

Global Bio Platform Hub **SK bioscience**

Earnings Release
4Q 2021



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DISCLAIMER

The financial information in this document are consolidated earnings results based on K-IFRS.

This document is provided for the convenience of investors only, before the external audit on our Q4 2021 financial results is completed. The audit outcomes may cause some parts of this document to change.

This document contains “forward-looking statements”, which are addressed based on our current business environment and strategies. Certain risks and uncertainties in the future, such as changes in business environment and strategies, may cause actual results to be materially different from those expressed in this document.

4Q 2021 Highlight



Financial Performance

Record High Earnings
4,509

Operating Profit
2,539

※ Accrued in 2021

- Revenue 9,290

- Operating Profit 4,742
(KRW 100Mn)



GBP510 in Phase 3: Serology in progress

61% of clinical serum
sample collected

MFDS approval
expected in 1H 2022



Next-gen Universal Vaccine against Pandemic

Secured \$50Mn funding
from CEPI for early-
stage development
(incl. Phase 1/2) of
next-gen vaccine
against pan-respiratory
virus, Sarbecovirus



CMO

Contract extension with
Novavax for 2022

Discussion underway
for 2023 contract

1

Earnings Results



(1) Income Statement

SK bioscience has achieved the record-high quarterly and full-year financial result, majorly driven by revenues from CMO drug substance (DS) manufacturing

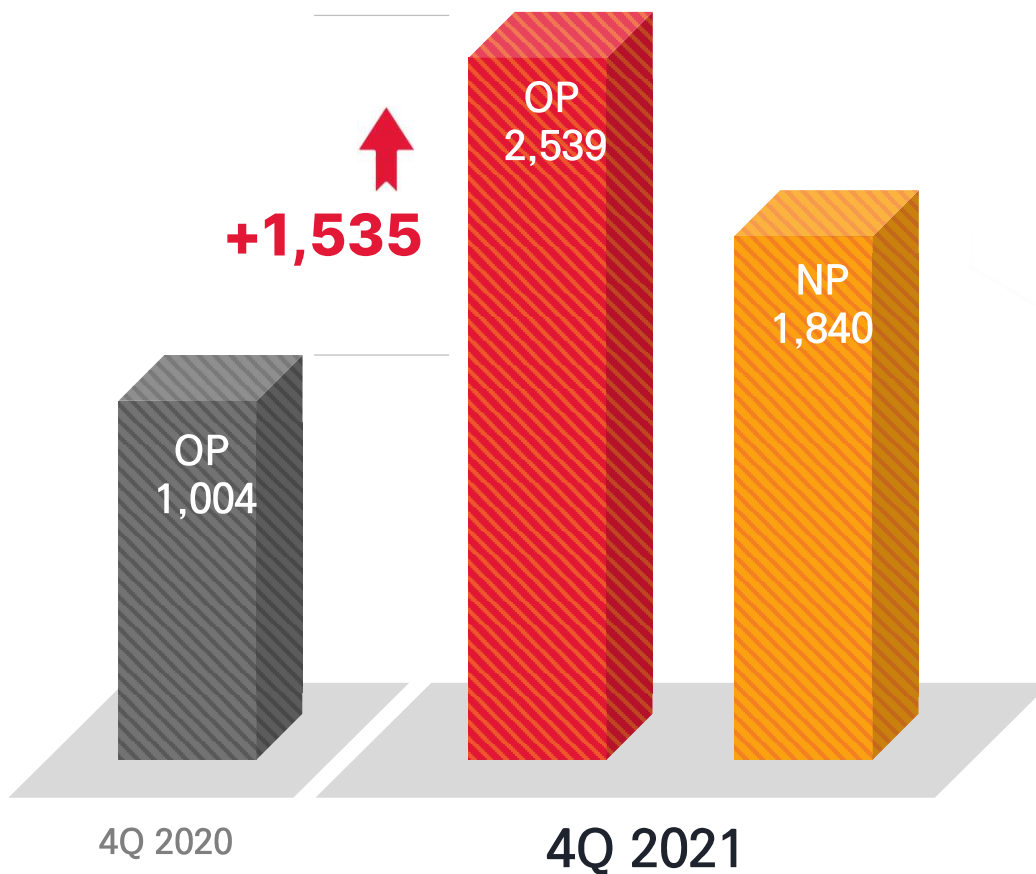
(unit : KRW 100Mn)

| Financials | 4Q20 | 3Q21 | 4Q21 | YoY | QoQ | 2020 | 2021 |
|---------------------------------|------|-------|---------------------|---------------|-------------|-------|--------------|
| <u>Revenue</u> | 670 | 2,208 | <u>4,509</u> | 573% | 104% | 2,256 | 9,290 |
| COGs | 363 | 894 | 1,684 | - | - | 1,303 | 3,587 |
| <u>Gross Profit</u> | 307 | 1,314 | <u>2,825</u> | 820% | 115% | 953 | 5,703 |
| (%) | 46% | 60% | 63% | +17%p | +3%p | 42% | 61% |
| SG&A expenses | 198 | 310 | 286 | - | - | 576 | 961 |
| <u>Operating Profit</u> | 109 | 1,004 | <u>2,539</u> | 2,230% | 153% | 377 | 4,742 |
| (%) | 16% | 45% | 56% | +40%p | +11%p | 17% | 51% |
| Non-operating profit & loss | △3 | △38 | △23 | - | - | △4 | △31 |
| <u>Profit before Income Tax</u> | 106 | 966 | <u>2,516</u> | 2,275% | 161% | 373 | 4,711 |
| Income tax | 8 | 202 | 676 | - | - | 44 | 1,160 |
| <u>Net Profit</u> | 98 | 764 | <u>1,840</u> | 1,778% | 141% | 329 | 3,551 |

(2) Profit Analysis

Key Profit Analysis

(unit : KRW 100Mn)



Operating Profit **2,539**

- Increase in Novavax License-in DS revenue
- Realization of Novavax/AZ COVID-19 vaccine DS CMO manufacturing revenue

