMB**26 million**, **-38%** YOY
- Order backlog: **+35.61%** YOY to RMB**1,150 million**
- Independent drug targets in 2022 H1: **+47**
- Protein structures in 2022 H1: **+5252**



RMB million

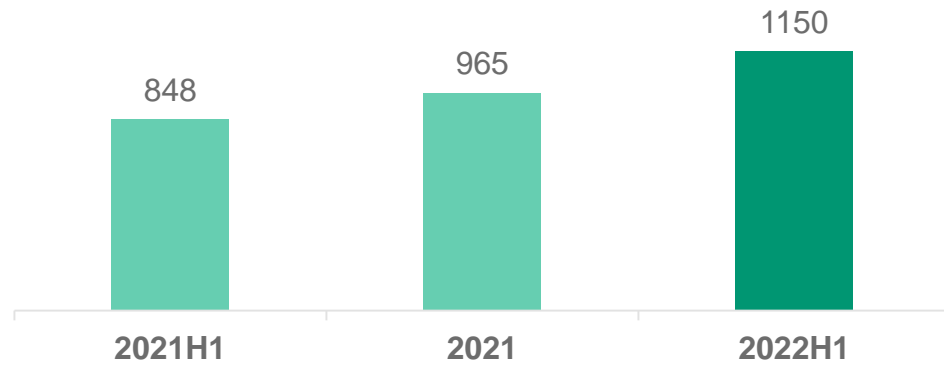


# CRO: Maintained Growth in the No. of Clients and R&D Staff with Favorable Backlog

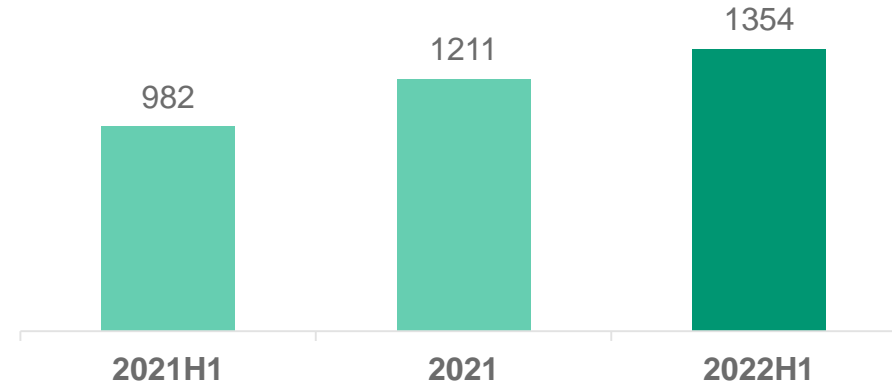


## Order backlog: +35.61% YOY

RMB million



## No. of CRO R&D staff: +37.9% YOY



## No. of CRO clients: +18.7% YOY



## Served Top 10 global pharmaceutical companies



(by reported total revenue for 2022 2H)

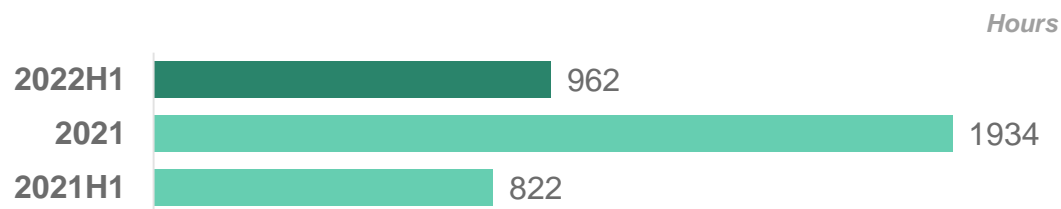


Served 41 "Fierce Biotech's Fierce 15" promising biotech companies

# CRO: Expanding Scale with No. of Targets and Protein Structures Delivered Hit Record High



## Radiation source usage



- Maintained Long-term cooperation with **12** synchrotron radiation source centers around the world
- Distributed in **9** countries/regions in Shanghai of China, USA, Canada, Japan, Australia, UK, France, Germany, Taiwan of China to ensure uninterrupted data collection all year round

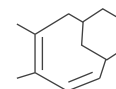
## CRO laboratories area

- Shanghai: approx. 35000 sq.m.
- Jiaxing: approx. 5335 sq.m.
- Chengdu: 10590 sq.m.
- Suzhou: approx. 3250 sq.m.
- **Reserve area:**
- Jiaxing: open laboratory area of AI New Drug Incubation Center with approx. **24000 sq.m.** is under construction
- Chengdu: property with GFA of approx. **51000 sq.m.** could be used for lab planning in the future
- Hangzhou: Drug Discovery Incubation Center covering **40 mu**, with GFA of approx. **77500 sq.m.**, started construction in July 2021

