

# 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

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# Company overview



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

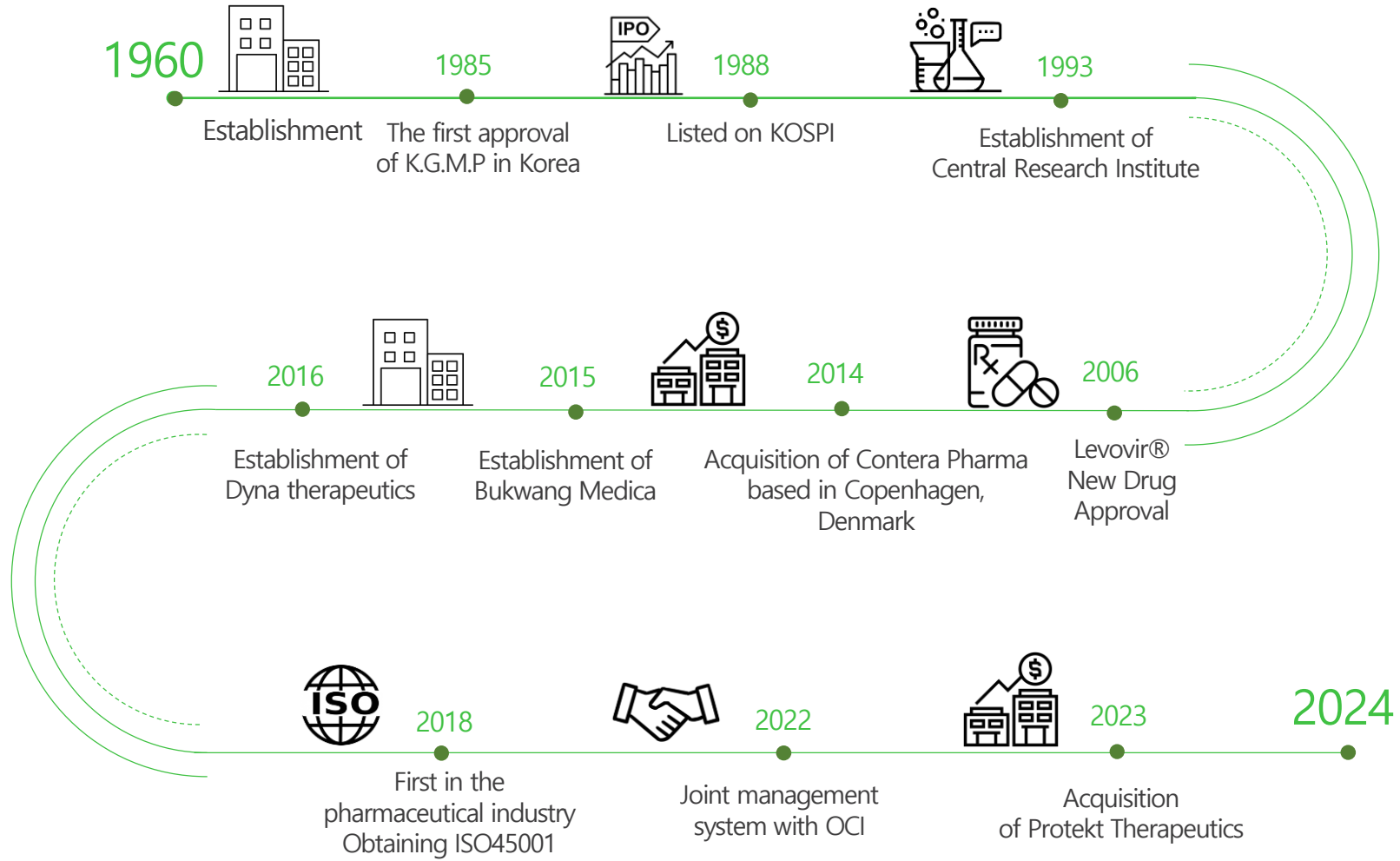


Facilities R&D Center  
 Location 7, Sangdo-ro, Dongjak-gu, Seoul



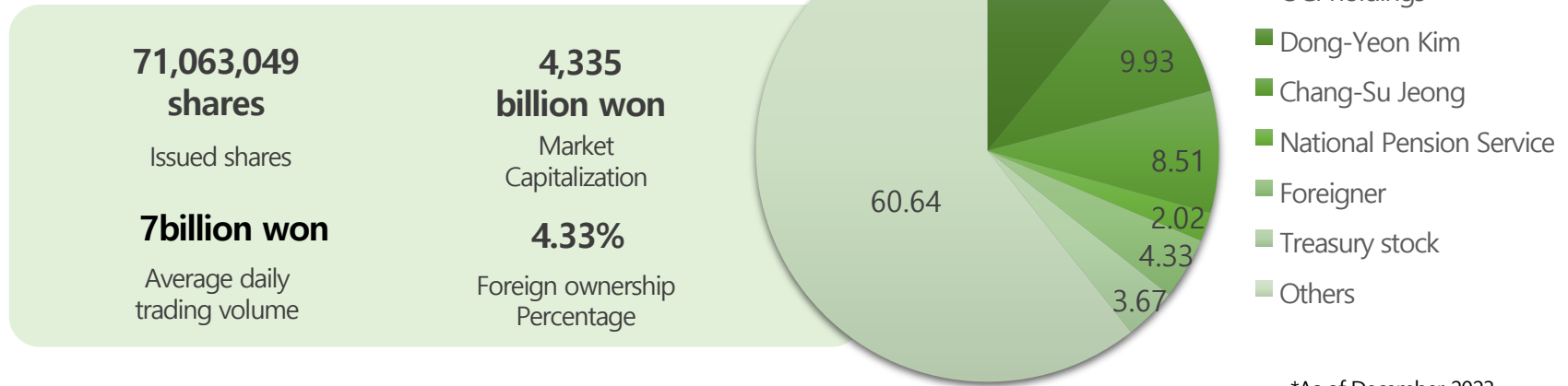
Facilities Ansan Manufacturing Plant  
 Location 47, Neungan-ro, Danwon-gu, Ansan, Gyeonggi Province