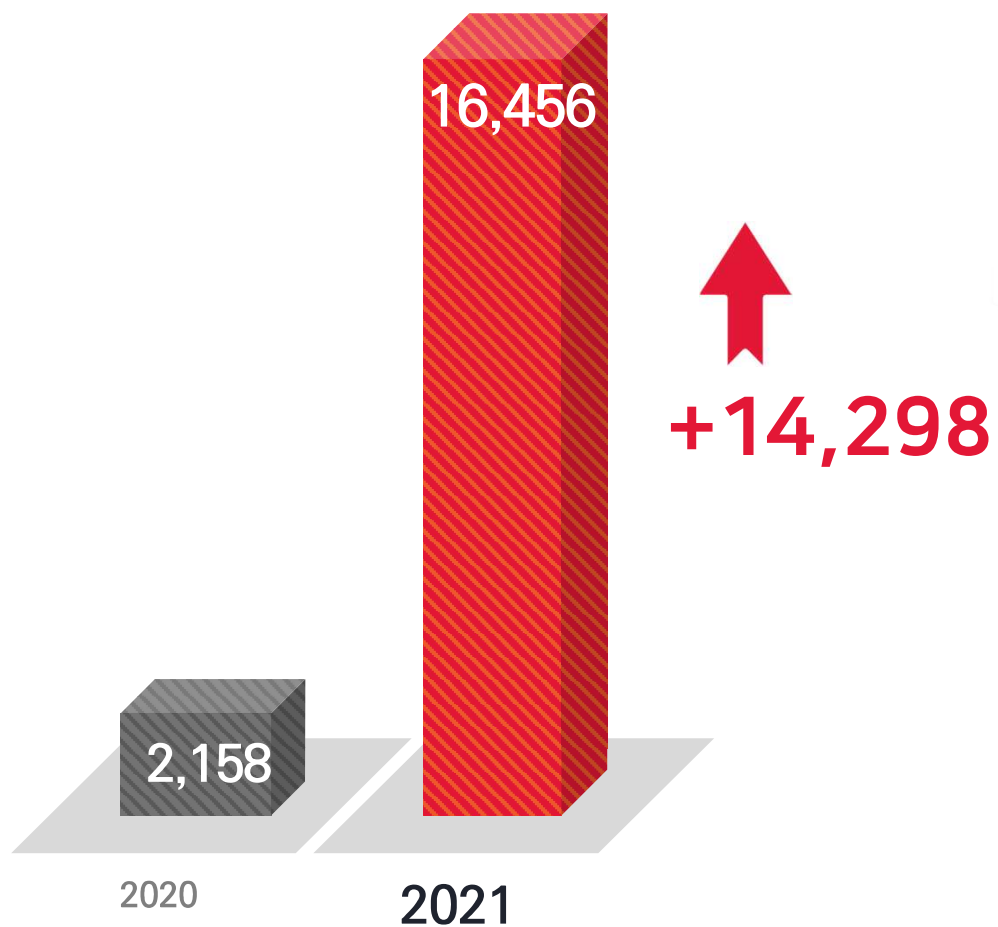
Net Income **1,840**

- Expenses, incl. income tax, Δ 675 reflected

(3) Balance Sheet Highlight

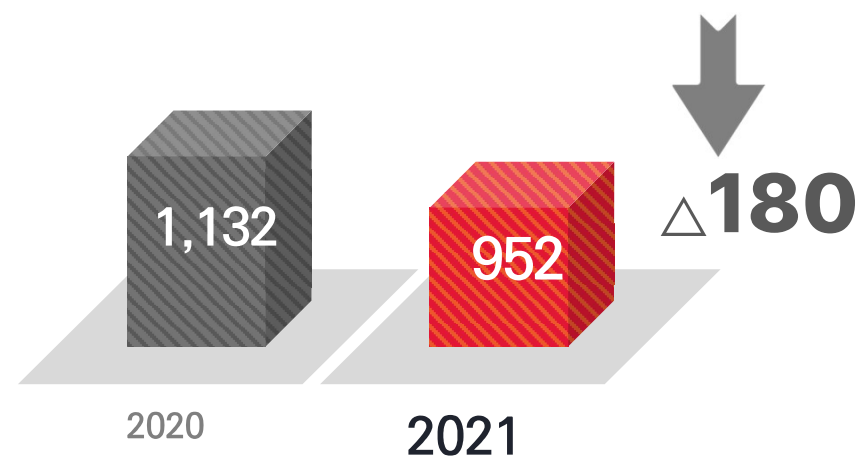
Cash

(unit : KRW 100Mn)



Loan Payable

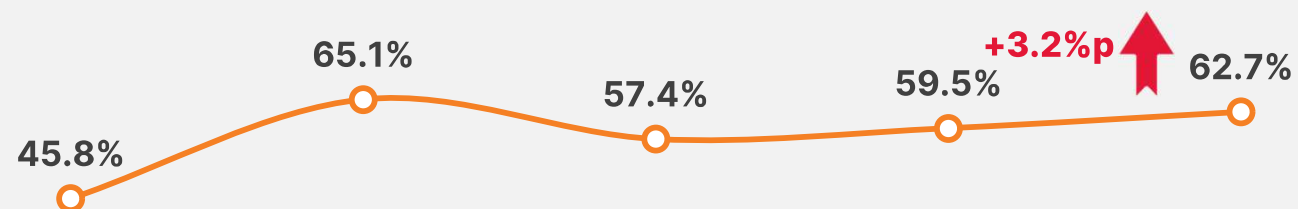
(unit : KRW 100Mn)



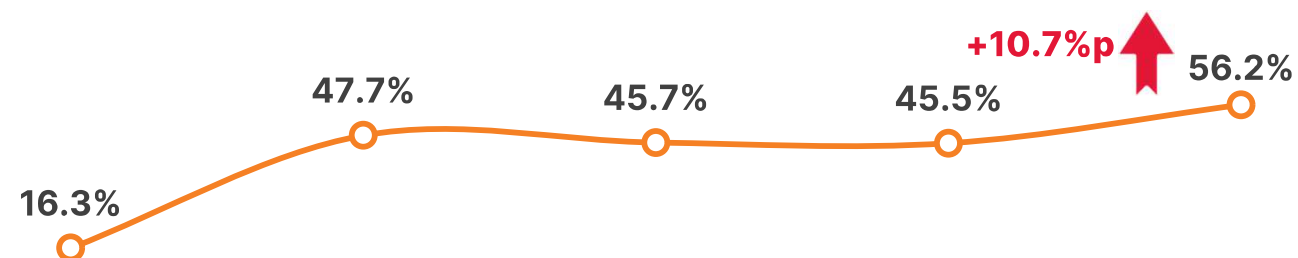
(4) Profitability Index

'20. 4Q | '21. 1Q | '21. 2Q | '21. 3Q | '21. 4Q

GP Margin



OP Margin



OP



(5) Financial Statement

Balance Sheet

(Unit : KRW Mn)

| Category | 2019.12.31 | 2020.12.31 | 2021.12.31 |
|--|----------------|----------------|------------------|
| Total Assets | 403,980 | 562,232 | 2,110,123 |
| Current Assets | 170,741 | 333,902 | 1,837,804 |
| Cash & cash equivalents | 94,468 | 215,898 | 1,645,663 |
| Account receivable & other receivable | 32,430 | 45,838 | 48,135 |
| Inventories | 36,378 | 70,275 | 135,046 |
| Other current assets | 7,465 | 1,891 | 8,960 |
| Non-current Assets | 233,239 | 228,330 | 272,319 |
| PP&E | 182,477 | 180,992 | 210,265 |
| Intangible assets | 19,479 | 17,858 | 17,061 |
| Other non-current assets | 31,283 | 29,480 | 44,993 |
| Total Liabilities | 171,246 | 298,442 | 508,811 |
| Current Liabilities | 45,509 | 180,640 | 459,952 |
| Account payable & other payable | 31,613 | 39,153 | 102,185 |
| Short-term borrowings | - | - | 11,671 |
| Current bonds | - | 10,995 | 47,978 |
| Current contract liabilities | 4,687 | 94,899 | 98,789 |
| Other current liabilities | 9,209 | 35,593 | 199,329 |
| Non-current Liabilities | 125,737 | 117,802 | 48,859 |
| Bonds | 93,472 | 80,473 | 35,503 |
| Long-term borrowings | 23,156 | 21,760 | - |
| Other non-current liabilities | 9,109 | 15,569 | 13,356 |
| Total Equity | 232,734 | 263,790 | 1,601,312 |
| Capital stock | 10,200 | 30,600 | 38,250 |
| Capital surplus | 201,219 | 180,518 | 1,157,064 |
| Other equity | 325 | 901 | 901 |
| Accumulated other comprehensive income | △1,319 | △1,465 | △208 |
| Retained earnings | 22,309 | 53,236 | 405,305 |
| Net Cash | △22,160 | 102,671 | 1,550,512 |

