Bukwang Pharmaceutical

Fact Book
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.

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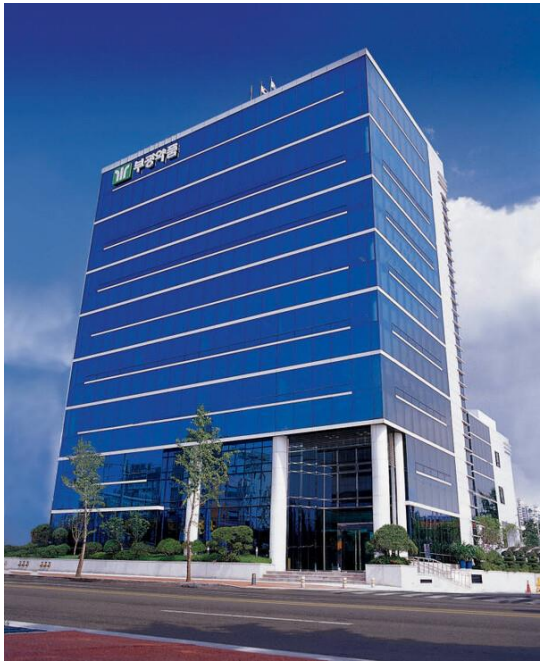
Introduction

Company overview

BUKWANG PHARM

CEO	Woo-hyun Lee
Establishment	October 17th, 1960
Business	Manufacturing and sales of pharmaceuticals and non-pharmaceutical products
shares	71,063,049 shares
Personnel	611

*As of December 2023

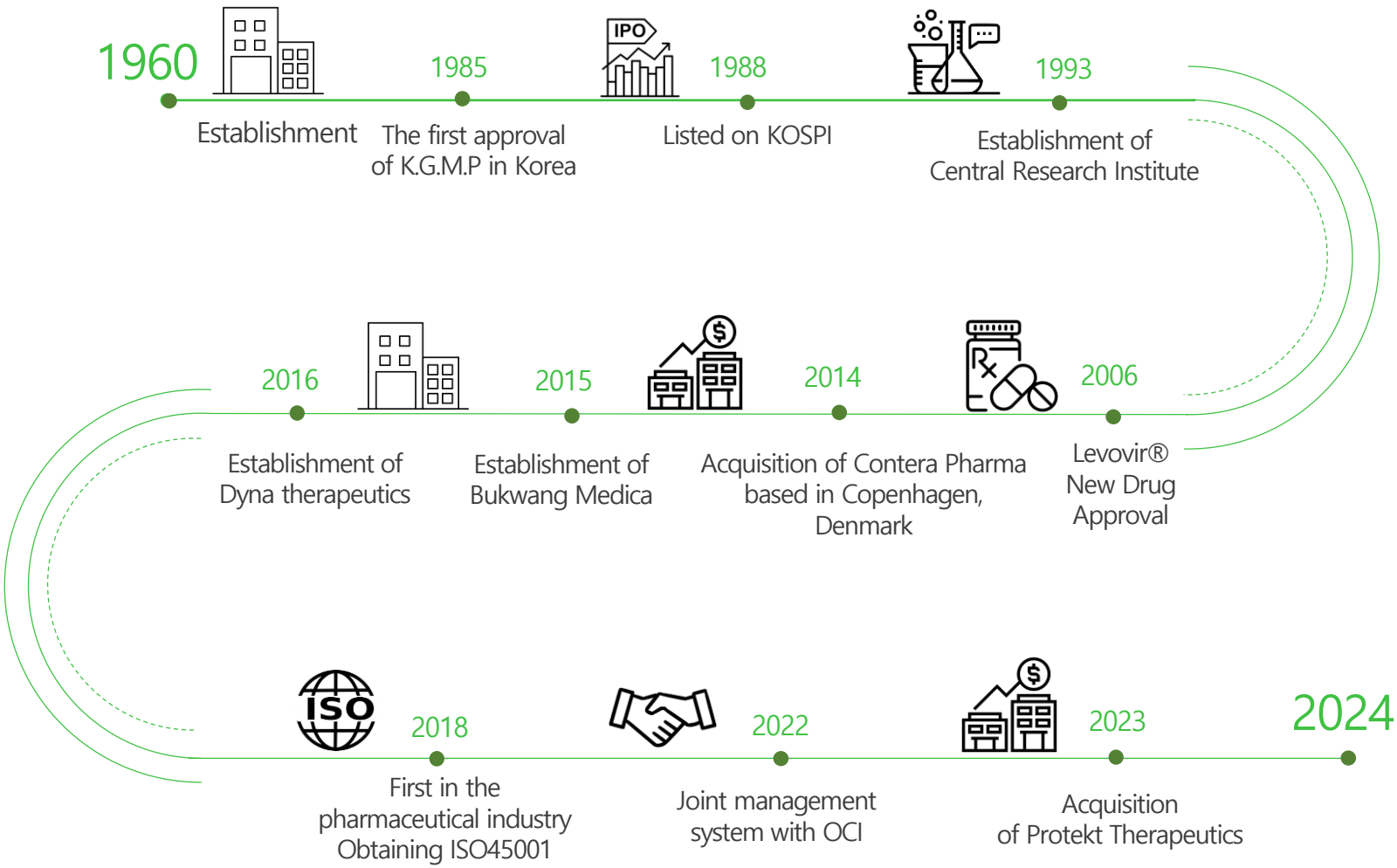


Headquarter	Bukwang Pharmaceutical Co., Ltd.
Location	7, Sangdo-ro, Dongjak-gu, Seoul

Facilities	R&D Center
Location	7, Sangdo-ro, Dongjak-gu, Seoul

Facilities	Ansan Manufacturing Plant
Location	47, Neungan-ro, Danwon-gu, Ansan, Gyeonggi Province

Company history



Shareholders' status & Stock Price

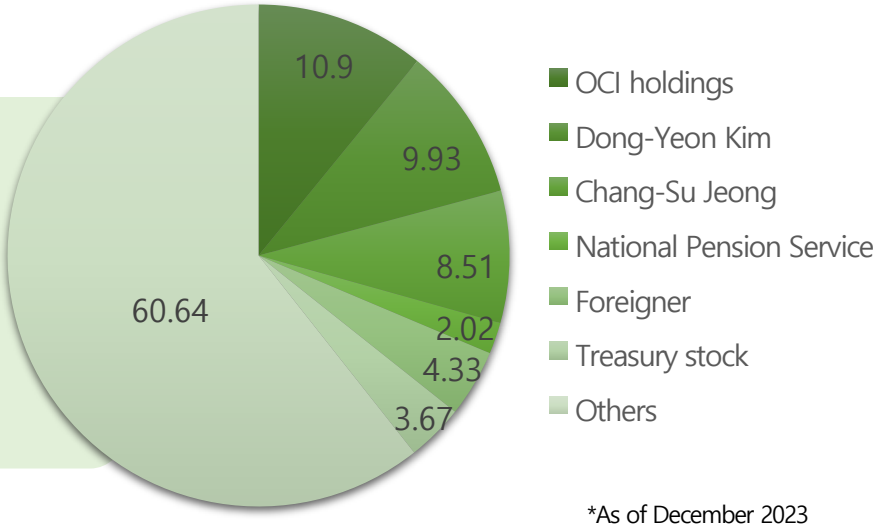
Shareholders' status

71,063,049 shares
Issued shares

4,335 billion won
Market Capitalization

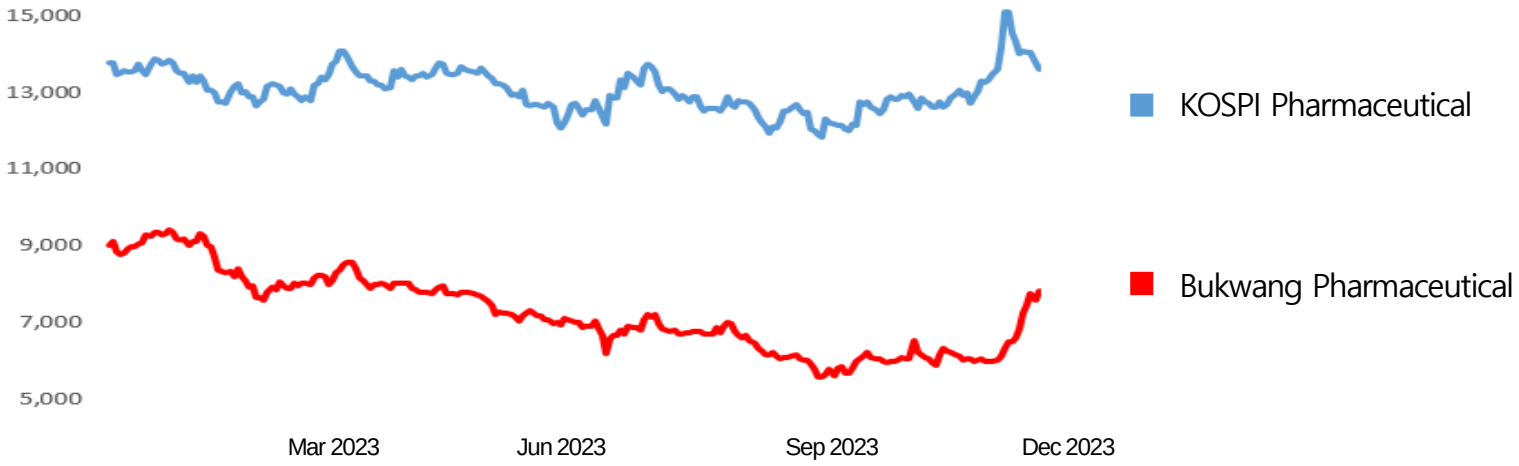
7billion won
Average daily trading volume