# Company history



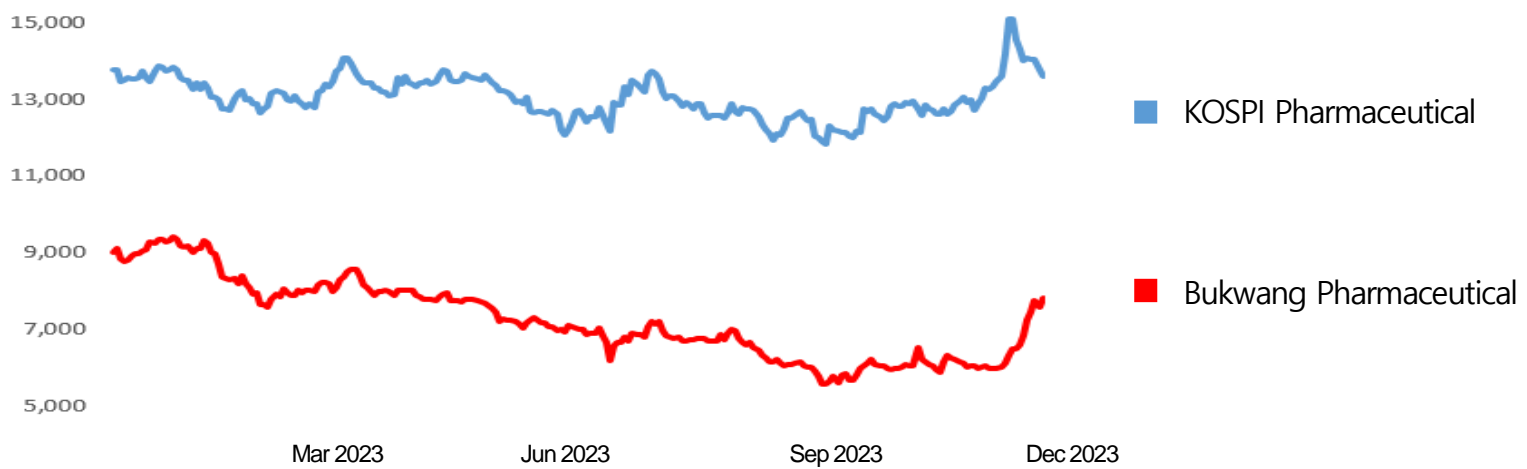
# Shareholders' status & Stock Price

## Shareholders' status



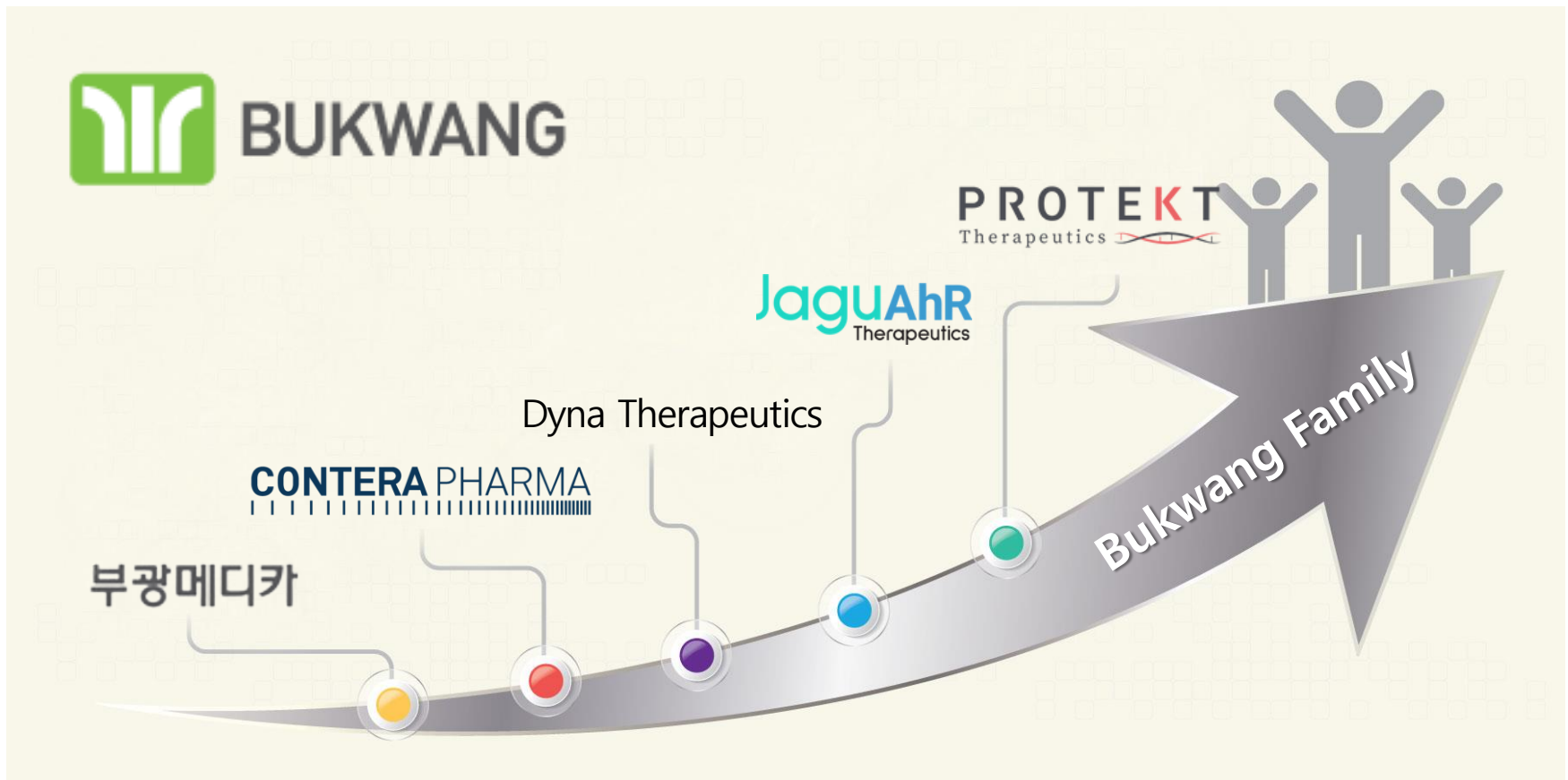
\*As of December 2023

## 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

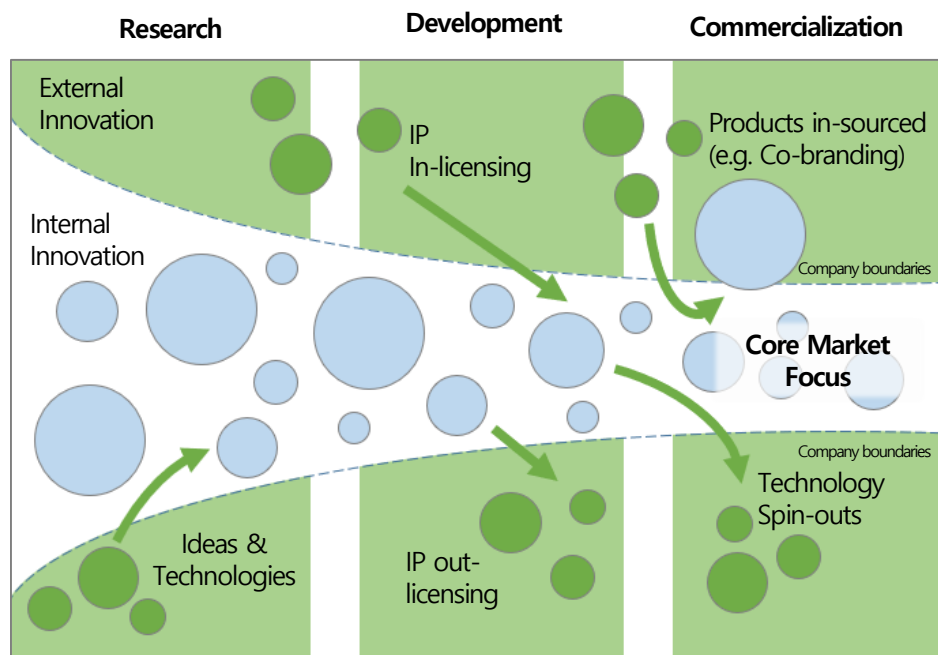