※ Net Cash = Cash & Cash equivalents + Deposits - Debt (except Lease Liabilities)

Income Statement

(Unit : KRW Mn)

| Category | 4Q.20 | 2020 Cum. | 1Q.21 | 2Q.21 | 3Q.21 | 4Q.21 | 2021 Cum. |
|-----------------------------|--------|-----------|---------|---------|---------|---------|-----------|
| Revenue | 67,009 | 225,611 | 112,710 | 144,604 | 220,829 | 450,858 | 929,001 |
| COGS | 36,293 | 130,269 | 39,308 | 61,566 | 89,476 | 168,368 | 358,718 |
| Gross Profit | 30,716 | 95,342 | 73,402 | 83,038 | 131,353 | 282,490 | 570,283 |
| SG&A expenses | 19,804 | 57,632 | 19,687 | 16,884 | 30,946 | 28,546 | 96,063 |
| Operating Profit | 10,912 | 37,710 | 53,715 | 66,155 | 100,406 | 253,944 | 474,220 |
| Non-operating profit & loss | △283 | △417 | 1,327 | 1,737 | △3,834 | △2,322 | △3,092 |
| Profit before Income Tax | 10,628 | 37,293 | 55,042 | 67,892 | 96,572 | 251,622 | 471,128 |
| Income tax | 750 | 4,404 | 13,117 | 15,080 | 20,135 | 67,656 | 115,989 |
| Net Income | 9,878 | 32,890 | 41,925 | 52,812 | 76,437 | 183,966 | 355,139 |



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Business Update

 **SK** bioscience

1

**GBP510
Clinical Trials**

2

**COVID-19 Variant
Vaccine Development**

3

**Development Plan for
COVID19 + Flu Combo**

4

**New R&D Project:
Pan-Sarbecovirus
Vaccine**

5

**New Business Initiative
Roadmap**

6

**Next-gen
Pneumococcal Vaccine**

7

**mRNA Platform
Development &
Acquisition**

8

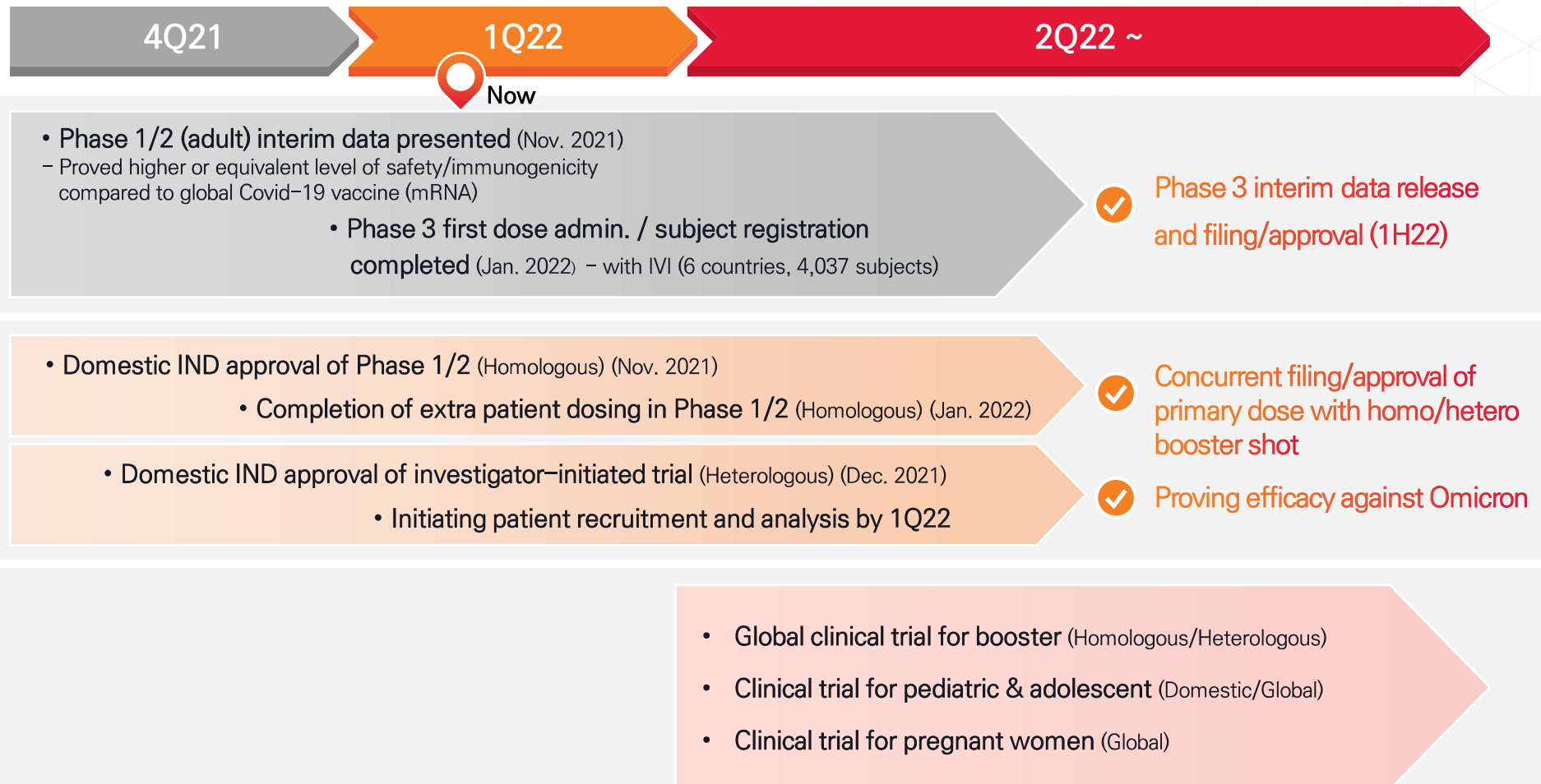
**Expansion of
Andong L-House**

9

**Songdo R&PD Center
Project**

(1) GBP510 Clinical Trials

Global Phase III and booster clinical trials are in smooth progress given positive phase 1/2 results, with additional clinical trials for pediatric, adolescent, and pregnant women in preparation

