Bukwang Pharmaceutical

Business results
2023

Making Tomorrow Better

Disclaimer

This presentation contains forward-looking statements about Bukwang Pharmaceutical Co., Ltd. Such statements are related to incidents of the future and not of the past, and include business status and financial performance that the company predicts for the future. The predictions and estimations have inherent uncertainties and risks, so please keep in mind that the company's actual future performance may differ from the estimated performance. The inherent uncertainties and risks include changes in relevant rules and regulations, changes in general business environment and fluctuations in the financial market.

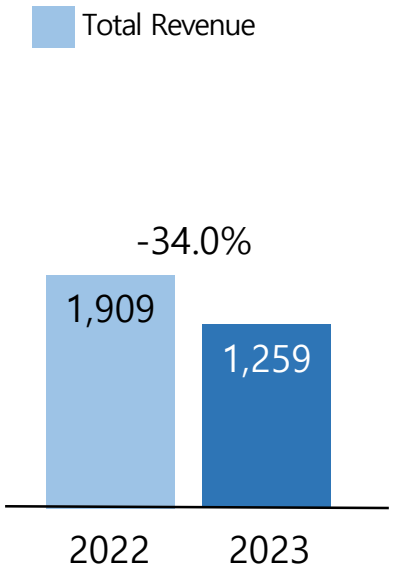
Contents

Key Management Status

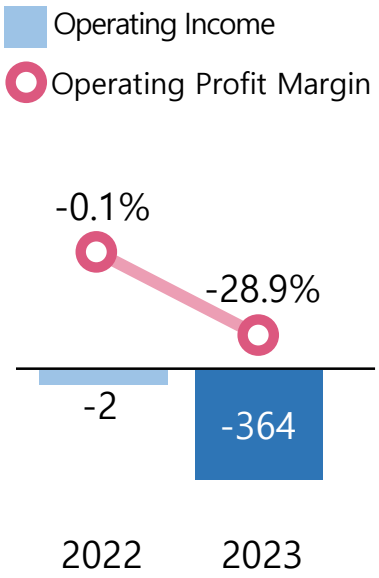
Summary of the annual consolidated performance for 2023

