ATGC

Dedication, Challenge & Innovation for 10 years and tomorrow

2020 Business Report, covering fiscal year 2019

ATGC maintains a stringent quality control system,
and is developing cell-based assays to completely replace animal testing

Contents

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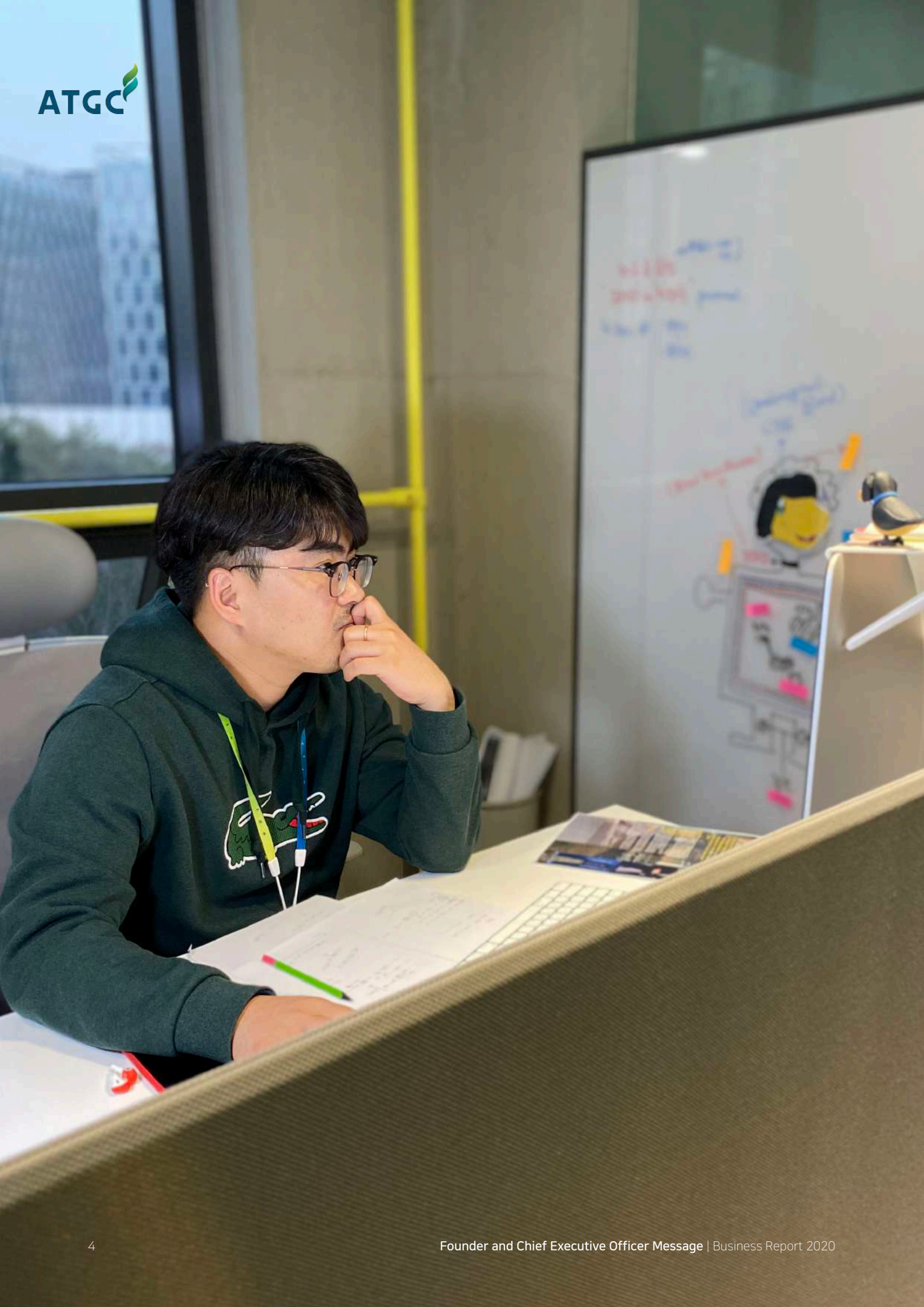


Founder and Chief Executive Officer Message

2019 was the year of unprecedented performance since its foundation.

In 2019, ATGC achieved a highly important milestone, IND approval, despite its limited drug development experience as a start-up. Two products in our pipeline, ATGC-100 and ATGC 110, obtained an IND approval by the Ministry of Food and Drug Safety and successfully went through clinical trials. In particular, clinical study on ATGC-110 has much significance beyond an ordinary clinical trial as the product represents ATGC's advanced R&D strength to develop the third pure type Botulinum toxin in the world.

Based on these achievements in 2019, ATGC has set three goals for further advancement in 2020.

First, phase III clinical trials for ATGC-100 and ATGC-110. These phase III studies will focus on proving the product's efficacy and safety before the market access, and we will do our very best to bring good results.

Second, license agreements with overseas partners. As clinical studies progress and the safety and efficacy of ATGC-100 and ATGC-110 are scientifically proven, and we plan to complete discussions on license agreements with global pharmaceutical companies in 2020.

Third, cooperation with other biotech companies. This includes establishing a joint venture with overseas partners. By putting our collaborative efforts, we can complement our weaknesses and focus more on our strengths.

We will do our very best to reach our goals for 2020. We may face circumstances that do not meet our expectations, but ATGC will not give in to frustration, as we have accumulated experiences of analyzing and overcoming such failures for the past 10 years.

The year 2020 is meaningful for us because it has been 10 years since we pursued our "Dream" of being a global biopharmaceutical R&D company. However, we won't dwell on the past 10 years. Instead we look forward to the next 10 years, and we will give it our best.

Please continue to watch us fulfill our "Dreams" with plenty of encouragement and constructive criticism.

Thank you.

Jang Sung-su

Chief Management Officer Message

We always keep the short and mid-to-long term goals of our organization in mind.

Our short-term goal is to build up a framework of the company for the next 10 years by contracting with domestic and international sales partners and supporting product launch of the two pipelines currently in clinical trials.

To achieve this short-term goal, many have repeatedly experienced and overcome both failures and frustrations. We know how much effort is required so we are preparing for ATGC's next decade by strengthening our internal capabilities so that their "Dreams" were not in vain.

Our mid-to-long term goals start with our short-term goals. We know that the "Dream" we have achieved so far is not the whole "Dream" we have imagined, so we are preparing for what lies ahead.

ATGC is an R&D oriented company developing various pipelines. Expansion and commercialization of the product pipeline is our ultimate goal, but we don't expect everything to smoothly play out according to plan. Instead, we endlessly remind ourselves that even failed pipelines contribute to the company as an important asset in a form of experience.

As a head of the management division, I fully expect our internal capabilities to be strengthened from both our successes and failures.

Through this, ATGC can aspire to greater "Dreams" and broaden experience needed to achieve those "Dreams." While the management division diligently fulfills its mission as members of the company, we also have a role of keeping the upper management in check. We know that our support and surveillance will make ATGC a stronger organization. The four teams of the management division aim to create a healthy and strong ATGC armed with integrity and efficiency, and will actively support all members in achieving their great "Dreams."

We are always open to listen to your valuable opinions.

Thank you.