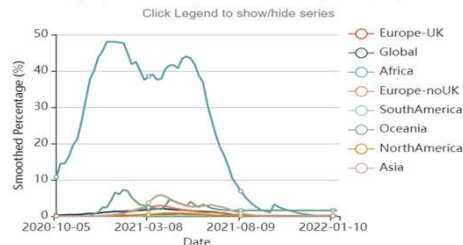


(2) COVID-19 Variant Vaccine – Spread of Omicron

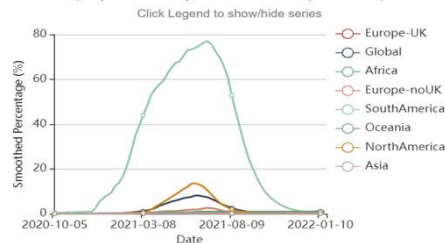
Continuous occurrence of variants has led to a drastic increase in COVID-19 cases since EOY 2021, yet Delta variant in recession with expedient spread of Omicron has resulted in decreased disease severity

Case count for key variants

[Beta] Relative Variant Genome Frequency per Region
(exponentially smoothed alpha=0.3)

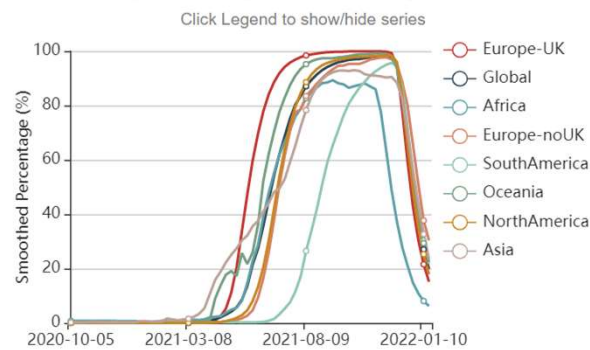


[Gamma] Relative Variant Genome Frequency per Region
(exponentially smoothed alpha=0.3)



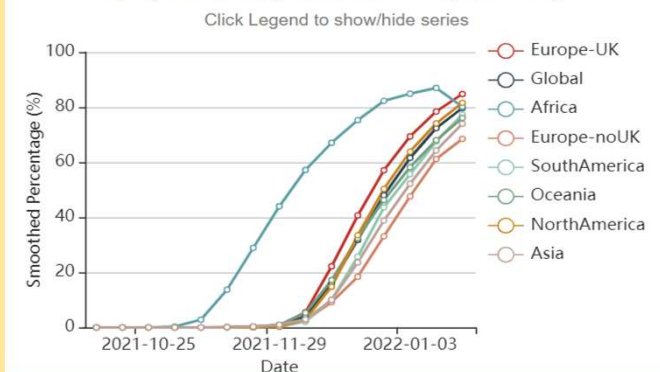
[Delta]

Relative Variant Genome Frequency per Region
(exponentially smoothed alpha=0.3)



[Omicron]

Relative Variant Genome Frequency per Region
(exponentially smoothed alpha=0.3)



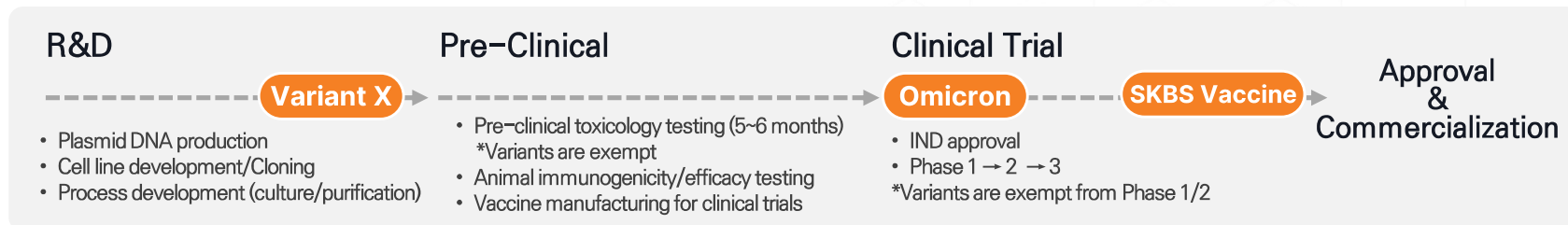
[GISAIID - hCov19 Variants](#)

WHO VOC (Variant of Concern)

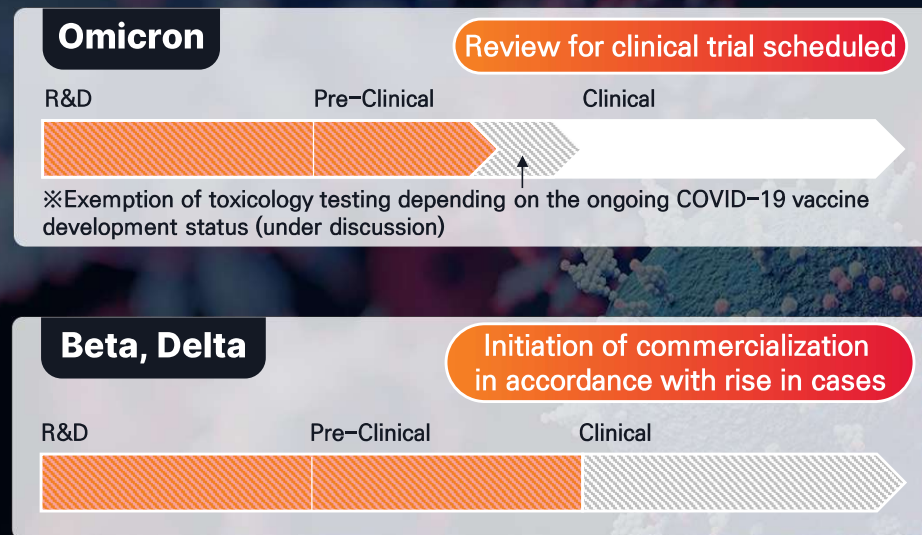
| VOC | Outbreak Date | RBD Mutation(331~528 aa) |
|----------------------------|-------------------------|--|
| <i>Beta (B.1.351)</i> | 10. 2020 (South Africa) | K417N, E484K, N501Y |
| <i>Gamma (P.1)</i> | 12. 2020 (Brazil) | K417T, E484K, N501Y |
| <i>Delta (B.1.617)</i> | 12. 2020 (India) | L452R, T478K |
| <i>Omicron (B.1.1.529)</i> | 11. 2021 (South Africa) | 15 variants G339D, S371L, S373P, S375F, K417N, N440K, G446S, S477N, T478K, E484A, Q493R, G496S, Q498R, N501Y, Y505H |