4.33%
Foreign ownership Percentage



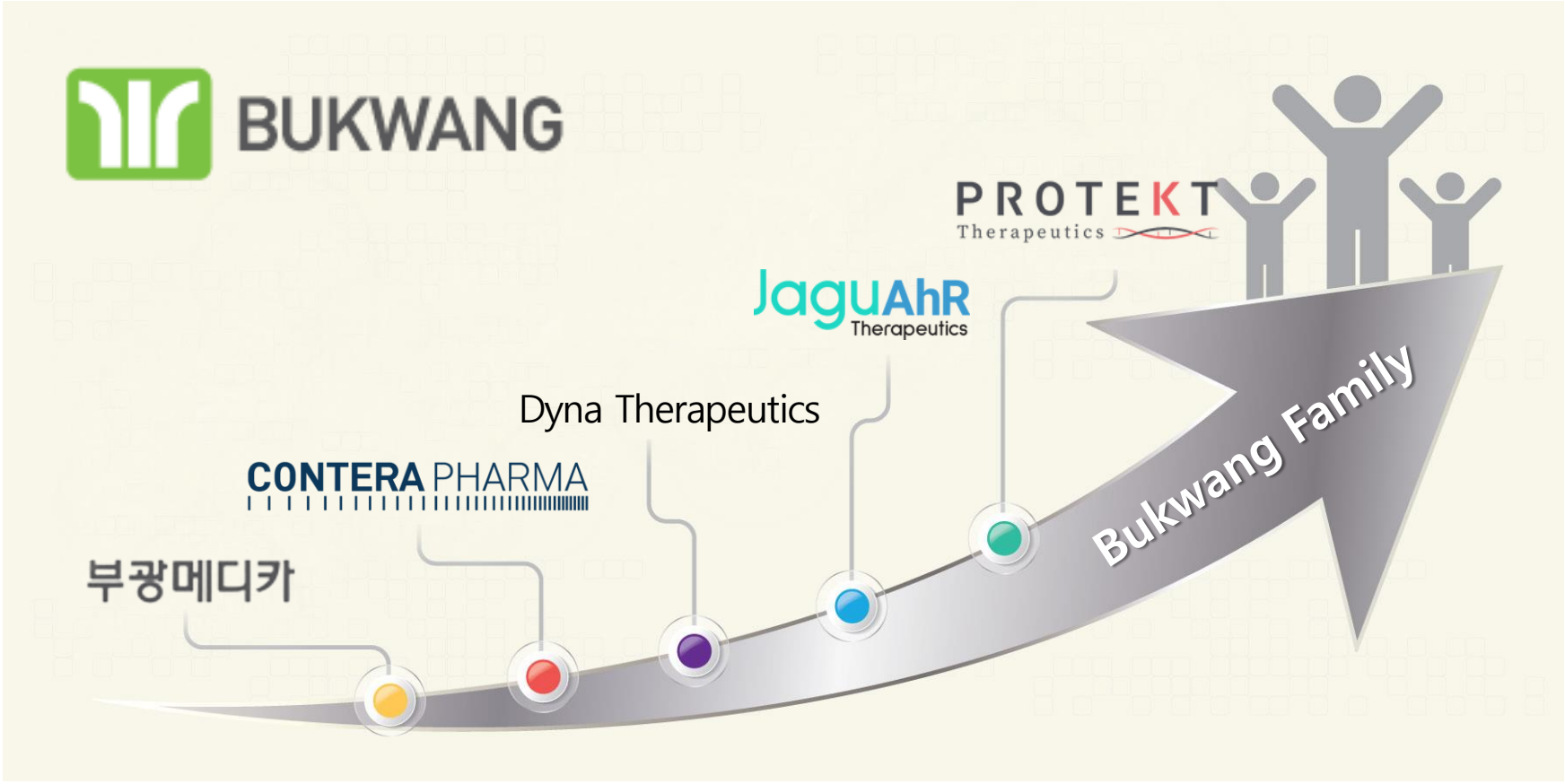
*As of December 2023

Stock price trend (January 13, 2023 - January 15, 2024)



VISION

- Bukwang Pharmaceutical aims to become a global pharmaceutical and biotech company based on the management philosophy of 'contributing to the stability of drug supply and society through the production of excellent pharmaceuticals
- Bukwang Pharmaceutical is increasing its corporate value through enhancing competitiveness in its main business area of new drug development and expanding synergies



Growth Strategy & Motives

Global open innovation in R&D

Global R&D Experience

- Development of Hepatitis B Antiviral Agents
- Incrementally modified drug for diabetic neuropathy
- Development of anti-cancer drugs for stomach cancer and diabetes treatments

A variety of pipelines & Business models

- CNS : dyskinesia in Parkinson's disease, Parkinson's disease, Alzheimer's disease, etc
- Anti-cancer drugs: Immune-oncology, prostate cancer, etc

Investment Portfolio

- Various investment portfolio including Subsidiaries, Joint Ventures, Research Collaborations, Equity Investments, Indirect Investments, etc

R&D Investment Focus

CNS
Oncology

Diverse and distinctive company portfolio

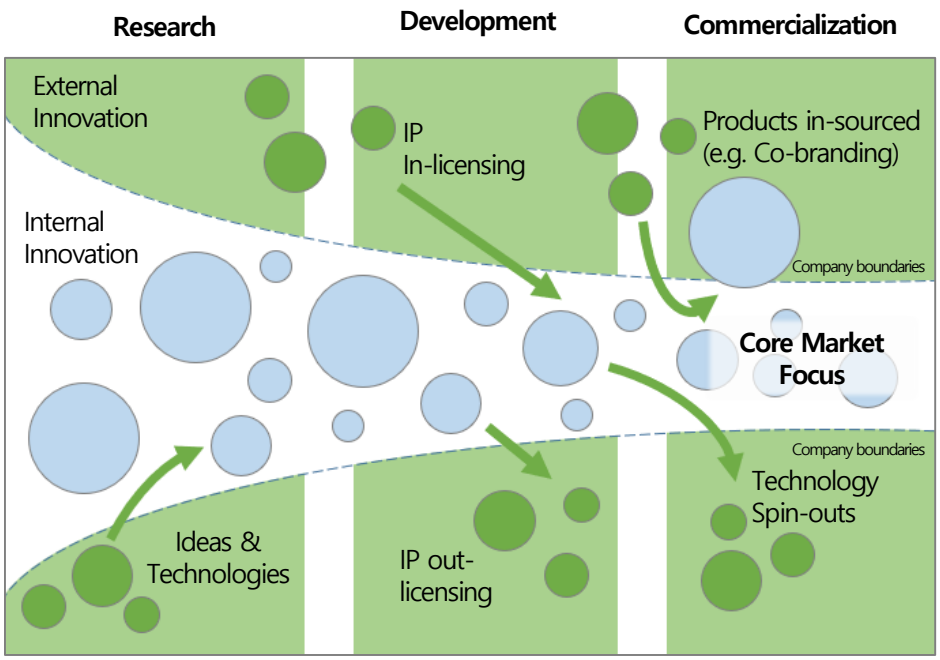
Bukwang Medica	Growth of consumer health business
Contera Pharma	Positive outcome from ongoing clinical study for JM-010 Novel therapy from RNA platform
JaguAhr	L/O or acquisition of the company after CD nomination
Protekt	L/O or acquisition of the company after CD nomination

Major subsidiaries and R&D

R&D Strategy: Global Open Innovation

Open Innovation

Open innovation refers to the deliberate exchange of knowledge, enabling the acceleration of internal innovation and the utilization of external innovations, with the intention of expanding markets



Concept by Henry Chesbrough (2003)

Extensive experience in various types of open innovation

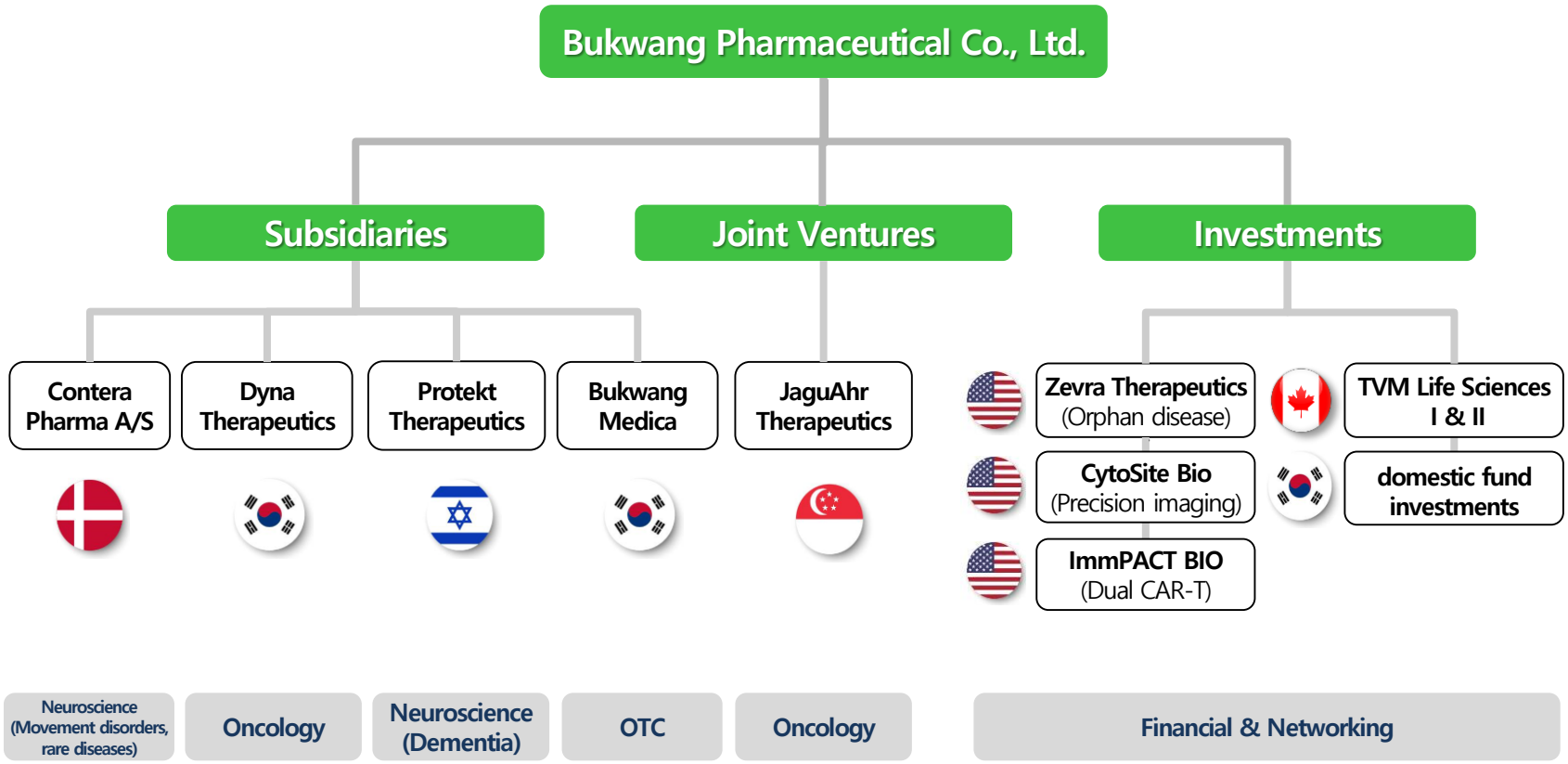
1. In-bounds Model
(1) License-In
(2) Acquisition
(3) Equity Investment

