Cutia Therapeutics
科笛集团

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2487)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024, together with the comparative figures for the same period in 2023.

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 103% from approximately RMB138 million for the year ended 31 December 2023 to approximately RMB280 million for the year ended 31 December 2024.

- The existing sales channels of the Group have demonstrated preliminary scale effects. Meanwhile, the Group has achieved effective cost control. For the year ended 31 December 2024, the ratio of selling and distribution expenses to revenue decreased significantly compared to the corresponding period of the previous fiscal year. R&D costs decreased by approximately RMB17 million, or 8%, year-on-year. Administrative expenses decreased by approximately RMB44 million, or 24%, compared to the corresponding period of the previous fiscal year.

- For the year ended 31 December 2024, loss and total comprehensive loss for the year decreased significantly compared to the corresponding period of the previous fiscal year. The Group will continue to optimize its operating efficiency, and the ratio of loss and total comprehensive loss for the year to revenue is expected to further narrowed.

- The Group's total cash and cash equivalents, time deposits over three months and financial assets at fair value through profit or loss amounted to approximately RMB876 million as of 31 December 2024.

BUSINESS HIGHLIGHTS

For the year ended 31 December 2024, we have made the following significant progress in commercialization as well as in advancing our product pipelines:

- **Commercialization:** In 2024, we continued to achieve strong sales performance for our scalp diseases and care products and our skin care products, maintaining a high-speed growth. During the "618 campaign", our products recorded GMV exceeding RMB56 million, representing a growth of 500% year-over-year. During the "11.11 campaign", our products recorded GMV exceeding RMB110 million, which is double the GMV of the "618 campaign". Meanwhile, CU-10201 (topical 4% minocycline foam) has obtained marketing approval from the NMPA of China, and we are currently actively preparing for its commercialization activities in China.

- **CU-10201 (topical 4% minocycline foam):** CU-10201 obtained marketing approval from the NMPA in November 2024. It is the first and only topical minocycline approved for acne vulgaris treatment globally and the first topical minocycline with priority review designation to obtain marketing approval from the NMPA. It can be used for pediatric and adult patients aged nine years and older.

- **CU-40102 (topical finasteride spray):** The NDA for CU-40102 was accepted by the NMPA in January 2024. In April 2024, the NDA for CU-40102 was submitted to the Hong Kong Department of Health. CU-40102 is the first and only topical finasteride product approved for androgenetic alopecia treatment globally and is also the first topical finasteride to have its NDA accepted by the NMPA.

- **CU-30101 (localized topical lidocaine and tetracaine cream):** The drug marketing authorization application for CU-30101 was accepted by the NMPA in July 2024. CU-30101 is a localized lidocaine and tetracaine compound topical anesthesia cream for surface dermatologic operations. It was as effective as its control and reference drug Pliaglis® lidocaine and tetracaine cream in analgesia and demonstrated an overall favorable safety profile.

- **CU-20401 (recombinant mutant collagenase):** In December 2024, we completed a Phase II clinical trial for submental adipose accumulation in China. CU-20401 demonstrated significant and robust efficacy advantages with favorable safety profile.

- **CU-10101 (topical novel small molecule agent):** In September 2024, CU-10101 has completed the first patient enrollment in the Phase I clinical trial for the treatment of mild to moderate atopic dermatitis.

- **Manufacturing facilities:** Cutia Wuxi, a wholly-owned subsidiary of the Company, has obtained the "Drug Manufacturing Certificate (藥品生產許可證)" issued by the Jiangsu Medical Products Administration in April 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Founded in 2019, we are an R&D-driven, dermatology-focused biopharmaceutical company dedicated to developing comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. We have built a broad portfolio of products, targeting the four main sectors of the broader dermatology treatment and care market, namely scalp diseases and care, skin diseases and care, topical anesthesia and localized adipose accumulation management. We have also distributed several commercialized products developed by overseas collaboration partners and marketed several products in China.

We are one of the few players in the broader dermatology treatment and care market in China equipped with fully integrated capabilities. We have applied a customer-centric approach to bolster our product candidates and expand our integrated capabilities to the entire broader dermatology treatment and care industry value chain. Our platform spans from the early phase of identifying demands, developing core technologies, managing clinical trials and product registrations, to the manufacturing and marketing of products.

Our proprietary CATAME® technology platform improves drugs to achieve topical or transdermal delivery by developing micron and nano-sized particulates, as well as evaluating formulation quality and stability, and performing cutaneous pharmacokinetic analysis. Our platform also helps design the most suitable product formats that are keys to specific and successful drug delivery. Through this platform, we have built a competitive product pipelines of creams, sprays, ointments, aerosol foams and other dosage forms.

BUSINESS REVIEW

As at the date of this announcement, we have achieved the following significant advancements in both pipeline products and business operations.

Scalp Diseases and Care

Key Product CU-40102 (topical finasteride spray)

– CU-40102 is the first and only topical finasteride product approved for androgenetic alopecia treatment globally and the first topical finasteride to have its NDA accepted by the NMPA. Finasteride can treat androgenetic alopecia in male patients by acting as a competitive and specific inhibitor of Type II 5-alpha reductase to inhibit the conversion of testosterone to DHT in the scalp.

– Unlike oral finasteride, CU-40102's topical formulation allows patients to apply the drug directly to the surface of the scalp, thereby maintaining a high concentration at the affected site and reducing the systemic exposure of the drug compared with oral formulations.

– The NDA for CU-40102 was accepted by the NMPA in January 2024 and we submitted the NDA to the Hong Kong Department of Health in April 2024.

– The NDA for CU-40102 was primarily based on the results of its Phase I and Phase III registration clinical trials completed in China. The clinical trials demonstrated that CU-40102 was effective in treating androgenetic alopecia and also showed favorable local tolerance to the administration area.