(2) COVID-19 Variant Vaccine – Omicron Variant

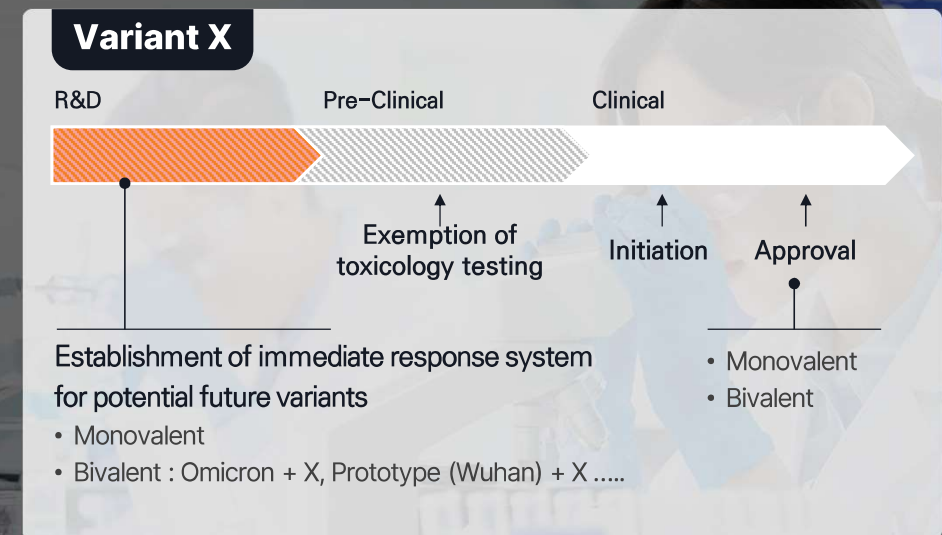
SK bioscience is developing additional vaccines against leading variants; clinical trials for Omicron vaccine set for review in close future and response system for future variants under development



Development of Variant Vaccine



Variant X Development (immediate response system)



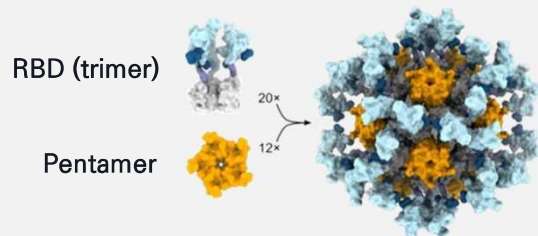
(3) Development Plan for COVID19 + Flu Combo

Development of combo vaccine is also underway with clinical trials scheduled for EOY 2022, combining COVID-19 vaccine with in-house developed flu vaccine, SKYCellflu, sold 40Mn+ doses globally

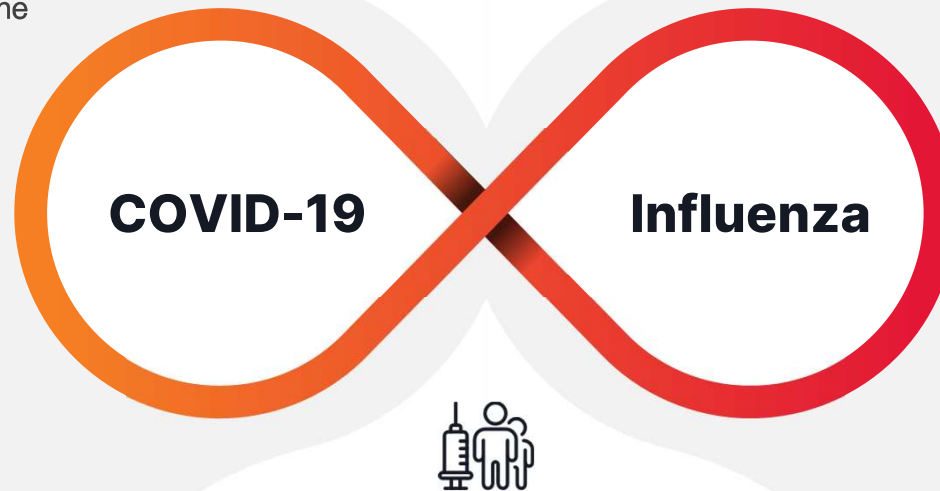


COVID-19 Vaccine

- Utilizing SKBS's in-house COVID-19 vaccine development technology
- Reviewing available variants as additional antigen candidates
 - Delta, Omicron, etc



Combo Vaccine



Initiation of Clinical Trial
EOY 2022

SKYCellflu

- Developed and marketed by SKBS globally (sold more than 40 Mn doses)
- Approved in South Korea, Thailand, Iran, Singapore, Malaysia, Philippine, Mongolia, Myanmar, and Brunei (additional approval in progress)

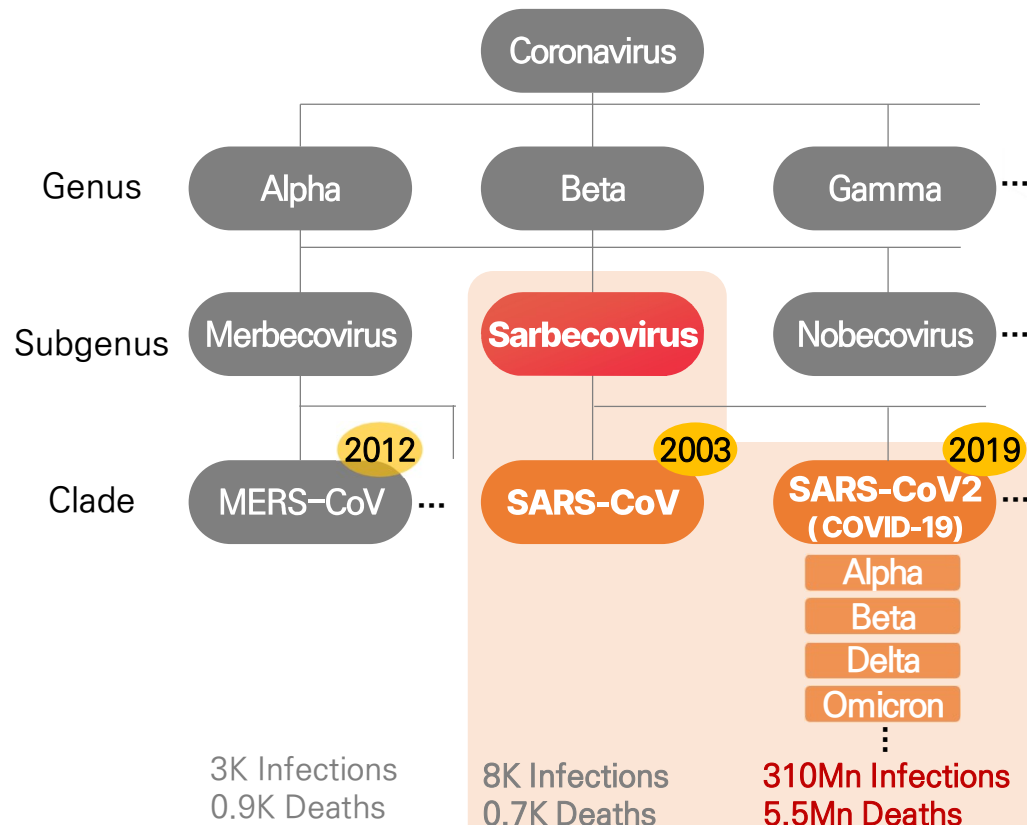


(4) Pan-Sarbecovirus Vaccine – Significance

Preemptive response is required against future pandemics/endemics, given the history of three coronavirus outbreaks since 2000 and the continuous mutation and rise of Sarbecovirus variants