2. Out-bounds Model
(1) License-Out
(2) Asset/Equity Transfer (Sale)

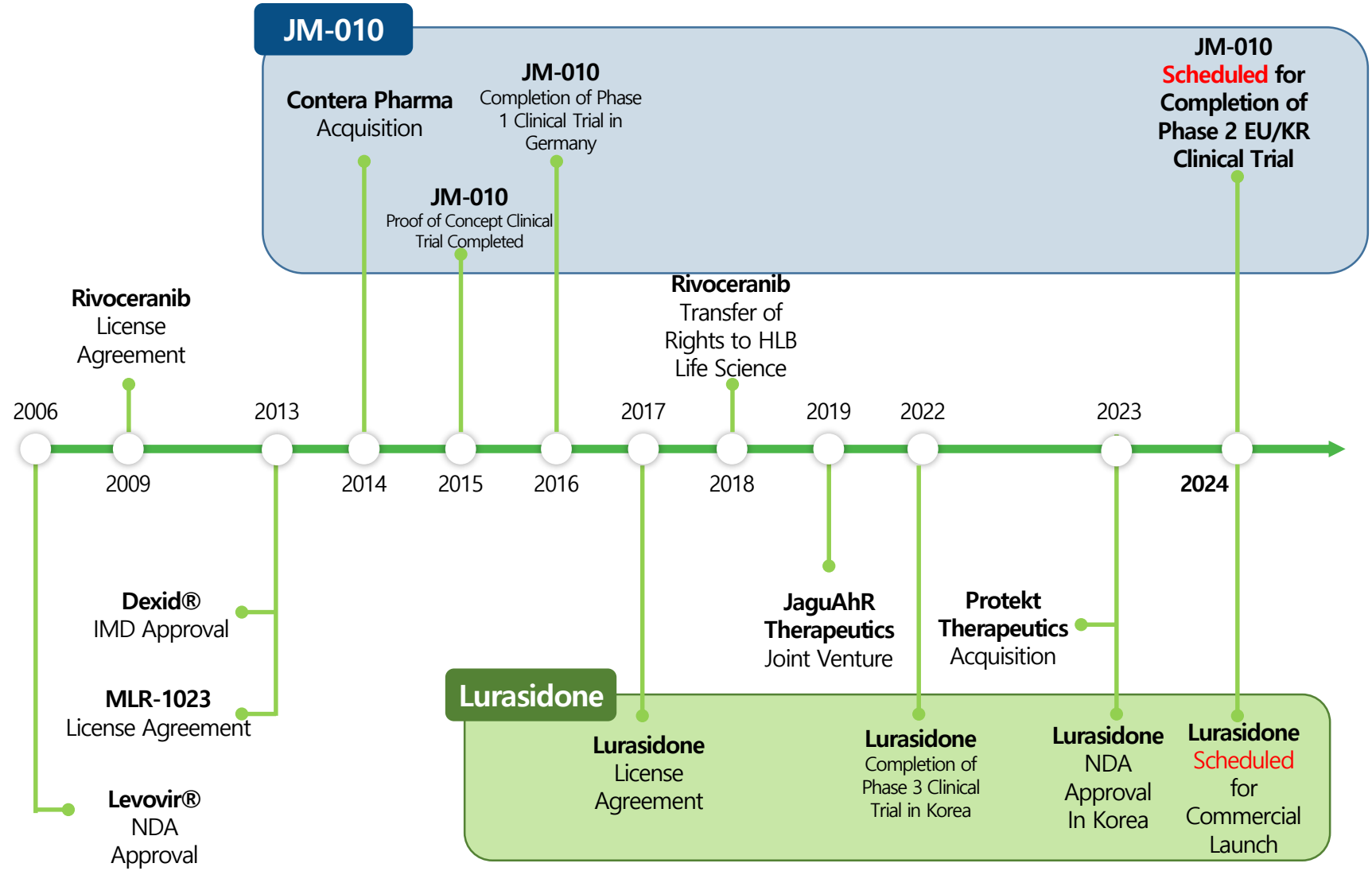
3. Mixed Model
(1) Co-research/Co-development
(2) R&D Collaboration
(3) Joint Venture

Source : https://www.rndtoday.co.uk/themes/open-innovation/

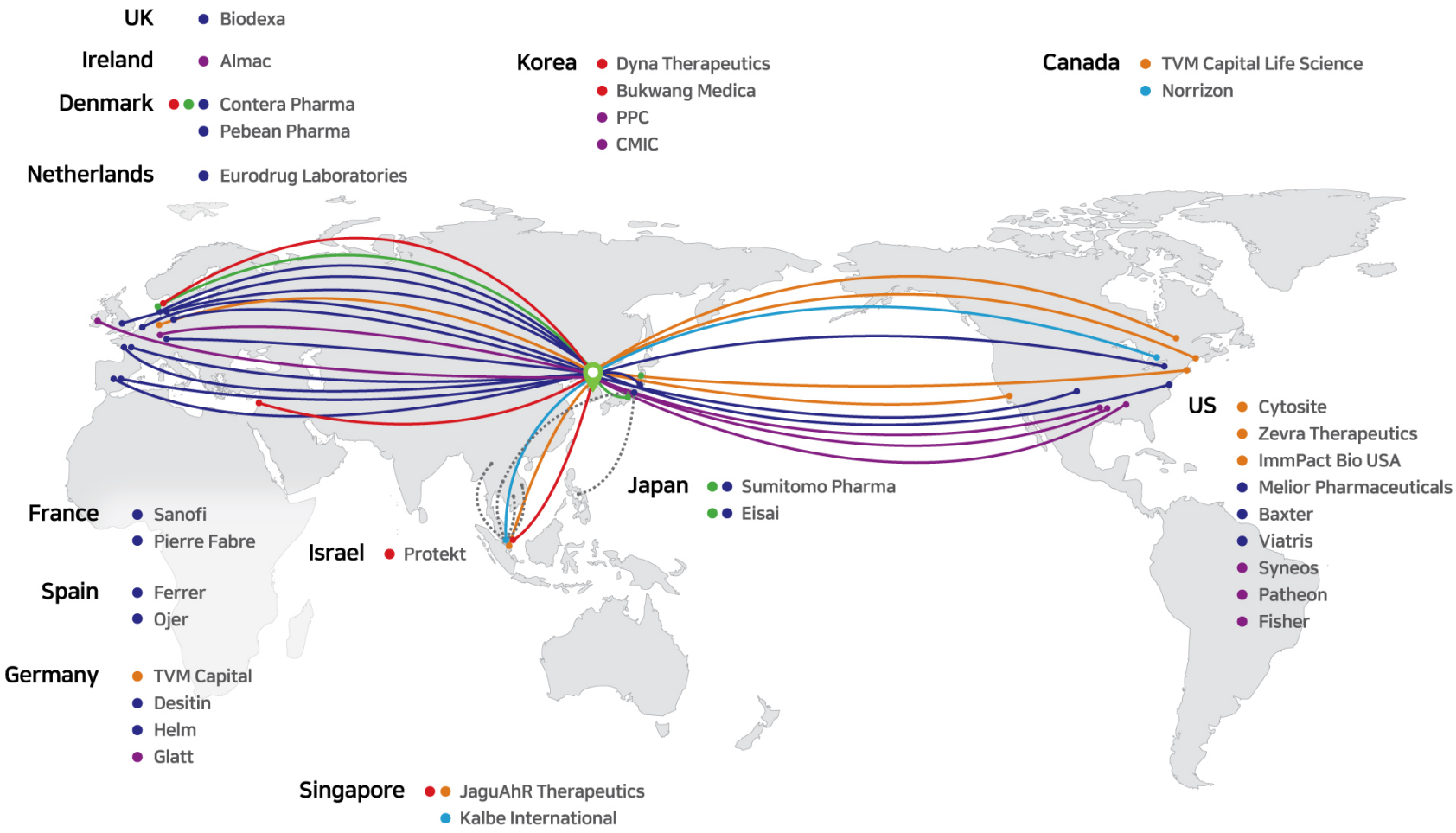
The company structure based on Open Innovation



Main R&D activities



Global Network



Contera Pharma A/S

Overview

- Founded by former Novo Nordisk, Novartis researchers, invested by Novo A/S and SEED Capital
- Ongoing research activities focused on the development of JM-010 (for dyskinesia in PD treatment), CP-012 (for Parkinson's morning akinesia), and other neurological disorders
- Executives leadership with strong background in globally well known CNS-focus pharma companies
- R&D team with proven track record in accelerating novel and cutting-edge small-molecule and RNA-based therapeutics to the clinic.