Skin Diseases and Care

Key Product CU-10201 (topical 4% minocycline foam)

– CU-10201 is the first and only topical minocycline approved for acne vulgaris treatment globally and the first topical minocycline with priority review designation to obtain marketing approval from the NMPA. The indication of CU-10201 is for the treatment of non-nodular moderate to severe acne vulgaris in pediatric and adult patients aged nine years and older.

– Minocycline is a tetracycline antibiotic used to treat a number of bacterial infections and acne vulgaris. The currently available minocycline products are mostly oral medications. Compared to other major anti-acne antibiotics and conventional oral drugs, topical minocycline foam has lower systemic drug exposure, fewer side effects, lower rate of drug resistance, and likely higher patient compliance.

– CU-10201 obtained marketing approval from the NMPA in November 2024, and we are currently actively preparing for its commercialization activities in China.

– The approval of CU-10201 was primarily based on the results of a Phase III registrational clinical trial completed in China. The clinical trial demonstrated that CU-10201 has a significant efficacy and a favorable safety profile in the treatment of acne.

CU-10101 (topical novel small molecule agent)

– CU-10101 is a non-hormonal, small molecule drug for the treatment of mild to moderate atopic dermatitis. The non-hormonal properties of CU-10101 may reduce the side effects and restrictions associated with corticosteroids and its localized topical formulation allows the medication to reach the affected areas directly.

– The IND application of CU-10101 was approved by the CDE in May 2024, and we completed the first patient enrollment in Phase I clinical trial of CU-10101 in China in September 2024.

Topical Anesthesia

CU-30101 (localized topical lidocaine and tetracaine cream)

– CU-30101 is a localized lidocaine and tetracaine compound topical anesthesia cream for surface dermatologic operations. The formulation of lidocaine and tetracaine combination in CU-30101 may produce rapid and long-lasting anesthetic effects due to its ingredients' unique pharmacokinetic properties.

– Lidocaine diffuses more rapidly, and more extensively than tetracaine, whereas tetracaine, a long-acting localized anesthetic amino acid ester, is more lipophilic than lidocaine and can be concentrated in the topical stratum corneum. Systemic absorption of the anesthetic component ingredients is also limited from the topical cream formulation.

– The Phase III clinical trial of CU-30101 in China was completed in January 2024 and its drug marketing authorization application was accepted by the NMPA in July 2024.

– The drug marketing authorization application for CU-30101 was primarily based on the results of its Phase III registration clinical trial completed in China. The clinical trial showed that CU-30101 was as effective as its control and reference drug Pliaglis® lidocaine and tetracaine cream in analgesia and demonstrated an overall favorable safety profile.

Localized Adipose Accumulation Management

Core Product CU-20401 (recombinant mutant collagenase)

– CU-20401 is a recombinant mutant collagenase that targets obesity, overweight, or other localized adipose accumulation associated metabolic diseases. CU-20401 adopts an alternative mechanism of action where it acts as a collagenase to selectively act on the extracellular matrix attached to adipose tissue. After localized injection, CU-20401 degrades extracellular matrix collagen in the subcutaneous fat layer which leads to apoptosis of adipocytes, and is expected to effectively reduce localized adipose accumulation.

– CU-20401 is technologically modified with reduced rate to catalyze the collagen degradation with mild catalytic activity, thus reducing the adverse effects of wild-type collagenase, such as bruising and pain.

– In December 2024, we completed the Phase II clinical trial for submental adipose accumulation in China, and we expect to obtain its regulatory approval for commercialization in China in 2028. In the Phase II clinical trial, CU-20401 demonstrated significant and robust efficacy advantages with favorable safety profile. In terms of efficacy, the treatment efficacy of different dose of CU-20401 was superior to that of the placebo group, with statistically significant differences in efficacy. During the follow-up period, as the follow-up time extended, the treatment efficacy of CU-20401 at different doses showed more significant improvement compared to baseline, and the treatment benefits were also greater than those of the placebo group. Preliminary observations from the clinical trial also indicated a dose-response trend. In terms of safety, the overall safety profile of CU-20401 was favorable, with no dosage-related differences in the incidence rate or severity level of adverse events observed.

Warning: There is no assurance that the core product and each of the pipeline products will ultimately be successfully developed and marketed by the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Commercialization

We have adopted a well-tailored commercialization strategy to penetrate the broader dermatology treatment and care market in China. Our dedicated marketing team, equipped with strong market insights and marketing capabilities, is able to respond quickly to market changes. Online marketing is always one of our strategic priorities, and we continue to deliver outstanding marketing output through online marketing campaigns on various e-commerce platforms and social media platforms such as Tmall, JD, Bilibili, Douyin, Zhihu and Xiaohongshu. In addition, our self-operated customer service team provides customers with professional and suitable product supports to optimize customer experience, increase repurchase rate and strengthen brand stickiness. Meanwhile, to align with the product approval timeline, we have proactively established our commercialization team in advance, and have successfully developed partnerships with hundreds of institutions and hundreds of hospitals across China.

2024 was our second full year of commercialization. Relying on our strong product capabilities, sales and operational strengths, we continued to launch blockbuster products into the market and maintained excellent online sales performance. During the "618 campaign", our products recorded GMV exceeding RMB56 million, representing a growth of 500% year-over-year. During the "11.11 campaign", our products recorded GMV exceeding RMB110 million, which is double the GMV of the "618 campaign". Sales volume of our scalp diseases and care products continued to increase, with standout performances from individual products (among them, sales volume of CUP-MNDE ("Bailleul®" minoxidil spray) was ranked Top 1 on Tmall in the category of cross-border minoxidil). The proportion of revenue from our other scalp diseases and care products continued to increase. We continuously launch new products into the market, thereby further enhancing our product portfolio of "HAIRGEOGRA®". We were also dedicated to building and strengthening long-term trust with consumers, the repurchase rate and conversion rate for customer service continued to be higher than the industry average. Among our skin care products, "Phyto-C" O-Live series products accounted for more than 70% of the sales volume of our skin care products. Apart from Tmall, the proportion of other interest-based e-commerce channels (including Douyin, Xiaohongshu, etc.) continues to expand and maintain rapid growth, driving a significant year-on-year increase in their revenue contribution in 2024. The skin care products, alongside scalp diseases and care products, have emerged as dual engines fueling the Group's revenue growth.

