



GLOBAL INNOVATIVE PARTNER
OF VACCINE AND BIOTECH

SK bioscience

Earnings Release
2Q 2023



Earnings Release 2Q23

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 2Q 2023 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.

Progress Review



Completed

1Q

2Q

3Q

4Q

SKYVAX

SKYCovione Global Approval – MHRA MA / WHO EUL

SKYZoster Sales ↑

SKYCellflu Domestic NIP

SKYCellflu Supply

Glocalization

MOU with Thailand

Additional Contract
(Middle East/Africa/South America)

CDMO

CDMO Contract with MSD

Bio CDMO Expansion into New Area (Inorganic)

5 Core

Successful PCV21 Phase 2 Clinical Trial

Decision to Enter Phase 3

mRNA

mRNA Tech L/I

Secure Next-gen mRNA Tech

Overview

2Q Earning

- ① Revenue 26.5B KRW, Operating Loss 35.3B KRW (Consolidated)
- ② Novavax related revenue ↓ / SG&A ↑ due to R&D expense ↑

PCV21 Phase 2 Success

- ① First-in-class pediatric PCV20+ vaccine, "Blockbuster Pipeline"
- ② Phase 3 in 1H 2024, submission in 2027

Thailand Glocalization

- ① MOU with Thailand GPO (Government Pharmaceutical Organization)
- ② Glocalization business in progress, expanding our footprint in ASEAN

New CDMO Contract

- ① CDMO with MSD for next-gen Ebola virus vaccine, diversify CDMO portfolio
- ② Collaborate with Hillemann Institute & improve global vaccine access

SKYVAX

- ① 25.8B KRW flu vaccine supply contract for Korean NIP ('23.06)
- ② SKYZoster kept domestic market lead with 43.7% M/S in 1Q'23
- ③ SKYCovione obtained global approvals – MHRA (UK, '23.05) / WHO EUL ('23.06)

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Earnings Results



(1) Income Statement (Consolidated)

Novavax Related Revenue Decreased, R&D Expense Increased

(unit : KRW 100mn)	2Q23	YoY	QoQ
Revenue	265	(1,118)	59
Gross Profit	65	(797)	56
SG&A expenses	418	168	117
Operating Profit	(353)	(965)	(61)
Non-operating profit & loss	61	119	26
Profit before Income Tax	(292)	(846)	(36)
Net Profit	(160)	(621)	(17)