Key Management Status

Total Revenue

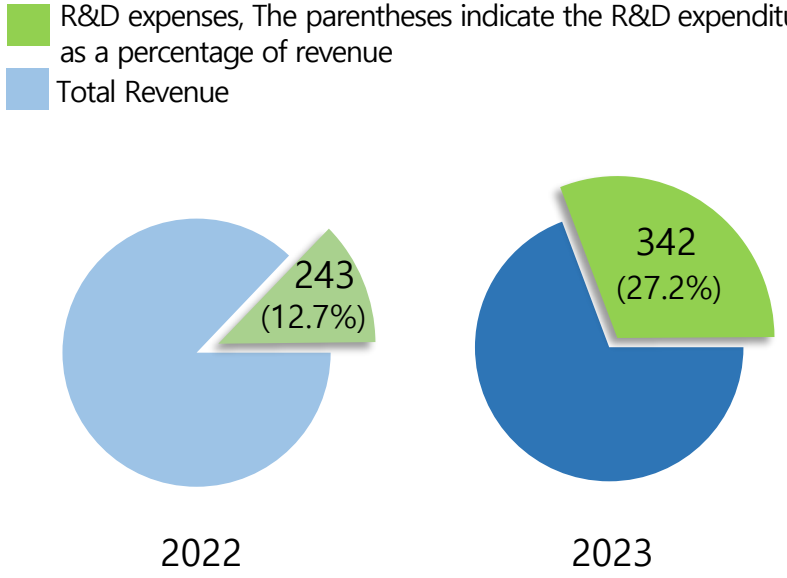


Operating Income



R&D expenses

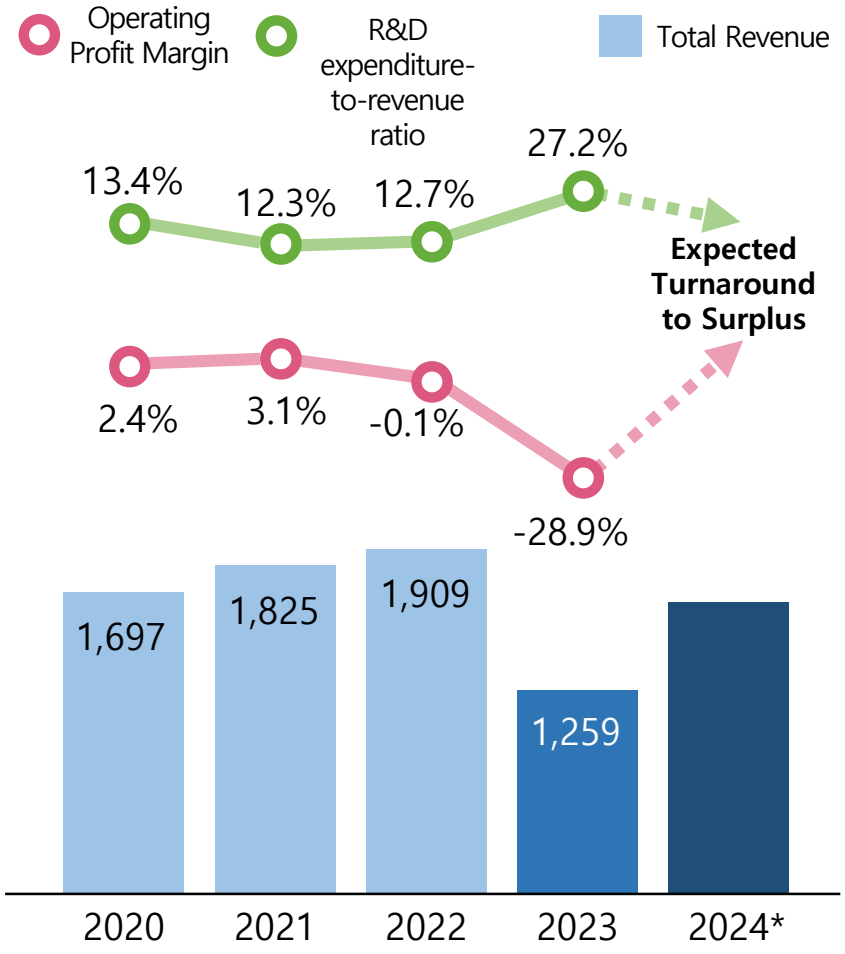
(Unit: 100 million KRW)



- The decrease in revenue and operating profit is attributed to management improvement measures implemented in the third and fourth quarters of 2023
  - Efforts to enhance financial soundness by reducing credit sales, shortening accounts receivable cycles, and reducing distribution inventory
  - Tight adjustment of distribution margins that had been managed loosely
  - Reconfiguration of product portfolios through careful profitability analysis, including adjustments to underperforming products
- The sales volume of prescription drugs, a key revenue factor, is showing an increasing trend
- R&D expenses have increased due to the final stages of the JM-010 European Phase 2 clinical trial