Progress Situation

2010 – Contera Pharma established
2014 – Fully acquired by BK
2015 – JM-010 clinical PoC completed
2016 – JM-010 phase 1 study completed
2019 – Closing of 3 billion won series A
2020 – Closing of 30.5 billion won series B
2022 – Gaining worldwide exclusive rights of CP-012
– Establishment of a new RNA research facility and RNA therapeutics discovery platform
2023 – CP-012 Clinical Trial Application approval and phase 1a study ongoing
2024. 01 – JM-010 phase 2 EU/KR study patient recruitment completed.

Share Ratio

- Bukwang holds 74.14% shares (As of December, 2023)

Contera Pharma management

CEO
Thomas Sager, PhD

- 25+ years of experience in CNS pharma
- Extensive experience as project lead in numerous R&D and clinical development projects in neurology
- Strategic executive leadership experience and track-record of several licensing / acquisition cases in CNS

CSO
Kenneth Christensen, PhD

- Extensive experience in driving pipeline growth
- 21+ years of R&D experience in CNS pharma and multiple academic collaborations
- Previously management of the entire neurology research portfolio at Servier

CFO
Anthony Kim, AICPA

- AICPA with experience in financial accounting and taxation
- 18+ years of accounting experience in public accounting and corporate accounting
- Previously lead a start-up tech company towards IPO process

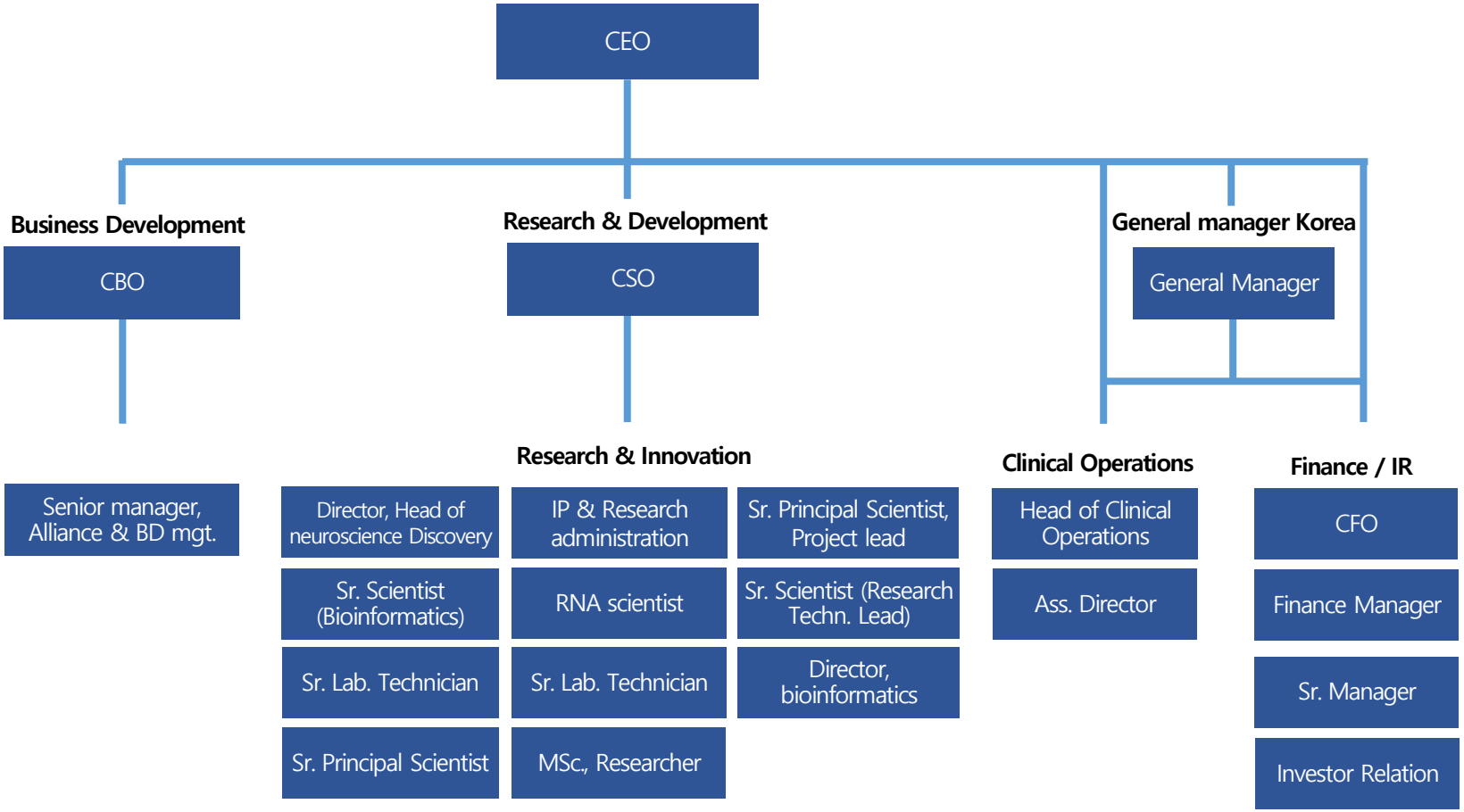
CBO
Anders Brandt Elvang, PhD

- Broad experience in global BD and marketing within neurology
- 16+ years of neurology experience from R&D, regulatory, marketing, business development and corporate strategy
- Previously global medical lead on key marketing strategies for neurology products in Asia and Europe

Korea General Manager
Young Oh Wee

- 20 years of experience in corporate banking and finance management
- Solid track record as investment banker with successful completion of numerous bank transactions
- Extensive finance strategy / IPO execution experience

Contera Pharma Organizational Structure



Contera Pharma Pipeline

Project	Mechanism	Modalities	Indication	Discovery	Preclinical	Phase I	Phase II	Rights	Partner
JM-010	5HT1A; 1B/D agonist	SMOL	Dyskinesia in Parkinson's disease					Europe	부광약품
CP-012	DCC substrate & inhibition	SMOL	Morning OFF in Parkinson's disease					Worldwide	bdd
CP-101	RNA silencing	ASO	Metachromatic leukodystrophy					Worldwide	In-house
CP-102	RNA silencing	ASO	Canavan disease					Worldwide	In-house
CP-105	RNA silencing	ASO	Hereditary leukodystrophy*					Worldwide	In-house
CP-301	RNA splicing	SMOL	Hereditary peripheral neuropathy					Worldwide**	Vernalis RESEARCH
CP-NI	Glial biology modulation	-	Movement disorders					Worldwide**	UNIVERSITY OF COPENHAGEN

*Program address distinct leukodystrophy with different biological target
**Contera Pharma has the first option right to enter exclusive worldwide license

JaguAhR Therapeutics

Overview

- A joint venture with ASLAN Pharmaceuticals, a specialized immunotherapy-focused pharmaceutical company based in Singapore
- JaguAhR Therapeutics has acquired all the technology related to 'Aryl Hydrocarbon Receptor (AhR) antagonists' from ASLAN Pharmaceuticals, aiming to develop novel immunotherapies for solid cancer.

Progress Situation

2019 JaguAhR Therapeutics establishment

2019-2022 Lead optimization

2022 Back-up compound identified

2023 Candidate drug nominated

2024 In vivo efficacy validation ongoing

Share Ratio

- Bukwang 65%, ASLAN 35% (As of December, 2023)
- Board of directors : 2 seats from people in Bukwang (one of them is chairman), 2 seats from ASLAN

Protekt Therapeutics

Overview

- Biotech company based in Israel, specialized in the development of novel therapies in neurodegeneration and neuroinflammation
- After an initial investment in 2019, the company was fully acquired by Bukwang in 2023.