## No. of targets and protein structures delivered



- Independent targets: **+47**
- Cumulative Number: **1857**

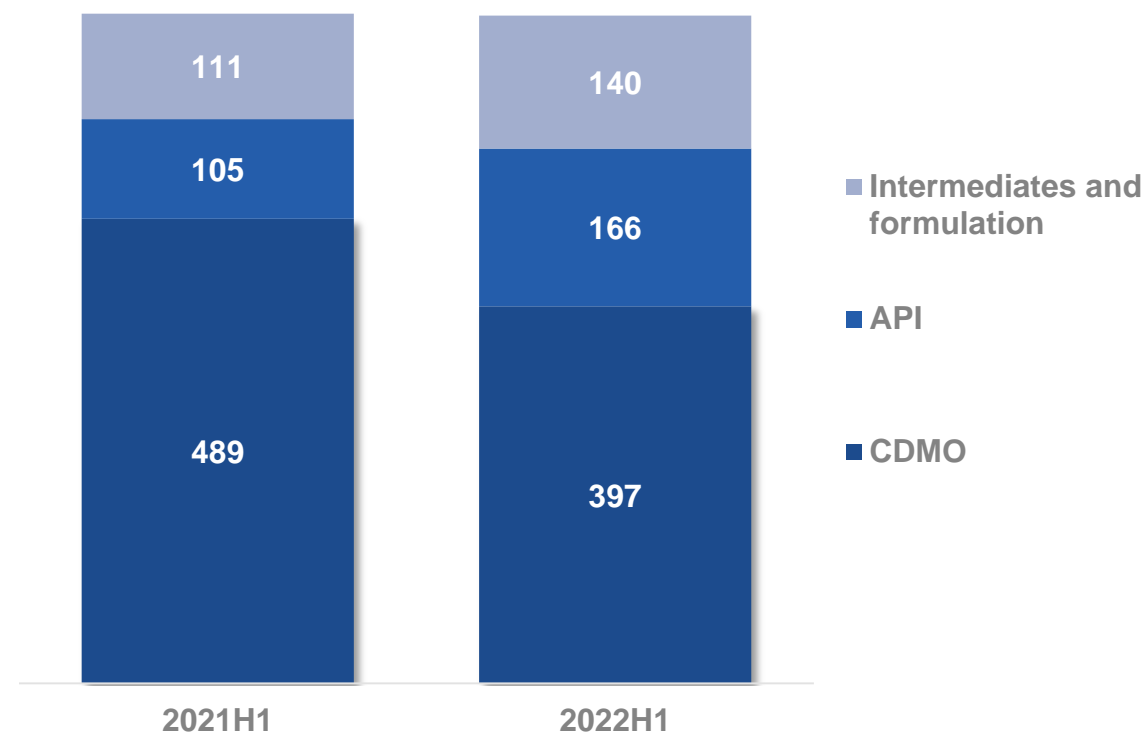


- Protein Structures: **+5252**
- Cumulative Number: **39643**



## Langhua Pharmaceutical R&D and Production Services

- Langhua's revenue: RMB**703 million**, -0.4% YOY
- Langhua's adjusted gross profit: RMB**173 million**, -10.36% YOY
- CDMO: revenue RMB**397 million**, -18.81% YOY; gross profit margin **32.7%**, -2.06pp YOY
- API: revenue RMB**166 million**, +58.10% YOY; gross profit margin **15.66%**, +7.09pp YOY
- Intermediates and formulation: revenue RMB**140 million**, +26.13% YOY; gross profit margin **12.14%**, +0.43pp YOY
- Clients: **836** (cumulative)
- Revenue from Top 10 clients accounted for **52.71%**, a decrease in concentration compared to last year and a further improvement in revenue structure
- The retention rate of top 10 clients: **100%**

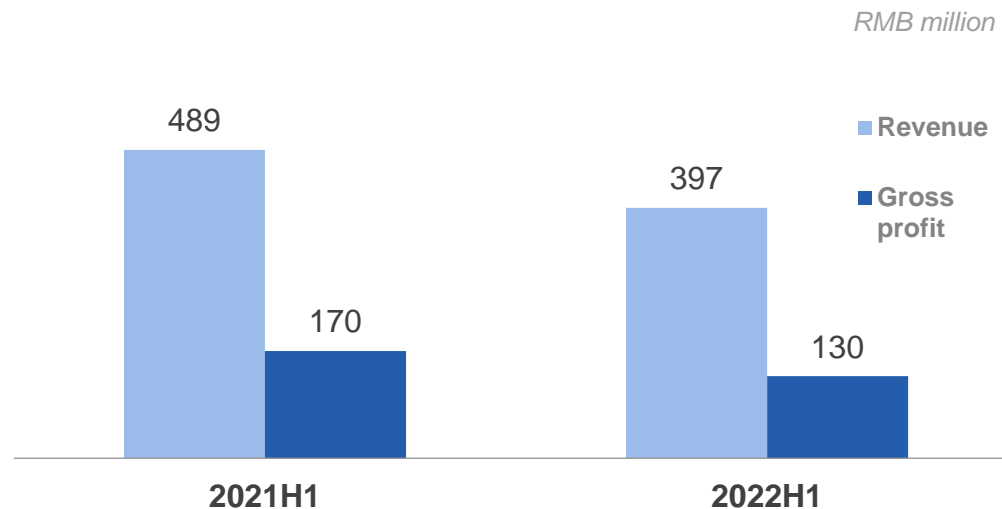


RMB million

# CDMO: Affected by the Delivery Delay in the Short Term, but the Medium and Long-term Growth Remained the Same with Favorable Backlog



## Revenue and gross profit from CDMO

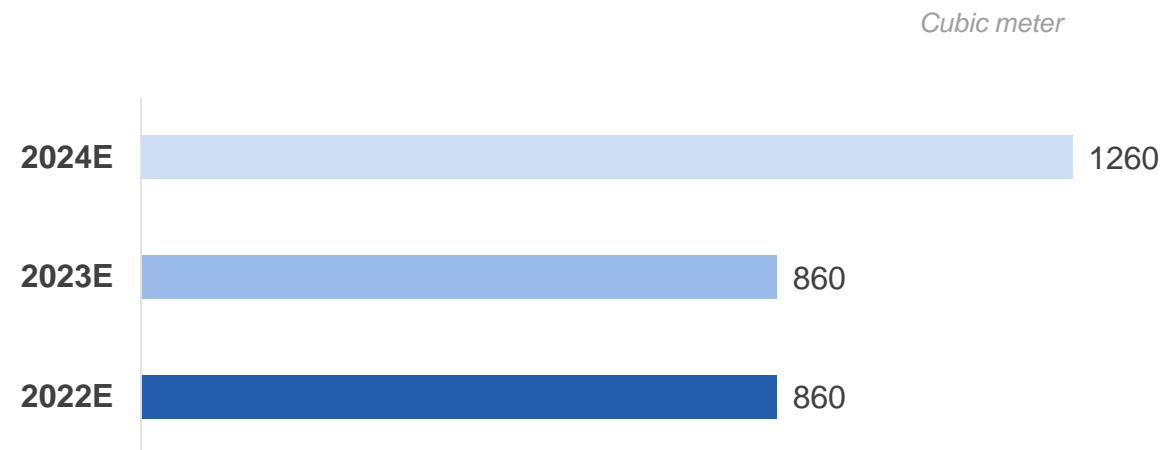


- Revenue from CDMO: RMB397 million, -18.81% YOY
- CDMO's gross profit margin: 32.7%, -2.06pp YOY
- Mainly due to some CDMO's high margin orders delayed in delivery requested by clients
- CDMO backlog orders of approx. RMB700 million will lay a solid foundation for the business performance in 2022 2H
- Waste liquid incineration system have commenced operation since July, which will contribute to a reduction in production cost in 2022 2H