Key Issues and Business Outlook

Revenue, operating profit margin, R&D expenditure ratio trend



*Expected revenue for 2024

Highlights

Highlights of 2023

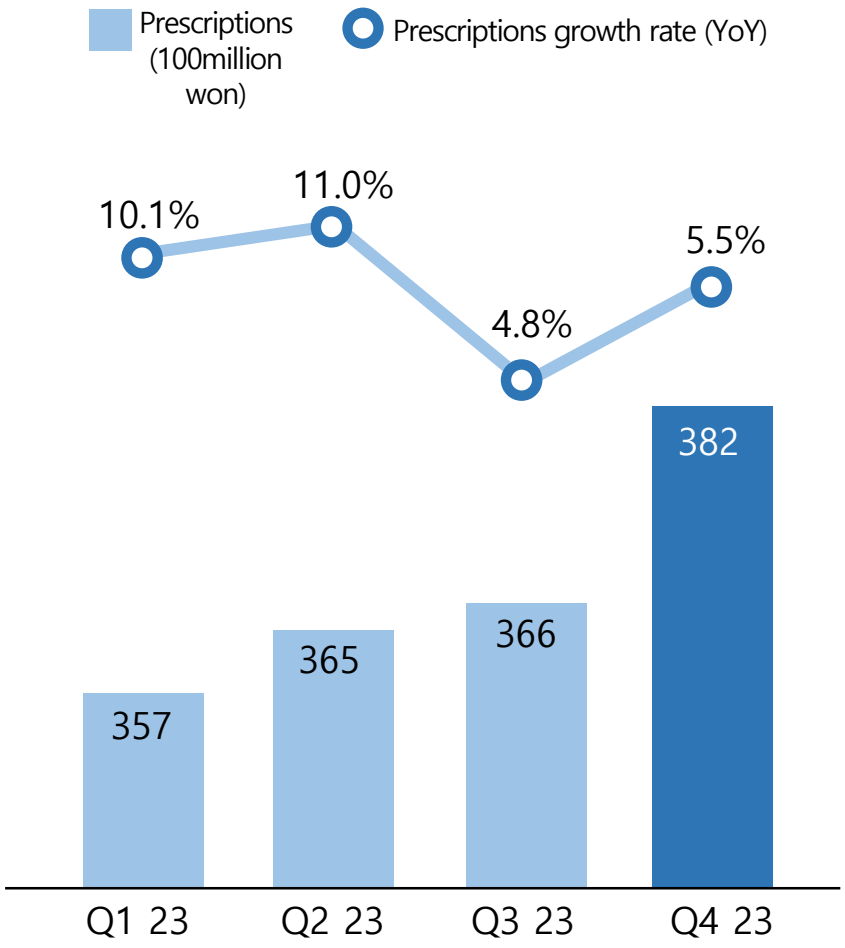
- During the process of restructuring our client base focusing on key trading partners, there have been some returns and discontinuations of shipments
- Supply issues have arisen with certain items such as antiviral agents
- Reverse-base effect on COVID-19 beneficiary items

Business Outlook for 2024

- The release of the new CNS drug Latuda is expected to increase revenue in the CNS sector
- Efforts to reduce return rates through efficient wholesale supply and inventory management have been completed, and this is expected to lead to improved profitability
- Successful stabilization of the sales department's organization is enabling exploration of various growth opportunities

Ethical Drug(ETC) Prescriptions Results

Quarterly Trends in outpatient prescriptions



Prescriptions data based on UBIST (*Except hospital prescriptions)

Highlights

Q4' 23 Highlights

- Prescriptions-driven growth in focused management items (YoY)
  - Legalon (+8.7%), Dexid+Thioctacid (+6.1%), Feroba-You (+6,1%), Respiratory products (+14.4%), CNS products (+2.1%)

Q1' 24 Highlights

- New prescriptions of Zaledeep
- Sustained growth in key strategic items such as Dexid, Legalon
- Strengthening of Feroba-You in hospital's channel activities - reinforcing activities in Gastroenterology and Nephrology
- Preparation for the release of Latuda - establishment of a new organization in the medical department

Key Management Status - Management Goals for 2024

Business/R&D/Sales Objectives and Strategies

1. Profit-driven sales and marketing

Achieving a surplus in 2024

- Expansion of market share through growth in strategic product categories for ETC
- Increase in CNS sales
  - -Successful launch of the new CNS drug Latuda
  - -Activation of existing CNS product sales such as Jaledeep
- Securing competitiveness through efficient distribution strategies and restructuring of sales networks

2. Building a profitable product portfolio and maintaining competitive R&D efforts

Acquisition of products and new drug development to improve operating profit

- Reconstruction of product portfolios based on contribution margin
- Continual pipeline development for the future including new drugs, improved drugs, and generic development
- Sustaining global open innovation strategies
- Establishment of strategies for early realization of appropriate drug values

3. Securing competitive production costs

Cost-competitive production of products and effective inventory management

- Establishment of a competitive production system
- Company-wide production management
- Compliance with production, returns, and inventory management regulations

4. Driving the enhancement of business processes and stabilizing the organization

Implementation of business systems and structures to ensure transparency and competitiveness

- Establishment of organizational operating systems for standardization and enhancement of business processes
- Implementation of business systems and structures to ensure transparency and competitiveness

R&D updates

Latuda : Treatment for Schizophrenia/bipolar depression

Indication & Mode of action

- Antipsychotic drug developed by Sumitomo Pharma in Japan
- Treatment of Schizophrenia/bipolar depression
- Lurasidone acts as an antagonist of dopamine D_2 receptor, serotonin 5-HT_2 receptor, and 5-HT7 receptor