Our comprehensive commercialized product portfolio could address distinctive demands from a wide range of population groups as their needs evolve with disease progression or improvement, thereby gaining customer stickiness. From pre-sales product consultations, in-use guidance, to post-sales feedback collection, our in-house customer service team provides professional guidance and emotional supports tailored to customers' specific needs throughout the entire product usage cycle. This approach not only optimizes the customer experience but also further enhances product repurchase rate and brand recognition.

Manufacturing Facilities

Our commercial-scale GMP manufacturing facilities with three drug product production lines in Jiangsu province have commenced operation in 2023. The three production lines cover topical cream, ointment, aerosol, and foam products. The flow and control of the entire manufacturing process are designed to be compliant with the latest GMP requirements, ensuring that our production can meet the clinical and marketing approval requirements of various drug regulatory authorities (including the NMPA, FDA and European Medicines Agency). We believe the production capacity of such manufacturing facilities can support our clinical trials and near-term commercialization plans for our drug candidates.

In addition, Cutia Wuxi, a wholly-owned subsidiary of the Company, has obtained the "Drug Manufacturing Certificate (藥品生產許可證)" issued by the Jiangsu Medical Products Administration in April 2024, which is expected to play a long-term constructive role in production capacity expansion and market development of the Company, thus laying the foundation for subsequent commercialization of our product candidates.

KEY EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no significant events affecting the Group occurred since the Reporting Period and up to the date of this announcement.

FUTURE DEVELOPMENT

We are dedicated to providing consumers and patients with safe and comprehensive dermatology treatment and care solutions. In 2024, our CU-10201 (topical 4% minocycline foam) obtained marketing approval from the NMPA. Looking ahead to 2025, we will continue to strengthen the commercialization activities of CU-10201 in China, enabling patients and consumers to access our products at the earliest opportunity. By leveraging our established online channels and pre-arranged offline channels, we aim to expedite the rapid market expansion of our products. This not only significantly enhances our brand recognition but also substantially elevates the influence and competitiveness of our products. Our CU-40102 (topical finasteride spray) and CU-30101 (localized topical lidocaine and tetracaine cream) are anticipated to receive regulatory approval for commercialization in China. In preparation for these milestones, we are proactively coordinating market launch initiatives to ensure seamless connectivity to our existing sales platforms while expanding our sales network more extensively. These efforts will allow us to deliver a comprehensive portfolio of products that address the changing and diverse therapeutic needs of patients and consumers.

CU-20401 (recombinant mutant collagenase) has demonstrated favorable safety and efficacy profiles in its Phase II clinical trial conducted in China. Based on the positive outcomes of the Phase II clinical trial, the Group will further explore CU-20401's therapeutic advantages and expedite the progression to Phase III clinical trial. Furthermore, we will fully leverage its R&D strengths to systematically promote the clinical progress of the remaining pipeline candidates.

We are optimistic on the market potential of the online and offline channels and adhere to our core marketing strategy of online and offline marketing while exploring online-to-offline marketing combinations and leverage the synergistic advantages of multiple products to drive robust overall sales growth. We will continue to strengthen our sales capabilities and actively develop online marketing campaigns on various e-commerce platforms and social media platforms to increase brand awareness. In addition, we will work closely with renowned physicians to conduct product demonstrations and trainings.

Leveraging on our CATAME® technology platform, our integrated commercialization model, in-depth industry experience and the determination of our team, we believe we can seize the opportunities arising from the rapid expansion of China's sales network, provide innovative solutions for patients and generate higher returns for our Shareholders.

FINANCIAL REVIEW

Revenue

Our revenue was substantially generated from the sale of our in-licensed and distributed scalp diseases and care products, as well as certain skin care products ("**Routine Skin Care Products**").

Revenue of the Group increased by approximately 103.2% from approximately RMB137.6 million for the year ended 31 December 2023 to approximately RMB279.6 million for the year ended 31 December 2024, which was primarily due to an increase in sales of scalp diseases and care products and Routine Skin Care Products.

Cost of Sales

Our cost of sales primarily consisted of purchase costs and logistics costs related to our scalp diseases and care products and Routine Skin Care Products. For the year ended 31 December 2024, we recorded cost of sales of approximately RMB136.2 million, representing an increase of approximately RMB69.6 million from approximately RMB66.6 million for the year ended 31 December 2023. Such increase was in line with our business growth.

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less our cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to approximately RMB143.5 million for the year ended 31 December 2024, representing an increase of approximately 102.0% from approximately RMB71.0 million for the year ended 31 December 2023. Our gross profit margin keeps stable at approximately 51% for the year ended 31 December 2024 and 2023.

Other Income and Gains

Our other income primarily consisted of interest income and government grants. The government grants mainly represent subsidies received from local government authorities for the purpose of compensation for our operating activities. Our interest income comprised (i) bank interest income; (ii) deemed interest income from loans to employees and related parties; and (iii) imputed interest income on rental and other deposits. Other income decreased by approximately 49.5% from approximately RMB36.8 million for the year ended 31 December 2023 to approximately RMB18.6 million for the year ended 31 December 2024, which was primarily due to (i) a decrease in the receipt of the government grants from the PRC local government authorities to support certain operating activities; and (ii) a decrease in our bank interest income resulting from the decrease of our cash and cash equivalents and time deposits over three months.

