

SK bioscience
Earnings Release
Q3 2021

2021.10





Earnings Release Q3 2021

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 Q3 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.

Q3 2021 Key Highlights



Financial Performance

Record High Earnings
Revenue 2,208 /
Operating Profit
1,004 (KRW 100mn)



COVID-19

MFDS approved
Phase 3 clinical trial
of GBP510, the first
domestically
developed Covid-19
vaccine candidate



CDMO

Allocated a CEPI
Reserved Suite to
Novavax



Facility Expansion

Materialization of
L-HOUSE expansion
in Andong and R&PD
center establishment
in Songdo

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Earnings Results



(1) Income Statement

Revenue has increased three consecutive quarters due to increased volume of DS sales of COVID-19 vaccines, marking record high performance in Q3 2021

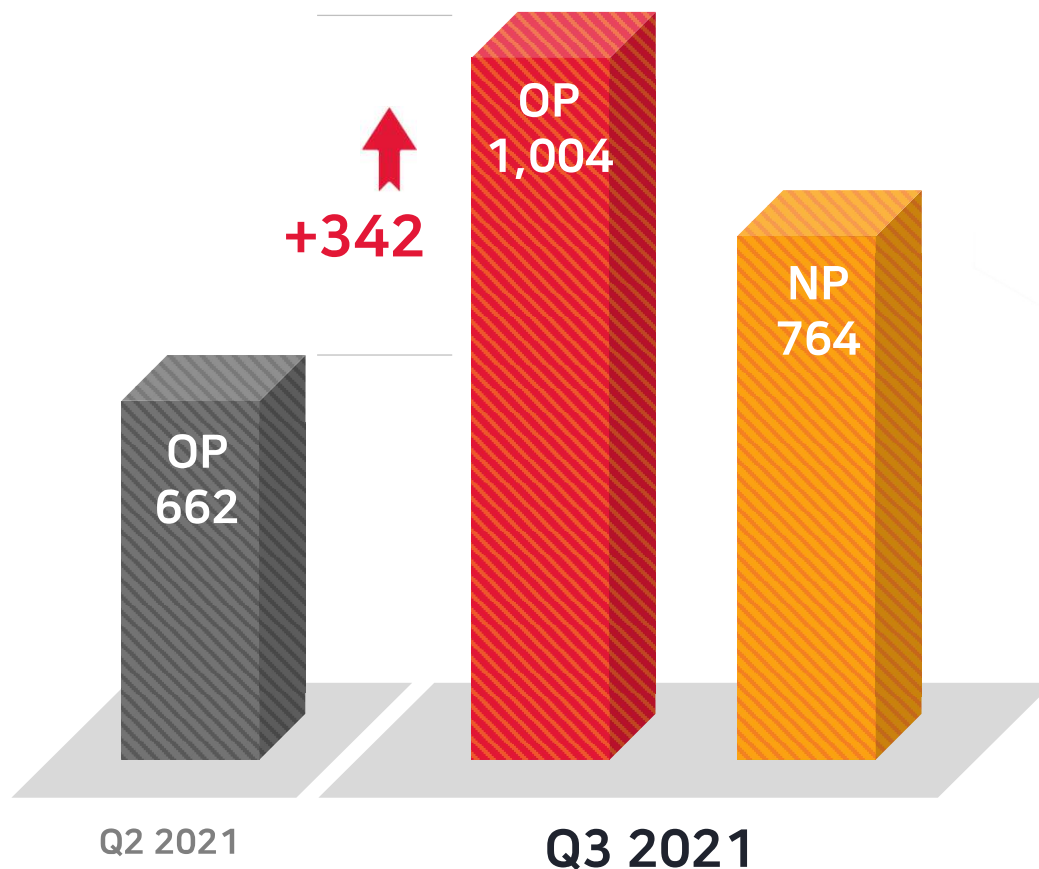
(unit : KRW 100Mn)

Category	Q3 2020	2020 cum.	Q2 2021	Q3 2021	YoY	QoQ
Revenue	987	2,256	1,446	2,208	124%	53%
COGs	470	1,303	616	894	-	-
Gross Profit	517	953	830	1,314	154%	58%
(%)	52%	42%	57%	60%	8%p	3%p
SG&A expenses	152	576	168	310	-	-
Operating Profit	365	377	662	1,004	175%	52%
(%)	37%	17%	46%	45%	8%p	Δ 1%p
Non-operating profit & loss	15	Δ4	17	Δ38	-	-
Profit before Income Tax	380	373	679	966	154%	42%
Income tax	58	44	151	202	-	-
Net Profit	322	329	528	764	137%	45%

(2) Profit Analysis

Key Profit Analysis

(unit : KRW 100Mn)



