2024 Annual Results Management Remarks

2024 Annual Results Management Remarks

March 12, 2025, 8:30 a.m., Hong Kong Time

Delivery Time: ~40 minutes

[Shiniu Wei]

Slide 1-2

Hello everyone. This is Shiniu Wei, Chief Financial officer and Vice President of Investor Relations at GenScript. Welcome to our company’ s 2024 Annual Results Conference Call.

Joining me on the call today are:

Mr. Robin Meng, Chairman of the Board

Ms. Sherry Shao, Rotating CEO of GenScript

Dr. Ray Chen, President of GenScript Life Science Group

Dr. Aixi Bai, General Manager of Bestzyme

Mr. Allen Guo, CEO of ProBio

During today’ s call, we will be making statements about future expectations, plans and prospects, as well as any other statements regarding matters that are not historical facts, which may constitute “forward-looking statements”. Actual results may differ materially from those indicated by such forward-looking statements because of various important risk factors and changing market conditions. We do not undertake any obligation to publicly update any forward-looking statements.

During today’ s call, Sherry will present our annual business highlights, and I'll guide you through the company's financials and future outlook. Following that, we'll open the floor for a Q&A session.

As a reminder, today's presentation can be accessed in the Investor Relations section of the company’ s website.

Now, I’ ll turn it over to Sherry.

Slide 3

[Sherry Shao]

Thank you, Shiniu, and thanks to everyone for joining today's call. In 2024, despite industry headwinds and geopolitical tensions, GenScript remained resilient and achieved exciting breakthroughs. Before delving into each segment, let me provide a high-level overview.

In the life sciences sector, despite geopolitical tensions affecting the first half, we experienced a strong recovery in the second half, driven by the solid customer trust we have established over the past two decades. Our protein segment, representing about 25% of life sciences revenue, achieved remarkable growth. By capitalizing on the integrated strengths of our gene and protein platforms and our continuous improvement on platform capabilities, we were able to deliver and exceed customer expectations. This success underscores the exciting growth potential of our protein segment, unlocking a broader market for GenScript.

In the CDMO business, following industry headwinds in the past two years, ProBio has seen a strong recovery across North America, China, and Europe. Furthermore, through collaboration with LaNova, ProBio is poised to generate substantial cash flow in the coming years. We anticipate receiving a one-time upfront payment from LaNova in the first half of 2025, along with potential milestone payments over time. The cash flow from the LaNova deal will support our continued global expansion.

Bestzyme's business continued to thrive, delivering top-tier revenue growth in the enzyme industry and injecting new vitality into the sector with solid innovation. In product innovation, cost optimization, and key account development, Bestzyme has achieved notable breakthroughs.

In 2024, GenScript accomplished a turnaround in profit. We expect group-level profit to remain positive in 2025 and 2026. Beyond 2026, with improved profitability from our associate, Legend Biotech, the Group's profitability is poised for further improvement.

As of the end of 2024, GenScript has a global workforce of over 5,500 members. Driven by our innovation-led growth strategy, 10% of our workforce is dedicated to R&D, leading the industry. With ongoing investment in research and development, GenScript has amassed over 250 patents and has more than 480 patents in the application process. We serve customers from over 100 countries and regions, positioning us as a global leader in the industry.

Slide 4

Before diving into our business update, I’ m excited to highlight the strides we’ ve made in ESG. After joining the United Nations Global Compact (UNGC), we further solidified our sustainability commitment in 2024. Both GenScript and our subsidiary ProBio became Supplier Partners of the Pharmaceutical Supply Chain Initiative (PSCI), supporting the industry's sustainable supply chain. We were awarded the bronze medal by EcoVadis, placing us in the top 35% globally among all assessed companies. Our MSCI ESG rating was also upgraded from BBB to A, reflecting capital market recognition of our ESG efforts.

We're collaborating with global partners to tackle climate change challenges. In early 2025, our carbon reduction targets were validated by the Science Based Targets initiative (SBTi), and we're committed to achieving net-zero emissions across our value chain by 2050.

On the social responsibility front, we are actively fostering a diverse and inclusive platform. Across multiple countries and regions, we advance local recruitment to boost employment and better integrate our operations into local communities. In 2024, we launched a global volunteer platform to support health, education, and environmental protection initiatives in local communities.