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# R&D Strategy: Global Open Innovation



# 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

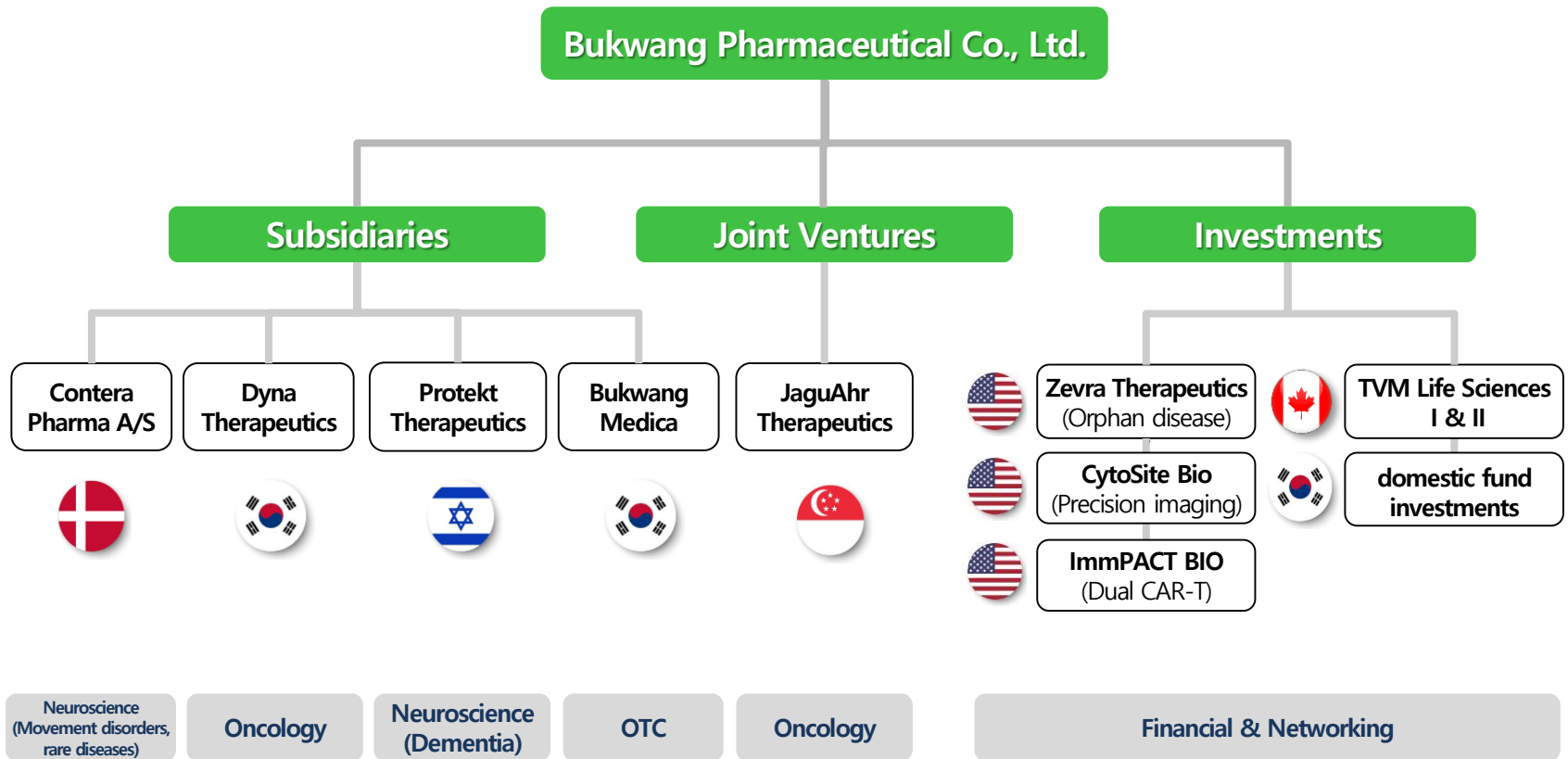
- (1) License-Out
- (2) Asset/Equity Transfer (Sale)