YoY Difference

- Novavax related revenue ↓
- R&D expense ↑

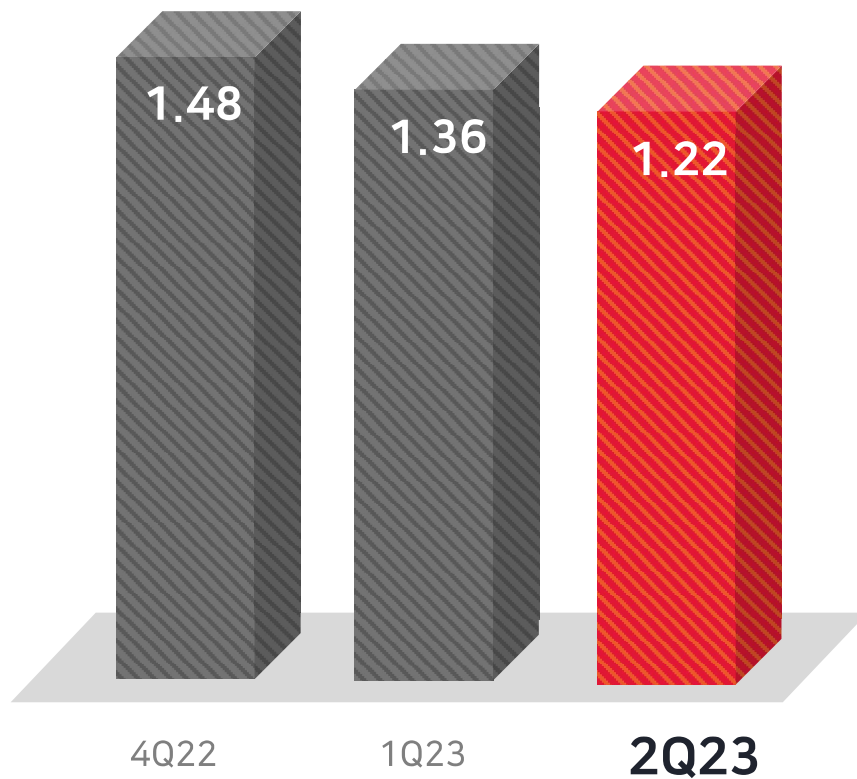
※ R&D expense details

	2Q22	2Q23	YoY
Total R&D	295	333	38
Funding	184	71	Δ113
R&D (SG&A)	111	262	151

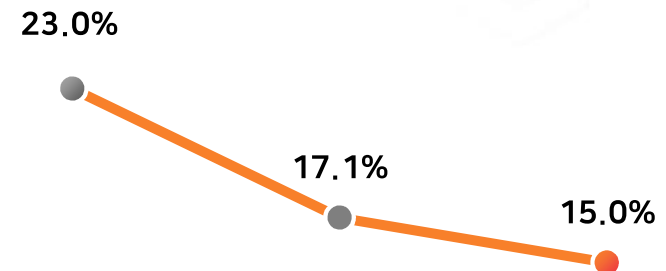
(2) Balance Sheet Highlight (Consolidated)

<Cash>

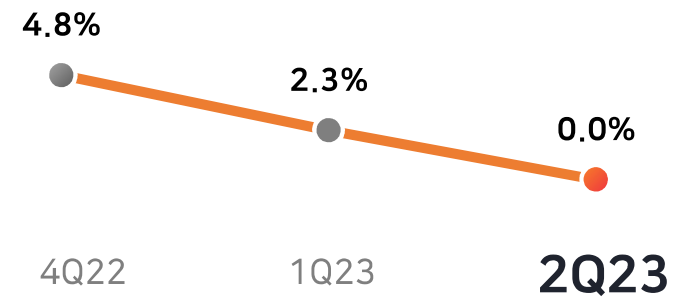
(unit : KRW tn)



<Debt to Equity Ratio>



<Financial Leverage Ratio>



(3) Consolidated Financial Statement

Balance Sheet

(Unit : KRW mn)	2021	2022	2Q23
Total Assets	2,110,123	2,141,931	1,968,520
Current Assets	1,837,804	1,783,694	1,574,105
Cash & cash equivalents	1,645,663	1,480,806	1,220,757
Account receivable & other receivable	48,135	89,661	100,821
Inventories	135,046	187,406	233,354
Other current assets	8,960	25,822	19,172
Non-current Assets	272,319	358,237	394,415
PP&E	210,265	264,158	273,745
Intangible assets	17,061	18,181	19,110
Other non-current assets	44,993	75,898	101,560
Total Liabilities	508,811	400,229	257,124
Current Liabilities	459,952	380,037	241,306
Account payable & other payable	102,185	55,705	31,293
Short-term borrowings	11,671	45,550	-
Current bonds	47,978	38,008	-
Current contract liabilities	98,789	155,676	173,300
Other current liabilities	199,329	85,098	36,713
Non-current Liabilities	48,859	20,192	15,818
Bonds	35,503	-	-
Long-term borrowings	-	-	-
Other non-current liabilities	13,356	20,192	15,818
Total Equity	1,601,312	1,741,702	1,711,396
Capital stock	38,250	38,392	38,392
Capital surplus	1,157,064	1,160,008	1,160,008
Other equity	901	9,848	9,842
Accumulated other comprehensive income	(208)	77	15
Retained earnings	405,305	533,378	503,134
Net Cash	1,550,512	1,397,247	1,220,757

Income Statement

(Unit : KRW mn)	2Q22	3Q22	4Q22	'22 Cum.	1Q23	2Q23	1H23
Revenue	138,281	91,053	140,301	456,726	20,597	26,478	47,075
COGS	52,135	35,264	90,432	217,115	19,712	19,997	39,709
Gross Profit	86,146	55,789	49,868	239,611	885	6,481	7,366
SG&A expenses	24,956	34,430	41,155	124,597	30,074	41,790	71,864
Operating Profit	61,190	21,359	8,714	115,014	(29,189)	(35,309)	(64,498)
Non-operating profit & loss	(5,847)	1,817	21,744	26,720	3,523	6,074	9,597
Profit before Income Tax	55,343	23,176	30,457	141,733	(25,665)	(29,235)	(54,900)
Income tax	9,217	2,398	2,716	19,281	(11,398)	(13,258)	(24,656)
Net Income	46,126	20,778	27,742	122,452	(14,268)	(15,976)	(30,244)