Our gains primarily consisted of (i) net foreign exchange gains, resulting from the appreciation of the U.S. dollar against RMB as our cash and cash equivalents and time deposits over three months denominated in the U.S. dollars; and (ii) our fair value gains on financial assets at fair value through profit or loss ("**FVTPL**"). Other gains increased by approximately 4.4% from approximately RMB23.3 million for the year ended 31 December 2023 to approximately RMB24.3 million for the year ended 31 December 2024, which was primarily due to an increase in fair value gains on financial assets at FVTPL.

Selling and Distribution Expenses

Our selling and distribution expenses consisted of staff costs, share-based payments expenses, marketing expenses and others. Our selling and distribution expenses increased by approximately 26.6% from approximately RMB208.3 million for the year ended 31 December 2023 to approximately RMB263.7 million for the year ended 31 December 2024, which was primarily due to an increase in staff costs and marketing expenses resulting from the expansion in online marketing activities on e-commerce and social media platforms to further drive our online direct sales.

Research and Development Costs

Our research and development costs consisted of staff costs, share-based payment expenses, acquisition/licensing-in expenses, third-party contracting costs, depreciation and amortization and others. For the year ended 31 December 2024, we recorded research and development costs of approximately RMB199.0 million, representing a decrease of approximately 7.7% as compared to approximately RMB215.7 million for the corresponding period 2023, which was primarily due to (i) a decrease in the share-based payment expenses resulting from the vesting of a portion of share options and restricted share units under the Pre-IPO Equity Incentive Plan; and (ii) a decrease in third-party contracting expenses in line with the achievement of key milestones.

Set out below are the components of research and development costs for the periods indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Staff costs	**53,671**	49,731
Share-based payment expenses	**20,444**	41,423
Acquisition/licensing-in expenses	**39,593**	23,198
Third-party contracting costs	**49,957**	63,905
Depreciation and amortization	**23,893**	22,801
Others	**11,487**	14,653
Total	**199,045**	215,711

Administrative Expenses

Our administrative expenses consisted of staff costs, share-based payment expenses, consulting fees, depreciation and amortization and others. Administrative expenses decreased by approximately 23.7% from approximately RMB185.9 million for the year ended 31 December 2023 to approximately RMB141.9 million for the year ended 31 December 2024, which was primarily due to the decrease in the share-based payment expenses resulting from the vesting of a portion of share options and restricted share units under the Pre-IPO Equity Incentive Plan.

Set out below are the components of administrative expenses for the periods indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Staff costs	**51,888**	47,972
Share-based payment expenses	**36,831**	72,990
Consulting fees	**16,071**	18,840
Depreciation and amortization	**17,317**	18,073
Others	**19,766**	28,015
Total	**141,873**	185,890

Fair Value Losses on Convertible Redeemable Preferred Shares

Our fair value losses on convertible redeemable preferred shares decreased from approximately RMB1,454.3 million for the year ended 31 December 2023 to nil for the year ended 31 December 2024, due to the conversion of all of our convertible redeemable preferred shares upon listing.

Finance costs

Our finance costs mainly included interests on bank loans and lease liabilities. Finance costs increased from approximately RMB4.5 million for the year ended 31 December 2023 to approximately RMB10.9 million for the year ended 31 December 2024, which was primarily due to the increase in bank loans obtained to finance daily operation.

Income Tax Expenses

Our income tax expense for the year ended 31 December 2024 was nil (for the year ended 31 December 2023: nil).

Loss for the Year

As a result of the foregoing, we recorded a loss of approximately RMB433.8 million for the year ended 31 December 2024, representing a decrease of approximately RMB1,530.0 million from approximately RMB1,963.8 million for the year ended 31 December 2023.

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use adjusted net loss for the year, a non-IFRS measure to present our operating performance. Adjusted net loss for the year, as an additional financial measure, is not required by, or presented in accordance with IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of our operating performance from year to year by eliminating impacts of non-cash or non-recurring items that our management considers to be not indicative of our operating performance and provides useful information to Shareholders and investors to evaluate our operating results in the same manner as our management does. However, our presentation of the adjusted net loss for the year may not be comparable to similarly titled measures presented by other companies, including peer companies, and therefore their comparability may be limited. The use of such non-IFRS measure has limitations as an analytical tool, and Shareholders and investors should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRS Accounting Standards. We define adjusted net loss for the year as loss for the year adjusted by adding back (i) fair value losses on convertible redeemable preferred shares; (ii) share-based payment expenses; and (iii) listing expenses. We continued to optimize its operating efficiency, and the proportion of adjusted net loss to revenue further narrowed.

The following table reconciles our non-IFRS adjusted net loss for the period with our loss for the periods indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year	**(433,811)**	(1,963,758)
Add:		
Fair value losses on convertible redeemable preferred shares	**–**	1,454,280
Share-based payment expenses	**68,615**	132,350
Listing expenses	**–**	25,245
Non-IFRS adjusted net loss for the year *(Notes)*	**(365,196)**	(351,883)
Proportion of non-IFRS adjusted net loss to revenue for the year	**(1.31)**	(2.56)

Notes:

(i) Fair value losses on convertible redeemable preferred shares arises due to the conversion of all the convertible redeemable preferred shares of the Company upon listing, which management believes is a non-cash item.

(ii) Share-based payment expenses relates to the share options and restricted share units granted by the Company under its equity incentive plans, which the management considers that to be a non-cash item.

(iii) Listing expenses related to the global offering is considered a non-recurring item by management.

Liquidity and Financial Resources

Our primary uses of cash were to fund (i) R&D activities of our product candidates; and (ii) our daily operation and commercial promotion activities. We financed our operations primarily through equity financing, bank borrowings and cash generated from sale of our in-licensed and distributed certain scalp diseases and care products and certain skin care products. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Currently, we follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved.

As of 31 December 2024, our total cash and cash equivalents amounted to approximately RMB385.7 million, representing a decrease of approximately 18.5% as compared to approximately RMB473.1 million as of 31 December 2023. Such decrease was primarily due to expenditures on research and development, selling and distribution and other operating activities.