Progress Situation

2014 Protekt Therapeutics established.

2015 Technology licensing from the University of Haifa.

2019 Hit compound identification

2020 Initiation of retrospective biomarker clinical study

2021 Initial lead compound identification

2023 Lead compound optimization completed

2024 In vivo efficacy validation ongoing

Share Ratio

- Bukwang 96.73% (As of December, 2023)

Investment Portfolio

Company	Area	Pipeline	Discovery	Nonclinical	Phase 1	Phase 2	Phase 3	NDA	FDA Approval
Zevra	Rare diseases	OLPRUVA™	Urea Cycle Disorder (UCD), US launch in Jan 2024						
		Arimoclomol	Niemann-Pick disease type C (NPC), PDUFA 2024.06.21						
		Celiprolol	Vascular Ehlers-Danlos Syndrome (vEDS)						
		KP1077	Idiopathic Hypersomnia (IH)						
		KP1077	Narcolepsy						
		AZSTARYS®	Attention Deficit/Hyperactivity Disorder (ADHD), receiving royalties						
ImmPACT Bio	CAR-T (oncology & immunology)	IMPT-314 CD19/20	B-Cell Lymphoma						
		IMPT-514 CD19/20	Lupus Nephritis						
		TGF-β CAR bispecific	Gastric canc.						
Cytosite Bio	Imaging for oncology	Granzyme B Tracers	Precision imaging						
TVM LSI I & II	Various	Multiple Portfolio companies		Multiple programs in various development stages					

R&D Pipeline

Main R&D Pipeline

Pipeline	Type	Indication	Development process	Next Milestone
			Discovery / Preclinical / Ph1 / Ph2 / Ph3 / Approval	
Lurasidone	CNS	Schizophrenia/ bipolar depression	Ph3 → Approval	Commercial Launch Second half of 2024
JM-010 (Contera)	CNS	Dyskinesia in Parkinson's Disease	Ph1 → Ph2	Phase 2 EU/KR Study Top-line Data Release Second half of 2024
SOL-804 (Dyna)	Oncology	prostate cancer	Ph1	Development strategy review
AhR inhibitor (JaguAhr)	Immuno-Oncology	Solid Cancer	Preclinical	In vivo Efficacy Result Second half of 2024
PKR Inhibitor (Protekt)	CNS	Alzheimer's d isease	Discovery	In vivo Efficacy Result Second half of 2024
PD program	CNS	Parkinson's Disease	Discovery	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

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)

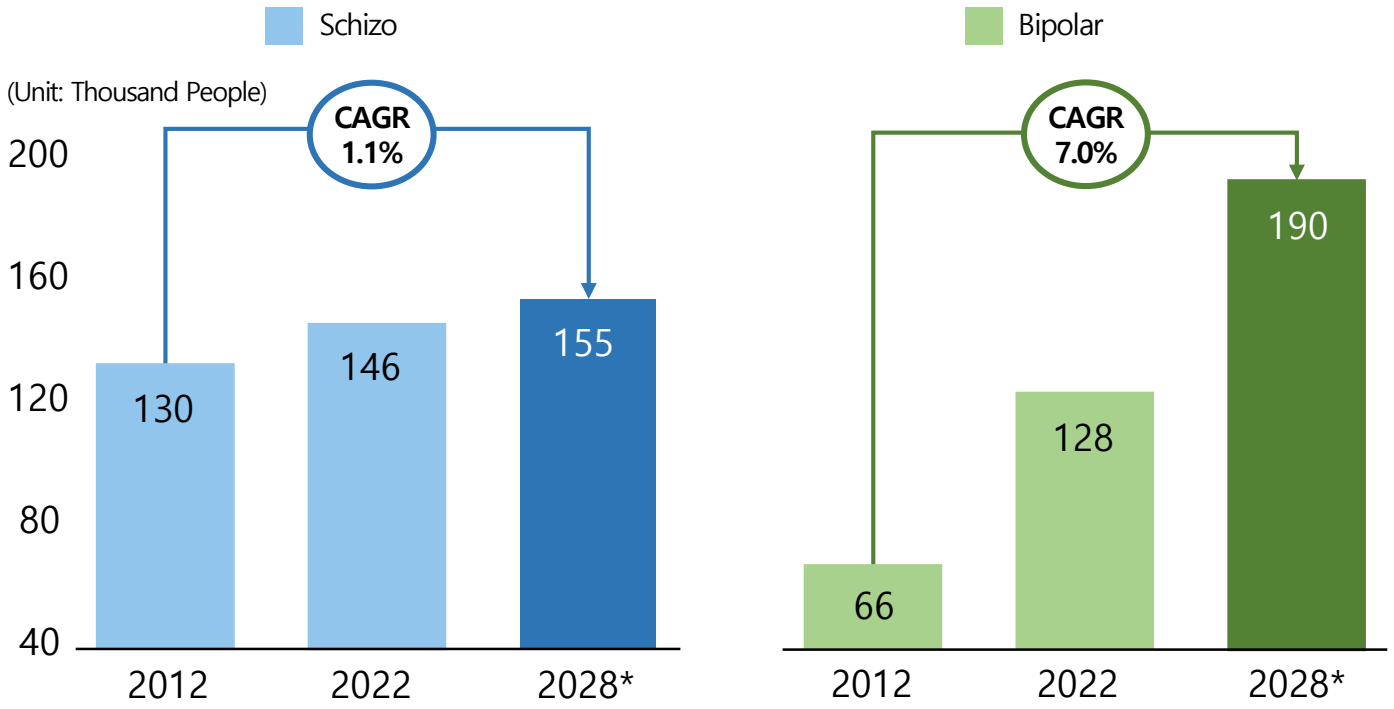
Progress Situation

- 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 : 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)

MLR-1023 : Type 1 Diabetes

Indication

- Type 1 Diabetes
- Potential indication expansion includes:
  - NASH
  - Inflammatory lung diseases

Development Partner

- In 2013, Bukwang licensed the rights for the Asian region, excluding Japan, from Melior Pharmaceuticals
- Melior and Bukwang licensed out worldwide development and commercialization rights to Biodexa (In connection with the license, Bukwang will receive 4.95% of Biodexa shares and a single-digit royalties on net sales of MLR-1023)
- Biodexa successfully raised a $6 million investment for the development of MLR-1023 in December 2023

Progress

- In 2019, the Phase 2b clinical trial was completed for Type 2 diabetes
- Plans are underway to conduct a Phase 1b dose confirmation study in conjunction with the Alberta Diabetes Institute at the University of Alberta (Canada) to establish the minimum effective dose of MLR-1023 in patients with Type 1 diabetes

JM-010 : 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)
- Orphan drug designation granted in Korea (Jan 2017)
- From 2019 to the present, Phase 2 studies are ongoing in the United States and Europe/Korea*
- 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

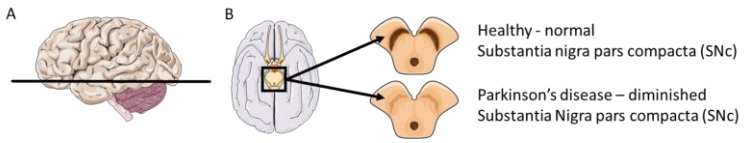
*Countries where clinical trials are conducted in Europe and Korea: Germany, France, Spain, Italy, Slovakia, South Korea

Upcoming schedule

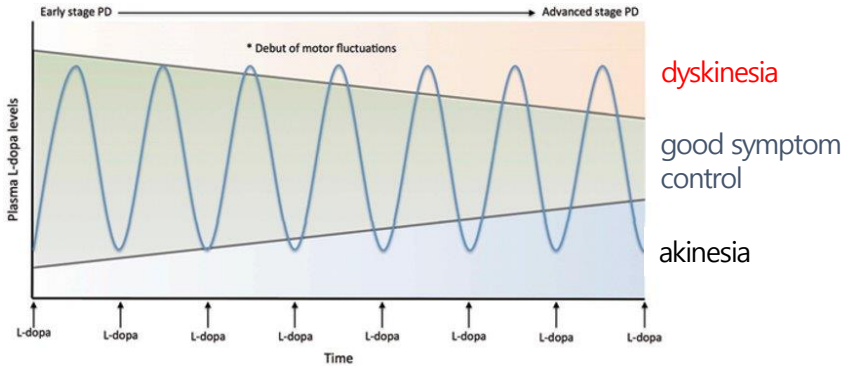
JM-010 : Dyskinesia in PD

- Parkinson's disease is caused by the loss of dopamine, and the standard treatment involves dopamine replacement therapy.
- Dyskinesia in PD occurs as the disease progresses, and although the mechanism is not entirely clear, the main targets are known.

Parkinson's disease (PD) – loss of dopamine



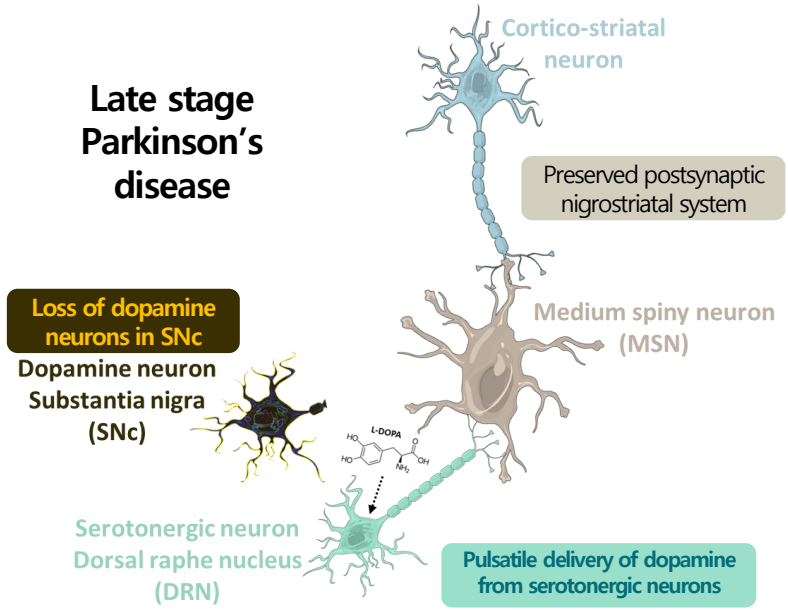
Standard of care – dopamine replacement therapy



