

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CARsgen Therapeutics Holdings Limited

科濟藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2171)

PROFIT WARNING

This announcement is made by CARsgen Therapeutics Holdings Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**” or “**CARsgen**”) pursuant to Rule 13.09(2)(a) 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).

As disclosed in the prospectus of the Company dated June 7, 2021, it was expected that the Company would incur significant operating loss in the year ended December 31, 2021 and incur losses for the foreseeable future. The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2021, it is expected that the Group will experience an increase of net loss and adjusted net loss. Details are described below:

- i) net loss of approximately RMB4,731 million to RMB4,761 million, as compared to approximately RMB1,064 million for the year ended December 31, 2020, representing an increase of approximately 345% to 347%; and
- ii) adjusted net loss, which represents the net loss excluding the Adjusted Items as defined below, which is a non-IFRSs measure, of approximately RMB535 million to RMB565 million, as compared to approximately RMB334 million for the year ended December 31, 2020, representing an increase of approximately 60% to 69%.

The increase in net loss for the year ended December 31, 2021 was primarily due to (i) the increase of fair value loss in financial instruments issued to investors (the “**Fair Value Loss**”), which totaled RMB4,156 million for the year ended December 31, 2021, representing an increase of RMB3,432 million from RMB724 million for the year ended December 31, 2020; (ii) the listing fees of approximately RMB27 million (the “**Listing Fees**”); (iii) the share-based compensation (together with the Fair Value Loss and the Listing Fees, collectively the “**Adjusted Items**”), which totaled RMB14 million for the year ended December 31, 2021, representing an increase of RMB12 million from RMB2 million for the year ended December 31, 2020; and (iv) higher research and development expenses and higher administrative expenses.

The increase in adjusted net loss for the year ended December 31, 2021 was primarily due to increased head count, staff cost and expenses for testing and productions in support of our clinical trials. The Board wishes to highlight that “adjusted net loss” is not defined under the International Financial Reporting Standards (“IFRSs”). It is defined by the Group as the net loss excluding the Adjusted Items.

The management of the Company would like to emphasize that the potential impacts of the Adjusted Items should be eliminated when assessing the operating results of the Group for the year ended December 31, 2021 as the Adjusted Items are unusual, non-recurring, non-cash and/or non-operating in nature and are not indicative of the actual operating performance of the Group. Additionally, the Board wishes to highlight that Fair Value Loss related financial instruments were converted to ordinary shares upon the Completion of the Company’s initial public offering in June 18, 2021 (the “IPO”), hence no loss would be recognized after the IPO.

The use of the non-IFRSs measures has limitations as an analytical tool, and Shareholders and potential investors of the Company should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRSs. In addition, the non-IFRSs measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

As of the date of this announcement, the Company is still in the process of finalizing the consolidated annual results of the Group for the year ended December 31, 2021. The information contained in this announcement is based on the preliminary review of the unaudited consolidated management accounts of the Group, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company or the audit committee of the Board. The actual results of the Group for the year ended December 31, 2021 may differ from the information contained in this announcement. Such information shall not be taken as a measure or indication of the Group’s current or future operating or financial performance nor shall they be taken as a representation by the Group of the corresponding figures as may be provided in due course in the Group’s audited or unaudited consolidated financial statements. As such, the above statistics are provided for Shareholders and potential investors’ reference only.

Shareholders and potential investors are advised to read carefully the announcement of the annual results of the Group for the year ended December 31, 2021, which is expected to be released in March 2022.

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

By order of the Board
CARsgen Therapeutics Holdings Limited
Dr. Li Zonghai
Chairman

Hong Kong, February 25, 2022

As at the date of this announcement, the board of directors of the Company comprises Dr. Li Zonghai and Dr. Wang Huamao as executive Directors; Mr. Guo Bingsen, Mr. Guo Huaqing, Mr. Xie Ronggang and Ms. Zhao Yachao as non-executive Directors; Dr. Fan Chunhai, Dr. Yan Guangmei and Mr. So Tak Young as the independent non-executive Directors.