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

(4) Separate Financial Statement

Balance Sheet

(Unit : KRW mn)	2021	2022	2Q23
Total Assets	2,110,123	2,142,189	1,968,911
Current Assets	1,837,804	1,777,402	1,569,019
Cash & cash equivalents	1,645,663	1,474,513	1,215,671
Account receivable & other receivable	48,135	89,660	100,821
Inventories	135,046	187,406	233,354
Other current assets	8,960	25,822	19,172
Non-current Assets	272,319	364,788	399,892
PP&E	210,265	264,158	273,425
Intangible assets	17,061	18,181	19,110
Other non-current assets	44,993	82,449	107,356
Total Liabilities	508,811	399,934	256,291
Current Liabilities	459,952	379,742	240,783
Account payable & other payable	102,185	55,410	30,959
Short-term borrowings	11,671	45,550	-
Current bonds	47,978	38,008	-
Current contract liabilities	98,789	155,676	173,300
Other current liabilities	199,329	85,098	36,523
Non-current Liabilities	48,859	20,192	15,509
Bonds	35,503	-	-
Long-term borrowings	-	-	-
Other non-current liabilities	13,356	20,192	15,509
Total Equity	1,601,312	1,742,255	1,712,620
Capital stock	38,250	38,392	38,392
Capital surplus	1,157,064	1,160,008	1,160,008
Other equity	901	9,848	9,848
Accumulated other comprehensive income	(208)	265	-
Retained earnings	405,305	533,742	504,372
Net Cash	1,550,512	1,390,955	1,215,671

Income Statement

(Unit : KRW mn)	2Q22	3Q22	4Q22	'22 Cum.	1Q23	2Q23	1H23
Revenue	138,281	91,053	140,301	456,726	20,597	26,478	47,075
COGS	52,135	35,264	90,432	217,115	19,712	19,997	39,709
Gross Profit	86,146	55,789	49,868	239,611	885	6,481	7,366
SG&A expenses	24,956	34,430	40,790	124,232	29,593	41,326	70,919
Operating Profit	61,190	21,359	9,079	115,379	(28,708)	(34,845)	(63,553)
Non-operating profit & loss	(5,847)	1,817	21,743	26,719	3,492	6,034	9,526
Profit before Income Tax	55,343	23,176	30,822	142,098	(25,216)	(28,811)	(54,027)
Income tax	9,217	2,398	2,716	19,281	(11,398)	(13,258)	(24,656)
Net Income	46,126	20,778	28,106	122,817	(13,818)	(15,552)	(29,370)

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

2 Business Update



(1) PCV21 – Phase 2 Result

Phase 2 Successful, First-in-Class PCV20+ in Pediatric Market

Current Development Status with Phase 2 Results

- ✓ Pursue first in PCV20+ market, “Blockbuster Pipeline”
- ✓ Focus on pediatric market
 - PCV market size: 10T KRW in '22 (M/S 80%) → 12T KRW in '28
- ✓ Secure safety profile in pediatrics while presenting comparable immune response to PCV20
- ✓ Break serotype composition ceiling with an innovative carrier
- ✓ Enter phase 3 in 1H 2024 / submission in 2027