Coronavirus Lineage

- The **Sarbecovirus** subgenus is the leading cause of pandemic
- The classification of coronavirus genera/subgenus/clade:



*“A dream vaccine would cover not only SARS-CoV-2 ... but also future variants of concern and other coronaviruses... a more **realistic** and **urgent** goal is for a **pan-sarbecovirus vaccine**”¹⁾*

1 Sarbecovirus is the most contagious and hazardous subgenus with the greatest level of inter-human infection

2 “... all zoonotic sarbecoviruses identified to date use hACE2 as the entry receptor, which ensures a higher chance of success in generating a pan-sarbecovirus vaccine”¹⁾

“[Sarbecovirus] multivalent vaccines ... [highlight] the potential to achieve broad sarbecovirus immunity overcoming both the emergence of SARS-CoV-2 variants and putative future zoonosis of genetically distinct sarbecoviruses”²⁾

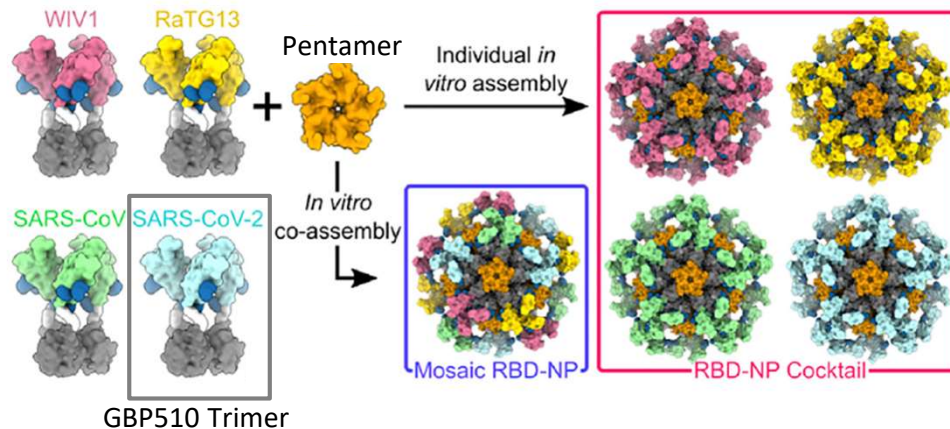
¹ Chee-Wah Tan, et al.(2021), *Pan-Sarbecovirus Neutralizing Antibodies in BNT162b2-Immunized SARS-CoV-1 Survivors*

² Walls, et al. (2021), *Elicitation of broadly protective sarbecovirus immunity by receptor-binding domain nanoparticle vaccines*

(4) Pan-Sarbecovirus Vaccine – Development Status

We are currently propelling a new R&D project for a pan-Sarbecovirus vaccine, based on GBP510's nanoparticle platform and robust global collaboration

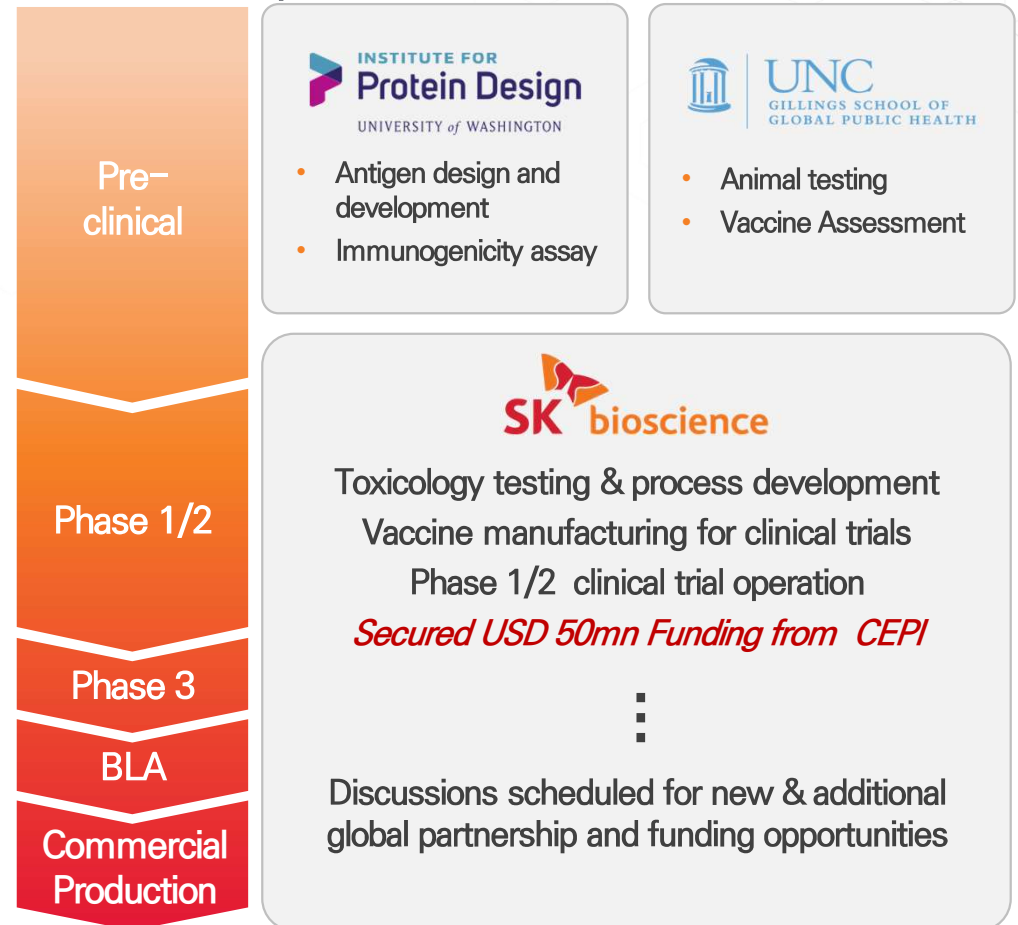
Antigen Design for Sarbecovirus Vaccine



Broadly protective vaccine antigen design against entire Sarbecovirus subgenus including COVID-19 variants and SARS virus

- RBD display of four Sarbecovirus clades
 - SARS-CoV-2 (COVID-19), SARS-CoV (SARS), and Bat SARS-like WIV1 & RaTG13
- Utilizing the GBP510 nanoparticle (NP) platform
- Neutralization potency for RBD-NP against COVID-19 variants and other Sarbecovirus clades confirmed in early study¹⁾

R&D Partnership



(5) New Business Initiative Roadmap

Mid/Long-Term Portfolio

Strategic Direction and Goal

Execution Methodology and Current Status



✓ Product Portfolio Expansion

- Acquisition of vaccine product/pipeline
→ Conducting strategic analysis of global/vaccine-oriented pharmas to leverage opportunities from their business restructuring/rationalization
- Long-listing of vaccine-specialized independent companies and consistent monitoring to screen for potential target

✓ Glocalization

- Investment in a local company and/or establishment of JV to secure early access and capability for overseas market entry
→ Implementation of the SKYShield business model