### 3. Mixed Model

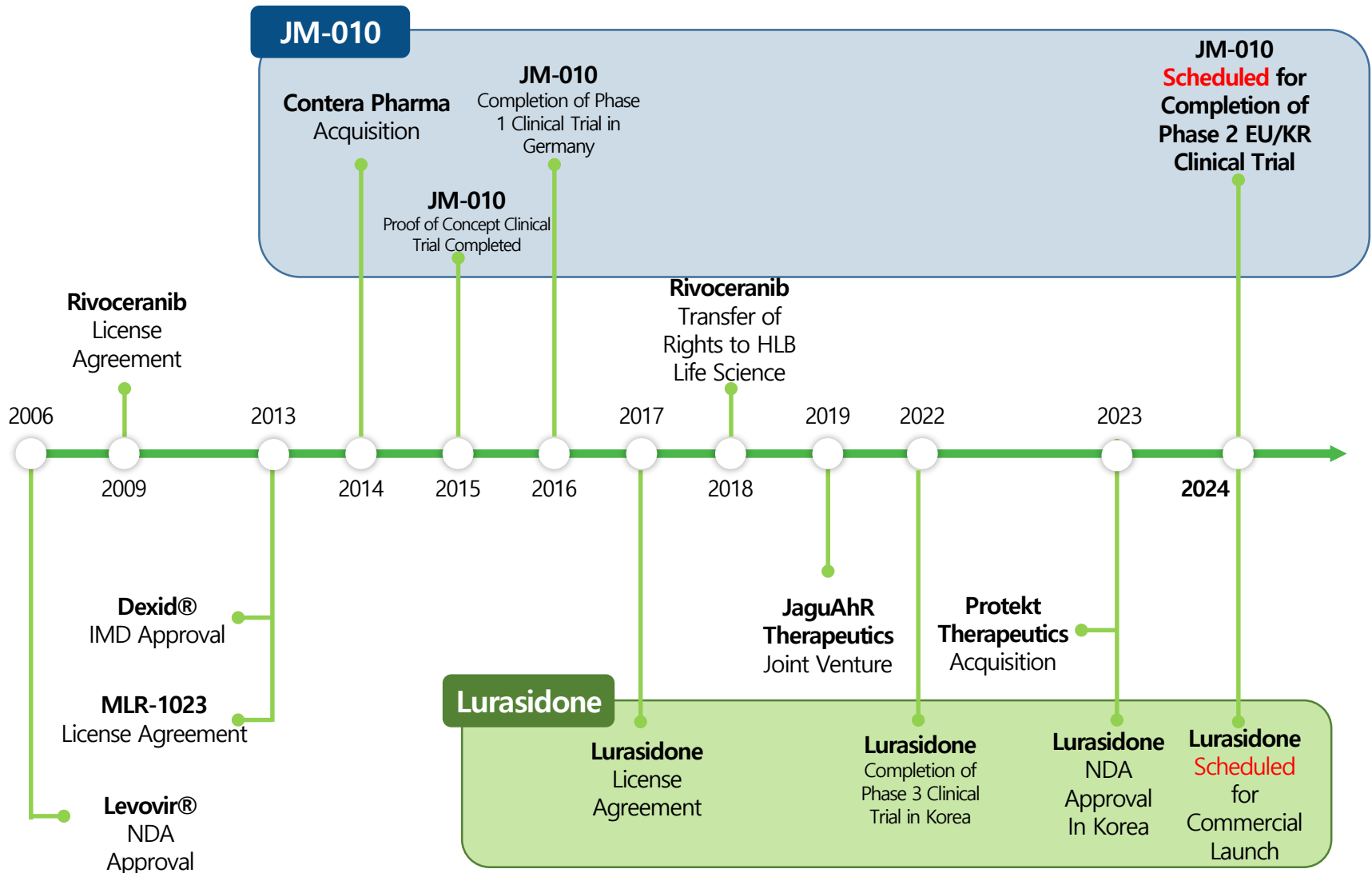
- (1) Co-research/Co-development
- (2) R&D Collaboration
- (3) Joint Venture