As of 31 December 2024, our time deposits over three months amounted to approximately RMB10.5 million, representing a decrease of approximately 96.8% as compared to approximately RMB330.2 million as of 31 December 2023. Such decrease was primarily in relation to the maturity of our time deposits.

As of 31 December 2024, our financial assets at FVTPL amounted to approximately RMB480.0 million, representing an increase of approximately 2.3% as compared to approximately RMB469.3 million as of 31 December 2023, primarily due to the fair value gain during the year.

As of 31 December 2024, current assets of the Group amounted to approximately RMB1,087.1 million, including cash and cash equivalents of approximately RMB385.7 million. Current liabilities of the Group amounted to approximately RMB323.3 million, including interest-bearing bank borrowings of approximately RMB213.3 million.

Details of the maturity profile of interest-bearing bank borrowings as at 31 December 2024 are set out in Note 12 to the financial statements.

Indebtedness

The following table sets forth the breakdown of our lease liabilities and interest-bearing bank borrowings as of the dates indicated:

	As of 31 December 2024	As of 31 December 2023
	RMB'000	*RMB'000*
Lease liabilities	**57,636**	54,344
Interest-bearing bank borrowings	**263,303**	189,411

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of 31 December 2024.

Gearing Ratio

As of 31 December 2024, the gearing ratio was 30.0%, as compared with 21.0% as at 31 December 2023. The increase was primarily due to the increase in interest-bearing bank borrowings in 2024. Gearing ratio is calculated by dividing total liabilities by total assets multiplying the product by 100%.

Significant Investments, Material Acquisitions and Disposal

On 13 June and 16 June 2023, the Company had subscribed for the wealth management products in the aggregate amount of US$63,840,000 offered by different funds. Each of the wealth management products is characterized by its nature of principal-and-return-guaranteed, and the Subscriptions were funded by the Group's surplus cash reserves for treasury management purpose in order to maximize its return on the surplus capital. For further details, please refer to the announcement of the Company dated 28 August 2023.

The following are the details of the performance of the wealth management products held by the Group with size relative to the total assets of the Group above or equal 5% as of 31 December 2024:

Relevant fund	Subscription date	Principal amount of subscription *(USD'000)*	Realised gain during the Reporting Period *(USD'000)*	Unrealised gain during the Reporting Period *(USD'000)*	Fair value as at 31 December 2024 *(USD'000)*	Size relative to the total assets of the Group as of 31 December 2024 *(%)*
Alpha Generation	13 June 2023	14,200	-	427	14,855	8
Innovation Prosperity	13 June 2023	14,200	-	427	14,855	8
Oriental Kylin	13 June 2023	14,200	-	427	14,855	8
Summit View	16 June 2023	14,400	-	433	15,053	8

Save as disclosed above, we did not hold any significant investments as defined under the Listing Rules, and we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2024.

Capital Commitments

As of 31 December 2024, we have capital commitment of RMB5.0 million for the contracts in relation to acquisition of property, plant and equipment and other intangible assets (as of 31 December 2023: RMB3.2 million).

Contingent Liabilities

As of 31 December 2024, we did not have any material contingent liabilities, guarantees or any litigation against us (as of 31 December 2023: nil).

Pledge of Assets

As of 31 December 2024, we did not pledge or charge any assets (as of 31 December 2023: nil).

Foreign Exchange Exposure

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which our Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and the U.S. dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars and the U.S. dollars, has been based on rates set by the People's Bank of China. The Group primarily limits our exposure to foreign currency risk by closely monitoring the foreign exchange market. During the year ended 31 December 2024, the Group did not enter into any currency hedging transactions.

Employees and Remuneration

As of 31 December 2024, the Group had a total of 333 employees. The total remuneration cost of the Group for the year ended 31 December 2024 was approximately RMB219.3 million, as compared to approximately RMB260.7 million for the year ended 31 December 2023, which was primarily due to the decrease in share-based payment expenses. The following table sets forth the total number of employees by function as of 31 December 2024:

Function	Number	Percentage of total
R&D	49	14.7%
Manufacturing and Quality Control	57	17.1%
Medical and Regulatory Affairs	46	13.8%
Sales, Marketing and Administration	181	54.4%
Total	333	100.0%

The remuneration of the employees of our Group comprises salaries, bonuses, employees' provident fund, share-based payment, and social security contributions and other welfare payments. In accordance with applicable laws and regulations, we made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees. Two equity incentive plans, namely Pre-IPO Equity Incentive Plan and Post-IPO Equity Incentive Plan were adopted by the Company to incentivize and reward our employees and to align their interests with that of the Company.

Use of Proceeds

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the global offering of approximately HK$392.7 million (equivalent to approximately RMB356.8 million). Such net proceeds were used, and are proposed to be used accordingly to the intentions previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus of the Company. As of 31 December 2024, such net proceeds were utilized as follows:

Use of proceeds from the listing	Amount of net proceeds for planned applications *(HK$ million)*	Percentage of total net proceeds *(%)*	Unutilized net proceeds as of 1 January 2024 *(HK$ million)*	Utilized net proceeds during the year ended 31 December 2024 *(HK$ million)*	Utilized net proceeds as of 31 December 2024 *(HK$ million)*	Unutilized net proceeds as of 31 December 2024 *(HK$ million)*	Expected time frame for unutilized amount
For the Core Product							
1. For funding the costs and expenses in connection with R&D personnel as well as continuing R&D activities of CU-20401	164.9	42.0	147.3	43.2	60.8	104.1	by the end of 2029
2. For the local production of CU-20401 in Chinese Mainland	11.8	3.0	11.8	–	–	11.8	by the end of 2029
For the Key Products							
1. For funding the costs and expenses in connection with R&D personnel as well as continuing R&D activities of CU-40102 and CU-10201	43.2	11.0	15.8	5.0	32.4	10.8	by the end of 2026
2. For milestone payments of CU-10201	43.2	11.0	43.2	8.0	8.0	35.2	by the end of 2026
For the other candidates in the pipeline							
1. For the continuing R&D activities of CU-40101, CU-40103, CU-40104 and other potential scalp diseases and care products	28.3	7.2	10.6	3.3	21.0	7.3	by the end of 2028
2. For the continuing R&D activities of CU-10101, CU-10401 and other potential skin diseases and care products	28.3	7.2	19.1	2.8	12.0	16.3	by the end of 2028
3. For the continuing R&D activities of CU-30101	14.1	3.6	–	–	14.1	–	
For technology development and business development for pipeline expansion	**39.3**	**10.0**	**14.7**	**4.6**	**29.2**	**10.1**	**by the end of 2025**
For our working capital and other general corporate purposes	**19.6**	**5.0**	**–**	**–**	**19.6**	**–**	
Total	**392.7**	**100.0**	**262.5**	**66.9**	**197.1**	**195.6**	