Senior Director Kim Sang-wook

Chief Technology Officer Message

For the past 10 years, ATGC has focused on biopharmaceutical R&D, striving for the goal of becoming a global biopharmaceutical R&D company.

While observing the recent coronavirus situation, we came to deeply realize how important it is to develop and provide drugs for the happiness and welfare of the humanity, and at the same time, we took this precious opportunity to reflect on the mission of the R&D division.

In 2020, the R&D division will focus on the clinical trials for ATGC-100 and ATGC-110, while preparing for challenges in the future centered on the following two key points.

First, pipeline expansion. ATGC has been interested in chronic pain treatment, especially arthritis, since it is closely tied to quality of life. ATGC-200, a treatment for osteoarthritis using Botulinum toxin, is currently being formulated through non-clinical efficacy tests, and ATGC-700, a treatment for rheumatoid arthritis, is currently undergoing a therapeutic exploratory study as an incrementally modified drug that reduces side effects of the current treatment methods. In addition to this, by establishing a joint venture, we will secure new technologies to differentiate our pipelines from existing products in the market and lay a foundation for developing innovative new drugs through creative combination of existing formulations.

Second, discovery and collaboration with overseas CMOs to enter the European market. Rather than making large-scale investments in existing facilities which leads to an increase in fixed costs, we will discover and collaborate with local partners through tried-and-tested methods unique to ATGC.

The global Botulinum toxin market has grown at an average annual rate of about 10% for the last several years, and is expected to continue growing rapidly in the foreseeable future as public interest in beauty increases and indications for treatments broaden. However, we realize that there exists an equally growing competition. Therefore with our sights set on the future, we will not be proud of our present accomplishments but will humbly devote ourselves to our goal of being a global biopharmaceutical R&D company – one step at a time.

Thank you.

Senior Director Lim Il-ho

Highlight 2019

With the long-standing efforts to fulfill our "Dreams" for the past 10 years, ATGC's changes and innovations seen in 2019 will continue into the future.

1) Science & Innovation, 12page
3) Globalization Protocol, 17page

Our dynamic achievements since the beginning of 2019 started with the approval of clinical trials and resulted in licensing agreements, investment attractions, production facilities construction, ATGC-200 non-clinical efficacy trials, and realized sales. With our eyes set on our goal, ATGC is "Dreaming" of greater change and innovation once again.

ATGC-100 and ATGC-110 Clinical Trials[1)]

ATGC-100(Botulinum toxin type A complex, 900 KDa) was the first pipeline to enter the clinical trial stage and has made remarkable progress. In 2019, after obtaining an IND[2)] approval, all phase I/II clinical trials were completed, clinically proving its similar efficacy and safety with Allergan's Botox. In addition, we have obtained an IND approval for phase III clinical trial as well which will be conducted in multi-centers of Nowon Eulji Hospital, Hanyang University Hospital, Chung-Ang University Hospital.
Our next pipeline, ATGC-110(Botulinum toxin type A pure, 150 KDa), has completed phase II clinical trial. There are only two pure type Botulinum toxin products in the world market, including Xeomin from Merz, and ATGC-110 will be the third pure type product that is clinically tested with IND approval. We expect to become the third developer of pure Botulinum toxin in the world.

Signing Licensing Agreements[3)]

Even before obtaining an IND approval from the MFDS[4)], Vietnamese pharmaceutical company, Nanogen, signed a licensing agreement for ATGC-110 in February of 2019. Vietnam has a solid domestic market based on a population of more than 100 million and a high annual economic growth rate of 7%. In particular, the population under the age of 30 makes up 50% of the total population, and the Botulinum toxin market is expected to grow rapidly with the continuous economic growth of the country and the increased demand for quality of life in a gradually aging population. ATGC and Nanogen will continue to work together to successfully launch ATGC-110 and expand its market share.

2) Investigational New Drug
4) Ministry of Food and Drug Safety

5) Appendix B, 27page
6) Globalization Protocol, 17page
8) Science & Innovation, 12page
9) Appendix B, 27page

Series C Investment Attraction[5)]

In 2019, we attracted the largest investments to date. To prepare for the anticipated increase in expenditure for conducting two clinical trials and business expansion, we secured a total of KRW 7.34 billion in investments – mainly from domestic investment companies. Existing shareholders such as HB Investment and Dongkook Pharmaceutical participated in the funding based on the solid trust and confidence in our business direction. With new investments by Eubiologics and Kiwoom Securities, we have proven ATGC's technology again.

Production Facility Construction[6)]

Since ATGC's pipeline is derived from high-risk pathogens, it is necessary to provide suitable facilities for researchers to safely experiment as required by the Korea Centers for Disease Control and Prevention(KCDCP) and Korea Biotechnology Industry Organization. Additionally, in accordance to the localization strategy, our own GMP production facility has been required in order to minimize errors that would occur during the manufacturing processes in CMO[7)]s.

In other words, a R&D facility that is beyond the level of a typical university laboratory has been in need to prepare for upcoming clinical trials and commercial production. In response, ATGC relocated its headquarters in August 2019 in order to build a production facility and an animal testing facility to fit both needs.

Currently, Bio Safety Level 2 and Animal Bio Safety Level 2 certifications have been issued by the KCDCP, and the facilities are being operated according to regulations. Next, we plan to get GMP certification from MFDS.

ATGC-200 Non-clinical Efficacy Test[8)]

ATGC has made another big stride with ATGC-200. ATGC-200 is a product that combines Botulinum toxin with an existing hyaluronic acid injection-based osteoarthritis treatment to improve its efficacy. In animal studies comparing hyaluronic acid injection alone versus ATGC-200, ATGC-200 treatment group benefited from significant anti-inflammatory and cartilage protection effects compared to the existing product. Once additional toxicity studies complete, we expect to enter the clinical stage following the footsteps of ATGC-100 and ATGC-110.

Revenue Realization[9)]

ATGC received a designated audit to prepare for listing has realized the up-front fee of approximately KRW 2.2 billion as revenue from CPL Biologicals of India and Nanogen of Vietnam according to the license agreements. In the future, we anticipate an increase in licensing revenues from new license partners of global pharmaceutical companies, and plan to reach new milestones and promote product sales through overseas exports.

7) Contract Manufacturing Organization

Forecast 2020

ATGC's “Dream” continues to be updated while being realized.

For the past 10 years, the “Dreams” we have envisioned since the founding of this company have become reality. Innovation and change for the future of ATGC begins with the continuous renewal of our “Dreams.” Based on the R&D capabilities and accumulated experience, we are envisioning the expansion of a business strategy that can sustain dynamic growth.