✓ Capability Enhancement

- M&A of companies with foothold established in advanced markets and competitive global NRA approval/production capabilities

✓ Acquisition of New Platform Technology

- Prioritizing and screening for relevant/promising technologies in the market in line with SKBS's needs
- Pursuing technology licensing and equity investment parallelly



✓ CGT CDMO

- Pursuing M&A, minority investment, and partnership parallelly
- Short-listing and network management of prioritized companies

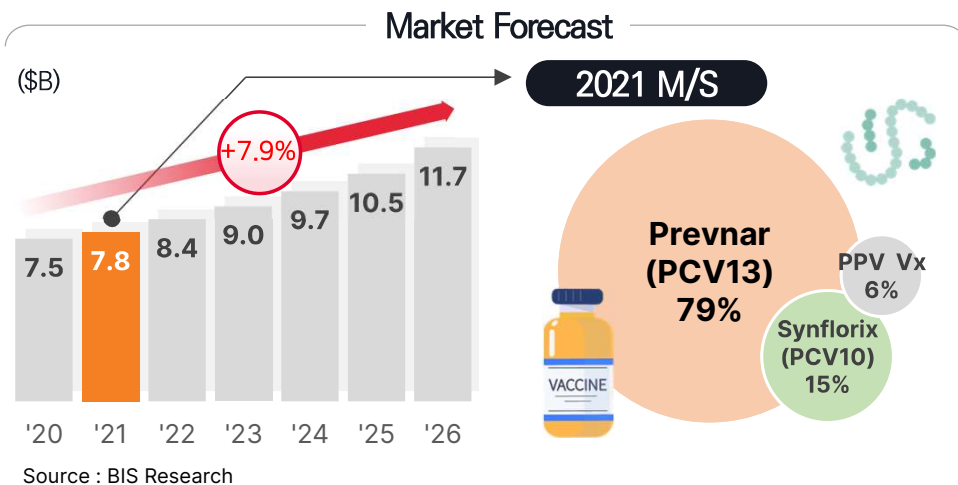
✓ Additional Expansion into New Bio Area

- Completed study of promising areas including biotherapeutics
- Conducting review of companies with potential for platform technology commercialization and synergy with SKBS's current business

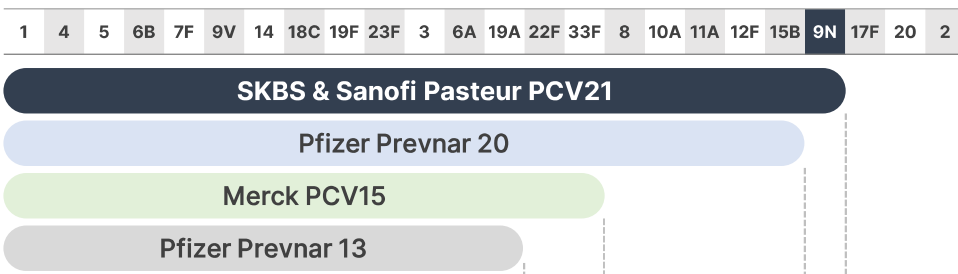
(6) Next-gen Pneumococcal Vaccine: PCV21

SKBS–Sanofi’s next-generational PCV21 will raise the bar in the pneumococcal vaccine market, providing broader serotype coverage versus licensed pneumococcal conjugate vaccines in the market

Pneumococcal Vaccine Market



Serotype Composition by Vaccine



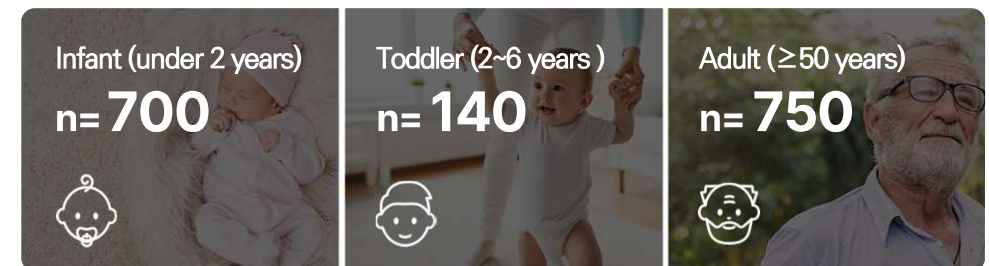
“Secured competitiveness with broader serotype coverage”

Development Status



SKBS–Sanofi partnership generates mutual complementation of R&D/clinical trial/manufacturing capabilities and risk sharing across future investments

Global Phase 2 Clinical Trials (All age-groups)



Read-out in all 3 populations expected by EOY 2022;
Phase 3 initiation planned in 2023

(7) mRNA Platform Development & Acquisition

Mid/long-term collaboration is underway through 1) introduction of key mRNA technologies and 2) investment in companies with complete platform to secure comprehensive in-house capabilities

Strategy for mRNA Platform

- 1 Securing key technologies by partnership (licensing)
- 2 Expanding by next-gen technology development
- 3 Prioritizing projects with global public health impact (e.g. vaccine for next pandemic)
ex. COVID-19 variant/combo vaccine, Pandemic influenza vaccine

Short Term Strategy

Individual licensing of key technologies

- Technology components validated via marketed mRNA vaccines or those with potential for product-side improvement

- ① Modified NTP
- ② 5' capping
- ③ LNP (Lipid Nanoparticle)
- ④ Other technologies

- ✓ Secured in-house capability for mRNA construct production and animal test data
- ✓ Licensing contract discussions ongoing with license owners of key individual technologies
- ✓ Developing target products with both public and market needs

Mid/Long Term Strategy

Expanding application of mRNA tech. via collaboration with total platform companies

- Considering companies with:
 - ① Ownership of comprehensive mRNA platform with proprietary rights on key technologies and know-hows
 - ② Completed GMP process development
 - ③ Projects on infectious disease (including vaccines) and therapeutic applications

- ✓ Discussions ongoing with multiple companies on strategic investment (SI) and R&D collaboration model
- ✓ Various development projects expected to launch with partners, for expanded application of the mRNA platform

