



YS Biopharma Announces Financial Results for Fiscal Year 2023 Ended March 31, 2023

July 26, 2023

Total revenues increase by 36.3% year-over-year; gross margin improves to 77.7%; balance sheet remains robust

Company's PIKA rabies vaccine approved for Phase III clinical trials in Singapore, the Philippines, and Pakistan; interim results expected early next year

GAITHERSBURG, Md., July 26, 2023 /PRNewswire/ -- YS Biopharma Co., Ltd. (NASDAQ: YS) ("YS Biopharma" or the "Company"), a global biopharmaceutical company dedicated to discovering, developing, manufacturing, and delivering new generations of vaccines and therapeutic biologics for infectious diseases and cancer, today announced its financial results for the fiscal year ended March 31, 2023 ("Fiscal Year 2023").



Dr. David Shao, Director, President, and CEO of YS Biopharma, commented, "We are delighted to announce our first annual results as a Nasdaq-listed company with significant year-over-year revenue growth, a stable gross margin, and a strengthened balance sheet. At the same time, we laid the foundations for our future development as we advanced our diversified portfolio of innovative product candidates, bringing them closer to commercialization. Driven by strong demand for our YSJA rabies vaccine and our strategic execution of sales and marketing initiatives, we ended fiscal year 2023 standing as one of the leading human rabies vaccine manufacturers, and we expanded our market reach to over 60% of CDC customers in China. Meanwhile, we made notable progress in advancing our rabies vaccine franchise when we received approval to conduct Phase III clinical trials of our premium, next-generation PIKA rabies vaccine from regulatory authorities in the Philippines, Singapore, and Pakistan. Looking ahead, we will strategically unlock the potential of our marketed product and our pipeline candidates by exploring commercial partnerships, expanding our infrastructure, entering new markets, and leveraging our deep experience in vaccine manufacturing, sales, and distribution. With our first-generation rabies vaccine generating organic cash flows and our robust product portfolio advancing to the next phase, we are well-positioned to continue developing transformative vaccines and therapeutic biologics while creating long-term shareholder value."

Business Updates

YSJA™ Rabies Vaccine

YS Biopharma's marketed vaccine product, YSJA™ rabies vaccine, was the first aluminum-free lyophilized rabies vaccine launched in China. Since the Company commenced production at its current GMP-compliant facilities in February 2020, and as of March 31, 2023, YS Biopharma had sold more than 19.9 million doses of YSJA™ rabies vaccines to approximately 1,687 county-level CDCs in China.

Clinical Pipeline

YS Biopharma is advancing a robust portfolio of innovative product candidates under various clinical development stages, including PIKA rabies vaccine, PIKA recombinant COVID-19 vaccine, and PIKA YS-ON-001.

PIKA Rabies Vaccine

- The Company has completed Phase I and Phase II clinical trials of its PIKA rabies vaccine in Singapore, and has completed a Phase I clinical trial in China. As of June 1, 2023, the Company had received regulatory approval to conduct Phase III clinical trials of the vaccine from authorities in the Philippines, Singapore, and Pakistan. This multi-country Phase III study will evaluate lot-to-lot consistency of three lots of the PIKA rabies vaccine, along with the vaccine's immunogenicity and safety.
- The Company plans to enroll a total of 4,500 subjects into the Phase III study, with enrollment expected to begin in the fourth quarter of 2023. The Company targets to obtain interim results in early 2024.

PIKA Recombinant COVID-19 Vaccine

- In March 2023, the Company reported positive interim safety and immunogenicity data for the PIKA recombinant COVID-19 vaccine from Phase II of the Phase II/III clinical studies which were completed in the Philippines and the UAE. These results demonstrated the safety profile of the Company's PIKA adjuvant technology among approximately 6000 subjects in the Phase II/III trial. The results of the Phase III clinical trials are expected to be available before the end of 2023.
- As the global situation regarding COVID-19 continues to evolve, the Company will continue to monitor worldwide health trends and make appropriate decisions regarding commercialization strategies for the PIKA recombinant COVID-19 vaccine.