Contract

- Entered into a License agreement with Sumitomo Pharma (Apr, 2017)
- Bukwang has exclusive development and commercialization right in Korea

Market Size

- After FDA approval in October 2010, achieved North American sales of USD 1.5 billion in 2022
- Marketed in over 53 countries (US, Canada, EU, UK, Switzerland, Russia, Japan, China, Singapore, Thailand, Hong Kong, Taiwan, Australia, United Arab Emirates (UAE), Kuwait, Saudi Arabia and Brazil)

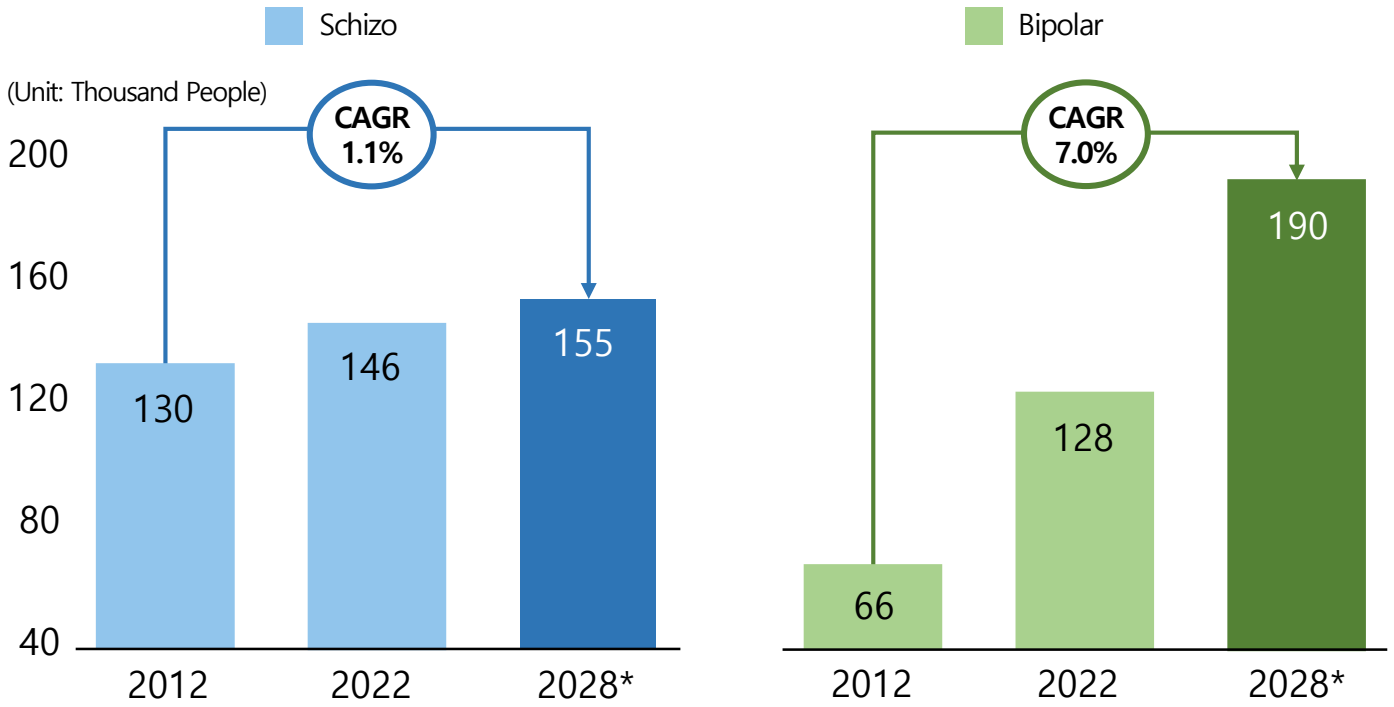
Progress Situation

- Approval of phase 3 study in Korea (Aug, 2017)
- Phase 3 study patient enrollment completed (June, 2022)
- Positive phase 3 study top-line results reported. (July, 2022)
- NDA submission to the Ministry of Food and Drug Safety (MFDS) in Korea (Oct, 2022)
- Application for health Insurance coverage (Sep, 2023)
- **NDA approval by the MFDS (Nov, 2023)**