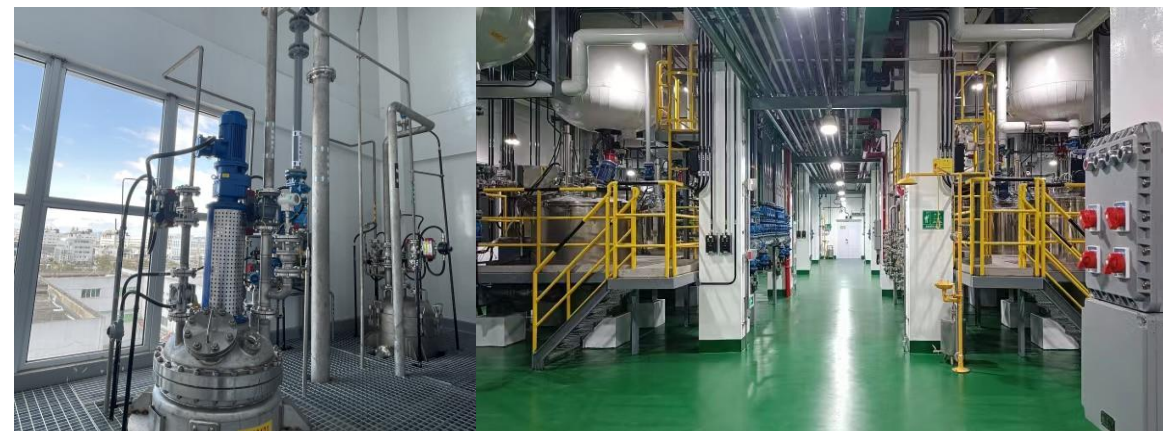
### Updates on MPP authorization matters:

- MSD's API for COVID-19: in scale-up production process
- Drugs for Anti- HIV: process validation and WHO data declaration have been completed, and awaiting WHO's reply

## Production capacity expansion plan (21-23E)



- Due to the impact of COVID-19, the overall installation in T02 plant was been delayed. And the newly added capacity of 189 cubic meters was in the preparation stage for trial production.

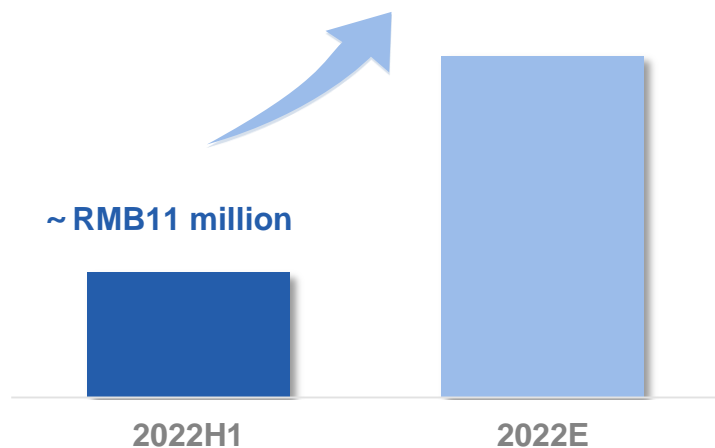


T02 Plant

# Continued to Strengthen CMC Capacity Building



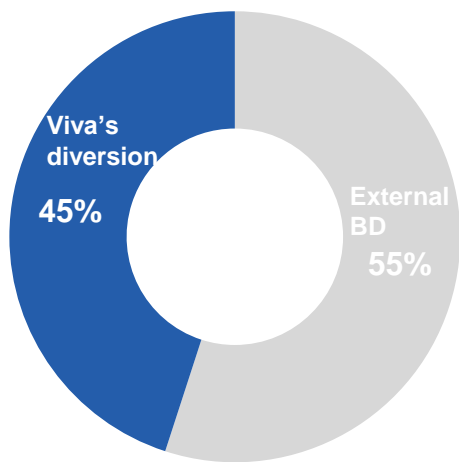
## Revenue scale



## CMC staff



## Internal and external two-pronged approach for CMC diversion



- 2022 H1 Revenue of CMC: approx. **RMB11 million**, not yet achieved breakeven affected by COVID-19
- Order backlog of CMC: approx. **RMB57.17 million**
- The no. of CMC R&D staff reached **150**
- CMC laboratories covering approx. **10000 sq.m**

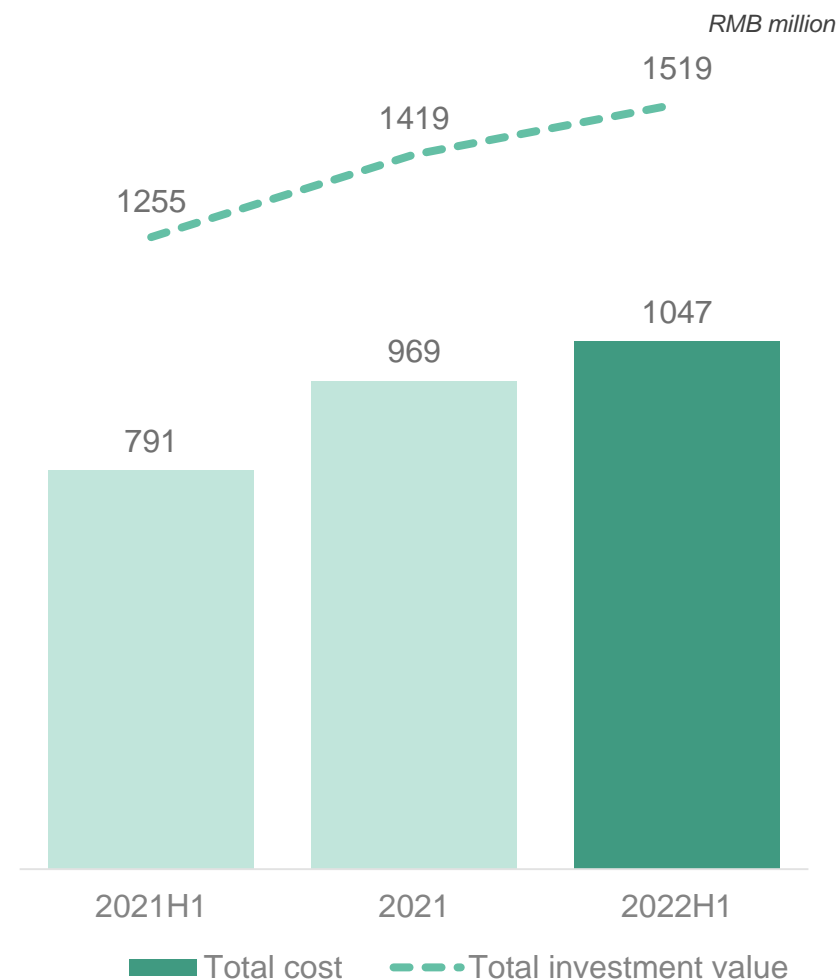
## EFS Investment & Incubation Business

- Completed **9** investments in 2022 H1, of which **3** were newly-added
- As of Jun 30, 2022, invested in a total of **90** portfolio companies
- In July 2022, one portfolio company achieved a partial exit through equity transfer, with an IRR of **45%**