PIKA YS-ON-001

- YS Biopharma is currently enrolling cancer patients for the Phase I clinical study of PIKA YS-ON-001 in China. The Company expects this Phase I clinical study to be completed by December 31, 2023.

Fiscal Year 2023 Financial Results

Total Revenues

Total revenues increased by 36.6% to RMB687.2 million (US\$100.0 million) in Fiscal Year 2023 from RMB502.9 million in the same period of 2022. The increase was primarily due to increases in the sales volume and product unit price of the Company's YSJA™ rabies vaccine.

Gross Profit

Gross profit was RMB533.8 million (US\$77.7 million), representing a 77.7% gross margin, compared to RMB385.9 million, or a 76.7% gross margin, in the same period of 2022.

Selling Expenses

Selling expenses in Fiscal Year 2023 were RMB272.9 million (US\$39.7 million), compared to RMB186.0 million in the same period of 2022. The change in selling expenses was primarily attributable to an increase in promotional and marketing services fees to expand the Company's access to district and county CDCs and hospitals.

General and Administrative Expenses

General and administrative expenses decreased to RMB81.6 million (US\$11.9 million) in Fiscal Year 2023, compared to RMB107.6 million in the same period of 2022. The decrease was mainly due to the reduction in professional service fees paid by the Company.

Research and Development Expenses

Research and development expenses were RMB318.7 million (US\$46.4 million) in Fiscal Year 2023, compared to RMB211.2 million in the same period of 2022. The increase was primarily driven by an increase in preclinical and clinical development costs associated with the Company's COVID-19 and rabies vaccines.

Net Loss

Net loss for Fiscal Year 2023 was RMB145.5 million (US\$21.2 million), compared with RMB106.0 million in the same period of 2022.

Balance Sheet

As of March 31, 2023, the Company had cash and cash equivalents of RMB370.4 million (US\$53.9 million), compared with RMB271.1 million as of March 31, 2022.

Corporate Update

On March 16, 2023, the Company announced that it had completed the business combination with Summit Healthcare Acquisition Corp. and became a publicly listed company trading on the Nasdaq Capital Market, obtaining approximately RMB252.5 million (US\$36.7 million) in gross proceeds. The transaction resulted in approximately 93,058,197 ordinary shares issued and outstanding as of March 31, 2023.

Conference Call Information

The Company's management will hold an earnings conference call on Wednesday, July 26, 2023 at 8:00 P.M. Eastern Time to discuss the financial results. Listeners may access the call by dialing the following numbers:

United States Toll Free: 1-888-346-8982

International: 1-412-902-4272

Mainland China Toll Free: 4001-201203

Canada Toll Free: 18556699657

Hong Kong: 852-301-84992

The replay will be accessible through August 2, 2023 by dialing the following numbers:

United States Toll Free: 1-877-344-7529

International: 1-412-317-0088

Canada Toll Free: 855-669-9658

Access Code: 8524425

A live and archived webcast of the conference call will also be available at the Company's investor relations website at <https://investor.ysbiopharm.com/>.

About YS Biopharma

YS Biopharma is a global biopharmaceutical company dedicated to discovering, developing, manufacturing, and delivering new generations of vaccines and therapeutic biologics for infectious diseases and cancer. It has developed a proprietary PIKA[®] immunomodulating technology platform and a new generation of preventive and therapeutic biologics targeting Rabies, Coronavirus, Hepatitis B, Influenza, Shingles, and other virus infections. YS Biopharma operates in China, the United States, Singapore, and the Philippines, and is led by a management team that combines rich local expertise and global experience in the biopharmaceutical industry. For more information, please visit investor.ysbiopharm.com.

Exchange Rate Information

This announcement contains translations of certain RMB amounts into U.S. dollars at a specified rate solely for the convenience of the reader. Unless otherwise noted, all translations from RMB to U.S. dollars are made at a rate of RMB6.8676 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on March 31, 2023.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this press release are forward-looking statements, including but not limited to statements regarding the expected growth of YS Biopharma, the development progress of all product candidates, the progress and results of all clinical trials, YS Biopharma's ability to source and retain talent, and the cash position of YS Biopharma following the closing of the Business Combination. Forward-looking statements may be identified by the use of words such as "estimate," "plan," "project," "forecast," "intend," "will," "expect," "anticipate," "believe," "seek," "target" or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements are based on various assumptions, whether identified in this press release, and on the current expectations of YS Biopharma's management and are not predictions of actual performance.