Regarding corporate governance, we've established functional committees to enhance the roles of directors from diverse backgrounds. In 2024, we had the privilege of welcoming Ross Grossman, Alphonse Galdes, and John Quelch to our board. Their expertise in corporate governance, sustainability, and global strategy will be instrumental in helping GenScript navigate complex global environments.

Slide 6

Life Science Group

Let's delve into our business highlights, starting with the Life Science Group.

In 2024, our customer base grew to 60,000 active customers. By the end of 2024, GenScript's services and products were cited over 100,000 times in scientific journals, demonstrating strong recognition and trust in our work. In 2024, GenScript launched the Life Science Research Grant Program globally. This initiative is dedicated to empowering researchers by providing grant funding earmarked for utilizing GenScript reagents and services. Through this program, we offered support to 117 pioneering research labs, fostering collaboration, advancement and excellence in life science research.

Also, the GenScript Biotech Global Forum has emerged as a prominent industry event, serving as an open and inclusive platform that promotes collaboration between academia and industry.

The success of our life science business in 2024 is attributed to three key factors:

No.1. Industry-leading Speed:

To help our customers accelerate scientific breakthroughs, we are dedicated to pushing our limits and establishing new industry benchmarks for reagent services turnaround time.

We proudly introduced the Flash Gene, offering a turnaround time of just 4 business days—50% faster than the industry. This covers gene synthesis, cloning, and plasmid preparation, which are all added time from other vendors. Importantly, all at flat rates for easy budgeting and ordering. These services are available from our global facilities in the U.S. and China.

We also introduced the TurboCHO protein expression. As quoted by many of our customers from global pharma and biotech, this is a game changer. From sequences to purified antibodies, we

deliver reliable and high-titer antibody expression services at high throughput in as little as 5 business days.

Also, designed to expedite discovery and target screening endeavors, streamline mRNA library construction, and more, we introduced another industry-defining 10 business days TAT Rush RNA synthesis services.

We are continuously enhancing our enabling platforms with cutting-edge technologies and unprecedented scale. Our intelligent production and automation have enabled us to provide high-quality reagent services at significant cost savings.

In 2024, our flat rates for Flash Gene not only addressed customers' concerns about fluctuating and complex pricing based on base pairs, but also delivered three times more cost savings. Additionally, our upgraded TurboCHO Ab expression platform offered reliable, premium-quality services at nearly half the market price. More importantly, we were able to maintain a stable profit margin through internal cost optimization.

Furthermore, in 2024 we successfully formed our scientific advisory board. We are truly thankful to have pioneering scientists, Dr. Carl June, Dr. George Church and Dr. David Liu to guide our R&D directions in a way that is deeply driven by research applications. From doubling titers in our TurboCHO platform to being the first few pioneers in offering saRNA, from making ultra-long guides possible for next generations of gene editing to supporting the first IND clearance for NK cell therapy from the FDA, from developing instruments made plasmid purification easy to automating cell isolation, we kept innovating to better serve science and make discovery easy.

Slide 7

I would like to highlight our protein business here.

The addressable market of protein reagents is over $4.5 billion. This market demand will keep growing with more discovery efforts in antibody drugs as well as the promise of AI-driven protein engineering.

For a long time, we have strategically pinpointed the protein business as the upcoming key growth driver for GenScript Life Science Group. And our strategic efforts have started generating solid returns. As I presented in overview, our protein business grew significantly in 2024, achieving nearly 50% revenue growth.

The success in the protein business can be attributed to our operation excellence and proactive marketing strategies. Importantly, we also have a unique advantage to make this growth happen, that is, we have the world No. 1 gene synthesis platform. The integration of dedicated gene platform and protein platform made the industry-defining speed of protein services possible.

Compared to the first quarter of 2024, the proportion of genes delivered to our protein work increased by 12 percentage points in the fourth quarter. The growth of our protein business certainly has driven growth for gene synthesis. As you can see from the figure, the volume of our genes synthesized increased with rapid and steady growth rates across all four quarters in 2024.

