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Genscript Biotech Corporation
金斯瑞生物科技股份有限公司 *

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1548)

PROFIT WARNING

This announcement is made by GenScript Biotech Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to update the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company on the Company’s financial performance for the year ended 31 December 2021 based on the preliminary assessment of the latest unaudited management accounts of the Group and the information currently available.

- (1) The adjusted net profit in the Group’s business excluding non-cell therapy business: the non-cell therapy business is expected to record an adjusted net profit of approximately US\$48.0 million to US\$51.6 million, as compared to approximately US\$42.5 million for the corresponding year in 2020, representing an increase from 12.9% to 21.4%. The increase was mainly derived from continued growth from the Group’s life-science services and products

as well as improved profitability from the Group's CDMO (contract development and manufacturing organization) and synthetic biology business.

The adjusted net profit/(loss) in the Group's business excludes: (i) equity-settled share-based compensation expenses, (ii) exchange gains or losses, (iii) consultation expenses and other related costs for the Investigation (as defined in the announcement of the Company dated 21 September 2020), (iv) impairment losses on long-term investments and related non-current financial assets, (v) fair value losses of financial liabilities, (vi) service fees for the deemed disposal of equity interest in Probio Cayman (as defined in the announcement of the Company dated 14 May 2021), (vii) fair value gains or losses of non-current financial assets, and (viii) service fees for follow-on public offering of Legend Biotech Corporation ("**Legend Biotech**"). Please see details in the table below:

<i>in US\$ in million</i>	Non-cell therapy business					
	2021 Jan.-Dec.	2021 Jul.-Dec.	2021 Jan.-Jun	2020 Jan.-Dec.	2020 Jul.-Dec.	2020 Jan.-Jun
Net profit/(loss)	(99.0)~(118.1)	(115.3)~(134.4)	16.3	22.1	3.5	18.6
Equity-settled share-based compensation expenses, net of tax	18.2~20.2	12.2~14.2	6.0	10.9	4.3	6.6
Exchange gains or losses, net of tax	3.9~4.3	2.0~2.4	1.9	6.5	7.4	(0.9)
Consultation expenses and other related costs for the Investigation, net of tax	3.2~3.3	0.8~0.9	2.4	1.1	1.1	—
Impairment losses on long-term investments and related non-current financial assets, net of tax	1.7	0.5	1.2	3.8	3.8	—
Fair value losses of financial liabilities	119.9~139.9	119.9~139.9	—	—	—	—
Service fees for the deemed disposal of equity interest in Probio Cayman	0.5	0.5	—	—	—	—
Fair value (gains)/losses of non-current financial assets	(0.4)~(0.2)	1.2~1.4	(1.6)	(1.9)	(1.9)	—
Adjusted net profit	48.0~51.6	21.8~25.4	26.2	42.5	18.2	24.3

- (2) Investment into the cell therapy business: Legend Biotech is expected to record an adjusted loss from approximately US\$335.8 million to US\$364.7 million, including (i) research and development expenses of approximately US\$297.9 million to US\$321.8 million, which was mainly caused by the continuous investment into its lead product candidate and other potential product candidates, and (ii) selling and marketing expenses of approximately US\$95.3 million to US\$106.2 million, which was mainly caused by the increase of costs associated with commercial preparation activities for cilta-cel.

- (3) Non-cash fair value losses of financial liabilities: the Group is expected to record a fair value of approximately from US\$125.6 to US\$146.3 caused by the changes of fair value of the series A preferred shares of Probio Cayman, a warrant exercisable for ordinary shares of Probio Cayman and a warrant exercisable for ordinary shares of Legend Biotech. Please refer to the announcements of the Company dated 14 May 2021, 23 May 2021, 19 August 2021 and 5 September 2021 for the details of these financial instruments. The changes in fair value will finally lead to an increase of share premium after conversion, which in essence, had no impact on the net assets of Probio Cayman and Legend Biotech.

Overall, the Group is expected to record an adjusted loss of approximately US\$290.4 million to US\$316.2 million for the year ended 31 December 2021, as compared to an adjusted loss of approximately US\$170.8 million for the corresponding year in 2020. Please refer to the following as the detailed reconciliation table for the year ended 31 December 2021:

<i>in US\$ in million</i>	Non-cell therapy business	Cell therapy business	Elimination	Group
Net loss	(99.0)~(118.1)	(365.3)~(397.4)	(2.6) ~(3.1)	(466.9)~(518.6)
Equity-settled share-based compensation expenses, net of tax	18.2~20.2	18.9~20.8	—	37.1~41.0
Exchange gains or losses, net of tax	3.9~4.3	4.5~5.1	—	8.4~9.4
Consultation expenses and related costs for the Investigation, net of tax	3.2~3.3	—	—	3.2~3.3
Impairment losses on long-term investments and related non-current financial assets, net of tax	1.7	—	—	1.7
Fair value losses of financial liabilities	119.9~139.9	5.7~6.4	—	125.6~146.3
Service fees for the deemed disposal of equity interest in Probio Cayman	0.5	—	—	0.5
Fair value gains of non-current financial assets	(0.4)~(0.2)	—	—	(0.4)~(0.2)
Service fees for follow-on public offering of Legend Biotech	—	0.4	—	0.4
Adjusted net profit/(loss)	48.0~51.6	(335.8)~(364.7)	(2.6) ~(3.1)	(290.4)~(316.2)

The Group is expected to record a loss of approximately US\$466.9 million to US\$518.6 million for the year ended 31 December 2021, as compared to a loss of approximately US\$281.4 million for the corresponding year in 2020.

As of 31 December 2021, Legend Biotech had approximately US\$688.9 million of cash and cash equivalents, approximately US\$168.2 million of time deposits and approximately US\$29.9 million of financial assets measured at amortized cost.

The information contained in this announcement can only be treated as a preliminary assessment by the Board based on the latest unaudited management accounts of the Group and the information currently available, which are subject to finalisation and other potential adjustments, and is not based on any figures or information that has been audited, confirmed or reviewed by the auditor of the Company. Shareholders and potential investors of the Company are advised to read the annual results announcement of the Company for the year ended 31 December 2021, which is expected to be published before the end of March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Genscript Biotech Corporation
Meng Jiange
Chairman and Executive Director

Hong Kong, 18 February 2022

As at the date of this announcement, the executive Directors are Mr. Meng Jiange, Ms. Wang Ye and Dr. Zhu Li; the non-executive Directors are Dr. Wang Luquan, Mr. Pan Yuexin and Ms. Wang Jiafen; and the independent non-executive Directors are Mr. Guo Hongxin, Mr. Dai Zumian, Mr. Pan Jiuan and Dr. Wang Xuehai.

* *For identification purposes only*