Source : Bogetofte et al., CNS Neurol Disord Drug Targets 2020;19(8):572-583

Dyskinesia in Parkinson's disease – pathophysiology

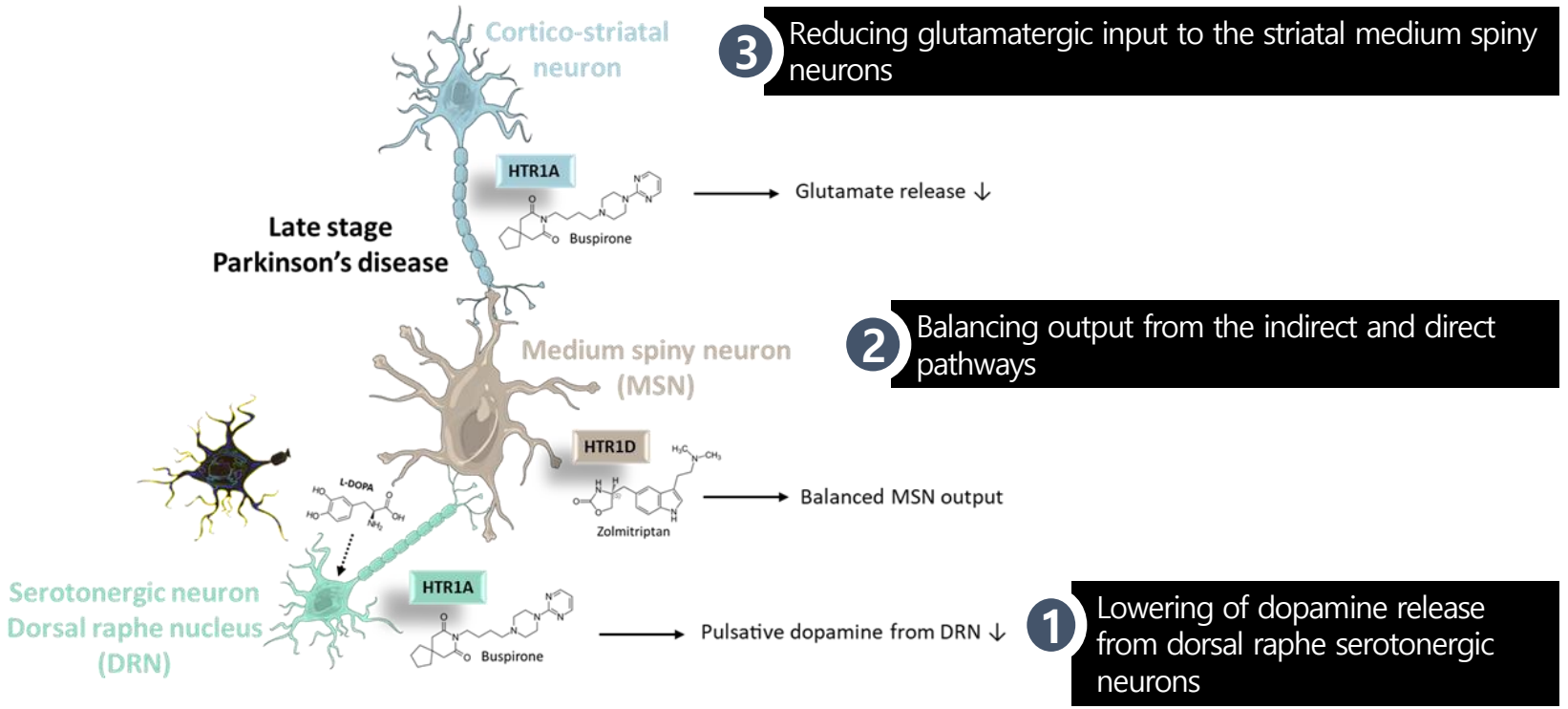
The mechanism underlying Dyskinesia in PD has not yet been fully elucidated; however, the main target neurons are as follows.



Source: Espay et al, Ann Neurol 2018 Dec;84(6):797-811.

JM-010 : Mode of Action

- JM-010 targets three major neuronal cell types related to pathophysiology of dyskinesia by agonistic effects on HTR1A and HTR1D

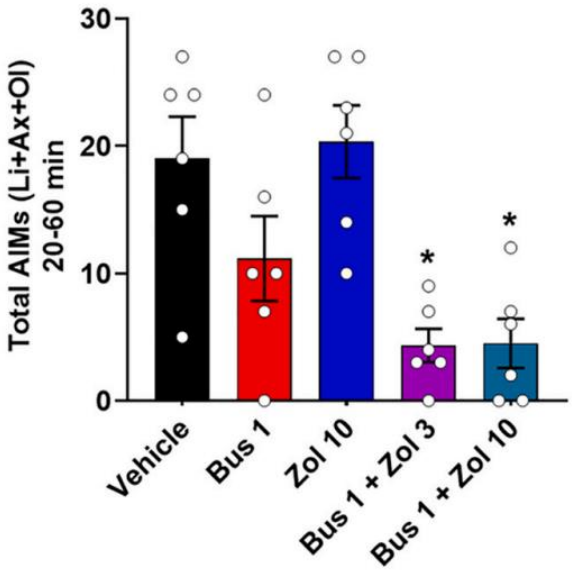


source: Espay et al, Ann Neurol 2018 Dec;84(6):797-811.

JM-010 : preclinical results

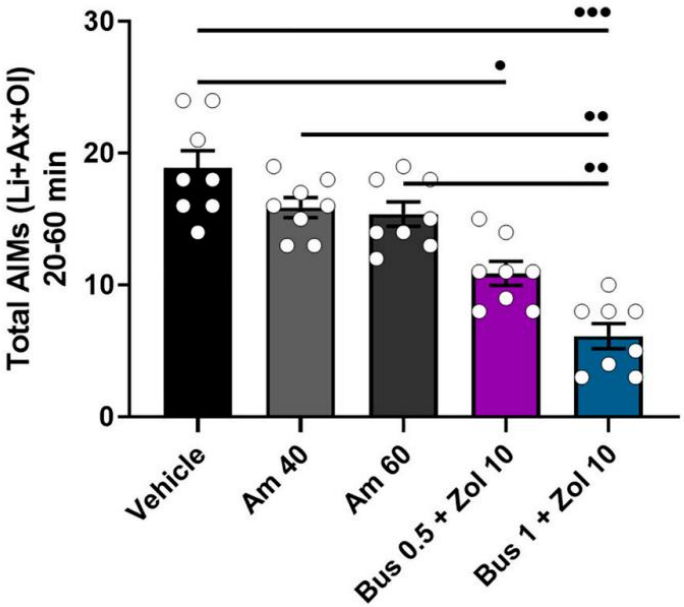
- Strong and synergistic effects of JM-010, the combination of Buspirone and Zolmitriptan, in a rodent PD dyskinesia model
- Superior anti-dyskinetic effect over amantadine.

Synergistic anti-dyskinetic effect in a rodent model of PD dyskinesia



AIMs: Abnormal Involuntary Movement scale
Am: Amantadine (mg/kg)
Bus: Buspirone (mg/kg)
Zol: Zolmitriptan (mg/kg)

Superior anti-dyskinetic effect when compared to amantadine



source: Thomsen et al, Experimental Neurology 2022

JM-010 : Clinical Trial Protocol Timelines

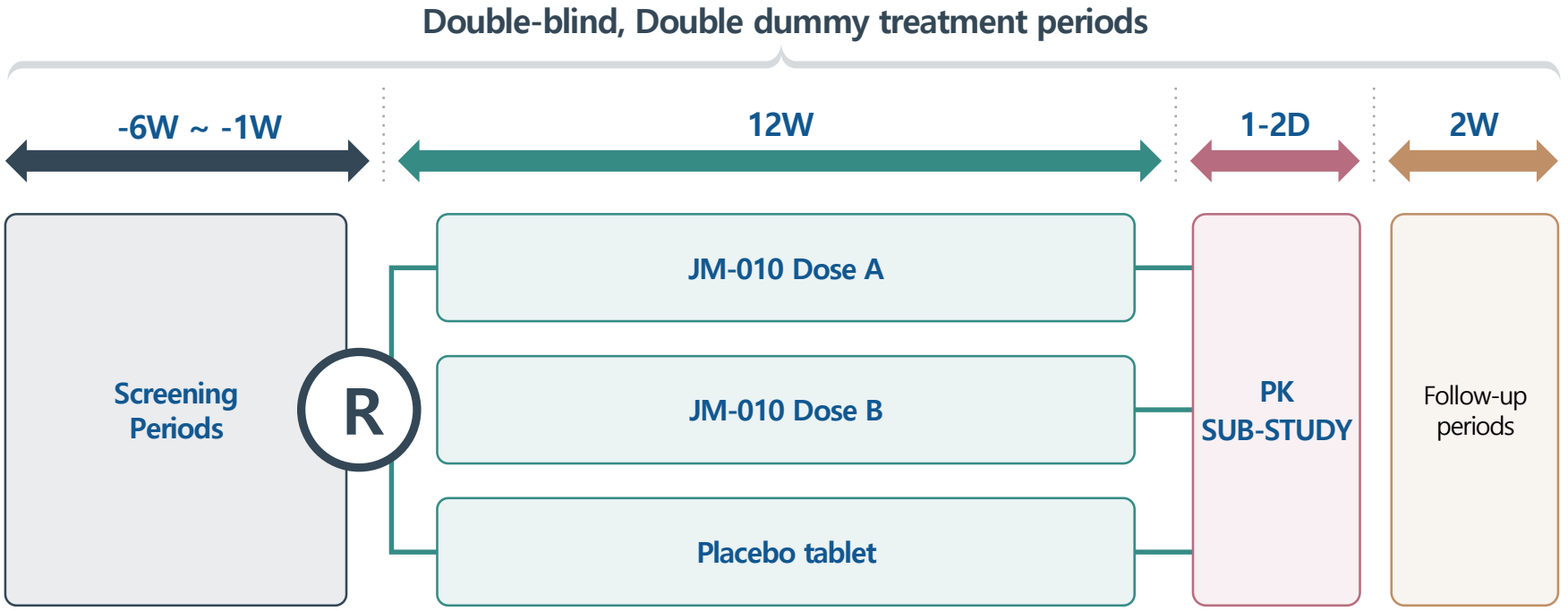
Design Details

Title	A Randomized, Double-Blind, Placebo-Controlled, Parallel Group Study in Parkinson's Disease Patients With Moderate to Severe Dyskinesia to Assess the Efficacy and Safety/Tolerability of Two Dose Combinations of JM-010
Condition	Dyskinesia in Parkinson's disease
Interventional Model	Parallel Assignment
Allocation	Randomized
Masking Description	Double Blind
Primary Outcome measure	Total sum of the UDysRS* score changes from Baseline to Weeks 12
Secondary Outcome measure	1. Total sum of the UDysRS* score changes from Baseline to Weeks 2, 4, 8 2. Total sum of the MDS-UPDRS** Part III score changes from Baseline to Weeks 2, 4, 8, 12