- Pipeline projects of portfolio companies: **199**, of which **nearly 40% had entered into PCC/IND and the clinical stage**

- 10** portfolio companies finished a new round of financing, with total fundraising of over **US\$133.0 million**

- Investment loss from fair value changes during the Reporting Period: **RMB10.2 million**
- The Company is proactively applying for a fund manager license, and proposes to conduct investment and incubation business through establishment of external investment funds in the future to mitigate pressure on Group-level liquidity and appropriation of funds**



Notes:

- Total investment value = fair value + cash received
- Total cost = total cash cost + total EFS cost

Source: Viva Prospectus, 2021 semi-annual and annual report, financial assets at FVTPL and interests in joint ventures in 2022 semi-annual report and management's information

# VBI Portfolio Companies Overview

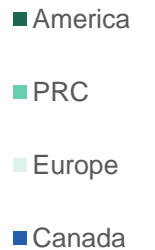
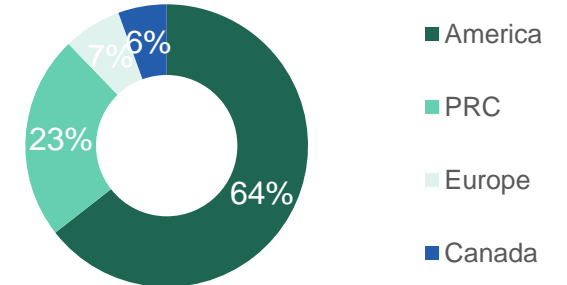
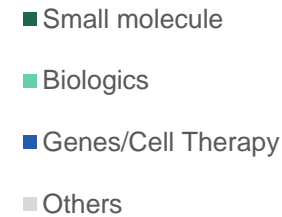
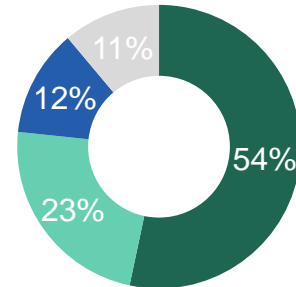
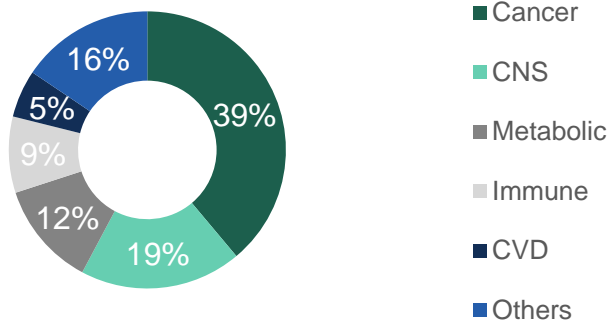


- As of 2022 H1, VBI invested in a total of 90 projects. And VBI reviewed 363 projects, added 3 start-ups to portfolio companies, made new investments in 2 funds and made additional investments in 4 existing portfolio companies in 2022 1H
- In July 2022, one portfolio company achieved a partial exit through equity transfer, with an IRR of 45%

## New projects



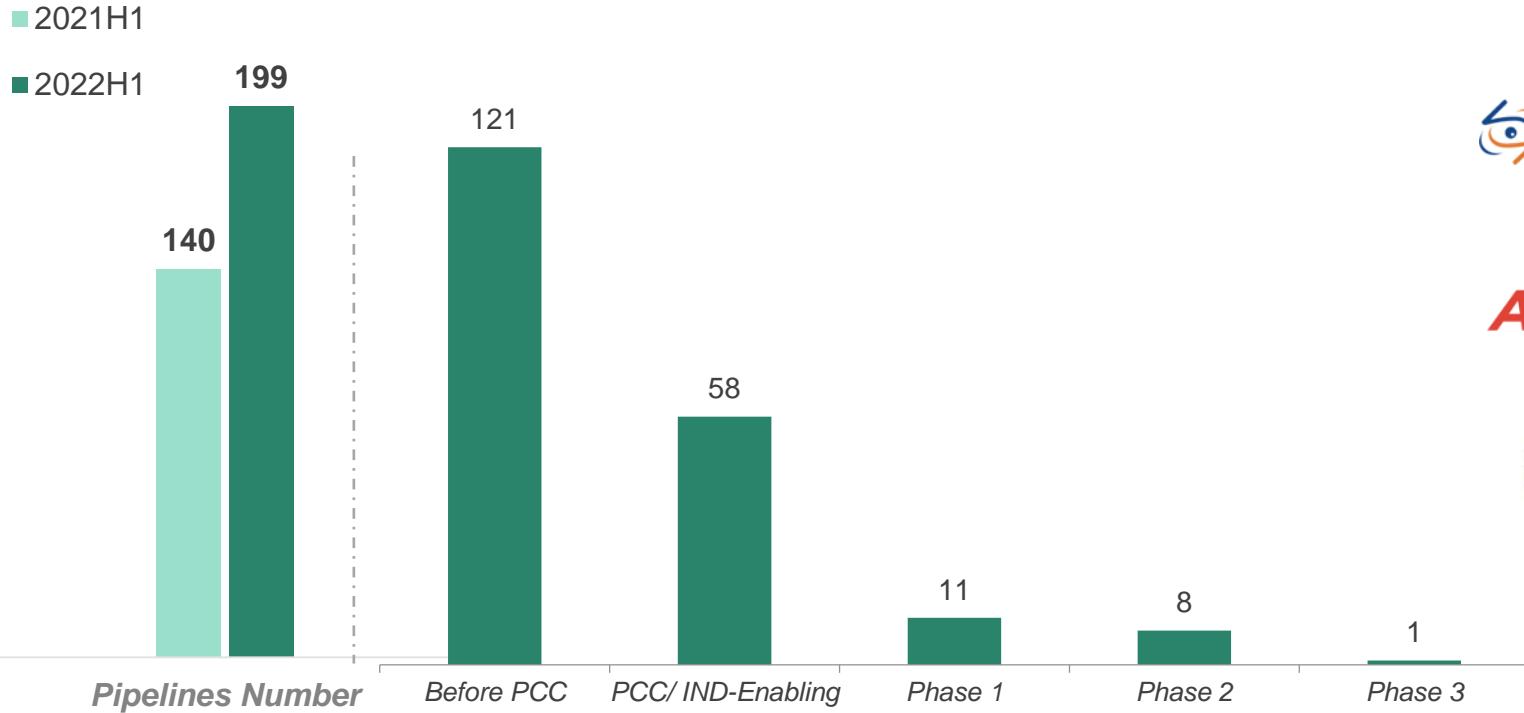
## Projects with additional investments



# High-speed Pipeline Expansion & Smooth Progress in Financing



## 199 product pipelines for portfolio companies



- 10 portfolio companies finished a new round of financing, with total fundraising of over **US\$133.0 million**
- Nearly **40%** of pipelines entered **PCC/IND and the clinical stage**