Upcoming Schedule

Latuda(Lurasidone) : The number of patients by indication

- According to HIRA data, As of 2022, there were a total of 146,000 patients with schizophrenia, and it is predicted to grow at a rate of approximately 1% annually in the future.
- For patients with bipolar disorder, the predicted number is approximately 128,000 as of 2022, with an anticipated growth rate in the 7% range
- It is forecasted that from 2025 onwards, the number of patients with bipolar disorder will surpass those with schizophrenia



Source: Self-prediction by Bukwang Pharmaceutical based on data from the Health Insurance Review and Assessment Service (HIRA)

JM-010 (Contera Pharma) : Treatment for Dyskinesia in PD

Indication

- Dyskinesia in Parkinson's Disease

Development Partner

- Contera Pharma A/S, a CNS focused Danish subsidiary, is currently undergoing joint development with Bukwang where Contera has the development and commercial rights in Europe and U.K while Bukwang has the Rest of the World (ROW) right

Progress

- Phase 2a (PoC) study completed in South Africa (Nov 2015)
- Phase 1 study completed in Germany (2016)
- toxicity testing for Phase 2 clinical trials was completed (2017)
- From 2019 to the present, Phase 2 studies are ongoing in the United States and Europe/Korea
- From 2022 to 2023, expansion of clinical sites to include South Korea and Slovakia for European clinical trials
- As of January 2024, patient recruitment for phase 2 EU/KR study* and the first part of the phase 2 study in the United States have been completed

*Countries where clinical trials are conducted in Europe and Korea: Germany, France, Spain, Italy, Slovakia, South Korea

Upcoming schedule

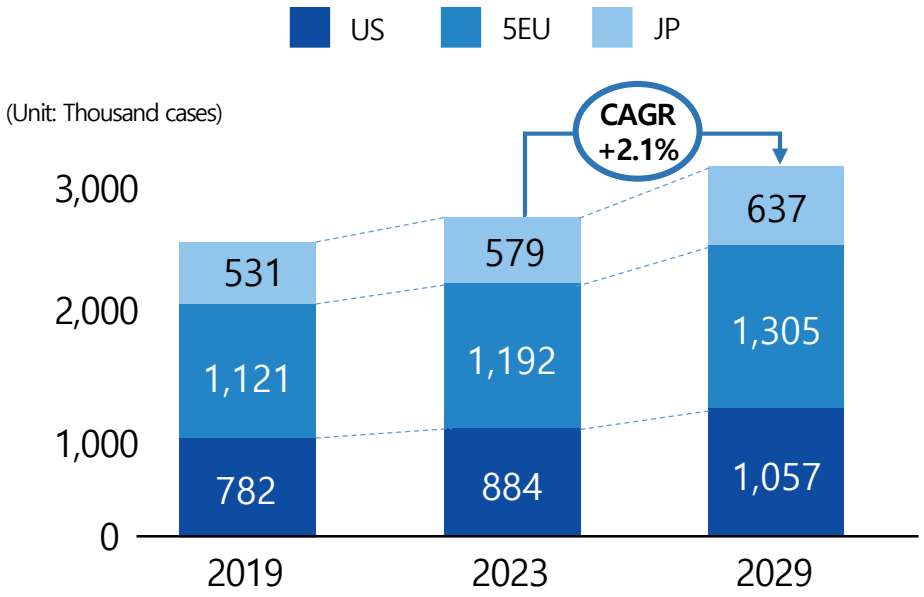
JM-010 (Contera Pharma) : Market Size

- It is estimated that there are approximately 900,000 patients with Parkinson's disease worldwide across the seven major countries*, and this number is expected to steadily increase

The number of diagnosed Parkinson's disease (PD) adult patients	The prevalence of dyskinesia in Parkinson's disease (PD) patient	The number of Parkinson's disease (PD) patients with dyskinesia
Approximately 2.65 million people	Approximately 34 percent**	Approximately 900,000 people

*Major seven countries: United States, United Kingdom, France, Germany, Italy, Spain, Japan
**Ref : J Neural Transm (Vienna). 2007;114(8):1023-6.

Cases diagnosed with Parkinson's disease (PD) in individuals aged 18 and older



source : GlobalData.