*UDysRS : Unified Dysksinesia Rating Scale
**MDS-UPDRS : Unified Parkinson's disease rating scale

JM-010 : Clinical Trial Protocol Timelines

Timeline



source: ClinicalTrials.gov Identifier: NCT03956979

Upcoming schedule

JM-010 : Clinical Trial Protocol Timelines

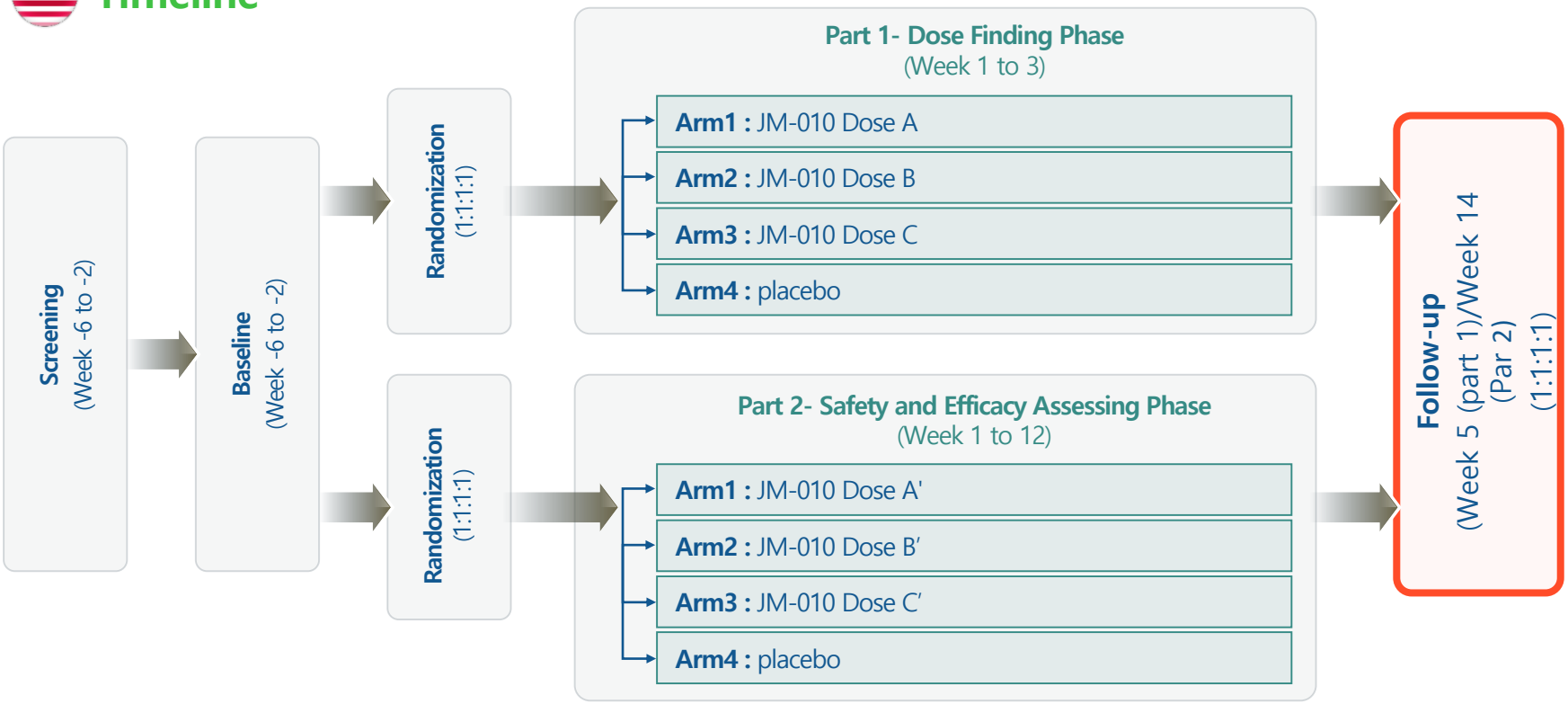
Design Details

Title	A Randomized, Double-Blind, Placebo-Controlled, Two-Part Study in Parkinson's Disease Patients With Dyskinesia to Assess the Efficacy and Safety/Tolerability of Fixed Dose Combinations of JM-010 and Its Individual Components
Condition	Dyskinesia in Parkinson's disease
Interventional Model	Parallel Design
Allocation	Randomized
Masking Description	Double Blind
Primary Outcome measure	Total sum of the UDysRS* score changes from Baseline to Weeks 12
Secondary Outcome measure	Total sum of the MDS-UPDRS** score changes from Baseline to Weeks 12

*UDysRS : Unified Dysksinesia Rating Scale
**MDS-UPDRS : Unified Parkinson's disease rating scale

JM-010 : Clinical Trial Protocol Timelines

Timeline



source: ClinicalTrials.gov Identifier: NCT04377945

Upcoming schedule

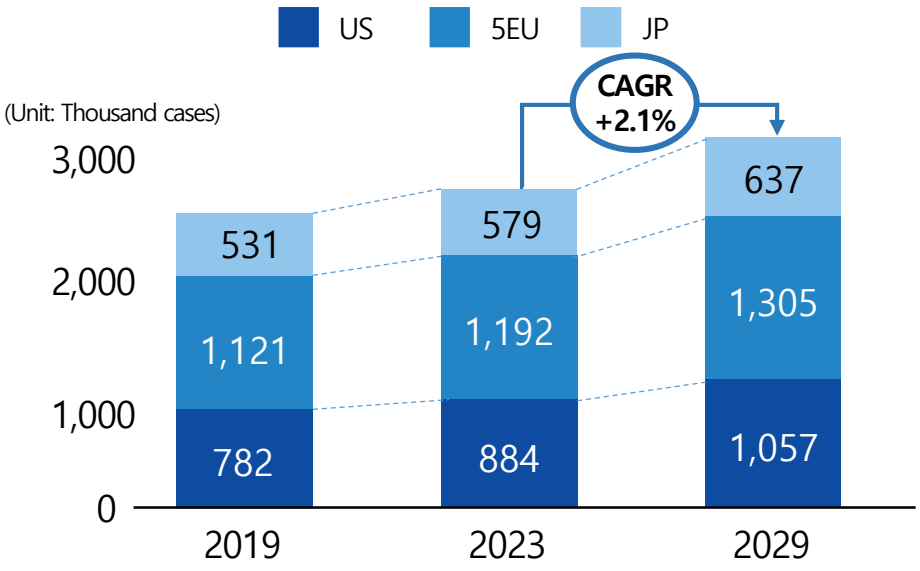
JM-010 : Market Size

■ Epidemiology of dyskinesia in Parkinson's disease across the major seven countries*

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

Business updates

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%

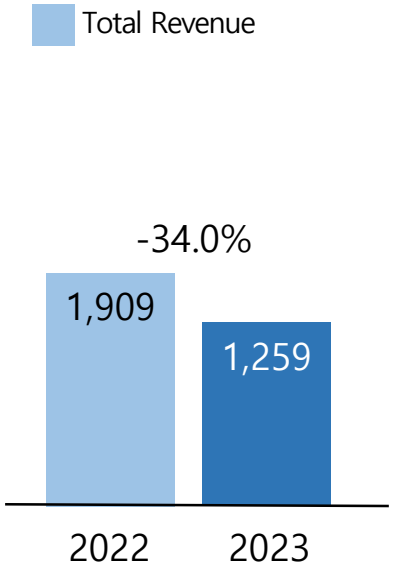
Consolidated

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%

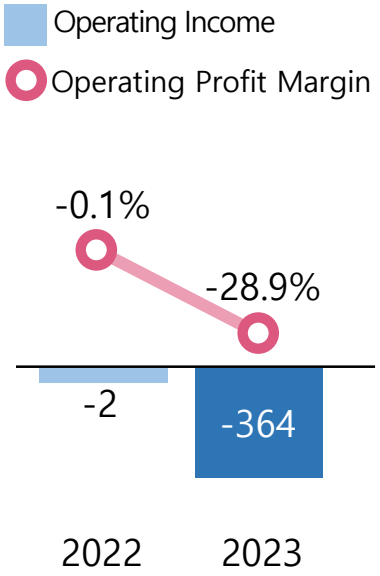
- The difference between operating profit and net profit attributable to non-controlling interests is mainly due to variances in Contera Pharma's research and development expenses
- Prior to external audit, certain data, including that of Contera Pharma, may be based on approved data, leading to disparities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