Operating Profit **1,004**

- **Delivered continuous growth driven by COVID-19 DS/DP sales**
 - revenue recognition of AZ (DS/DP) and partial revenue recognition of Novavax (DS)
- **COVID-19 vaccination negatively impacted the demand of the self-developed SKYZoster and GSK Products**

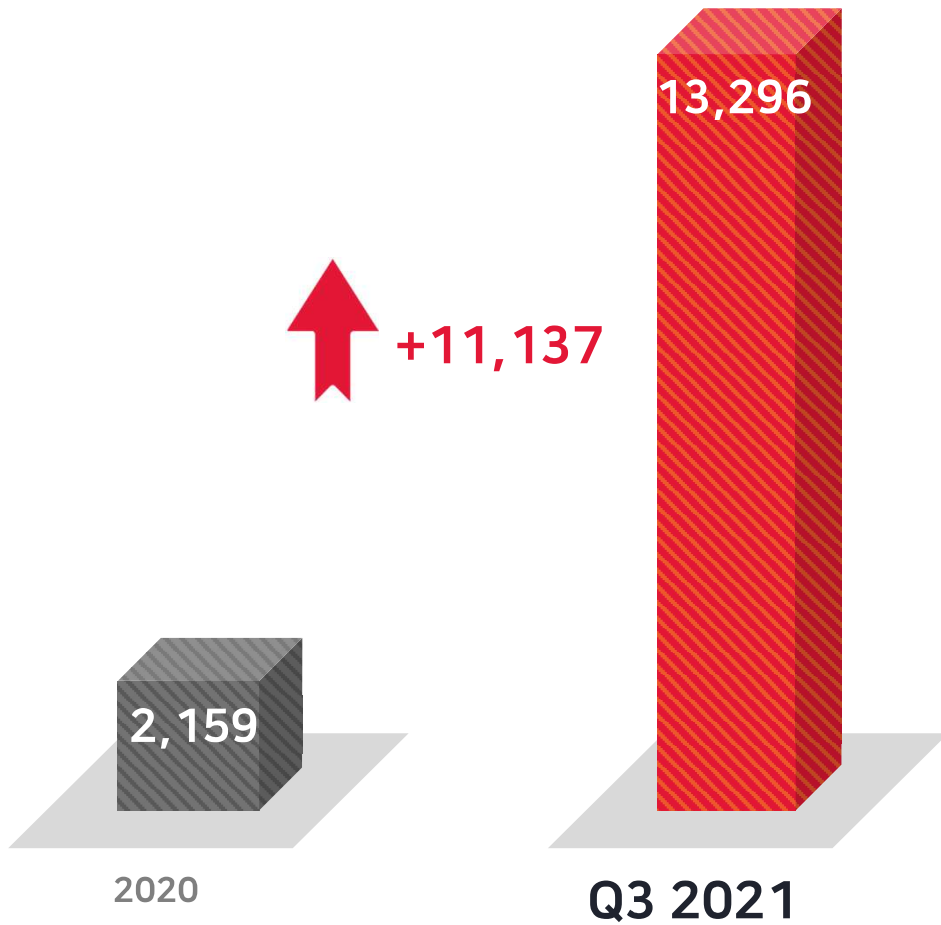
Net Profit **764**

- **Income tax expense Δ 202 recognized, etc.**

(3) Financial Position

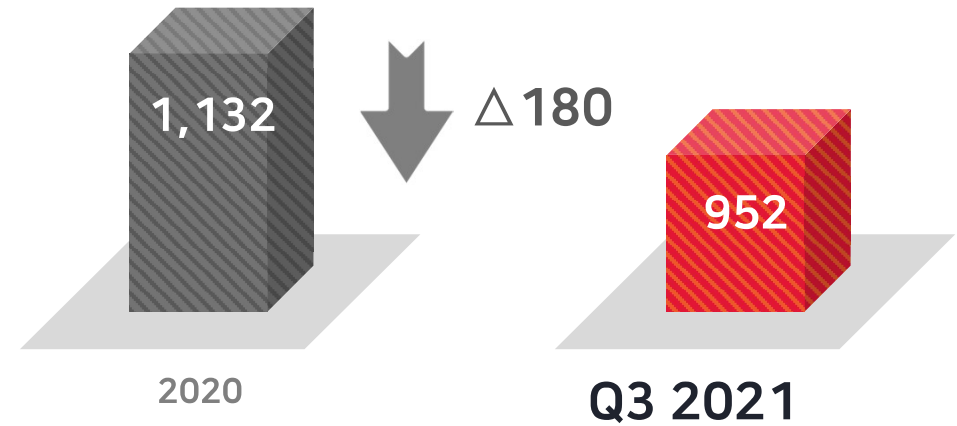
Cash

(unit : KRW 100Mn)