Strategic Investment

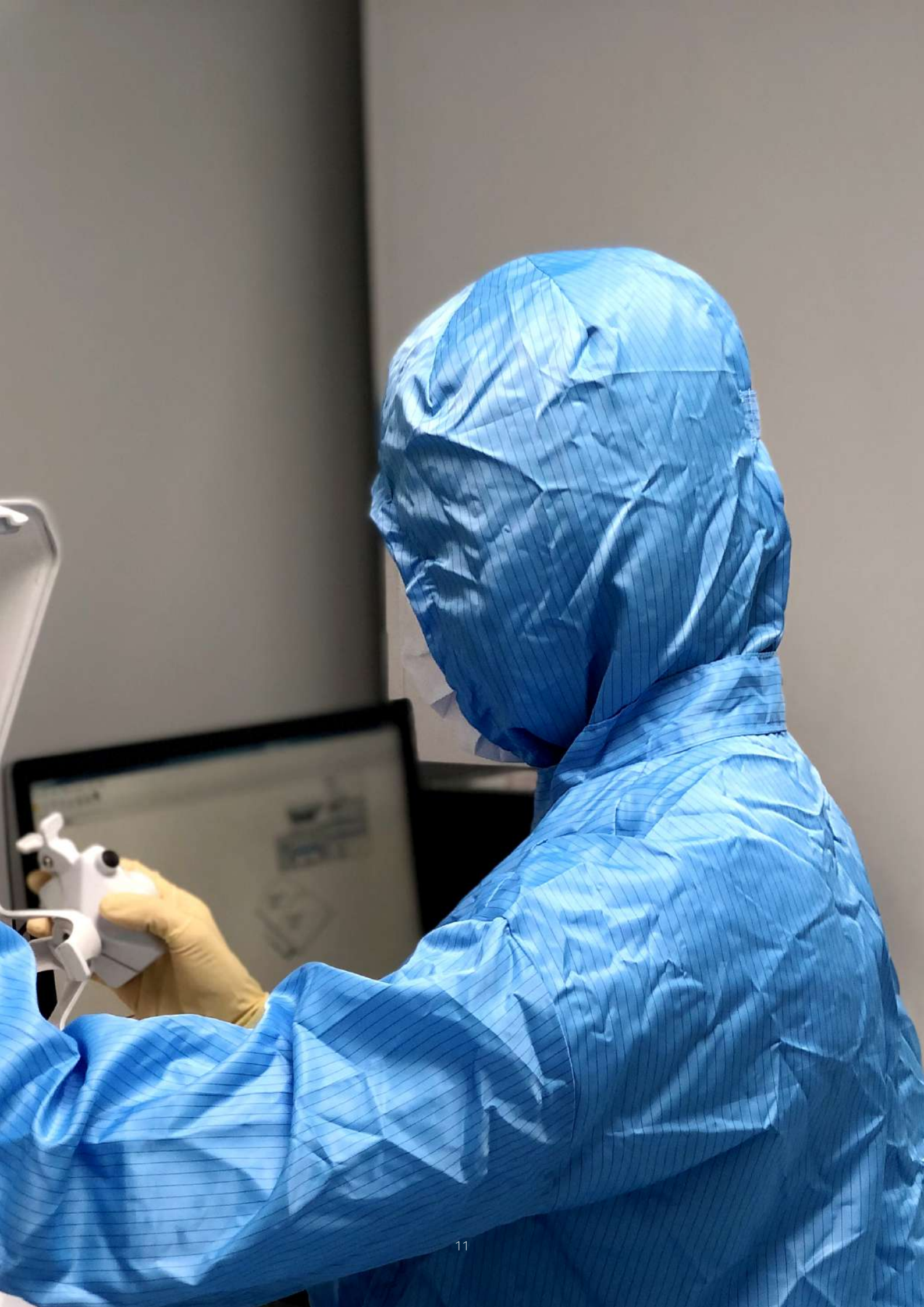
In 2020, ATGC plans to maximize corporate value by securing new drivers of growth. ATGC seeks to establish a specialized global value chain with contract manufacturing and contract sales and focus on our strengths. By introducing the concept of strategic investment into our business strategy, we will not only utilize ATGC's core competencies, but also introduce various technologies and materials that can expand our core competencies. If bold and aggressive investments can create a strong synergistic effect by supplementing our weaknesses, ATGC will open up a variety of possibilities for strategic investments.

Realization of Business Model

In 2020, we will realize the business model that ATGC has envisioned and pursued. The phase III clinical trial of ATGC-100 is expected to be completed within 2020, and preparation for the domestic market launch will be carried out sequentially.

Phase II clinical trial of ATGC-110 is also expected to be finished and will proceed with phase III clinical trial by this year. ATGC-200, a treatment for osteoarthritis, has completed the non-clinical efficacy test and is expected to enter the non-clinical toxicity tests in 2020.

In addition, we will expand the value of current pipelines through extensive R&D and performance verification. The progress will be expanded through licensing agreements with various overseas partners. It is expected that licensing agreements with the United States and Europe – with whom we have been in continuous negotiations – will be realized in 2020, and we plan to gradually expand the pipelines and countries that are considered for licensing negotiations. Depending on the outcomes of the clinical trials, we expect to see the value of our products increases, including ATGC-100. In terms of product supply, we will expand regional CMOs by signing additional licensing agreements in response to product demand in the country. Through comprehensive understanding of the drug approval regulations of the respective countries, we will quickly respond to the demands of each region.



One of the most important values for ATGC is our health and safety.

For systemic and safe experiments, production and quality control using high-risk pathogens, we are operating Bio Safety Level 2 and Animal Bio Safety Level 2 facilities certified by the Korea Centers for Disease Control and Prevention.

ATGC is dedicated to the development of innovative treatments to improve the quality of human life and contribute to the health society. In addition, we aim to gradually go beyond generic drugs and develop new drugs by continuing to upgrade our Platform Technology and expanding our pipelines, thereby growing into a global biopharmaceutical R&D company.

Science & Innovation

Research Philosophy

Research Integrity

With its rapid advancement, science and technology has become an important socioeconomic factor, and the pressure on researchers to deliver research results is increasing while the competition is also intensifying. In this environment, the most important research philosophy of ATGC is to create results from objective and accurate research processes without any unintended or intentional errors, rather than simply pursuing performance. In addition, accurate and detailed records of data, research results, methods and procedures, participants' contributions, ideas, etc. are kept and stored, thereby providing the integrity of future research.

ATGC is conducting research, actively pursuing accuracy and perfection to estabilish ATGC's philosophy of research – that the entire process of research must be done based on integrity and diligence of individuals.

Diversity

Innovative ideas are not created out of nothing, but are formed by acquiring and analyzing many different research results and integrating them from various perspectives. As all biological phenomena cannot be explained from one perspective, biopharmaceutical research, which is closely related to patient health, needs a diverse approach from multiple perspectives to create innovative ideas. This means interpreting research results from various viewpoints and applying them in the following study. When unexpected results arise, we will do our best to carefully consider it from various angles so that we do not miss unnoticed discovery.

Integrated Research Process

In recent pharmaceutical markets, consumers demand for a wide variety of products, and as pharmaceutical companies actively respond, the life cycle of products is gradually decreasing while the varieties are increasing. In order to obtain competitiveness as a start-up company, it is required for ATGC to shorten the research cycle and improve research efficiency. In order to develop pharmaceutical products that reflect these market demands and satisfy all regulatory agencies and consumers, the entire commercialization process, including licensing, quality control, marketing, management, etc. is collectively reviewed from various perspectives from the research planning stage.

Open Innovation

Using our technological know-how in Botulinum toxin pharmaceutical research, ATGC focuses on developing therapeutics for such conditions which can directly relate to quality of life as myopathy, osteoarthritis, rheumatoid arthritis and central nervous system disorders in cooperation with external research institutes. Recent research outcomes showed a much higher probability of successful drug development through open innovations compared to the traditional methods of procuring all needed resources independently.