\*in terms of total no. of portfolio companies



- ANJ900 entered phase III clinical trial; ANJ908 entered phase II clinical trial



- VVN001 published the results of phase II clinical trial; VVN539 entered phase II clinical trial



- Published phase II clinical data of AR882



- 2 pipelines entered phase II clinical trial, one of which is expected to enter phase III clinical trial by the end of 2022



- Fibromatosis pipeline entered phase II clinical trial



- Ricolinostat entered phase II clinical trial



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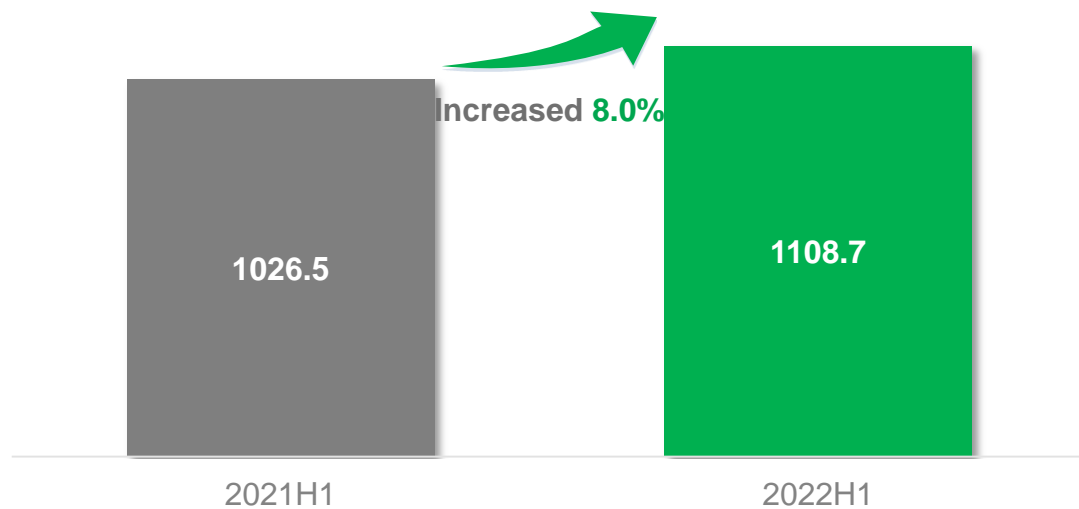
# **PART 2: Financial Performance**