More importantly, our continuous innovations in production automation at scale, intelligent production and proprietary expression systems further enhanced our delivery reliability, premium quality, and most importantly, platform profitability, even when we charge over 50% less of the market price. In 2025, we will further strengthen and utilize the synergy between our gene and protein platforms to deliver and exceed our customer expectations. We are also upgrading other protein expression platforms and will soon launch our upgraded E. coli platform, featuring a 5-business-day turnaround time. By the second quarter of 2025, we expect to shorten our insect expression platform TAT to 2 weeks.

Slide 8

Building and expanding our capable capacity globally and being closer to our customers has been our key "glocolization" strategy for the past four year to further strengthen supply chain resilience, enhance customer accessibility, and optimize production costs. It has been our commitment to our customers that we will be able to deliver the same premium quality reagent services at scale from any of our global facilities that are closer to you.

In both of our newly expanded New Jersey gene and plasmid facility and Singapore gene and protein facility, we are able to deliver significantly more, and more profitable and with significantly shortened turnaround time.

In 2025 and beyond, we will expand more protein and gene to plasmid capacity in the U.S., China and Singapore. Also, we are also expanding our m RNA labs from Seattle to Netherlands.

Slide 9

ProBio

Despite industry headwinds, ProBio continued to serve our customers with the highest industry standards.

Starting with our new orders booked in 2024, we observed an upward trend in the first half of the year, and this trend continued to accelerate in the second half.

In protein and antibody CDMO business, we secured 28 new CMC projects, 50% from ex-China region. We helped clients obtain 12 new IND clearances, and successfully delivered the first PPQ (process performance qualification) project, which anticipates submitting the BLA in 2025. In the first half of the year, we signed the first 2000L CMO order, marking a significant milestone for our CDMO business. This project will enable us to further accumulate experience in late-stage

commercial production and quality system, paving the way for us to become a more competitive global CDMO.

In the CGT CDMO segment, we secured 2 new PC/PV projects and 23 IND clearances, and supported 33 new CMC projects. We delivered the first PPQ projects integrating plasmid and viral vectors and supported the client in submitting the BLA. In AAV manufacturing, we delivered 200L GMP batch and helped the client successfully obtain IND approval.

Notably, our partners Chimagen and LaNova have entered into strategic collaborations with GSK and Merck, respectively. In these projects, ProBio has enabled the development of these clinical assets consistent with global pharma' quality standards. We are seeing more biotech companies seek out ProBio's services thanks to our high quality standards.

Slide 10

In terms of capacity, we launched a commercial biologics manufacturing facility in April 2024. Also, we launched our fill-finish line in Zhenjiang. It can support commercial production of liquid and lyophilized formulations, with a maximum batch capacity of 192,000 units.

In the CGT field, our Zhenjiang-based CGT team focused on enhancing GMP-level suspension and adherent viral vector production capabilities. At U.S. CGT site at Hopewell, our GMP plasmid production line is operational and is currently working on its very first CGT order. I'd like to extend my gratitude to our team for this endeavor. Our GMP AAV production line is expected to start operations in Hopewell in the third quarter of 2025, followed by the GMP LVV production line by the first quarter of 2026. By expanding capacity in both China and the U.S., we believe we can mitigate supply chain risks for our customers and significantly shorten delivery time.

Slide 11

In 2024, our partner, LaNova, entered into a $3.3 billion collaboration agreement with Merck, with an upfront payment of $588 million.

Since the anti-PD-1 single-domain antibody in this project was exclusively licensed by ProBio to LaNova, ProBio is entitled to 40% of the upfront payment and 25% of potential milestone payments that LaNova will receive from Merck.

We noticed that the transaction has been approved by the regulatory. Therefore, we expect to receive the upfront payment from LaNova in the first half of this year and future milestone payments over the course of the collaboration project.

I would like to introduce ProBio's NME out-licensing business model. The out-licensing of molecules is based on ProBio's years of continuous development and accumulation in new molecule development, as well as our industry insights.

Currently, we have over 30 pre-developed projects with high-value targets. Notably, our proprietary CD3 VHH and CD3 TCE pipelines feature innovative constructs, better developability, and improved efficacy and safety, primarily targeting cancers with potential applications in autoimmune diseases as well.

To date, we have accumulated 16 licensing projects, two of which have entered clinical stages. Depending on partners' research, funding, and R&D efficiency, we offer flexible collaboration options, including fee for service, co-development, asset buy-out, and licensing-out.