ATGC seeks to maximize research efficiency and create value by procuring human and technical resources from external organizations while sharing internal resources with them during the research process.

Platform Technology

Researchers in ATGC are composed of those with diverse research experience in the fields of biotechnology, pharmacy, microbiology, genetics, and molecular biology – all related to the development of biopharmaceuticals. With no fear of failure and endless determination, we are doing our best to produce results that can satisfy all our stakeholders. As a result, CHS_2 Technology, a platform exclusive to ATGC, was developed on the basis of accumulated technologies related to Botulinum toxin protein production which is applicable to the production of various proteins – from natural proteins to recombinant proteins. Protein-based pharmaceutical products using this technology meets global standards in terms of purity, safety, and stability, and with the increase in production efficiency, production costs can be reduced. Using our experience, ATGC will focus on developing other platform technologies that can be used for various candidate substances to improve our technological expertise.

Pipeline and Development Stage

ATGC-100 Botulinum toxin complex, 900 KDa	On-going Phase III
ATGC-110 Botulinum toxin pure, 150 KDa	Finished Phase II
ATGC-120 rBotulinum toxin, 150 KDa	Process Development
ATGC-200 Stabilized Botulinum toxin	On-going Non Clinical Test
ATGC-600 Mixed rBotulinum toxin	Early Stage
ATGC-700 Modified Tofacitinib	Early Stage

Neuromuscular(ATGC-100, 110, 120, 600)

Conditions such as glabellar frown lines, strabismus, blepharospasm, poliomyelitis, and foot dystonia caused by dysfunctions of the nervous system have a significant deteriorate the quality of life, and Botulinum toxin can weaken and improve symptoms of those conditions.

ATGC-100

ATGC-100 has Botulinum toxin type A complex (900 KDa) as its main pharmaceutical ingredient, and it is a product specialized in improving glabellar frown lines. By applying ATGC's Platform technology, CHS_2 Technology, our product meets global standards in terms of quality and productivity. Developed by ATGC's proprietary technology, ATGC-100 has been studied in phase I/II clinical trials for indication of glabellar frown lines in 2019, and it has been proven to have similar efficacy and safety compared to Allergan's Botox.
It is expected the phase III clinical trial will be completed within 2020.

ATGC-110

The pure 150 KDa Botulinum toxin type A, which is obtained from Botulinum toxin type A complex with non-toxic proteins removed, is the main pharmaceutical ingredient of ATGC-110 which has a lower probability of developing resistance . Owing to this property, ATGC-110 is developed for specializing in neuromuscular disorders in which a relatively larger dose is administered compared to glabellar frown lines. Starting from October 2019, phase I/II clinical trials for indication of glabellar frown lines have been finished, and phase III clinical trial is also planned in the second half of 2020. Currently, we are also preparing for concurrent clinical trials for indications of neuromuscular disorders, and we plan to gradually expand indications.

ATGC-120

ATGC-120 has recombinant Botulinum toxin type B (150 KDa, pure) as its main pharmaceutical ingredient, and we are currently in final discussions with partners to establish a manufacturing process.
Recombinant Botulinum toxin type B has a faster medicinal effect than type A, but has a shorter effect duration. Based on these characteristics, ATGC-120 will also be developed as a product specialized in the treatment of neuromuscular diseases.

ATGC-600

ATGC-600 is a new drug with Botulinum toxin, and it is under development stage for both faster medicinal onset and longer duration than existing products. To this end, the main target of the drug was selected to confirm that the efficacy is expressed in various ways, and methods to analyze the biological/physical properties of the protein and method for quality control is under development.

Osteoarthritis(ATGC-200)

Osteoarthritis(OA) is a disease that reduces quality of life by causing pain, and treatment options include non-surgical options like NSAID(Non-Steroidal Anti-Inflammatory Drug) or steroid treatment, physical therapy, joint steroid injection, hyaluronic acid injection and surgical options such as arthroscopic surgery.

ATGC-200

ATGC-200 combines pain suppression effect of Botulinum toxin and cartilage protection of hyaluronic acid. It provides pain relief and anti-inflammatory effects for several months after a single administration. Currently, non-clinical testing and formulation studies are in progress, and it has been confirmed in OA animal models to have superior effects compared to hyaluronic acid injection in regards to pain suppression, joint damage suppression, osteophyte formation suppression, cartilage damage suppression, and inflammation suppression.

Rheumatoid Arthritis(RA)(ATGC-700)
Rheumatoid Arthritis(RA) is a chronic, systemic, inflammatory autoimmune disease in which the synovial membrane of the peripheral joints is inflamed, causing damage and deformation of the joints due to cartilage destruction and bone damage.

ATGC-700
ATGC-700 is an incrementally modified drug that can reduce side effects of tofacitinib(JAK inhibitor)by increasing drug target efficacy in the RA joint through structural modifications. Currently, we have secured candidate substances and are screening them with in vitro tests. Once the candidate substance is finalized, we are planning to move forward with non-clinical toxicity tests and efficacy tests.

Analytical Method Development
In regards to animal welfare, the current trend in countries such as the United States and Europe is to minimize the number of laboratory animals used in drug development and to develop alternative testing methods.
Cell-based assays are ideal as an alternative to animal testing, because assays can be used to effectively analyze the entire process from body absorption to efficacy expression.
As a result, regulatory agencies in developed countries have recognized cell-based assays as an alternative to animal testing for drug delivery and stability testing, and trends show that animal testing is being replaced by cell-based testing by large multinational pharmaceutical companies.
To keep pace with this global trend, ATGC is developing a cell-based potency test that can replace the mouse bioassay, which can be used in stability testing as well.
The mechanism of Botulinum toxin type A involves a selective cleavage of vesicular protein called SNAP-25(Synaptosomal associated protein-25), which mediates the secretion of the neurotransmitter acetylcholine – resulting in the suppression of acetylcholine secretion.
ATGC is using neuron cell lines for the analysis of SNAP-25 cleavage – the specific target protein of Botulinum toxin type A – and analysis of the neurotransmitter acetylcholine's content. The methods for analyzing cleaved SNAP-25 have been shown to be highly sensitive, and it is expected to be able to analyze drug products even in low concentrations. In addition, the patent application for the acetylcholine content analysis method has been completed and testing methods are being optimized.

Globalization Protocol

Attractive Market

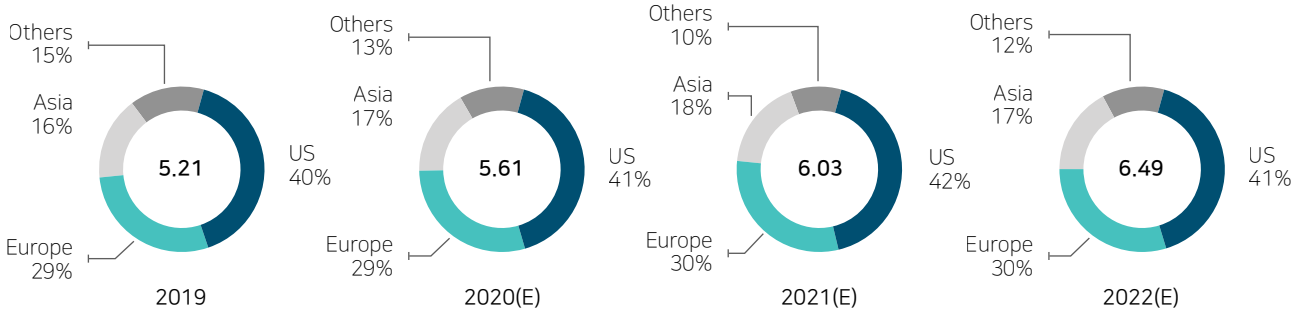
The market for Botulinum toxin and degenerative arthritis injections using hyaluronic acid can be defined by "Well-being", "Beauty", and "Aging." Each product in our pipeline has a large market with high growth rates.