Source : <https://www.rmdtoday.co.uk/themes/open-innovation/>

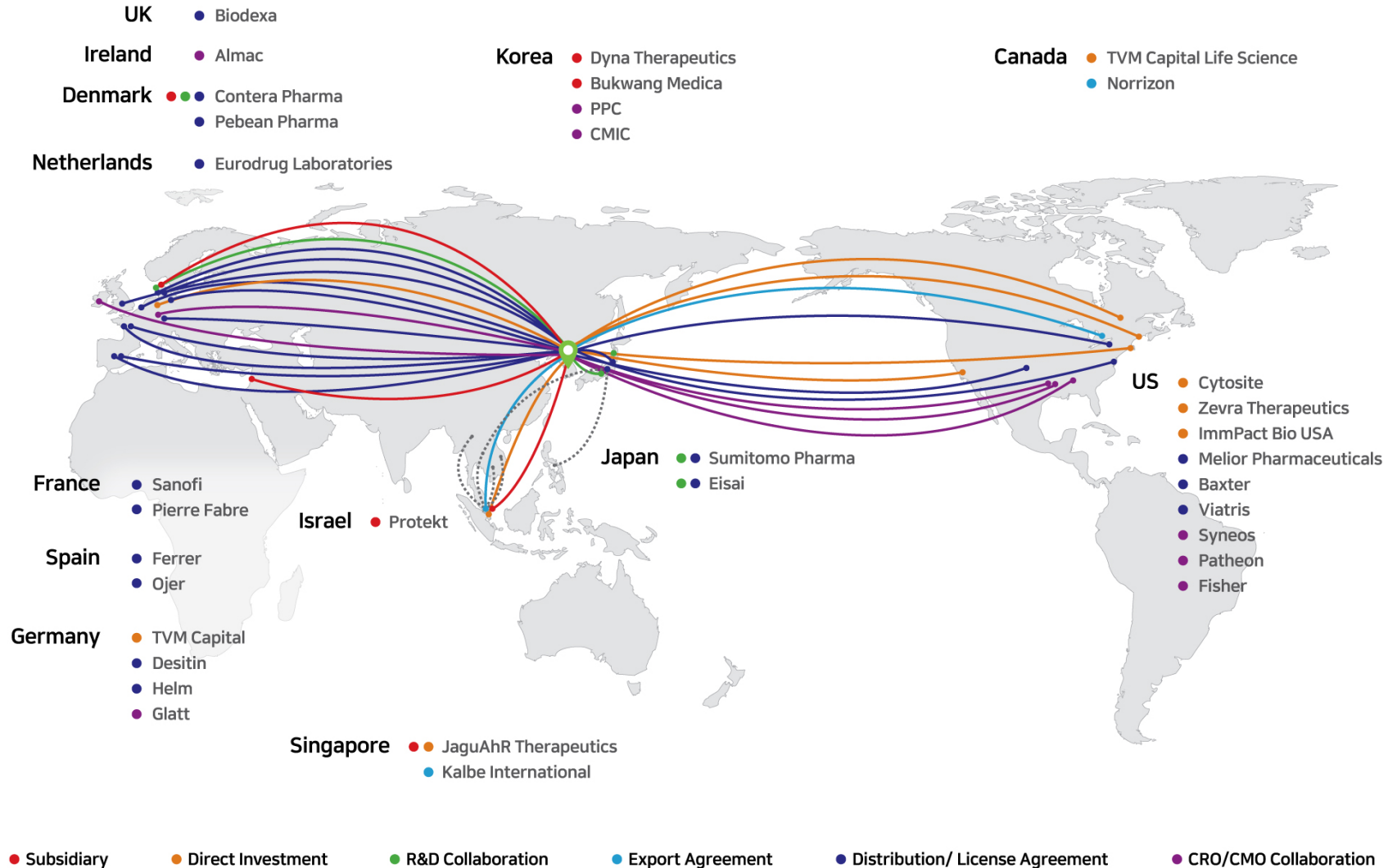
# The company structure based on Open Innovation



# Main R&D activities



# Global Network







# 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

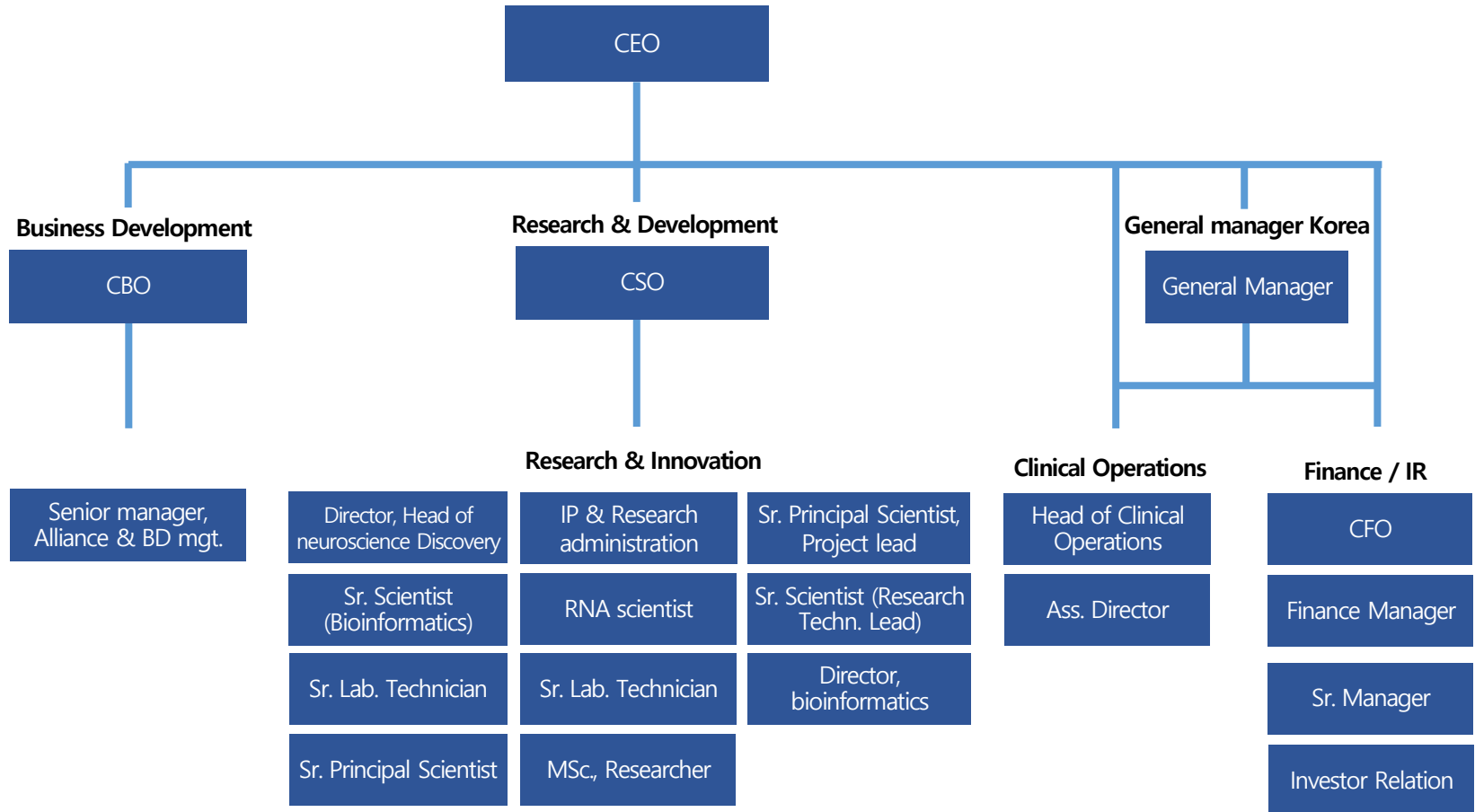
- Broad experience in global BD and marketing within neurology
- 16+ years of neurology experience from R&D, regulatory, marketing, business development and corporate strategy
- Previously global medical lead on key marketing strategies for neurology products in Asia and Europe