Slide 12

Bestzyme

Turning to our industrial synthetic biology product segment, Bestzyme.

Bestzyme continued to maintain rapid growth in 2024, with its growth rate ranking among the top tier in the industry. Currently, its products primarily serve the grain processing, food & nutrition, animal nutrition & health, and household care & textile industries.

Growth in 2024 was driven by rapid expansion of market share and improved product competitiveness.

In terms of market expansion, the percentage of revenue from key accounts continued to grow, and these accounts have increased their spending with Bestzyme.

We have strengthened our IP portfolio, ranking top tier in enzyme industry. In 2024, two of our core products, high-temperature-resistant phytase and detergent protease, were granted patents. We also intensified intellectual property protection. This lays a solid foundation for us to build trust with clients, especially leading players in downstream applications.

We accelerated global expansion in 2024. Revenue from ex-China accounted for about 19% of Bestzyme's revenue. Bestzyme is expanding into a larger market with more potential on profitability, driving Bestzyme's further rapid growth.

Slide 13

In terms of product competitiveness, we continued to increase market share through product performance enhancement and cost optimization. In 2024, our top five products by revenue continued their rapid growth. We also launched higher-value products to build barriers to entry and reinforce our core competitiveness.

For example, revenue from our detergent enzyme, PuriWise, nearly doubled compared to 2023. We anticipate explosive growth for PuriWise in 2025 as more industry-leading companies start to increase their purchases from us.

In the synthetic biology pipeline, we are advancing regulatory approvals and pilot production for natural sweet protein. We have completed industrial-scale trial production for natural sweet protein, attained self-affirmed GRAS status, and submitted a GRAS notice to the U.S. FDA. Our natural sweet protein has been successfully launched in the U.S. market.

Additionally, we are advancing a robust synthetic biology pipeline.

Slide 14

We anticipate that Bestzyme will continue its strong momentum. To address capacity needs, Bestzyme commenced construction of a new facility in the second half of 2024. This facility represents a total investment of RMB 800 million and is slated for completion by 2027. It will enhance capacity for the enzyme business and support the commercial production of synthetic biology products. Additionally, we have increased our investment in R&D capabilities and team to support future growth.

This concludes the business update. Next, I'd like to invite Shiniu to share the company's financial performance for 2024.

[Shiniu Wei]

Slide 16

Thank you, Sherry. For our listeners online, we are on Page 16. Since Legend Biotech has been deconsolidated from the Group, the revenue figures I mention below will exclude Legend's revenue for 2024.

The Group's revenue increased by 6.1% year-over-year to approximately $590 million. The Group recorded a net profit of around $2.9 billion. This significant growth in net profit is primarily due to a one-time investment gain from the deconsolidation of Legend. The adjusted net profit from continuing operations remained stable at approximately $59.8 million.

The Life Science Group's revenue was approximately $455 million, representing a 10.2% year-over-year growth. The adjusted operating profit was about $90.4 million, reflecting a 15.5% increase year-over-year. ProBio's revenue was $95 million, experiencing a decline of about 13.2% year-over-year. ProBio's adjusted operating loss was approximately $43.4 million. Bestzyme's revenue grew by about 24.6% to $53.7 million. Bestzyme achieved an adjusted operating profit of approximately $2.1 million, marking a 2.9% increase year-over-year.

These results are consistent with the guidance we provided during our semi-annual results call last August.

Slide 17

The **Life Science Group**'s revenue was nearly $455 million, marking a 10.2% year-over-year growth. We observed a recovery in the second half of 2024. In particular, we saw strong growth

in our gene to protein business supported by a robust demand from AI-related applications and continued strength in antibody drug research.

Revenue from industrial customers further increased, largely due to the development of more MNC companies. The adjusted gross profit of the Life Science Group rose by approximately 5.9% year-over-year to around $240 million. Our price investment in molecular biology and protein business lines resulted in market share gains while temporarily impacting margins.

On the expense front, there were no significant fluctuations. The rise in selling expenses was primarily due to a more aggressive sales strategy and increased investment in the global market. R&D expenses remained roughly 8% of revenue. Overall adjusted operating profit increased by 15.5% to $90.4 million, reflecting sustained growth.