Botulinum toxin Market

As market for Botulinum toxin has a high entry barrier, the competition among the marketed products is not fierce relative to the global market size. Both the United States and Europe account for about 70% of the total market, and therefore, it is important to develop products with the goal of obtaining a marketing approval from the FDA and EMA. Accordingly, ATGC aims to penetrate the US and European market by manufacturing all drug products at facilities certified by the FDA and EMA.

Botulinum Toxin, Total Sales and Market Share by Continent (Ref. Daedal Research)

(unit : US$ billion)



Market for Degenerative Osteoarthritis Injections

Degenerative arthritis is a common disease with about 10% of the world's population affected, and the average age of diagnosis has dropped from 72 to 56 since the 1990s.

Although treatment method depends on the degree of disease progression, options such as analgesics, NSAID medications, steroids (oral and injection) and hyaluronic acid injections are generally used. Among these choices, hyaluronic acid injections make up 7% of the market share with an annual growth of 9.1%. According to Global Data, the market is expected to grow from USD $2.7 billion in 2018 to USD $4.1 billion in 2023. ATGC-200 will provide an alternative treatment option to replace the existing hyaluronic acid injections with "existing therapeutic effect + added effect due to other mechanisms of action."

Commercialization Strategy

Localization

Obtaining a drug approval from regulatory agencies requires more than just R&D. Appropriate production facilities, standardized production processes, stringent quality control, and a system for effective operation are all required. However, since the conditions required by regulatory agencies in each country are slightly different, ATGC has adopted a localization strategy that calls for "local production + local sales" since its foundation. We seek to minimize the risk of non-compliance from the regulatory inspections, the biggest obstacle in obtaining a marketing authorization, by collaborating with local CMOs whose facilities are already certified by the local regulatory authorities. Our selection criteria include CMOs with a high degree of understanding of FDA and EMA regulations as well as CMOs with a long history of inspections with accumulated know-how. We built our own GMP production facility to minimize gaps that may occur in the process of technology transfer for contract manufacturing due to differences in systems including the equipment used for product production, and to develop a more stable production process. Through the establishment of our own GMP facility, ATGC has equipped itself to be able to reliably produce products at all stages on drug development, from the R&D stage to clinical and to commercial production, which will allow us to cooperate with CMOs more closely.

Stepwise Growth

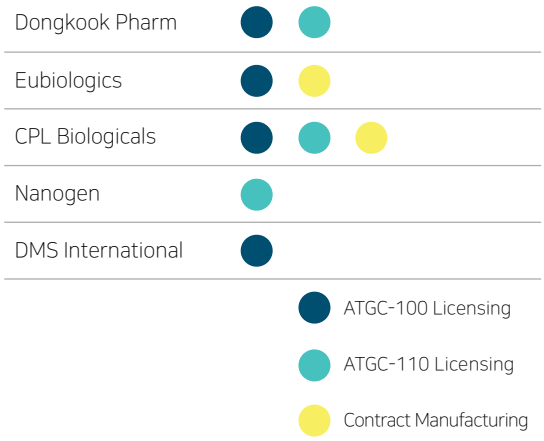
Realization of Global Biopharmaceuticals Company.

ATGC's mission describes our development strategy. Since ATGC understands it is very risky to focus all resources in developing a single new drug, our pipeline includes products in various development phases. The development period, R&D costs, research direction, manpower composition, production method, clinical trial design, etc. can be a huge burden for start-ups. Therefore, we chose step-by-step approach as our growth strategy.

ATGC primarily focuses on products that are already in the market with a considerable marketability and products with which only few players are competing. Using the expertise accumulated in the process of developing generic drugs, we now prepare for the next step of developing incrementally modified drugs with lower side effects, increased efficacy and increased patient convenience.

All of these R&D processes will be tailored for short-term and mid-term plans and will be conducted simultaneously, which should lead to the final goal of development of a breakthrough drug.

ATGC never rushes. This is because we believe skills and experiences accumulated in a series of drug development process will ultimately lead to a success in a new drug development. Following this step-by-step growth strategy, ATGC will grow towards a global biopharmaceutical R&D company.



Licensing In + Out

It's virtually impossible for a start-up to do everything on its own in today's modern, ever complicated structure of society. The same principle applies to the pharmaceutical industry as well which should be controlled and supervised by regulatory agencies. ATGC seeks to tackle these problems through collaboration, and further down the line, to successfully expand our influence in the global market.

Licensing In

ATGC's strength in R&D lies in the development of treatments for pain and neuromuscular disorders using Botulinum toxin. To further activate our know-how accumulated in R&D, ATGC is promoting an establishment of joint venture with overseas biotech companies which have strengths in microbiological and toxicological analysis and diagnosis. Through this joint venture, we expect to expand the spectrum of our business areas by integrating the know-how accumulated by each company.

Furthermore, by establishing R&D facilities at ATGC's overseas sites, we expect our various pipelines will be improved. In addition, ATGC's R&D collaboration will not limited to the biopharmaceutical sector but will gradually expand to synthetic drugs.

Licensing Out

Strict regulations are applied throughout the entire lifecycle, including R&D(GLP), clinical trials(GCP), licensing(IND·NDA), manufacturing(GMP), and distribution (GSP) – before and after a drug is delivered to the patients.

Because these pharmaceutical regulations vary by country and each market environment is different, ATGC internally focuses on the core R&D capabilities for quick and efficient product commercialization. Our strategy to enter the global market is through know-how of regulatory affairs, quality assurance, market access, and sales in the target market and through alliances with overseas partners who have already established foundations.

According to this strategy, licensing agreements for ATGC-100 and ATGC-110 in Korea, Vietnam, India, and Latin America have been signed with Dongkook Pharmaceutical, Eubiologics, CPL Biologicals, Nanogen, and DMS International, all pharmaceuticals with strong sales and distribution power.

Based on the positive phase I/II clinical trial results of both ATGC-100 and ATGC-110 from the end of 2019, we expect to gain a significant advantage in negotiations with global pharmaceutical companies, and smooth entry into clinical trials in advanced markets is also expected.

The continued revenue from "Licensing Out" of ATGC's pipeline will be actively reinvested in "Licensing In", which will lead to further expansion of the pipeline.

We believe that it is more important for ATGC to expand our pipeline in ways that align with ATGC's vision than just focusing on the scale of expansion.

Partnership

Partnership means "Dreaming" together to ATGC. Because of these partners who have joined our "Dream", we have been able to see our "Dream" become a reality.