# Financial Performance of the Group



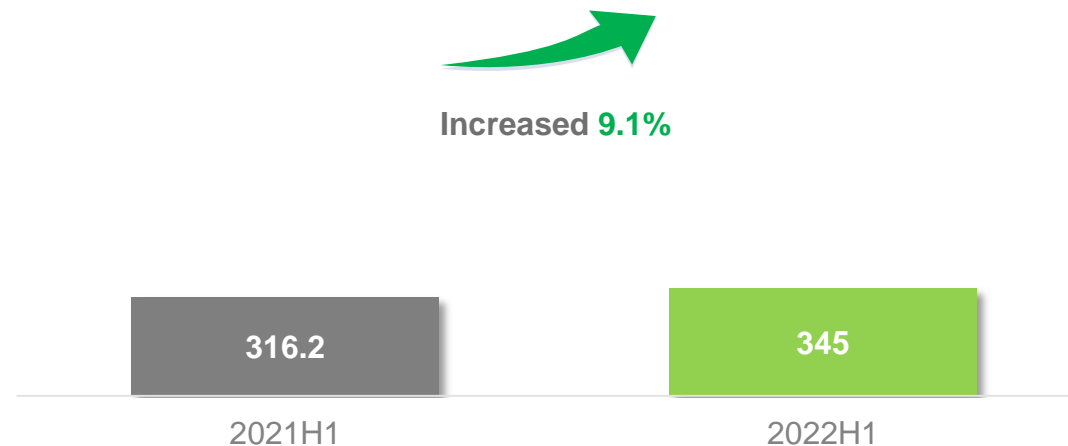
## Maintained Growth in Revenue

RMB million

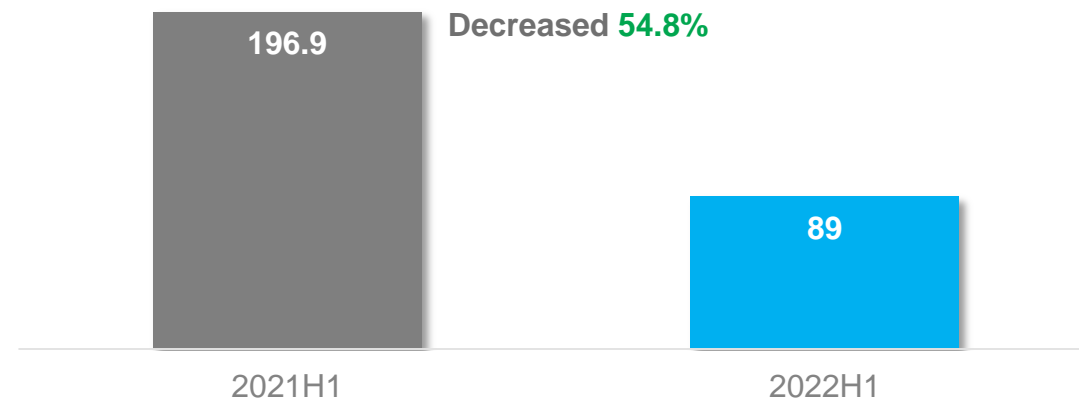


## Maintained Growth in Gross Profit

RMB million

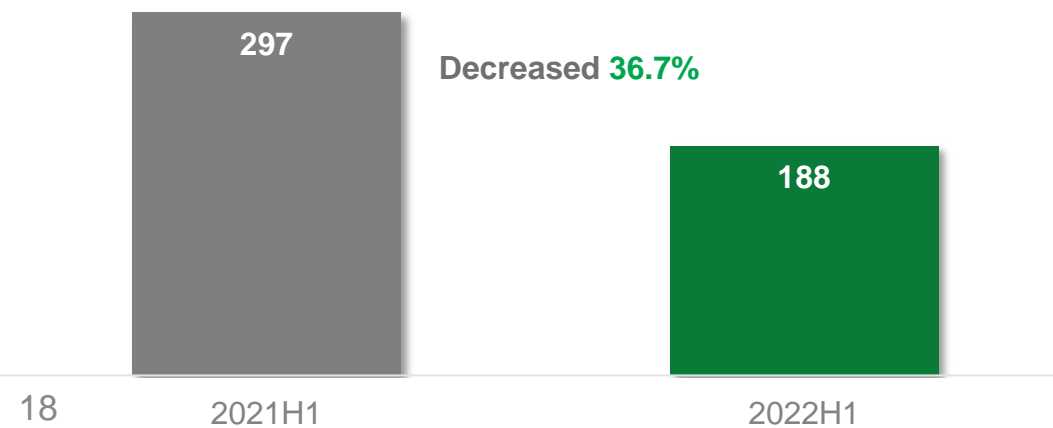


## Adjusted Net Profit



## Adjusted EBITDA

RMB million



# CRO BU Financial Statistics

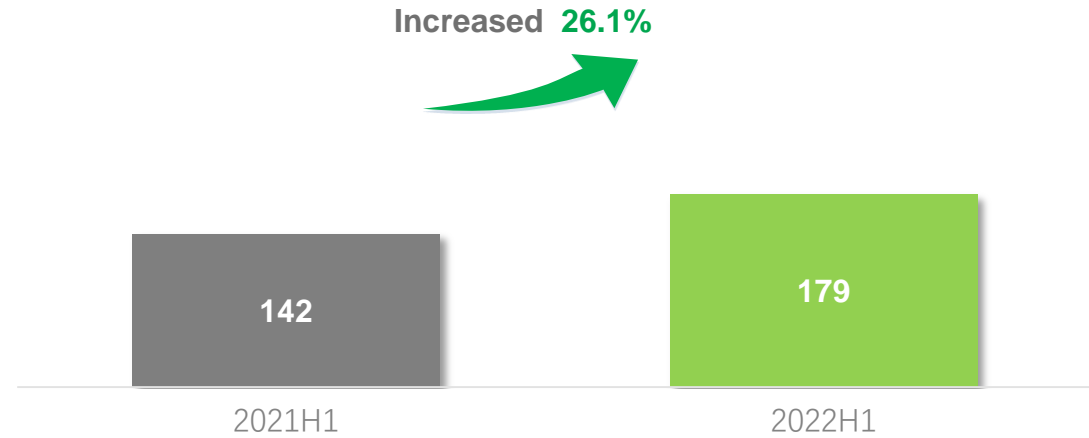
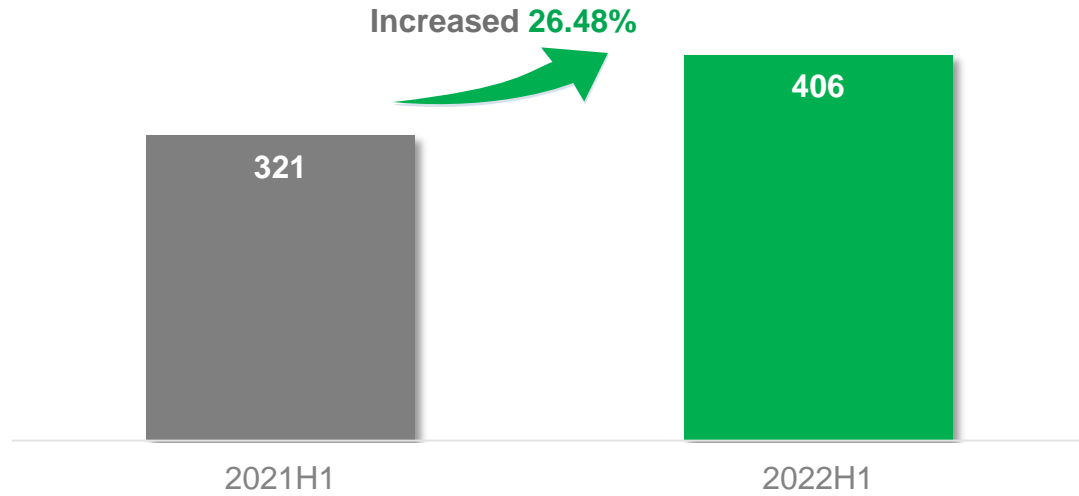


CRO revenue

RMB million

CRO gross profit

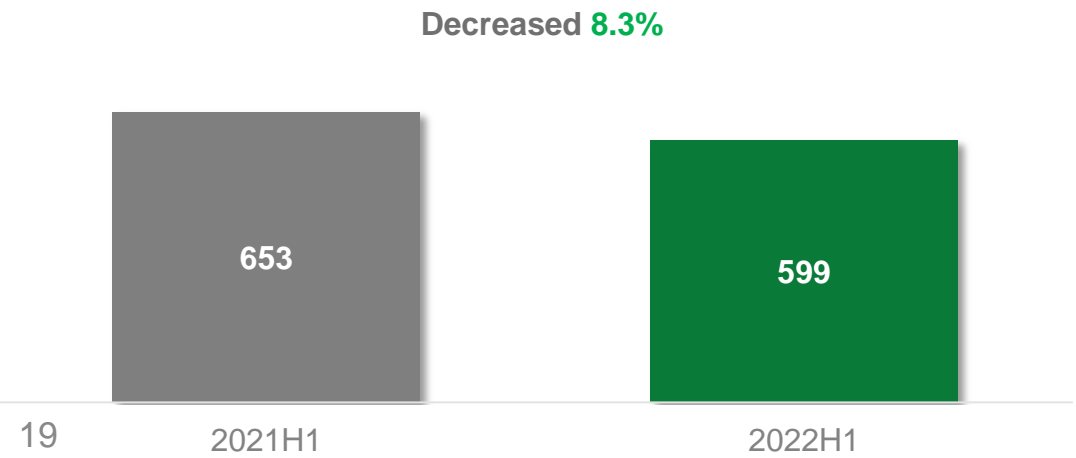
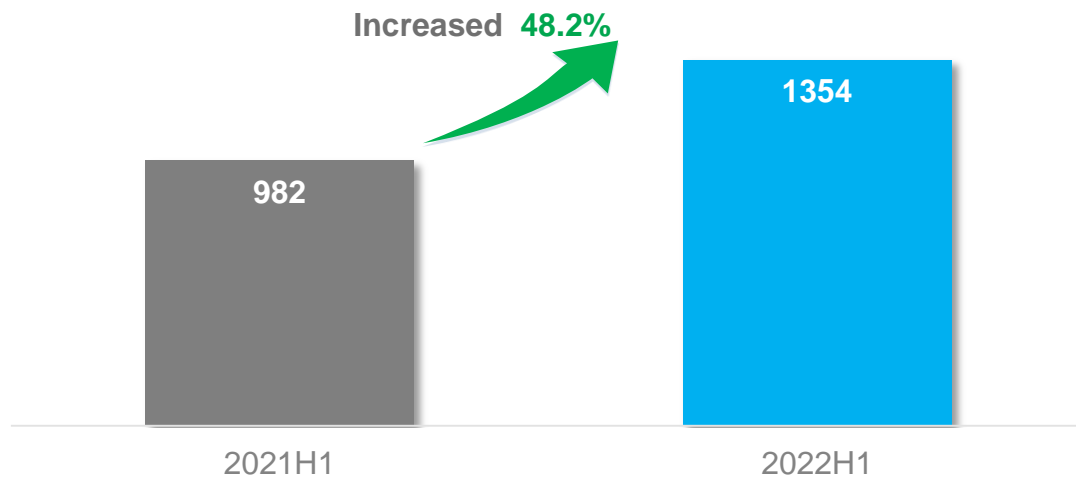
RMB million