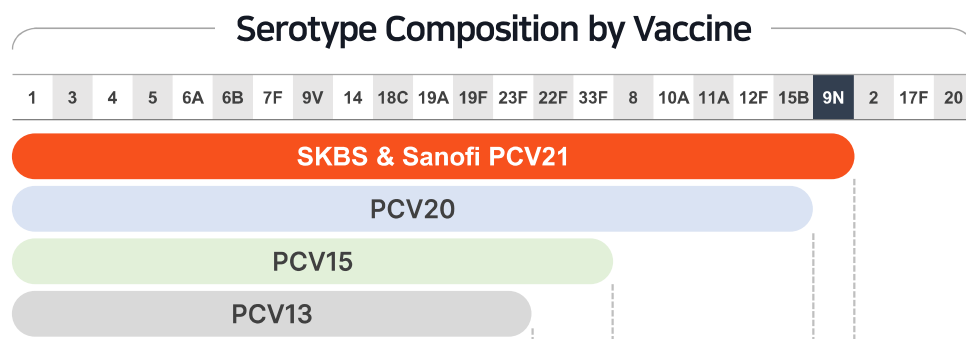
Enter Premium Vaccine Market

- ① Global sales with Sanofi
- ② cGMP DP Expansion
- ③ Next-gen PCV 21+ vaccine

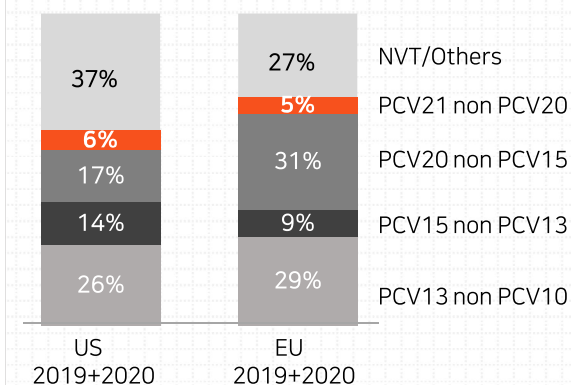
(1) PCV21 – Break Serotype Composition Ceiling

First-in-Class Pediatric PCV 20+ Vaccine Expanding Coverage with Innovative Technology

Coverage Expansion

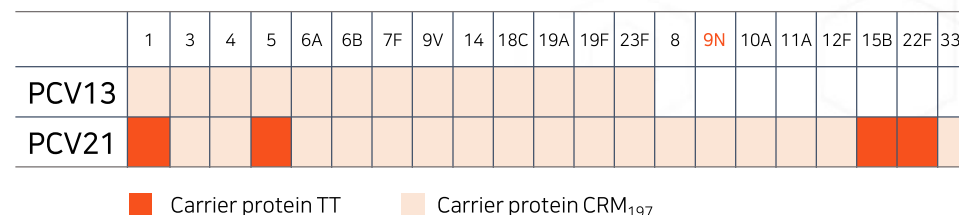


[IPD Coverage by Vaccine]

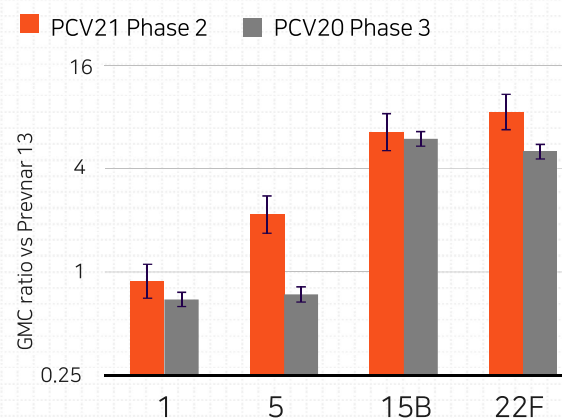


**"9N serotype
provides 5~7% gain
in IPD coverage
across all ages"**

Innovative Carrier



[Post Dose 4: IgG GMC ratio]