**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	
CP-012	DCC substrate & inhibition	SMOL	Morning OFF in Parkinson's disease	▶				Worldwide	
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**	
CP-NI	Glial biology modulation	-	Movement disorders	▶				Worldwide**	

\*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

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# Main R&D Pipeline

Pipeline	Type	Indication	Development process						Next Milestone
			Discovery	Preclinical	Ph1	Ph2	Ph3	Approval	
Lurasidone	CNS	Schizophrenia/ bipolar depression							Commercial Launch Second half of 2024
JM-010 (Contera)	CNS	Dyskinesia in Parkinson's Disease							Phase 2 EU/KR Study Top-line Data Release Second half of 2024
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 d isease							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							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<sub>2</sub> receptor, serotonin 5-HT<sub>2</sub> receptor, and 5-HT<sub>7</sub> 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

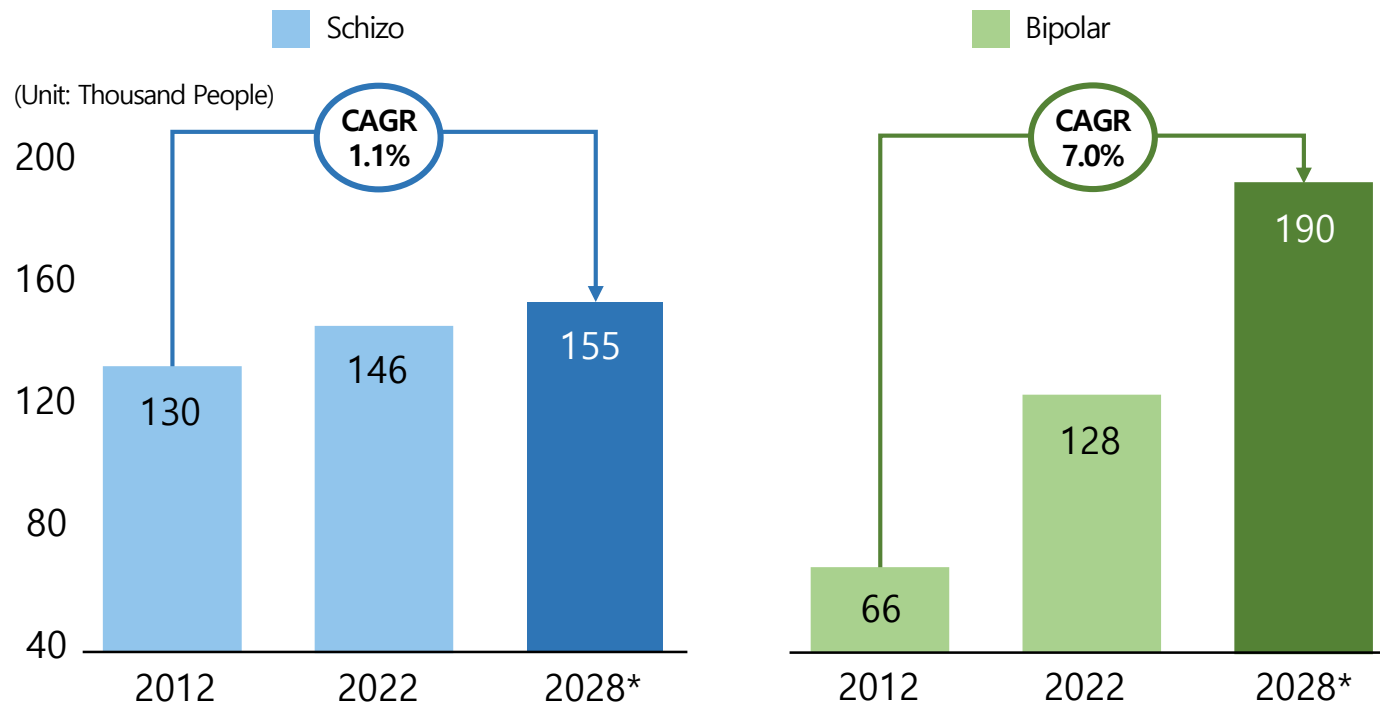
- Approval of phase 3 study in Korea (Aug, 2017)
- Phase 3 study patient enrollment completed (June, 2022)
- Positive phase 3 study top-line results reported. (July, 2022)
- NDA submission to the Ministry of Food and Drug Safety (MFDS) in Korea (Oct, 2022)
- Application for health Insurance coverage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