Dongkook Pharmaceutical

It is a mid-sized pharmaceutical company with a 50-year history that has achieved sales of approximately KRW 400 billion in 2019. As a pharmaceutical company that specializes in popular generic drug brands and injections, Dongkook sees an annual sales growth rate of 10% based on strong sales organization and distribution network in Korea. Recently, sales of degenerative arthritis injections using hyaluronic acid and fillers for cosmetics and plastic surgery have increased rapidly.

Eubiologics

A company listed on KOSDAQ, Eubiologics is the only biotech company in Korea supported by the Bill & Melinda Gates Foundation. It specializes in international preventative vaccines, new infectious diseases, and new bacterial vaccines in response to antibiotic resistance. Notably, it is a company that contributes to promoting the health of children around the world by supplying high-quality, low-cost oral cholera vaccines to the World Health Organization (WHO).

CPL Biologicals

CPL Biologicals is a joint venture biotech created through joint investments by Cadila Pharmaceuticals, India's longest-established company, and Novavax, a company listed on NASDAQ in the United States. CPL has FDA and EMA certified production facilities and is currently conducting clinical trials in the United States for a novel flu vaccine.

Nanogen

Nanogen, a local pharmaceutical company in Vietnam, has dominated the Vietnamese biosimilar market within a short period of time due to strong Vietnamese government support and abundant funding. Currently, insulin injections for diabetes and EPO for anemia treatment are undergoing clinical trials with the approval of the Vietnamese health authorities. This biotech is a member of the leading group in Vietnam which focuses on biosimilar development as well.

DMS International

A company specializing in cosmeceuticals based on the skin barrier theory possesses accumulated know-how in dermatology and clinical sales. DMS uses medicinal technology that delivers active ingredients deep into the skin using liposomes and nanoparticles.

"ATGC is a company where you can laugh and talk comfortably regardless of age or position, and new employees can receive a lot of assistance from seniors and co-workers."

Genaral Management Team Staff Cha You-jin

ATGC believes that creative ideas and innovation come from equal opportunities and horizontal culture without discrimination. ATGC respects all employees without discriminating them by age or position and is always keen to listen to all employees.

ATGC believes that people are the most important factor to achieve the "Dream" of being a global biopharmaceutical R&D company, and constantly cares about people's Welfare.

ATGC Welfare Categories :

- Work & Life Balance
- Fun
- Growth
- Familism
- Health
- Safety

Working at ATGC

The outstanding excellence created by ATGC comes from the variety of people within ATGC. We create the unique R&D competitiveness and innovative technologies through the creative thinking and decision-making of our people who are full of confidence and strong willpower in their respective fields.
The policy of ATGC aims to reward people for all their efforts through fair and appropriate evaluations, thereby allowing them to motivate to develop themselves and enhance their expertise.

Make a Difference

Human-centered Culture

Like-minded members who believe that peoples should be respected regardless of their values, ages, and gender have gathered to form the organizational culture of ATGC today. Our people, gathered to realize their "Dream", respect each other and communicate with an open mind.
All team members, excluding managers who are of the 'team leader' position or higher, do not use titles to refer to each other and instead use 'Mr.' or 'Ms/Mrs.', and all members use mutual honorific terms to promote consideration and respect at the fundamental level.
In addition, we respect each member's work experience, but instead of using it to give one-sided instructions, we strive to create an atmosphere where we can share the experience and create improved results through cooperation.

Work and Life Balance

ATGC believes that the best performance is only feasible on the premise of personal happiness. That's why ATGC is concerned with all aspects of personal work and even beyond. Since there is no absolute way, the labor-management committee meets regularly to address such concerns, and to devise and apply various methods.
ATGC has implemented a 36.5 hour workweek, allowing members to focus more on themselves with the added spare time. In addition, we have secured both the continuation of research experiments and sufficient vacation days for members through the substitute holiday system. Since ATGC's pipeline is focused on biopharmaceuticals, it is important to ensure continuity of experiments. We maintain continuity of experiments through regular work during national holidays or weekday holidays to increase efficiency, and we guarantee time off for our employees by adding the unused rest days to major holidays like New Year's Day, Chuseok, etc. providing an average of three to four times and more than seven days of vacations every year.

Accurate Evaluation and Fair Compensation
ATGC is committed to establishing and achieving a common goal which is fully agreed upon by all, even members of a team unit. When evaluating outcomes for goals, we completely exclude subjective opinions of evaluators and differences between evaluates, such as gender, age, and position, that may affect fair evaluation. We are establishing a system where people are evaluated based on the results of their individual effort, and where compensation is provided in a fair manner.

Create a Diversity

ATGC strives to make innovation through its people with diverse experience and ideas. The composition of ATGC family will promote creativity, flexibility, and innovation within the organization, which will translate into ATGC's competitive advantage.

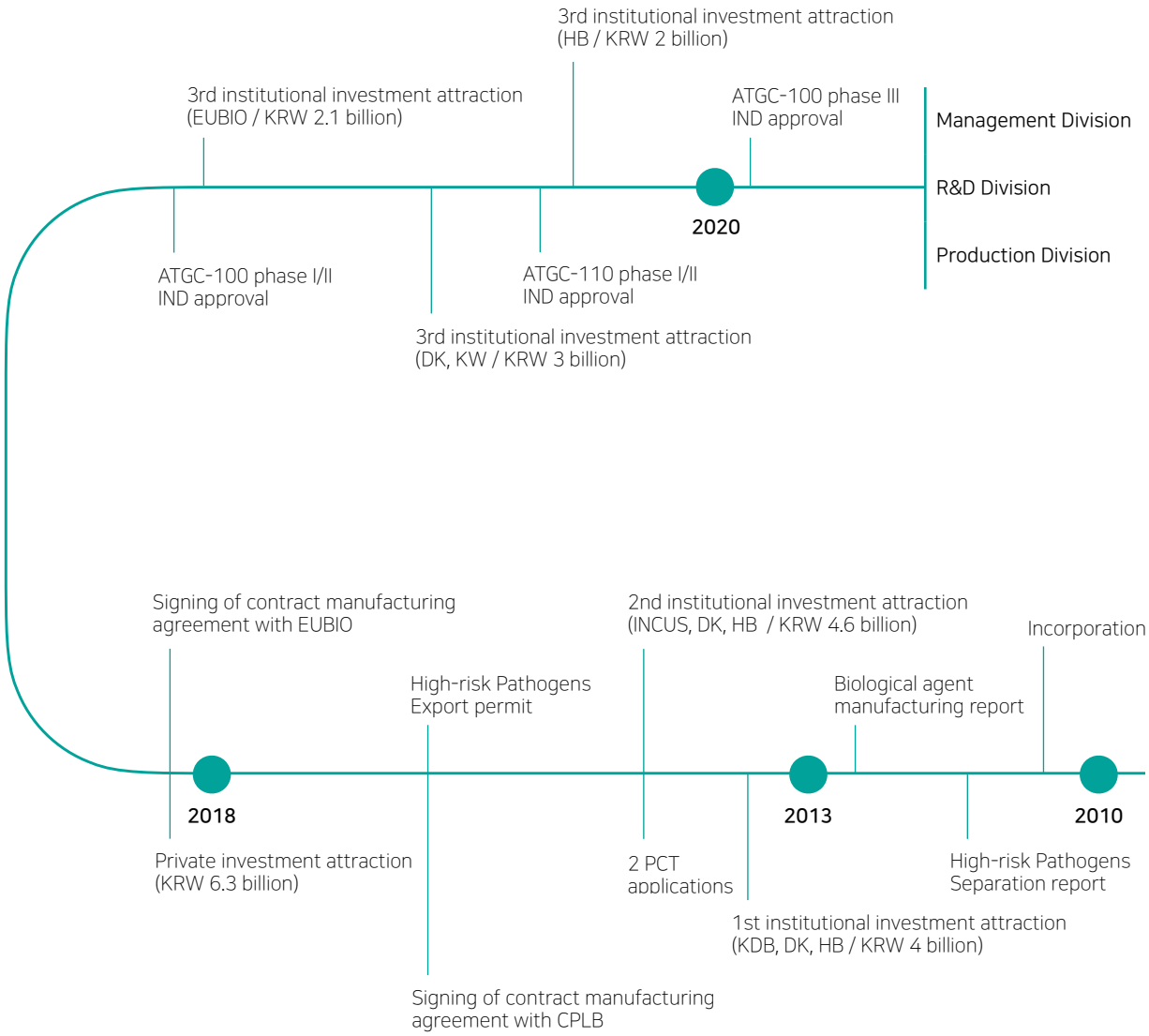
Voluntary and Horizontal Task-oriented Communication
We are convinced that it is important to have an environment where everyone is free to speak out his voices in order to generate the best outcome compared to a closed, rigid and hierarchical working environment. We know from our own experience diverse people yet recognition of each other form the basis of broader perspective and deeper discussions. That is why our decision-making process happens after all related teams meet and discuss the issue together rather than listening to a specific team in charge. This process may appear very cumbersome and time-consuming.
However, we believe that the process of free communication and participation regardless of job title or position is critical in promoting individual growth.