- As the population ages, it is anticipated that the number of Parkinson's disease patients will steadily increase, leading to a rise in the number of patients with movement disorders
- Currently, Gocovri* is the only approved treatment for dyskinesia in the United States, but it is associated with side effects such as visual hallucination
- Treatments for motor complications (eg. Dyskinesia, etc) is the second important unmet needs for patients in Parkinson Disease after the need for disease modifying therapies**

*Note: Gocovri price is $35,551 annually (as of 2022 in the United States)
**Note: Decision Resources Group(DRG) Parkinson's disease landscape & forecast, Aug 2019

Other R&D Pipeline

Pipeline	Type	Indication	Development process						
			Discovery	Preclinical	Ph1	Ph2	Ph3	Approval	Next Milestone
SOL-804 (Dyna)	Oncology	prostate cancer							Development strategy review
AhR inhibitor (JaguAhr)	Immuno-Oncology	Solid Cancer							In vivo Efficacy Result Second half of 2024
PKR Inhibitor (Protekt)	CNS	Alzheimer's disease							In vivo Efficacy Result Second half of 2024
PD program	CNS	Parkinson's Disease							Lead-generation Second half of 2024
MLR-1023	Novel anti-diabetic agent	Type 1 Diabetes			License Out		biodexa pharmaceuticals / MELIOR PHARMACEUTICALS		Clinical Phase 1b Planned for New Indication, Type 1 Diabetes

Appendix

APPENDIX - Profit and Loss of fourth Quarter in 2023

Separate

Unit: 100 million KRW	2023	YoY	2022	2021
Sales Revenue	1,252	-34.2%	1,903	1,816
COGS ratio(%)	63.1%		58.7%	59.0%
R&D expenses	155	29.2%	120	149
R&D ratio(%)	12.4%		6.3%	8.2%
Operating Income	-166	swing to loss	123	132
Margin(%)	-13.3%		6.5%	7.3%
EBITDA	-129	swing to loss	163	177
EBITDA (%)	-10.3%		8.6%	9.7%
Net Income	-254	swing to loss	20	24
Margin (%)	-20.3%		1.1%	1.3%

Consolidated

Unit: 100 million KRW	2023	YoY	2022	2021
Sales Revenue	1,259	-34.0%	1,909	1,825
COGS ratio(%)	62.6%		58.4%	58.5%
R&D expenses	342	40.7%	243	225
R&D ratio(%)	27.2%		12.7%	12.3%
Operating Income	-364	loss continued	-2	56
Margin(%)	-28.9%		-0.1%	3.1%
EBITDA	-324	swing to loss	40	103
EBITDA (%)	-25.7%		2.1%	5.6%
Net Income	-415	loss continued	-42	-28
Margin (%)	-33.0%		-2.2%	-1.5%

- The difference between operating profit and net profit attributable to non-controlling interests is mainly due to variances in Contera Pharma's research and development expenses
- Prior to external audit, certain data, including that of Contera Pharma, may be based on approved data, leading to disparities between the final figures and those reflected in the interim data

APPENDIX - Summary of Consolidated Financial Position

Unit (100million won)	2023	2022	changes
Current Assets	**2,517**	**2,187**	**330**
Cash & Cash equivalents	1,529	855	674
Account Receivables	357	880	-523
Inventories	569	386	183
Others	62	66	-4
Non-Current Assets	**1,776**	**1,822**	**-46**
Fellow subsidiary & Investments in Associates	133	153	-20
Investments	197	198	-1
Tangible Assets	1,211	1,219	-8
Intangible Assets	88	70	18
Others	147	182	-35
Total Assets	**4,293**	**4,009**	**284**
Total Liabilities	**1,978**	**1,291**	**687**
Accounts Payables & Others	24	165	-141
Contract Liability	185	171	14
Borrowings	800	-	800
Others	969	955	14
Total Equity	**2,315**	**2,718**	**-403**
Leverage ratio	**86%**	**47%**	39%

Key changes

- **Account Receivables**
  Decrease in sales leading to a reduction in accounts receivables
- **Inventories**
  Increase in inventories in sales reduction
- **Accounts Payables & Others**
  Decrease in production volume due to increase in inventory assets
- **Borrowings**
  Increase in long-tem borrowings

Thank you!

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