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions in the Corporate Governance Code and has complied with all applicable code provisions for the year ended 31 December 2024.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code for the year ended 31 December 2024. No incident of non-compliance of the Model Code by the relevant employees who are likely to be in possession of inside information was noted by the Company.

Purchase, Sale or Redemption of Listed Securities

For the year ended 31 December 2024, the Company has repurchased a total of 1,362,600 Shares (the "**Repurchased Shares**") on the Stock Exchange (the "**Share Repurchase**"). The aggregate purchase price paid for the Repurchased Shares was approximately HK$15.1 million. The Repurchased Shares represented approximately 0.44714% of the issued shares (excluding treasury shares) as at the date of the resolution granting the repurchase mandate.

Details of the Repurchased Shares are as follows:

Month of repurchase	**Number of shares repurchased**	**Highest repurchase price per share** *(HK$)*	**Lowest repurchase price per share** *(HK$)*	**Aggregate price paid** *(HK$)*
2024				
July	585,800	7.60	6.93	4,207,186.4
September	418,800	15.26	14.14	6,198,070.5
October	358,000	16.26	11.98	4,740,462.0
Total	**1,362,600**			**15,145,718.9**

Subsequent to the Share Repurchase, the Repurchased Shares were accounted for as treasury shares.

Save for the disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) for the year ended 31 December 2024.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Board has established the Audit Committee which comprises Mr. Chung Ming Kit (chairman), Mr. Tao Tak Yan Dennis and Mr. Ye Xiaoxiang, all of whom are our independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, risk management and internal controls.

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters with management including a review of the audited annual consolidated financial information of the Group for the year ended 31 December 2024.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: nil).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cutiatx.com).

The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be made available to the Shareholders through e-mail or express delivery and will be published on the respective websites of the Stock Exchange and the Company in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*4*	**279,615**	137,623
Cost of sales		**(136,152)**	(66,615)
Gross profit		**143,463**	71,008
Other income and gains	*4*	**42,936**	60,152
Selling and distribution expenses		**(263,658)**	(208,309)
Research and development costs		**(199,045)**	(215,711)
Administrative expenses		**(141,873)**	(185,890)
Impairment losses on financial assets		**(430)**	(752)
Fair value losses on convertible redeemable preferred shares		**–**	(1,454,280)
Other expenses		**(4,344)**	(254)
Finance costs		**(10,860)**	(4,477)
Listing expenses		**–**	(25,245)
LOSS BEFORE TAX		**(433,811)**	(1,963,758)
Income tax expense	*5*	**–**	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(433,811)**	(1,963,758)
Attributable to:			
Owners of the parent		**(433,811)**	(1,963,758)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*7*	**(1.41)**	(9.60)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**31 December 2024** ***RMB'000***	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**173,267**	177,664
Right-of-use assets		**47,662**	48,344
Other intangible assets		**8,895**	7,810
Amounts due from related parties		**36,431**	36,494
Prepayments, other receivables and other assets		**39,865**	20,169
Total non-current assets		**306,120**	290,481
CURRENT ASSETS			
Inventories		**74,692**	45,314
Trade receivables	*8*	**99,164**	62,198
Prepayments, other receivables and other assets		**35,747**	34,855
Amounts due from related parties		**1,363**	1,300
Financial assets at fair value through profit or loss ("**FVTPL**")	*9*	**479,955**	469,337
Time deposits over three months		**10,530**	330,192
Cash and cash equivalents	*10*	**385,670**	473,120
Total current assets		**1,087,121**	1,416,316

	Notes	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
CURRENT LIABILITIES			
Trade and other payables	*11*	**97,572**	113,603
Lease liabilities		**12,376**	11,374
Deferred income		**–**	400
Interest-bearing bank borrowings	*12*	**213,303**	129,411
Total current liabilities		**323,251**	254,788
NET CURRENT ASSETS		**763,870**	1,161,528
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,069,990**	1,452,009
NON-CURRENT LIABILITIES			
Lease liabilities		**45,260**	42,970
Interest-bearing bank borrowings	*12*	**50,000**	60,000
Total non-current liabilities		**95,260**	102,970
Net assets		**974,730**	1,349,039
EQUITY			
Equity attributable to owners of the parent			
Share capital		**45**	43
Treasury shares		**(13,857)**	–
Reserves		**988,542**	1,348,996
Total equity		**974,730**	1,349,039

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

1.1 Corporate information

Cutia Therapeutics (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2019, and its shares are listed on The Stock Exchange of Hong Kong Limited on 12 June 2023. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The Company is an investment holding company.

The Company and its subsidiaries (the "**Group**") are principally engaged in developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market.

1.2 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the Reporting Period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the Reporting Period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is developing innovative and comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

During the Reporting Period, all of the Group's revenue was derived from customers located in the PRC and nearly all of the Group's non-current assets were located in the PRC, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operation Segments*.