Personal Development
ATGC provides its employees with internal and external training opportunities. In addition to task-related training, we also support human resource development where employees can select and take different kinds of courses of their own personal interest outside the task scope. Through varied training experiences, members of ATGC will have non-uniform characteristics, which will enhance the corporate ability to draw innovation and tackle problems from a variety of perspectives.

Appendix A

About ATGC

Started in 2010, ATGC has formed an organization to focus on R&D work in line with the goal of becoming a global biopharmaceutical R&D company.



Our Mission

Realization of Global Biopharmaceutical Company, we aim to be a research-oriented biopharmaceutical company with innovative biotechnology based on accumulated technology and global alliance.

Our Vision

HEALTHerapy, we want to develop cures that can ultimately improve the quality of human life by satisfying mental and social needs as well as just physical satisfaction by treating diseases.

ATGC is composed of division and teams to form a flexible and robust organization that communicates smoothly. Although we are basically organized on a team-basis according to assigned duties, we operate Tek Force Team system together to enable organic collaboration within or between divisions depending on the issue and its significance. In the future, ATGC will continue to make efforts to strengthen and effectiveness of organizational management in a variety of ways. In order to maximize the performance of each team unit and division unit, we will focus on efficient deployment and work capabilities building according to individual abilities.

ATGC's Governance

Shareholders' Meeting

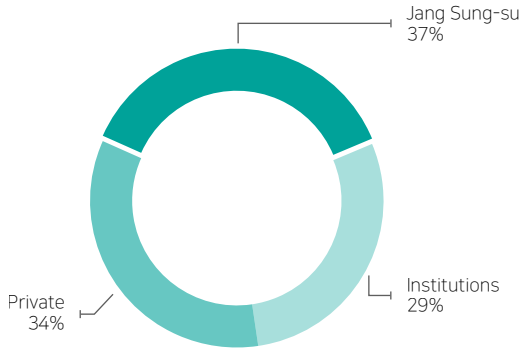
ATGC convenes shareholders' meeting to make major decisions, as provided by the articles of association and related statutes. ATGC's shareholders' meeting consist of annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings are held within three months after the end of each business year, and extraordinary shareholders' meetings are convened as determined by the board of directors or when it is stipulated by law. Except as otherwise stipulated by law, the convening of shareholders' meeting shall be convened by CEO in accordance with the resolution of the board of directors, and in order to convene a shareholders' meeting the date, time, venue, and purpose of the meeting shall be notified in writing to each shareholder two weeks prior to the date of the meeting.

Board of Directors

Through the operation of the board of directors with guaranteed independence for transparent management activities, monitoring with responsible management as the administrative principle, and expert advice, we promote the maximization of corporate value. The board of directors shall decide on matters provided by the statute or the articles of association, matters delegated through shareholders' meetings, and decisions important to management activities, and also supervise administrative activities of the management. The board of directors has appointed experts from various fields as outside directors, and strives to reflect the various opinions of stakeholders and the impact of economic, social, and environmental issues. The board of directors consists of three or more directors elected from shareholders' meeting, including the CEO. When appointing the directors, in-house directors and outside directors are appointed separately in accordance with the provisions of the articles of association, and the term of office of the appointed directors is be three years. ATGC's board of directors shall be convened by the chairman no later than three days prior to the date of the board meeting, and if a director deems the convening of the board of directors necessary for management activities, he/she may request it by stating the agenda and reasons. The resolution of the board of directors is made with the attendance of a majority of the directors and the consent of the majority of the directors present. In 2019, a total of eight board meetings held to make decisions on various management issues.

Financial Audit

ATGC verifies that the company's internal control and risk management are reasonably operation, and monitors them through independent audits to ensure that no significant errors or irregularities exist. Auditors may request the company's information when it is deemed necessary to conduct an audit, and may conduct an internal audit by establishing audit procedures. ATGC's audit functions to review financial statements prepared for voluntary audits and to review the operation of Internal Accounting Control System.



Our Shareholders

As of December 31, 2019, the number of shares issued by ATGC totaled 364,737 shares(KRW 5,000 per share). ATGC has a total of 291 shareholders, with the largest shareholder, Jang Sung-su holds about 37% of the shares, institutional investors such as HB Investment and KDB hold about 29% of the shares, and the remaining 34% held by private and minority shareholders.

HB Investment

HB investment, an investment company, holds about 10% of the shares through three incremental investments – the "2014 HB Venture Investment Association", the "HB Promising Service Industry Investment Association", and the "HB-KIS 2019 Investment Association". Their active and sustained investment activities were the foundation for ATGC's growth.

KDB(Korea Development Bank)

Korea Development Bank, a government-owned bank holds more than 5% of the shares through a paid-in capital increase in 2015.

Dongkook Pharmaceutical

Starting with the investment in 2015, Dongkook Pharmaceutical has participated in a total of three paid-in capital increases and holds more than 6% of the shares. It holds non-exclusive sales rights for ATGC-100 and ATGC-110 in Korea.

Eubiologics

Eubiologics participated in a paid-in capital increase in 2019, and currently holds about 3% of the shares. Eubiologics is a domestic contract manufacturing partner of ATGC and holds non-exclusive sales rights for ATGC-100 in Korea.

Kiwoom Securities

Kiwoom Securities, a financial service provider specialized in the security-trading sector, holds about 2% of the shares through a paid-in capital increase in 2019. It was selected as the organizer of ATGC's IPO in 2017 and is currently cooperating with the goal of ATGC's listing on KOSDAQ.