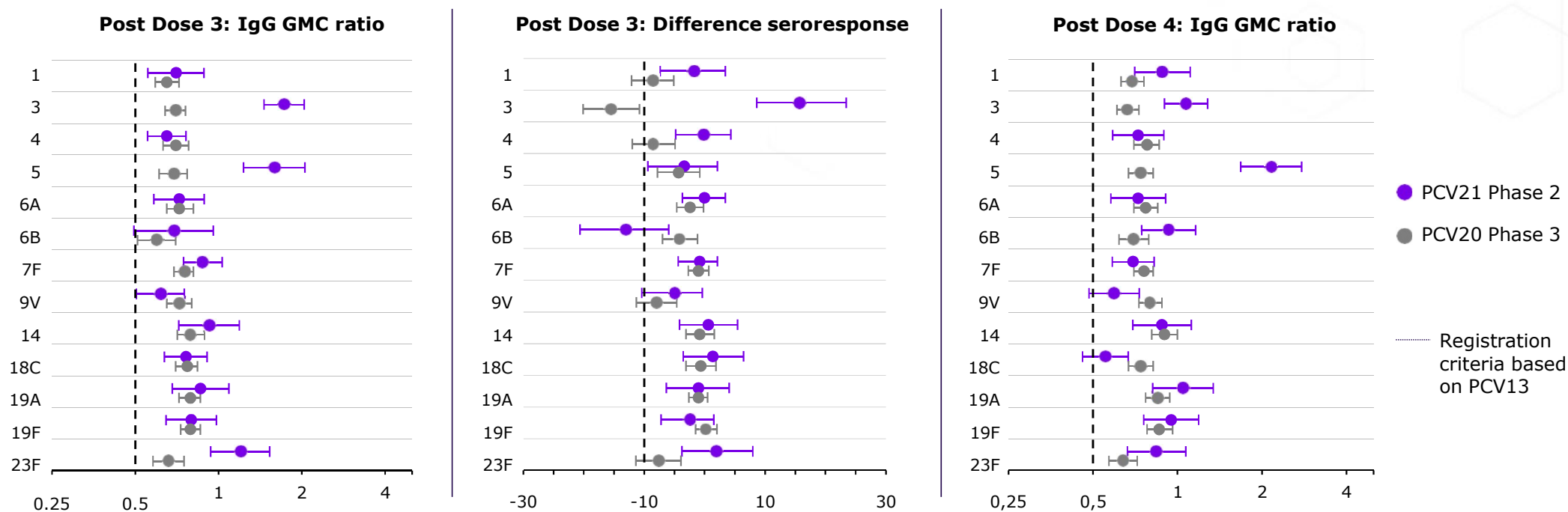


**"Innovative carrier
to break serotype
composition ceiling"**

[Ref] PCV21 Phase 2 Results – Immune Response

Serotypes shared by PCV13/20/21

IgG GMC ratio and difference % seroresponse vs PCV13



- PCV21_Phase II [NCT04398706] Seroresponse: IgG concentration $\geq 0.35 \mu\text{g/mL}$ for all serotypes

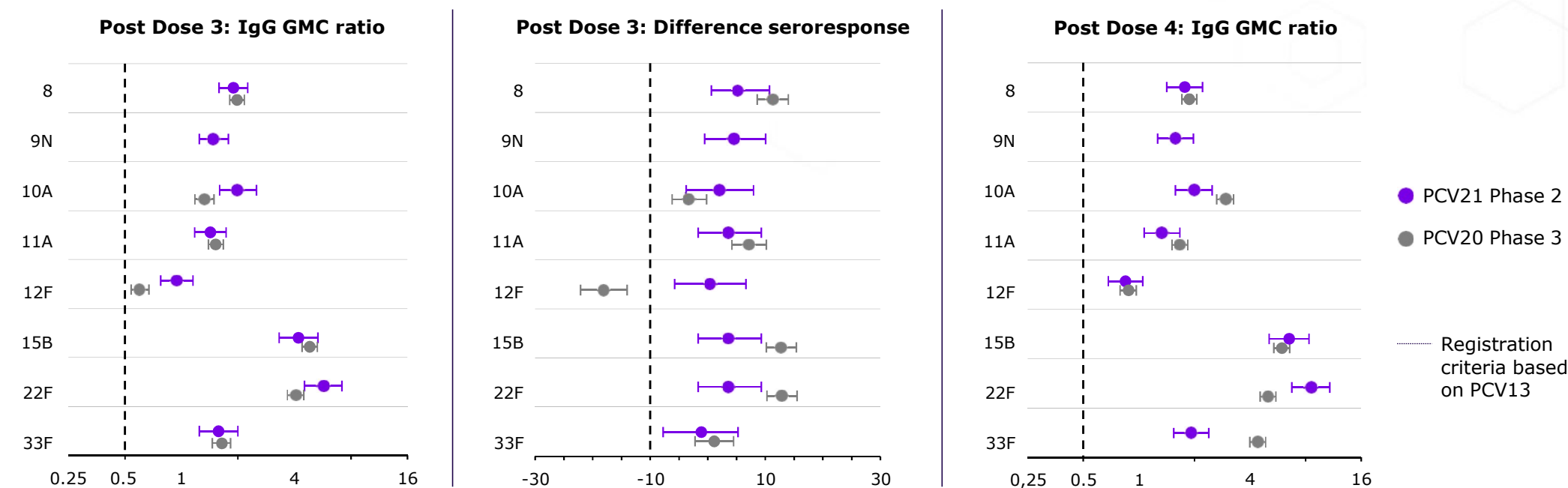
- PCV20_Phase III [NCT04382326] Seroresponse: IgG concentration $\geq 0.35 \mu\text{g/mL}$ for all serotypes except $\geq 0.23 \mu\text{g/mL}$, $\geq 0.10 \mu\text{g/mL}$ and $\geq 0.12 \mu\text{g/mL}$ for serotypes 5, 6B and 19A respectively