Summary of Annual Consolidated Performance in 2023

Total Revenue

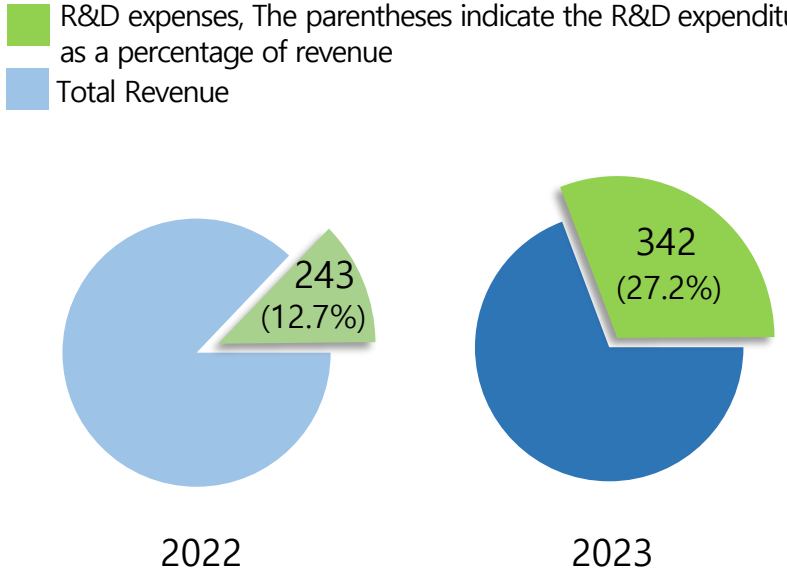


Operating Income



R&D expenses

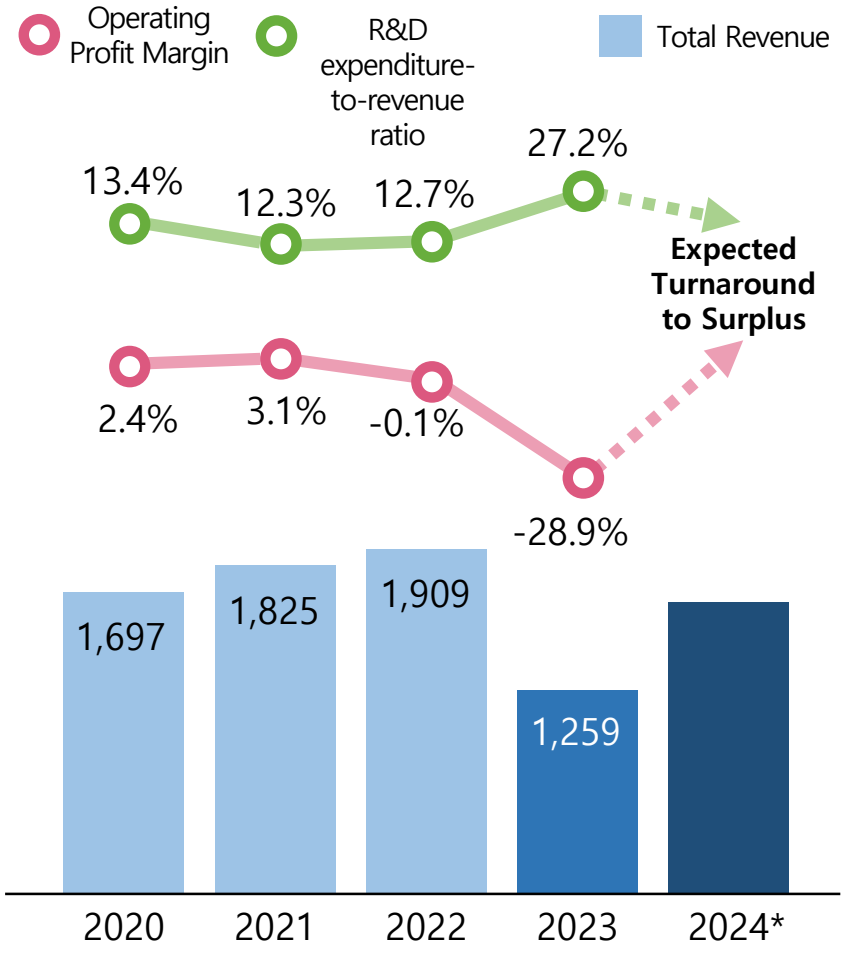
(Unit: 100 million KRW)



- 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

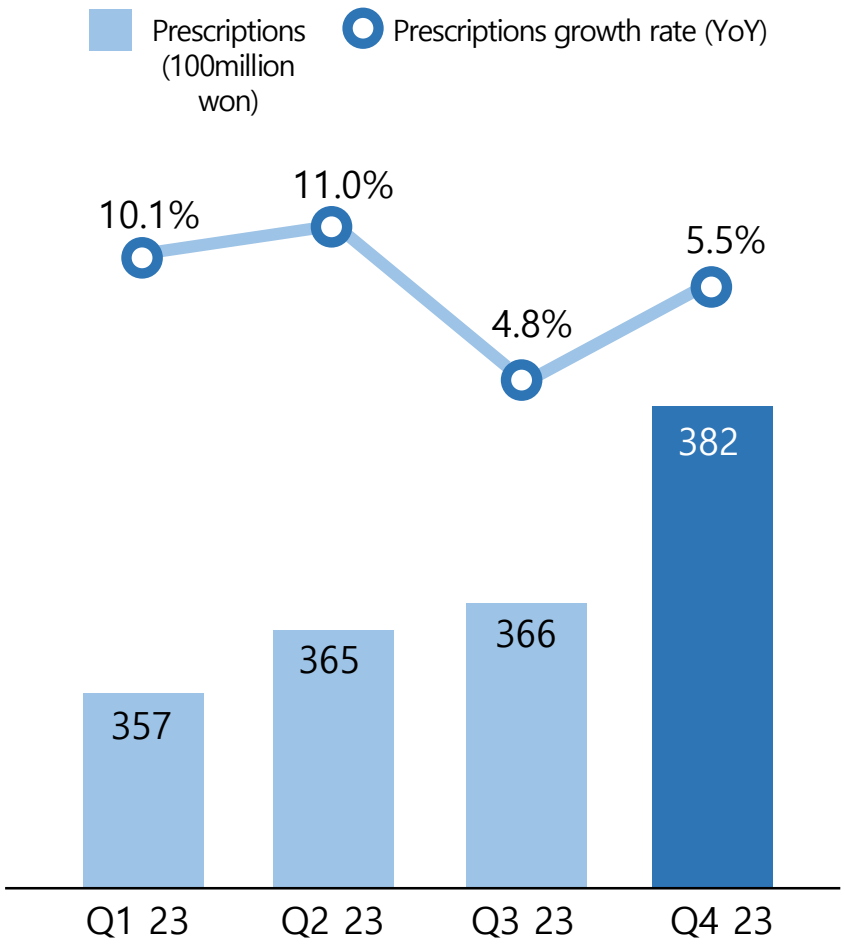
- During the process of restructuring our client base focusing on key trading partners, there have been some returns and discontinuations of shipments
- Supply issues have arisen with certain items such as antiviral agents
- Reverse-base effect on COVID-19 beneficiary items

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

Sustainable management

- In 2023, two ESG specialized rating agencies, KCGS and SUSTINVEST completed their ESG rating evaluations
- In KCGS, Bukwang Pharmaceutical ranked at B+ in total grade (Environment - B, Social - A, Governance - B+)
- In SUSTINVEST, Bukwang Pharmaceutical ranked at AA in scale grade and A in total grade

Agency	Grade	Environment	Social	Governance
KCGS	B+	B	A	B+
Agency	**Scale grade**		**Total grade**	
SUSTINVEST	AA		A	

*criteria in 2023

Environment

- To prevent environmental incidents, activities such as risk assessment and the establishment of a prevention system are being carried out (ISO 14001 certified)
- Proactive efforts towards achieving carbon neutrality include disclosing greenhouse gas emissions information within the last 5 years and announcing reduction achievements

Social

- Operating a safety and health management system along with a dedicated safety and health team, establishing a safe workplace for employees (ISO 45001 certified)
- Demonstrating excellent performance in the supply chain management sector compared to the average, and systematically establishing fair trade principles
- Operating a voluntary compliance program

Governance

- Outstanding performance in the shareholder rights sector compared to the average
- Establishment of an ESG task force and dedicated team for ESG management
- Formulation of ethical norms and operation of an ethical management program for employees

*source : 2H23 SUSTINVEST Monitoring Report

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

Joint Management with OCI

- OCI has decided to invest in Bukwang Pharmaceutical to enhance its technological capabilities in the pharmaceutical and biotechnology fields and to embark on full-scale business expansion. This investment involves the establishment of R&D and investment organizations, as well as the development of production, sales, and marketing infrastructure
- Through investment in a domestic R&D-focused pharmaceutical company, OCI aims to implement a sustainable long-term growth model based on pharmaceuticals, biotechnology, and research and development

Stock Purchase Transaction Structure

Details

- Stock
  - Approximately 7.73 million shares
  - Securing approximately an 11% stake to attain the position of the largest shareholder
- Investment Amount
  - Total approximately 146.1 billion Korean Won

Joint Management

- Establishing a Joint Management Foundation through Shareholders' Agreement
  - Mutual consultation on critical management decisions, such as decisions related to the development of new products and investments, as well as significant borrowing activities.
  - Provision for mutual agreement on important managerial judgments.
- In the event of additional sales of shares to related parties in the future, the right of first refusal is exercisable for the purchase of such shares.

Background of OCI's Entry into Pharmaceutical and Biotech Business

- Industries with high technological intensity and profitability, offering greater added value compared to traditional manufacturing
- Related industries where competitiveness can be secured by expanding precision chemical engineering technology and experience
- Overcoming the limitations of the existing chemical business, which is susceptible to economic fluctuations, and securing a stable revenue and profit base

Expected outcomes

- Bukwang Pharmaceutical is leveraging its existing resources, personnel, technology, and distribution network as strengths and capabilities in the pharmaceutical and biotechnology business for sustainable growth
- Through strategic investments facilitated by joint management, the company aims to continuously secure a pipeline of new drugs.
- By capitalizing on OCI's global business capabilities and Bukwang Pharmaceutical's open innovation business model and R&D expertise, the plan is to foster synergy through joint management and grow into a global pharmaceutical and biotechnology company

Thank you!

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