Mirae Equity-Incus First New Technology Business Investment Association

Through 2017 "Mirae Equity-Incus First New Technology Business Investment Association" in 2017, it holds about 2% of the shares.

Appendix B

ATGC has prepared financial statements in accordance with K-IFRS, the 10th fiscal period was audited by Nexia Samduk(designated audit), while the 9th and 8th fiscal periods were audited by Samil PwC(voluntary audit).

Statement of Financial Position

(unit : KRW thousand)

Sections	10th fiscal period (2019.12.31)	9th fiscal period (2018.12.31)	9th fiscal period base (2018.01.01)
Assets	**9,850,185**	**2,962,354**	**1,504,862**
Current assets	4,030,777	2,334,829	59,214
Non-current assets	5,819,407	627,525	660,659
Liabilities	**43,776,100**	**24,718,266**	**24,730,902**
Current liabilities	36,307,763	18,597,176	15,402,167
Non-current liabilities	7,468,337	6,121,090	9,328,735
Capital	**-33,925,915**	**-21,755,911**	**-23,226,040**
Capital funds	1,337,29	1,251,795	1,093,670

As of 2019, ATGC's total assets are valued at KRW 9.850 billion and total liabilities valued at KRW 43.776 billion, an increase of 233% and 77% respectively compared to the prior year. The main reasons for the increase in assets were attracting about KRW 7.4 billion in investment and the inflow of cash from success of an overseas licensing agreement. The main reason for the increase in debt was a changes in accounting standards. In K-IFRS, financial instruments such as Redeemable Convertible Preferred Stocks(RCPS) are assessed at fair value as of the end of the reporting period, and the amount of increase in fair value since the date of issue of the RCPSs issued by ATGC were assessed as liabilities, resulting in a significant increase in the liability over the prior year.

As of the end of 2019, year-on-year capital fell 56% to KRW -33.925 billion won. Capital has been reduced due to the increase in clinical expenses of ATGC-100, the increase in research personnel for R&D of the next commercialization pipeline, the cost of commissioned research and development, and the loss of fair value evaluation of RCPS. However as ATGC-100 is in the approval process of the phase III clinical trials, the accumulated deficit is expected to decrease gradually as higher profit margins are expected in the event of commercialization.

Cash and Cashable Assets

As of the end of 2019, ATGC's cash reserve amounted to KRW 3.08 billion, an increase of KRW 1.156 billion from the prior year. The increase in cash reserve in 2019 is due to cash inflow from paid-in capital increase and the signing of overseas licensing agreement, despite cash outflow due to the cost of ATGC-100 clinical trials and the relocation of the company's office. Due to the nature of the industry to which ATGC belongs, large investments and significant expenditure on regulatory activities for the commercialization of products are required prior to cash inflow from sales activities. The development of ATGC-100, which we have been focusing on, began clinical trials in 2019, and it is expected that licensing profits for the product will be realized after the approval of phase III of clinical trial in 2020. In the future, both R&D costs and investment for manufacturing will be raised through profits from product sales and licensing fee.

Non-current Assets

In 2019, ATGC invested KRW 5.1 billion in tangible assets to relocate businesses for securing excellent research personnel and creating R&D environment, and to establish manufacturing and R&D facilities. It also invested about KRW 700 million in clinical trials for the development of ATGC-100 and ATGC-110.

Current Liabilities

ATGC has current liabilities of KRW 36.307 billion, an increase of KRW 17.710 billion from the prior year. The fair value evaluation of RCPS and debt classification in accordance with K-IFRS led to an increase in current liabilities by KRW 15.380 billion, an increase in current liabilities by KRW 1.145 billion in Accounts Payables from investments in tangible assets and an increase in current liabilities of KRW 881 million in clinical costs to be charged to sales partner companies. However, Prepayments will be converted into revenue after the product approval.

Non-current Liabilities

The main reason for gains and losses of ATGC's non-current liabilities was that the contract was signed on November 30, 2020, to convert the severance pay into defined benefit retirement pensions, which decreased liabilities by KRW 768 million from the prior year. In addition, the classification of liquidity for the difference in the fair value evaluation of RCPS further reduced liabilities by KRW 181 million. However, the financial lease liabilities of the lease deposit for businesses relocation increased liabilities by KRW 2.227 billion, which is a net increase of about KRW 1.447 billion over the prior year.

Capital

In 2019, KRW 6.541 billion in operating loss was incurred by reflecting current R&D costs such as manufacturing expenses of clinical samples for ATGC-100 and ATGC-110, non-clinical studies expenses for the next pipeline, and differences in fair value evaluation of stock-options granted to maintain employment of excellent personnel. In addition, a significant increase in the fair value evaluation of RCPS resulted in a loss of about KRW 11,964 million. This carrying-over loss of KRW 18,548 million was reflected, resulting in a large reduction in assets. However, as sales from product sales after product approval are generated, regained earnings are expected to increase significantly and asset soundness will improve in the near.

Income Statement

(unit : KRW thousand)

Sections	10th fiscal period (2019.12.31)	9th fiscal period (2018.12.31)
Net sales	**2,195,600**	**-**
Cost of goods sold	115,641	-
Gross profit	2,079,958	-
SG&A expense	**8,621,708**	**4,701,605**
Ordinary R&D expenses	4,670,441	2,415,276
Cash of labor	2,410,913	1,346,571
Other	1,540,354	939,748
Operating income	**-6,541,749**	**-4,701,605**
Non-operating income	104,204	972,772
Non-operating expenses	12,110,501	1,698,951
Net income before tax	-18,548,046	-5,427,785

In 2019, ATGC suffered a net loss of KRW 18,548 million. On the other hand, however, ATGC has achieved remarkable results.

In terms of sales sector performance, ATGC has concluded sales rights agreements with one domestic company and two overseas companies, a total of five business networks were established. This is significant in that it has prepared a bridgehead that can be settled early in the domestic and foreign market through the success of the phase III of ATGC-100 clinical trial and product approval expected in 2020. In addition, the licensing agreement with two foreign partners is all the more meaningful in that it is recognized by foreign companies for ATGC's research achievements over the past decade and is paid for accessing to ATGC's technology.

ATGC's net loss in 2019 was attributed to three major factors.
First, ATGC has granted stock options to its executives and employees three times from 2017 to 2019 to support long-term service of outstanding human resources and enhancement of R&D competitiveness. The total cost was KRW 2,331 million including KRW 1,124 million in wages and KRW 1,206 million in ordinary R&D expenses.
Second, for the success of ongoing clinical trials of ATGC-100 and ATGC-110 and for the R&D of the next pipeline, the number of staff dedicated to R&D increased and Ordinary R&D expenses such as non-clinical tests increased, resulting in an increase of about KRW 1,048 million compared to the previous year.
Third, ATGC introduced K-IFRS(Korean International Financial Reporting Standards) and prepared financial statements to provide useful and reliable information to stakeholders, including shareholders, as well as in preparation for IPO. The valuation loss of redeemable convertible preferred stock due to changes in accounting standards was reflected in the non-operating expenses of KRW 11,964 million in 2019, resulting in a large net loss in the current term.

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