Loan Payable

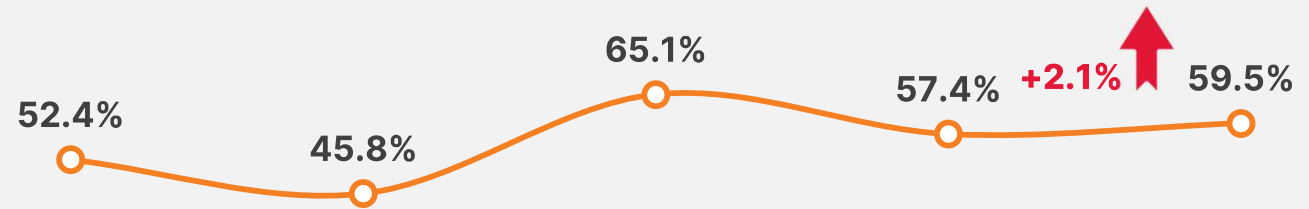
(unit : KRW 100Mn)



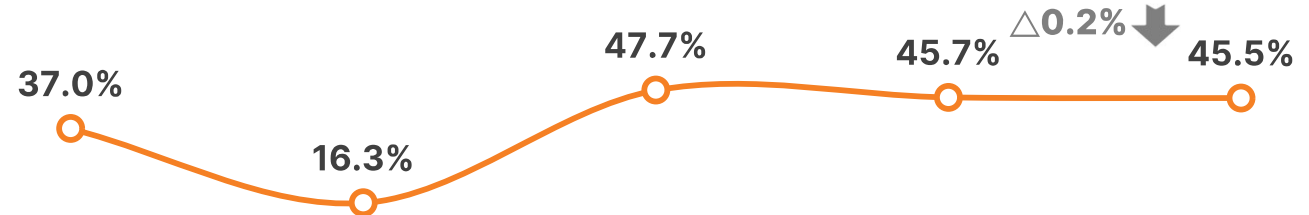
(4) Profitability Index

Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21

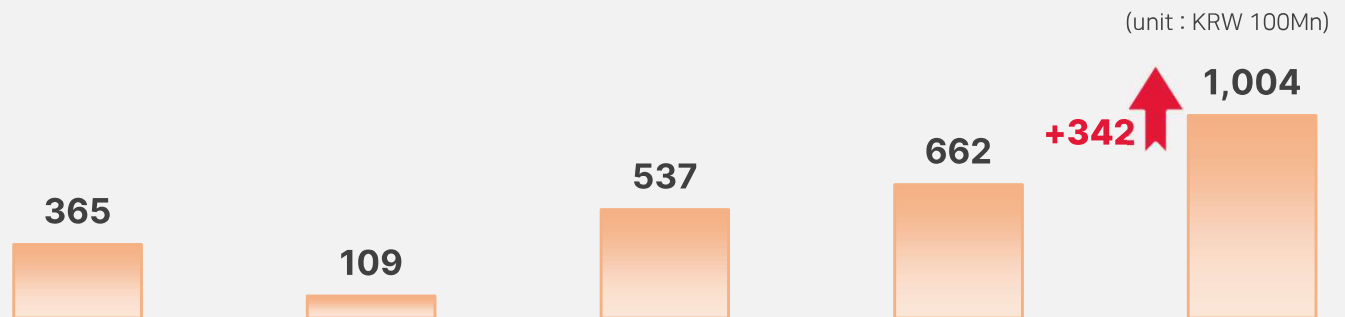
GP Margin



OP Margin



OP



(5) Financial Statement

Balance Sheet

(Unit : KRW Mn)

Category	2019.12.31	2020.12.31	2021.09.30
Total Assets	403,980	562,232	1,919,182
Current Assets	170,741	333,902	1,659,208
Cash & cash equivalents	94,468	215,898	1,329,572
Account receivable & other receivable	32,430	45,838	167,740
Inventories	36,378	70,275	135,024
Other current assets	7,465	1,891	26,872
Non-current Assets	233,239	228,330	259,974
PP&E	182,477	180,992	196,036
Intangible assets	19,479	17,858	17,613
Other non-current assets	31,283	29,480	46,325
Total Liabilities	171,246	298,442	498,935
Current Liabilities	45,509	180,640	448,671
Account payable & other payable	31,613	39,153	91,167
Short-term borrowings	-	-	11,715
Current bonds	-	10,995	47,968
Current contract liabilities	4,687	94,899	177,220
Other current liabilities	9,209	35,593	120,601
Non-current Liabilities	125,737	117,802	50,264
Bonds	93,472	80,473	35,473
Long-term borrowings	23,156	21,760	-
Other non-current liabilities	9,109	15,569	14,791
Total Equity	232,734	263,790	1,420,247
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	△378
Retained earnings	22,309	53,236	224,410
Net Cash	△22,160	102,671	1,234,416

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

Income Statement

(Unit : KRW Mn)