Information about major customers

Revenue derived from sales to customers, which amounted to more than 10% of the Group's revenue for the years ended 31 December 2024 and 2023, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**73,022**	NA*
Customer B	**41,033**	27,587

* The corresponding revenue did not amount to more than 10% of the total revenue of the Group for the year concerned.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of products – at a point in time	**279,615**	137,623

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants (note)	**5,966**	11,930
Bank interest income	**9,945**	21,758
Imputed interest income on rental and other deposits	**311**	173
Deemed interest income from loans to employees	**255**	244
Deemed interest income from the loans to related parties	**1,300**	1,239
Others	**829**	1,502
Total other income	**18,606**	36,846
Gains		
Foreign exchange gains, net	**2,342**	20,801
Gain on termination of a lease contract	**–**	37
Fair value gains on financial assets at FVTPL	**21,988**	2,468
Total gains	**24,330**	23,306
Total other income and gains	**42,936**	60,152

Note: The government grants have been received from the PRC local government authorities to support certain subsidiaries' operating activities. There are no unfulfilled conditions relating to these government grants.

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its Shareholders, no Cayman Islands withholding tax is imposed on the Company.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%) on any estimated assessable profits arising in Hong Kong during the year. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

Mainland China

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% (2023: 25%) on the taxable income during the year.

Pursuant to the relevant CIT Law, Cutia Wuxi enjoyed a super deduction of 200% on qualifying research and development expenditures during the Reporting Period.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate for the jurisdiction in which the Company and its major subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(433,811)**	(1,963,758)
Tax at the statutory tax rate (25%)	**(108,453)**	(490,940)
Tax effect of expenses not deductible for tax purposes	**18,700**	394,793
Additional deductible allowance for research and development expenses	**(11,718)**	(18,461)
Tax effect of tax losses not recognised	**79,680**	97,783
Tax effect of deductible temporary differences not recognised	**15,899**	9,606
Effect of different tax rate of subsidiaries operating in other jurisdictions	**5,892**	7,219
Tax charge at the Group's effective rate	**–**	–

The Group has accumulated tax losses in Hong Kong of approximately RMB169,849,000 (2023: RMB100,525,000) in aggregate as at 31 December 2024 that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. The Group has accumulated tax losses in Mainland China of RMB1,100,405,000 (2023: RMB827,439,000) in aggregate as at 31 December 2024 that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has unrecognised deductible temporary differences of RMB123,264,000 (2023: RMB59,668,000) as at 31 December 2024. The unrecognised deductible temporary differences are mainly related to the advertising and promotional expenses that exceed 15% of the revenue for the current tax year which is allowed to be carried forward to the following tax years for deduction within the deduction limit.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

6. DIVIDENDS

No dividend was paid or proposed for ordinary Shareholders of the Company for the year ended 31 December 2024, nor has any dividend been proposed since the end of the Reporting Period (2023: nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 307,192,968 (2023: 204,614,716) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 in respect of a dilution as the impact of share options and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented. No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 in respect of a dilution as the impact of convertible redeemable preferred shares, over-allocation option, share options and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2024	2023
Loss		
Loss attributable to ordinary equity holders of the parent for the purpose of calculating basic and diluted loss per share (RMB'000)	**(433,811)**	(1,963,758)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**307,192,968**	204,614,716
Loss per share (basic and diluted) (RMB per share)	**(1.41)**	(9.60)

8. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**100,346**	62,950
Impairment	**(1,182)**	(752)
Net carrying amount	**99,164**	62,198

The Group's trading terms with some of its customers are on credit. The Group primarily allows a credit period of 30 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has certain concentrations of credit risk as the Group's trade receivables are due from a few customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**54,610**	21,268
1 month to 6 months	**43,971**	40,824
6 months to 12 months	**500**	106
Over 12 months	**83**	–
Total	**99,164**	62,198

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**752**	–
Impairment losses, net	**430**	752
At end of year	**1,182**	752

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Ageing				
	Within 1 month	**1 to 6 months**	**6 to 12 months**	**Over 12 months**	**Total**
Expected credit loss rate	**1.00%**	**1.39%**	**1.38%**	**3.49%**	**1.18%**
Gross carrying amount (RMB'000)	**55,160**	**44,593**	**507**	**86**	**100,346**
Expected credit losses (RMB'000)	**550**	**622**	**7**	**3**	**1,182**

As at 31 December 2023

	Ageing			
	Within 1 months	1 to 6 months	6 to 12 months	Total
Expected credit loss rate	1.04%	1.27%	2.75%	1.19%
Gross carrying amount (RMB'000)	21,492	41,349	109	62,950
Expected credit losses (RMB'000)	224	525	3	752

9. FINANCIAL ASSETS AT FVTPL

	2024	2023
	RMB'000	*RMB'000*
Financial products	**479,955**	469,337

The financial assets measured at FVTPL represented financial products with no predetermined return which are principal protected investments. The financial products are with expected yield rates, depending on the market prices of underlying financial instruments, including bonds, debentures and other financial assets. Hence their contractual cash flows do not qualify for solely payments of principal and interest. The expected yield rates ranged from 1.5% to 4.5% per annum as at 31 December 2024 (31 December 2023: 1.5% to 4.5% per annum).

10. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	*RMB'000*
Cash and cash equivalents	**385,670**	473,120
Denominated in		
RMB	**226,758**	424,381
US$	**155,008**	47,885
Other currencies	**3,904**	854

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

11. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**12,821**	20,292
Accrued expenses for research and development services	**20,849**	23,105
Payables for purchase of items of property, plant and equipment	**7,175**	3,454
Other payables	**31,503**	41,208
Salary and bonus payables	**12,107**	11,735
Other taxes payable	**6,567**	1,342
Accrued listing expenses	**6,550**	12,467
Total	**97,572**	113,603

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, was as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**12,821**	20,292

Trade and other payables are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in trade and other payables as at 31 December 2024 and 2023 approximated to their fair values due to their short-term maturities.

12. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate (%)	**Maturity**	**Amount** ***RMB'000***	Effective interest rate (%)	Maturity	Amount *RMB'000*
Current						
Bank loans – unsecured	**1.80-3.21**	**2025**	**167,603**	3.19-3.65	2024	89,411
Bank loans – unsecured	**One-year Loan prime rate ("LPR")-105 Basepoints ("bps")**	**2025**	**5,700**	–	–	–
Current portion of long term bank loans – secured (note)	**3.45**	**2025**	**40,000**	3.45	2024	40,000
Total – current			**213,303**			129,411
Non-current						
Other secured bank loans (note)	**3.45**	**2026**	**20,000**	3.45	2025-2026	60,000
Bank loans – unsecured	**One-year LPR-20 bps**	**2026**	**30,000**	–	–	–
Total – non-current			**50,000**			60,000
Total			**263,303**			189,411

	2024	2023
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**213,303**	129,411
In the second year	**50,000**	40,000
In the third to fifth years, inclusive	**–**	20,000
Total	**263,303**	189,411

The carrying amounts of borrowings are denominated in the following currency:

	2024	2023
	RMB'000	*RMB'000*
RMB	**263,303**	189,411

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Fixed interest rate	**227,603**	189,411
Variable interest rate	**35,700**	–
Total	**263,303**	189,411

Note: The Company has guaranteed certain of the Group's bank loans up to RMB120,000,000 as at the end of the Reporting Period.

"Alpha Generation"	Alpha Generation Fund SPC (on behalf of Alpha Plus Fund SP); Alpha Generation Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 25 April 2022
"androgenetic alopecia"	a common form of hair loss in both men and women
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of our Company
"CDE"	Center for Drug Evaluation of the NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA to review applications for clinical trials and drug marketing authorization
"China", "Chinese Mainland", or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, excluding Taiwan, the Macao Special Administrative Region and Hong Kong
"clinical trial"	a research study for validating or finding the therapeutic effects and side effects of test drugs in order to determine the therapeutic value and safety of such drugs
"Company" or "our Company"	Cutia Therapeutics (科笛集團), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 15 May 2019, the Shares of which are listed on the Main Board of the Stock Exchange
"Core Product"	has the meaning ascribed to it under Chapter 18A of the Listing Rules; for the purpose of this announcement, our Core Product refers to CU-20401
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Cutia Wuxi"	Cutia Therapeutics (Wuxi) Co., Ltd. (科笛生物醫藥(無錫)有限公司), a limited liability company established in the PRC on 4 December 2020 and a wholly-owned subsidiary of the Company
"dermatology"	the branch of medicine that deals with the diagnosis and treatment of skin related disorders

"DHT"	dihydrotestosterone, a male sex hormone which is the active form of testosterone, formed from testosterone in bodily tissue
"Director(s)"	the director(s) of the Company
"FDA"	Food and Drug Administration of the United States
"GMP"	good manufacturing practice, the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of products
"GMV"	gross merchandise value
"Group", "our Group", "our", "we", or "us"	our Company and our subsidiaries
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Department of Health"	the Department of Health of the Government of Hong Kong
"IND"	investigational new drug, an application in the drug review process required by an regulatory authority to decide whether a new drug is permitted to initiate clinical trials; also known as clinical trial application, or CTA, in China
"indication"	a valid reason to use a specific test, drug, device, procedure or surgery
"Innovation Prosperity"	Innovation Prosperity Fund SPC (on behalf of Novelty Inspiration Fund SP); Innovation Prosperity Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 13 May 2022
"Key Product(s)"	for the purpose of this announcement, our Key Products refer to CU-40102 and CU-10201
"Listing Date"	12 June 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"mechanism of action"	the specific biochemical interaction through which a drug substance produces its pharmacological effect

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NDA"	new drug application, a process required by a regulatory authority to approve a new drug for sale and marketing
"NMPA"	the National Medical Products Administration of China (中國國家藥品監督管理局)
"Oriental Kylin"	Oriental Kylin Fund SPC (on behalf of Phoenix Fund SP); Oriental Kylin Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 17 May 2022
"Phase I clinical trial"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its efficacy
"Phase II clinical trial"	a study in which a drug is administered to a limited patient population to preliminarily evaluate the efficacy of the product for specific targeted diseases, to identify possible adverse effects and safety risks, and to determine optimal dosage
"Phase III clinical trial"	a study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"Prospectus"	the prospectus issued by the Company dated 31 May 2023
"Post-IPO Equity Incentive Plan"	the equity incentive plan adopted by the Company on 30 May 2023
"Pre-IPO Equity Incentive Plan"	the equity incentive plan adopted by the Company that took effect on 23 August 2019
"R&D"	research and development
"Reporting Period"	the year ended 31 December 2024
"RMB"	the lawful currency of the PRC
"Shares"	ordinary share(s) with nominal value of US$0.00002 each in the share capital of the Company
"Shareholders"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription(s)"	Subscription(s) of the wealth management product(s) by the Company
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Summit View"	Summit View Fund SPC (on behalf of Distant View Fund SP); Summit View Fund SPC is an exempted company with limited liability registered as a segregated portfolio company under the laws of the Cayman Islands on 18 May 2023
"US" or "United States" or "the U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$" or "U.S. dollars"	the lawful currency of the U.S.

By order of the Board
Cutia Therapeutics
Zhang Lele
Chief Executive Officer and Executive Director

Hong Kong, 24 March 2025

As at the date of this announcement, the Board comprises (i) Ms. Zhang Lele and Mr. Huang Yuqing as executive Directors; (ii) Dr. Chen Lian Yong, Dr. Xie Qin, Dr. Huang Xiao and Ms. Yang Yunxia as non-executive Directors; and (iii) Mr. Chung Ming Kit, Mr. Tao Tak Yan Dennis and Mr. Ye Xiaoxiang as independent non-executive Directors.