No. of CRO R&D staff

Annual revenue per CRO Personnel

RMB'000



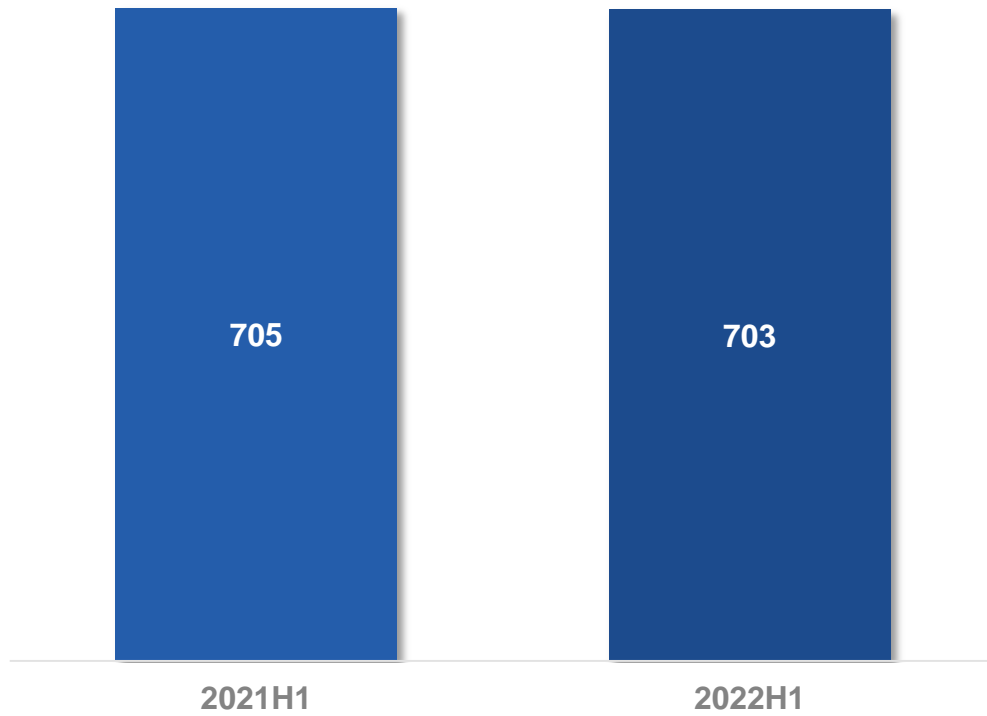
# CDMO BU Financial Statistics



Langhua's revenue

RMB million

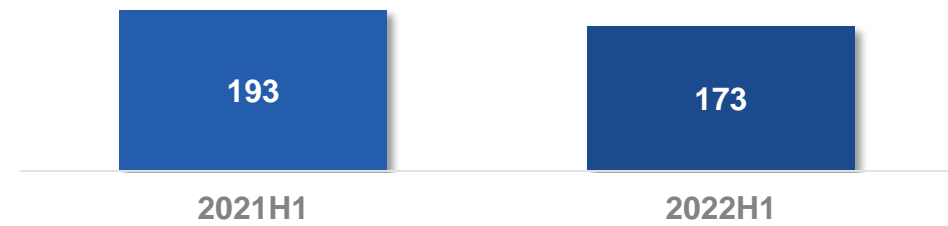
Decreased **0.4%**



Langhua's adjusted gross profit

RMB million

Decreased **10.36%**



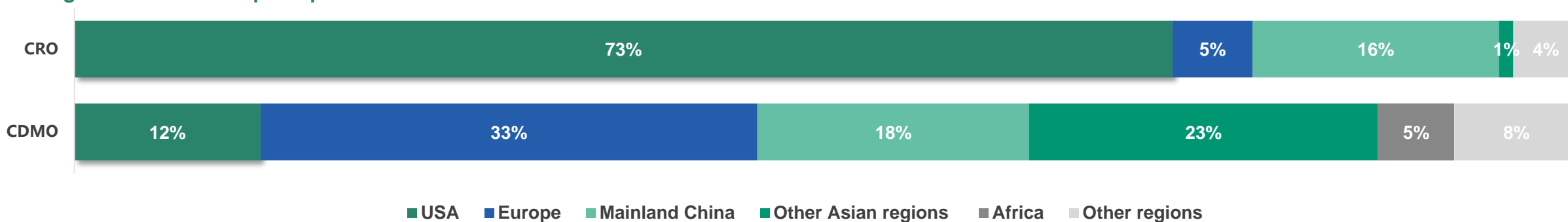
# Revenue Classifications of Principal Activities



For the six months ended 30 June 2022

Types of goods or services	Drug discovery service	CDMO and commercialization service	Total
	RMB'000	RMB' 000	RMB' 000
Revenue from non-investees			
Full-time-equivalent (FTE) services	302,739	-	302,739
Fee-for-service (FFS) services	55,080	-	55,080
Sale of products		701,873	701,873
	357,819	701,873	1,059,692
Revenue from investees			
FTE services	19,756	-	19,756
FFS services	2,463	-	2,463
Service-for-equity (SFE) services	26,032	-	26,032
Sale of products		804	804
	48,251	804	19,756
<b>Revenue from principal activities</b>	<b>406,070</b>	<b>702,677</b>	<b>1,108,747</b>

## Regional structure of principal activities revenue



## Measured at Fair Value with Changes in Fair Value Recognized in Profit or Loss



The movements in the carrying value of unlisted investments at FVTPL for the reporting period are as follows:

	RMB'000
At January 1, 2022 (audited)	1,246,730
Acquired	50,406
Recognized from SFE revenue	27,169
<b>Gain on fair value change</b>	<b>(10,228)</b>
Disposal	(2,572)
Exchange adjustment	32,569
At June 30, 2022 (unaudited)	1,344,074
At January 1, 2021 (audited)	924,532
Acquired	118,928
Recognized from SFE revenue	39,181
Gain on fair value change	53,508
Disposal	(21,120)
Exchange adjustment	(3,696)
At June 30, 2021 (unaudited)	1,111,333

### ● Total value from EFS BU (cumulative value)

RMB million

	2021H1	2021	2022H1
Cash received	144	172	175
Fair value	1,111	1,247	1,344
<b>Total investment value</b>	<b>1,255</b>	<b>1,419</b>	<b>1,519</b>

A photograph of a laboratory setting, showing a person in a white lab coat working with equipment. The image is overlaid with a semi-transparent green filter and is partially obscured by a large, light green abstract graphic on the right side of the page.