Our life sciences business has maintained strong cash flow, with operating free cash flow reaching approximately $82.4 million in the second half of 2024.

Slide 18

ProBio's revenue fell by 13.2% to approximately $95 million, primarily due to the challenging biotech funding environment.

However, a healthy order recovery was observed across the U.S., China, and Europe throughout 2024, with revenue demonstrating a strong rebound over the past four half-year periods.

The adjusted gross profit was about $14.4 million, impacted by lower capacity utilization. The adjusted EBITDA stood at $-14.6 million.

In terms of expenses, I would highlight there was a significant rise in administrative expenses, largely due to our new facility in Hopewell, U.S. As the facility was not yet fully operational in 2024, all associated start-up costs have been booked under administrative expenses. We anticipate these costs will transition to COGS this year once the facility is operational.

With a cash position of $194 million, ProBio is well-positioned to execute its business plans.

Additionally, we are in the process of receiving upfront payment from LaNova in the first half of this year.

Slide 19

Bestzyme's revenue reached approximately $53.7 million, reflecting a 27% growth in constant currency terms. The adjusted gross profit rose by 36.1% to $22.6 million, while the adjusted operating profit stood at $2.1 million.

Revenue from industrial enzymes increased further, and the higher-margin industrial enzymes contributed to an overall improvement in gross margin.

On the expense side, we are aggressively investing in sales and marketing efforts to quickly grow our business, especially outside of China. We are also investing aggressively in R&D to upgrade existing products and add more innovative and highly competitive products in our portfolio.

As we see that the addressable market for Bestzyme's synthetic biology solutions are big and we are enjoying a head start, we will accelerate investment through capex and P&L to maximize future value instead of focusing on short-term measures. We believe the shareholder value we can create though Bestzyme will be substantial over time.

Slide 20

To help you better understand the financial implications of **Legend's deconsolidation**, I'll provide a brief explanation.

Let's first examine the impact on the Group's 2024 financials, which included two components. The first was an approximately $3.2 billion one-time investment gain as we adjusted the carrying amount of Legend assets on GenScript balance sheet now to include the fair value of the intangible IP assets, goodwill, and others, in addition to tangible assets from Legend's books. This gain was recorded in the P&L as an investment gain, with no cash flow or tax implications.

Additionally, the loss generated by Legend from January to September 2024 was fully booked as a loss under discontinued operations in our profit statement. Legend's loss during the last quarter of the year, following the deconsolidation, was recorded as a loss of an associate under the equity method, proportional to our ownership percentage.

Starting in Q4 2024, we recognize gains or losses from Legend under the equity method, meaning that GenScript will record our share of Legend's net profit or loss. In addition, the aforementioned intangible assets will amortize according to the estimated useful life. Such changes in asset value will impact both GenScript's P&L and balance sheet, but not Legend's own reporting.

Considering the anticipated sales growth of CARVYKTI driven by Legend’ s capacity expansion and potential earlier-line approval, we expect that losses from Legend will continue to narrow, and ultimately Legend will bring substantial long-term profit to the Group.

Performance Guidance

[Shiniu Wei]

Slide 21

Looking ahead to 2025 guidance, we are targeting the full-year revenue growth for our life science business to be around 10% to 15%. Due to our aggressive market pricing strategy for 2025, we are targeting flat to a slight dip in gross margin, but the gross profit is expected to remain above 50%.

Based on the growth trend of new orders, excluding the impact of licensing to LaNova, we anticipate revenue growth of over 15% to 20% for ProBio in 2025. We expect to receive the upfront payment from LaNova in 2025, which will be fully recognized as revenue. We will recognize revenue when further milestone payments from the collaboration between Merck and LaNova are achieved.

As for Bestzyme, we are targeting constant currency revenue growth of 20% to 25%. With high capacity utilization and an increased presence of high-margin products in its revenue mix, we anticipate Bestzyme’ s gross margin will be around 45%.

Q&A Session

That wraps up today's presentation. Operator, please open the floor for Q&A.

[Shiniu Wei]

Closing

Thank you for your questions and your ongoing interest in GenScript. We apologize for not being able to address all questions due to time limitations. If you have additional inquiries, please don't hesitate to reach out to our investor relations team. We look forward to connecting with you on our next call. Thank you!