These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by these forward-looking statements. Although YS Biopharma believes that it has a reasonable basis for each forward-looking statement contained in this press release, YS Biopharma cautions you that these statements are based on a combination of facts and factors currently known and projections of the future, which are inherently uncertain. In addition, there are risks and uncertainties described in the final prospectus relating to the proposed Business Combination, and other documents filed by YS Biopharma from time to time with the SEC. These filings may identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements.

YS Biopharma cannot assure you that the forward-looking statements in this press release will prove to be accurate. These forward-looking statements are subject to a number of risks and uncertainties, including, among others, the ability to recognize the anticipated benefits of the Business Combination, costs related to the transaction, the impact of the global COVID-19 pandemic, the risk that the transaction disrupts current plans and operations as a result of the consummation of the transaction, the outcome of any potential litigation, government or regulatory proceedings, the sales performance of the marketed vaccine product and the clinical trial development results of the product candidates of YS Biopharma, and other risks and uncertainties, including those included under the heading "Risk Factors" in the final prospectus filed with the SEC on February 8, 2023, as supplemented on February 21, 2023, and other filings with the SEC. There may be additional risks that YS Biopharma does not presently know or that YS Biopharma currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In light of the significant uncertainties in these forward-looking statements, nothing in this press release should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. The forward-looking statements in this press release represent the views of YS Biopharma as of the date of this press release. Subsequent events and developments may cause those views to change. However, while YS Biopharma may update these forward-looking statements in the future, there is no current intention to do so, except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing the views of YS Biopharma as of any date subsequent to the date of this press release. Except as may be required by law, YS Biopharma does not undertake any duty to update these forward-looking statements.

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YS BIOPHARMA CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	As of March 31,		
	2022 (RMB)	2023 (RMB)	2023 (US\$)
ASSETS			
Current assets			
Cash	271,067,503	370,108,059	53,859,752
Restricted cash	-	261,766	38,093

Accounts receivable, net	308,555,105	463,051,792	67,385,333
Advance to suppliers, net	10,648,306	6,763,326	984,229
Inventories, net	166,505,565	185,380,952	26,977,451
Prepaid expenses and other current assets	7,987,914	10,412,769	1,515,312
Total current assets	764,764,393	1,035,978,664	150,760,170
Non-current assets			
Property, plant and equipment, net	550,153,110	571,756,443	83,204,512
Operating lease right-of-use assets, net	14,850,283	11,132,428	1,620,040
Deferred tax assets, net	3,039,084	1,905,581	277,309
Intangible assets, net	80,717,978	78,056,792	11,359,168
Other assets, non-current	28,228,293	20,923,703	3,044,909
Total non-current assets	676,988,748	683,774,947	99,505,938
Total assets	1,441,753,141	1,719,753,611	250,266,108

LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT)/EQUITY

Current liabilities

Bank loans and other borrowings - current	111,733,754	193,736,563	28,193,397
Accounts payable	30,811,100	80,439,489	11,705,908
Accrued expenses and other liabilities	326,751,353	377,536,644	54,940,793
Operating lease liabilities - current	4,322,252	4,753,547	691,757
Deferred government grants - current	2,295,701	2,295,701	334,081
Total current liabilities	475,914,160	658,761,944	95,865,936

Non-current liabilities

Bank loans and other borrowings – non-current	253,928,000	293,790,596	42,753,699
Operating lease liabilities - non-current	10,605,260	6,348,890	923,918
Deferred government grants - non-current	30,053,517	23,606,507	3,435,323
Warrants liability	-	8,792,389	1,279,507
Total non-current liabilities	294,586,777	332,538,382	48,392,447
Total liabilities	770,500,937	991,300,326	144,258,383