# **PART 3: Future Strategics**

# Improve Capacity Building for Front-end Projects and Continue to Expand the Whole Industry Chain Service Downstream

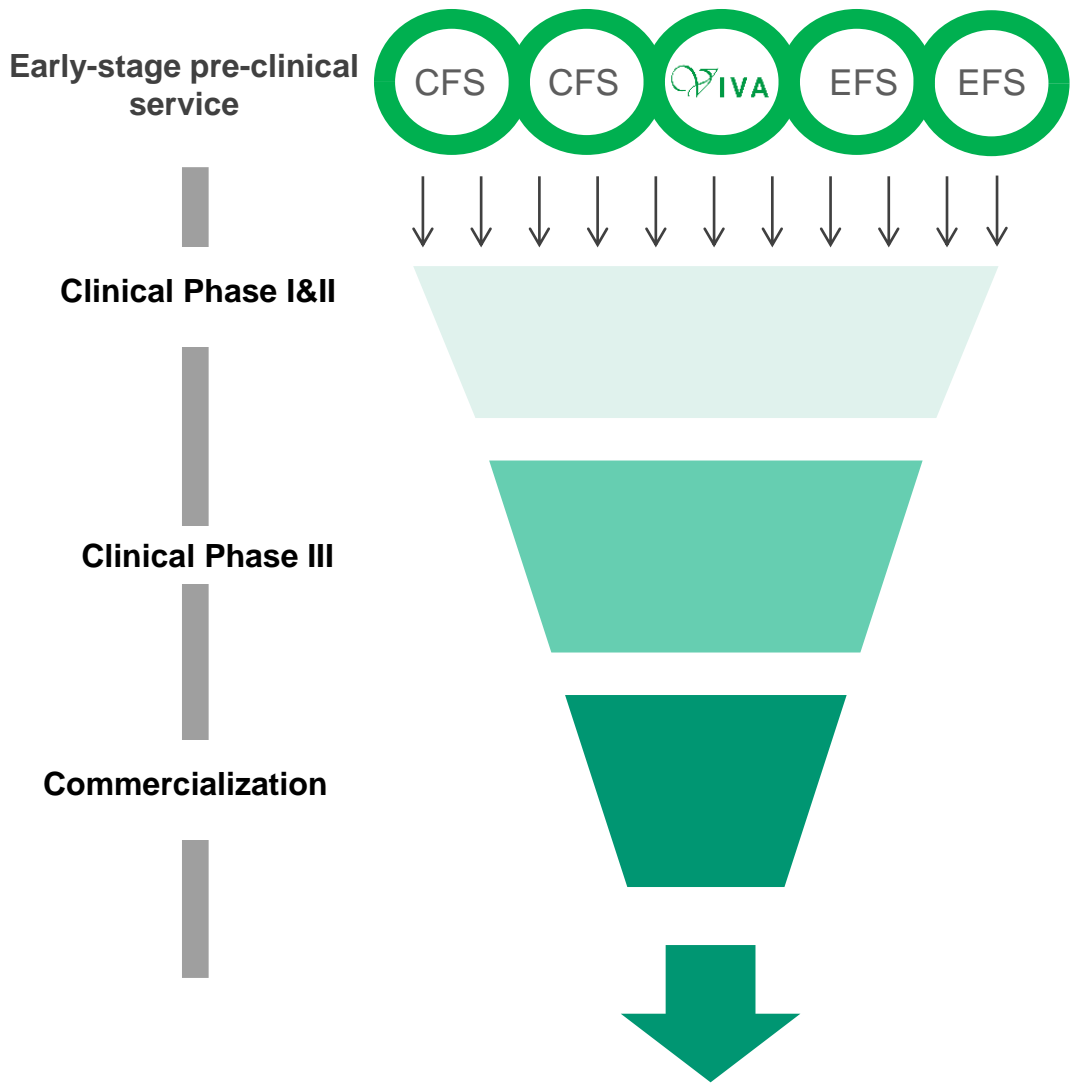


**To establish an open and cooperative platform and a win-win ecosystem for global biopharmaceutical innovators**

- Raise technology barriers + Expand servicing facilities and production capacity
- Enhance talent recruitment and staff incentives
- Advance business development worldwide, particularly in China
- Strengthen connection between CRO-CDMO businesses
- Continuously bolster cross-diversion between business sectors

**Deepening strategic cooperation in the industry chain**

**Establish a one-stop service platform for global innovative drug R&D and manufacturing**





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(於開曼群島註冊成立的獲豁免有限公司)

股票代號: 1873



# Thank You!

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## Appendix: Adjusted Non-IFRS Net Profit



	2022H1	2021	2021H1	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit / (loss)	(85,220)	300,560	95,802	-378,870
Add: fair value (gain) loss on financial liabilities at FVTPL	(10,050)	(143,590)	13,366	547,048
Add: interest expenses of the debt components of the Convertible Bonds	67,818	136,104	67,421	52,117
Add: transaction costs relating to the derivative component of the Convertible Bonds	4,012			5,068
Less: gain on repurchase of the Convertible Bonds	-			-4,447
Add: non-recurring loss on disposal of fixed assets		5,135	5,135	
Add: amortization of acquired assets	24,258	48,181	23,219	15,820
Add: transaction costs relating to the acquisition				15,582
Add: fair value loss on contingent consideration		6,115		
Add/less: foreign exchange loss (gain)	88,133	(31,415)	-8,051	19,790
<b>Adjusted non-IFRS net profit</b>	<b>88,951</b>	<b>321,091</b>	<b>196,892</b>	<b>272,108</b>
<b>Adjusted non-IFRS net profit margin</b>	<b>8.0%</b>	<b>15.3%</b>	<b>19.2%</b>	<b>39.0%</b>