- PCV21 selected formulation for next phase

[Ref] PCV21 Phase 2 Results – Immune Response

Serotypes shared with PCV20 or unique to PCV21(9N)

IgG GMC ratio and difference % seroresponse vs lowest in PCV13 group



- PCV21_Phase II [NCT04398706] Seroresponse: IgG concentration $\geq 0.35 \mu\text{g/mL}$ for all serotypes
- PCV20_Phase III [NCT04382326] Seroresponse: IgG concentration $\geq 0.35 \mu\text{g/mL}$ for all serotypes except $\geq 0.23 \mu\text{g/mL}$, $\geq 0.10 \mu\text{g/mL}$ and $\geq 0.12 \mu\text{g/mL}$ for serotypes 5, 6B and 19A respectively
- Note: difference (% and GMC ratio) vs lowest serotype in PCV 13

(2) Thailand Glocalization

Glocalization in ASEAN Starts with Thailand

Contract

- ✓ DS Supply
- ✓ DP Tech Transfer



Extend Collab.

Full-process tech transfer
Pipeline diversification

Vaccine A

Vaccine B

Vaccine C

⋮

Expand to ASEAN

GPO

Government Pharmaceutical
Organization

Mandatory use of
60% of GPO drugs in
public hospitals in Thailand

Target ASEAN Vaccine Market

- ✓ Local facilities & production capacity
- ✓ High ASEAN regional influence

ASEAN
A

⋮

Thailand

...

ASEAN
B

⋮



3

Appendix



(1) SKBS Pipeline

SKBS Pipeline Includes Various Projects Based on Continuous R&D Investment,
Targeting the Global Market with Promising Blockbuster Potential

- COVID/Endemic
- Premium (Potential)
- Routine Vaccines

			Pre-Clinical	Phase 1	Phase 2	Phase 3	Registration
SKYCovione(COVID-19)	CEPI	BILL & MELINDA GATES foundation					✓
Pan-Sarbeco(Sarbecovirus)	CEPI	INSTITUTE FOR Protein Design UNIVERSITY OF WASHINGTON	✓				Domestic : BLA Approval Overseas : MHRA MA / WHO EUL Approval
Nasal Spray	INSTITUTE FOR Protein Design UNIVERSITY OF WASHINGTON	BILL & MELINDA GATES foundation	✓				EMA Submitted
PCV21	sanofi				✓ US		
RSV			✓				
Recombinant Zoster			✓				
HPV10	Sunflower THERAPEUTICS		✓				
Cancer/Obesity Vaccine, etc.			✓				
SKYCellflu(Quadrivalent)							✓
SKYZoster							✓
SKYVaricella							✓
TCV	International Vaccine Institute	BILL & MELINDA GATES foundation					✓ BLA Approval (submitted for export)
HPV4	Sunflower THERAPEUTICS			✓ Phase 1/2			
Rotavirus Pentavalent				✓			
Hepatitis A Vaccine			✓				
Other Vaccines			Pursuing acquisition of new pipelines & commercialized vaccines via partnerships and M&A				

(2) ESG Management

Contribute to Global Public Health by Promoting Sustainable Management

ESG Report



| ESG Report

- ✓ The first ESG report containing SK bioscience's ESG strategy ('22.06)
- ✓ The second ESG report on our performance centered in 3 key issues ('23.07)
 - Net Zero roadmap
 - Human rights management
 - ESG in supply chain



| TCFD Report ('22.12)

- ✓ The first publication among Korean bio/pharma companies

ESG Rating



2022 KCGS ESG Grade A

Environment **A**

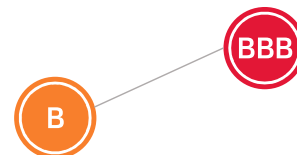
Social **A+**

Governance **A**

| KCGS ESG Evaluation ('22.11)

- ✓ A or higher in all categories

MSCI



2021.10

2023.01

| MSCI ESG Evaluation ('23.01)

- ✓ ESG grade improved by 2 steps