Patient Recruitment Completed



Q4 2023

Confirmation of Top-Line Data

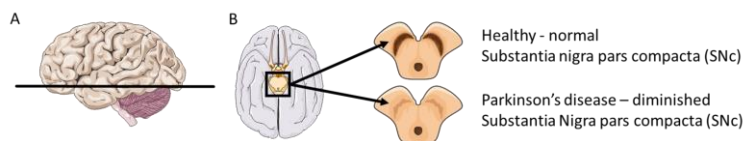


2H 2024

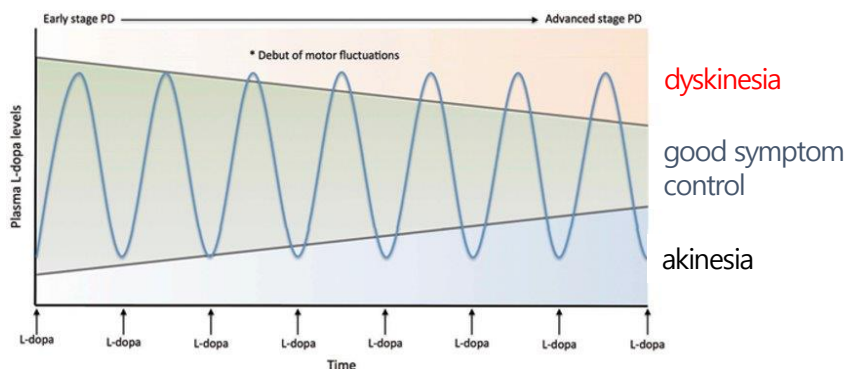
# JM-010 : Dyskinesia in PD

- 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



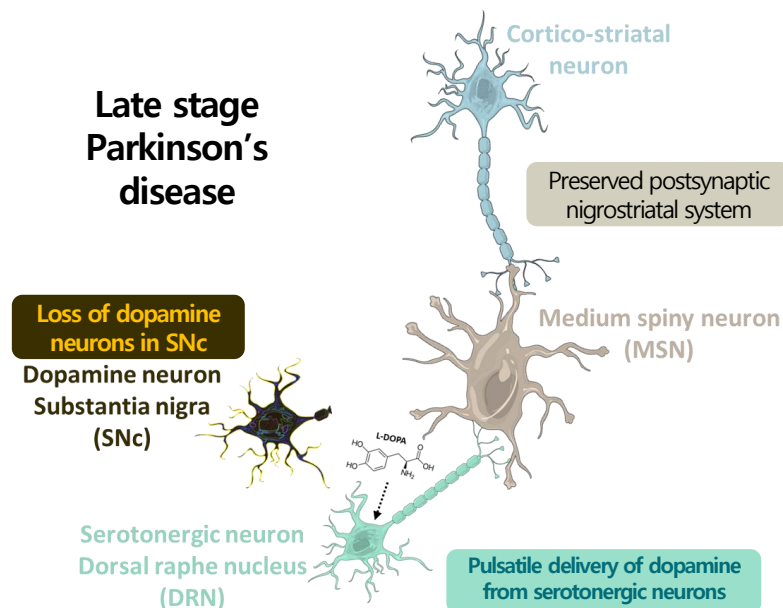
## Standard of care – dopamine replacement therapy



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

## Dyskinesia in Parkinson's disease – pathophysiology

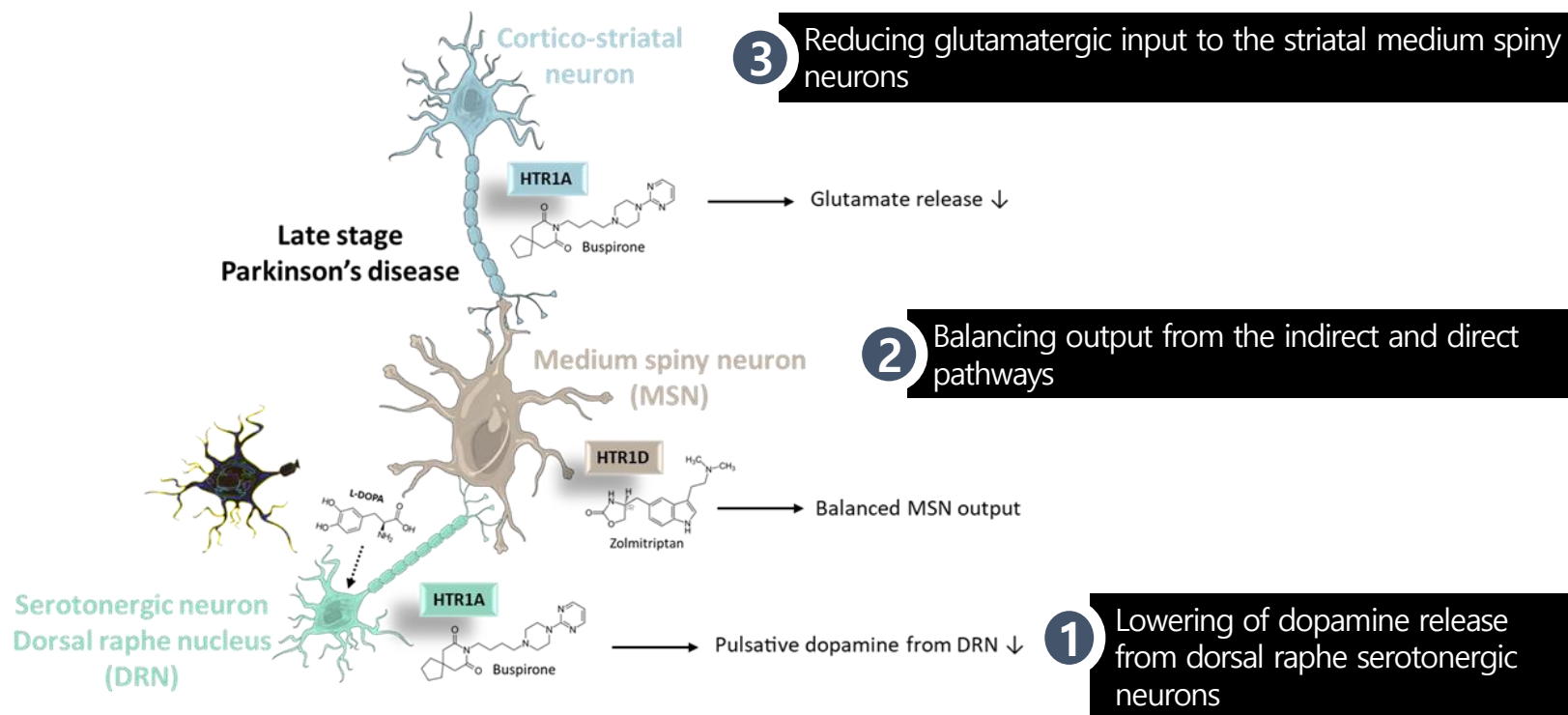
The mechanism underlying Dyskinesia in PD has not yet been fully elucidated; however, the main target neurons are as follows.