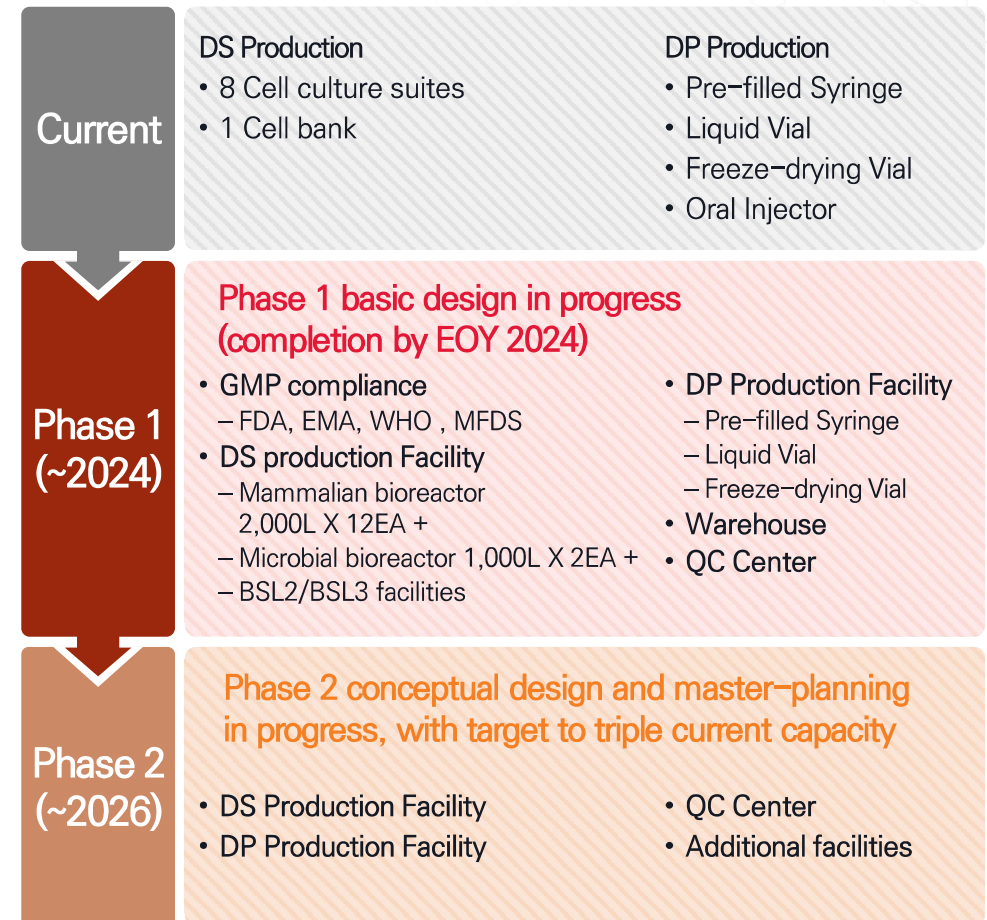
(8) Expansion of Andong L-House Manufacturing Plant

Andong L-House is transforming into a global vaccine/C(D)MO manufacturing hub through continued investment in facility expansion and upgrades, as well as acquisition of additional land plots

L-House Site Expansion



Capacity Expansion Plan



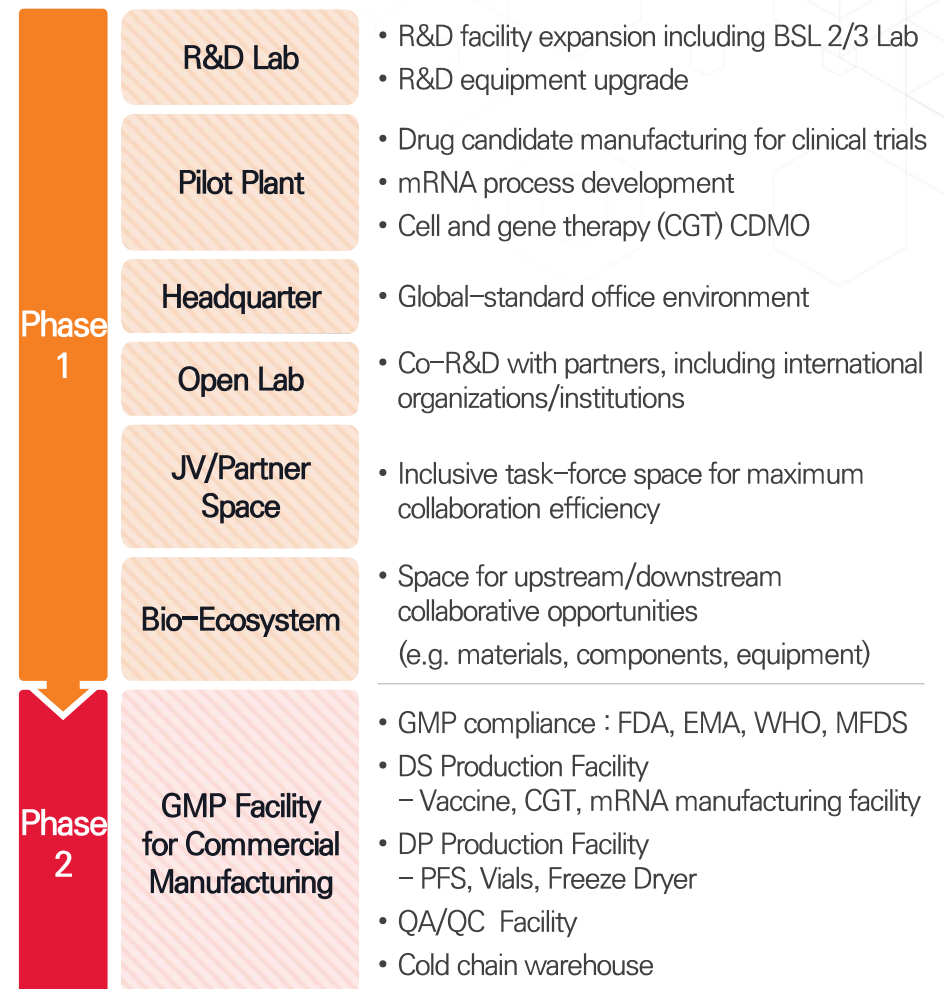
(9) Songdo R&PD Center Project

New R&PD center is in works to build a world-class vaccine hub/bio-ecosystem, with plans to boost
① SKBS R&D infrastructure and ② new business expansion via collaboration with global partners

R&PD (Research & Process Development) Center



Design currently underway (land plot secured)
Phase 1 completion targeted for 2024





Appendix

 SK bioscience

SKBS Pipeline at a glance

The SKBS pipeline includes various projects based on continuous R&D investment, with four promising blockbuster candidates for the global market

Blockbuster Pipeline

| | | | Pre-Clinical | Phase 1 | Phase 2 | Phase 3 | Registration |
|---|--------------------------------|---|--------------|-------------|---------|----------|----------------------------|
| 1 | COVID-19 백신 | CEPI <small>BILL & MELINDA GATES foundation</small> | | | | ✓ Global | |
| 2 | Next-gen PCV21 | SANOFI PASTEUR | | | ✓ US | | |
| 3 | COVID-19+Flu Combi | | ✓ | | | | |
| 4 | Pan-Sarbecovirus | CEPI <small>INSTITUTE FOR Protein Design UNIVERSITY of WASHINGTON</small> | ✓ | | | | |
| | NRRV | PATH <small>BILL & MELINDA GATES foundation</small> | | | | ✓ Africa | |
| | TCV | IVI <small>International Vaccine Institute</small> <small>BILL & MELINDA GATES foundation</small> | | | | | ✓ BLA submitted for export |
| | HPV Quadrivalent (NBP615) | | | ✓ Phase 1/2 | | | |
| | Rotavirus Pentavalent (NBP613) | | | ✓ | | | |
| | Hepatitis A Recombinant Zoster | | ✓ | | | | |
| | Cancer/Obesity Vaccine, etc. | | ✓ | | | | |
| | Others (mRNA, adjuvant) | | ✓ | | | | |