Category	Q3.20	2020 Cum.	Q1.21	Q2.21	Q3.21	2021 Cum.
Revenue	98,689	225,611	112,710	144,604	220,829	478,143
COGS	46,995	130,269	39,308	61,566	89,476	190,350
Gross Profit	51,694	95,342	73,402	83,038	131,353	287,793
SG&A expenses	15,220	57,632	19,687	16,883	30,947	67,517
Operating Profit	36,474	37,710	53,715	66,155	100,406	220,276
Non-operating profit & loss	1,531	△417	1,327	1,737	△3,834	△770
Profit before Income Tax	38,005	37,293	55,042	67,892	96,572	219,506
Income tax	5,797	4,403	13,117	15,080	20,135	48,332
Net Profit	32,208	32,890	41,925	52,812	76,437	171,174



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**Business
Updates**

 **SK** bioscience

(1) COVID-19_GBP510

1 Global Phase 3 Clinical Trial Status and Strategy



2 Key Clinical Trials Updates

● Domestic

- Observed 5~8 times higher levels of neutralizing antibodies compared to patients who had been infected in Phase 1 study
- Analyzing Phase 2 trial results, expected to announce
- Initiation of patient dosing in Phase 3 study (8/30)

● Global

- IND process ongoing on each country
- Continuing to make progress on our global clinical trials with CEPI,IVI and other related partners

(2) COVID-19_CMO/CDMO

Q3 2021

Upcoming Key Events

CMO

- Continued production and shipment of commercialized AZ Drug Substance (DS)/ Drug Product (DP)
- Completed shipment of AZ Vaccines for Korean government

- Stable production and shipment of commercial batches expected in Q4

CDMO

- Continued production of Novavax DS

- Solid profit growth expected driven by accelerated QA(Quality Assurance) process
- Currently in discussion on extension of manufacturing contract for '22

L/I

- Completed production of 40mil doses of Novavax vaccines (DS) for Korean government
- Discussion on ways to provide additional production batches in the market is ongoing (w/ Novavax)

- Recognition of revenue on QA process (DS)
- Expecting commercialization upon MFDS approval (DP)

(3) Investment for Future Growth

1 Strengthening vaccine business



Capacity Expansion

Planned expansion of existing DS/DP Suite in L-House plant as well as securing additional sites



R&PD Center Establishment

Expected to secure sites within the Bio-industry cluster in Songdo
Establishment of facilities such as Open/R&D LAB is also expected



Glocalization

In talks with global candidates on business models in detail to ensure short-term success



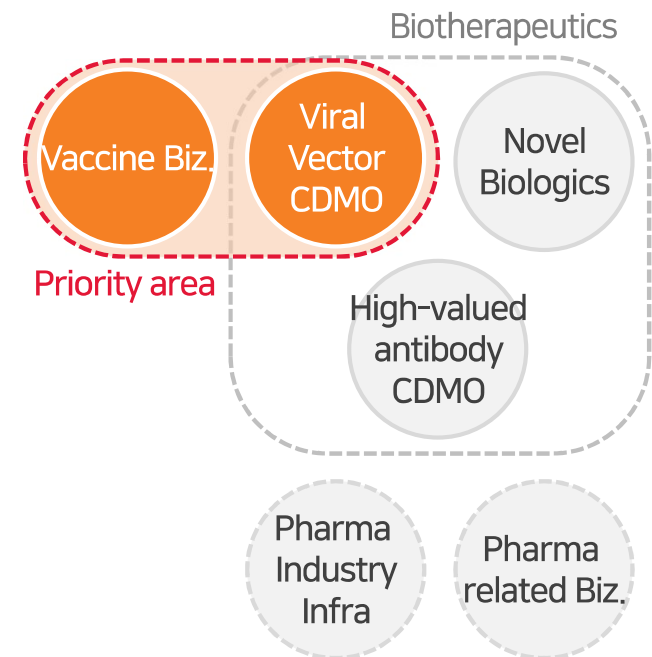
Securing mRNA platform technology

Continue to pursue business development opportunities with multiple partners including co-development and technology transfer

2 Expanding in related areas



With our expertise on vaccine development and production, we aim to expand our business areas



(4) Pipeline at a glance

SK bioscience continues to invest in R&D
with the goal of delivering global blockbuster pipelines

Blockbuster Pipeline		Pre-Clinical	Phase 1	Phase 2	Phase 3	Registration
1 COVID-19	CEPI <small>BILL & MELINDA GATES foundation</small>				✓ Global	
2 PCV next generation	SANOFI PASTEUR			✓ US		
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
HPB Quadrivalent (NBP615)			✓ Phase 1/2			
Oral Rota Pentavalent (NBP613)			✓			
Hepatitis A, Recombinant zoster		✓				
Immuno-oncology, obesity		✓				
Others (mRNA adjuvant)		✓				