Mezzanine equity

Series A and Series A-1 redeemable convertible preferred shares (par value US\$0.000005 per share, 50,000,000 shares authorized; 21,548,589 shares issued and outstanding)	458,074,468	-	-
Series B redeemable convertible preferred shares (par value US\$0.000005 per share, 100,000,000 shares authorized; 65,414,858 shares issued and outstanding)	912,146,924	-	-
Total mezzanine equity	1,370,221,392	-	-

Shareholders'(deficit)/equity

Ordinary shares, par value US\$0.00002 per share; 9,950,000,000 shares authorized; 61,827,883 and 93,058,197 shares issued and outstanding as of March 31, 2022 and 2023, respectively; *	7,978	12,297	1,790
Additional paid-in capital	808,502,018	2,656,891,036	386,642,466
Accumulated deficit	(1,590,567,163)	(1,874,037,965)	(272,718,245)
Accumulated other comprehensive income/(loss)	83,087,979	(54,412,083)	(7,918,286)
Total shareholders' (deficit)/equity	(698,969,188)	728,453,285	106,007,725
Total liabilities, mezzanine equity and shareholders' (deficit)/equity	1,441,753,141	1,719,753,611	250,266,108

* Gives retroactive effect to reflect the reorganization in February 2021 and business combination in March 2023.

YS BIOPHARMA CO., LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Years Ended March 31,

	2021	2022	2023	2023
	(RMB)	(RMB)	(RMB)	(US\$)
Revenues	257,015,929	502,949,894	687,201,070	100,004,521
Cost of revenues	59,656,877	117,066,090	153,360,262	22,317,660
Gross profit	197,359,052	385,883,804	533,840,808	77,686,861
Operating expenses:				
Selling and marketing	73,485,259	185,999,704	272,927,356	39,717,589
General and administrative	155,334,386	107,620,500	81,595,277	11,874,103
Research and development	94,387,144	211,222,263	318,700,526	46,378,702
Total operating expenses	323,206,789	504,842,467	673,223,159	97,970,394
Loss from operations	(125,847,737)	(118,958,663)	(139,382,351)	(20,283,533)
Other income (expenses):				
Late fees related to income tax	(11,464,741)	-	-	-
Late fees related to taxes other than income tax	(7,261,947)	(231,231)	(3,603)	(524)
Late fees related to social security insurance	(7,701,793)	(1,852,378)	(747,609)	(108,795)
Government grants	3,530,405	23,020,413	26,072,517	3,794,187
Financial expenses, net	(29,689,927)	(2,717,433)	(30,857,673)	(4,490,544)
Fair value changes of warrant liability	-	-	21,358	3,108
Other income (expense), net	4,063,743	(327,987)	551,760	80,295
Total other (expense) income, net	(48,524,260)	17,891,384	(4,963,250)	(722,273)
Loss before income taxes	(174,371,997)	(101,067,279)	(144,345,601)	(21,005,806)
Income tax expense	(17,454,245)	(4,937,122)	(1,133,504)	(164,952)
Net loss	(191,826,242)	(106,004,401)	(145,479,105)	(21,170,758)
Accretion to redemption value of convertible redeemable preferred shares	(16,610,297)	(130,662,326)	(137,991,697)	(20,081,159)
Net loss attributable to YS Group	(208,436,539)	(236,666,727)	(283,470,802)	(41,251,917)
Net loss	(191,826,242)	(106,004,401)	(145,479,105)	\$ (21,170,758)
Other comprehensive income (loss): foreign currency translation adjustment	22,455,217	38,864,606	(137,500,062)	(20,009,614)
Total comprehensive loss	(169,371,025)	(67,139,795)	(282,979,167)	(41,180,372)
Loss per share*:				
– Basic and Diluted	(3.10)	(1.71)	(1.56)	(0.23)
Weighted average number of ordinary shares outstanding*:				
– Basic and Diluted	61,827,883	61,827,883	93,058,197	93,058,197

* Gives retroactive effect to reflect the reorganization in February 2021 and business combination in March 2023.

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