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

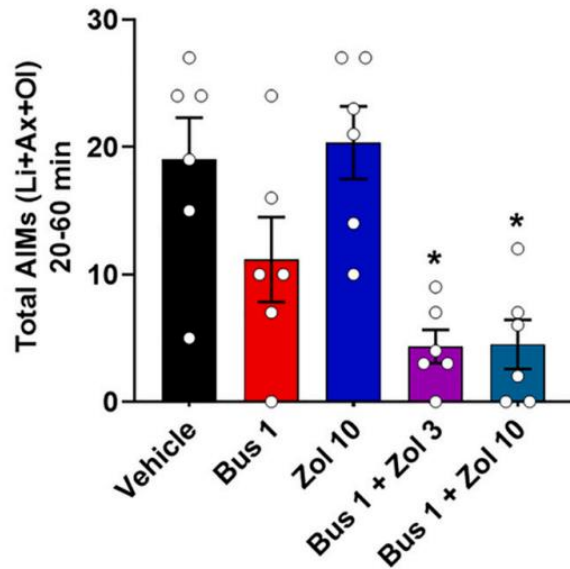


source: Espay et al, Ann Neurol 2018 Dec;84(6):797-811.

# JM-010 : preclinical results

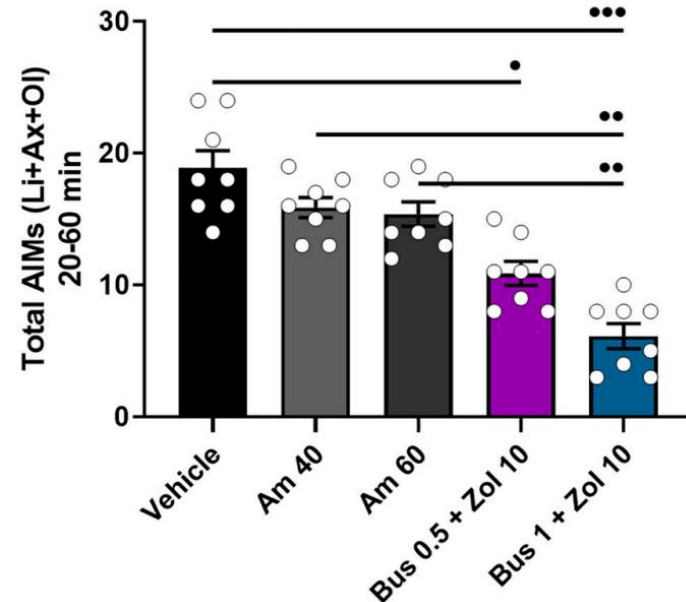
- Strong and synergistic effects of JM-010, the combination of Buspirone and Zolmitriptan, in a rodent PD dyskinesia model
- Superior anti-dyskinetic effect over amantadine.

**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

<b>Title</b>	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
<b>Condition</b>	Dyskinesia in Parkinson's disease
<b>Interventional Model</b>	Parallel Assignment
<b>Allocation</b>	Randomized
<b>Masking Description</b>	Double Blind
<b>Primary Outcome measure</b>	Total sum of the UDysRS* score changes from Baseline to Weeks 12
<b>Secondary Outcome measure</b>	<ol style="list-style-type: none"> <li>1. Total sum of the UDysRS* score changes from Baseline to Weeks 2, 4, 8</li> <li>2. Total sum of the MDS-UPDRS** Part III score changes from Baseline to Weeks 2, 4, 8, 12</li> </ol>

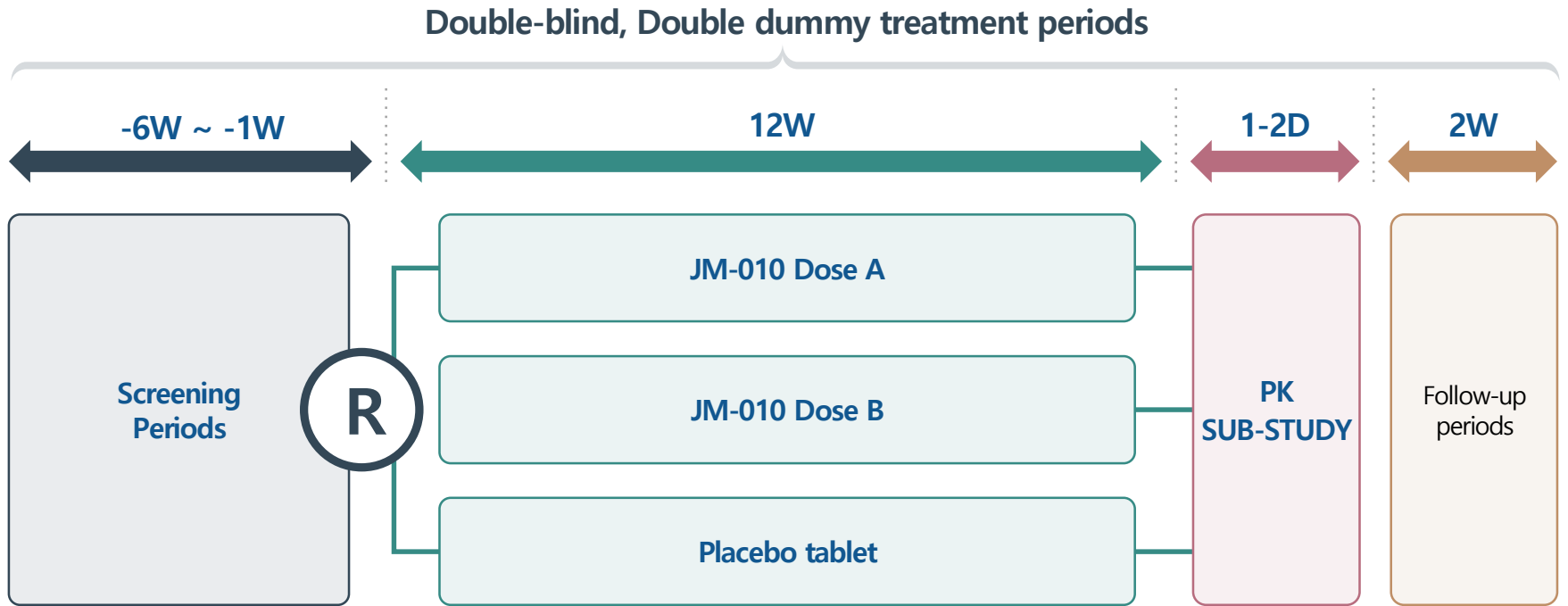
\*UDysRS : Unified Dyskinesia Rating Scale

\*\*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

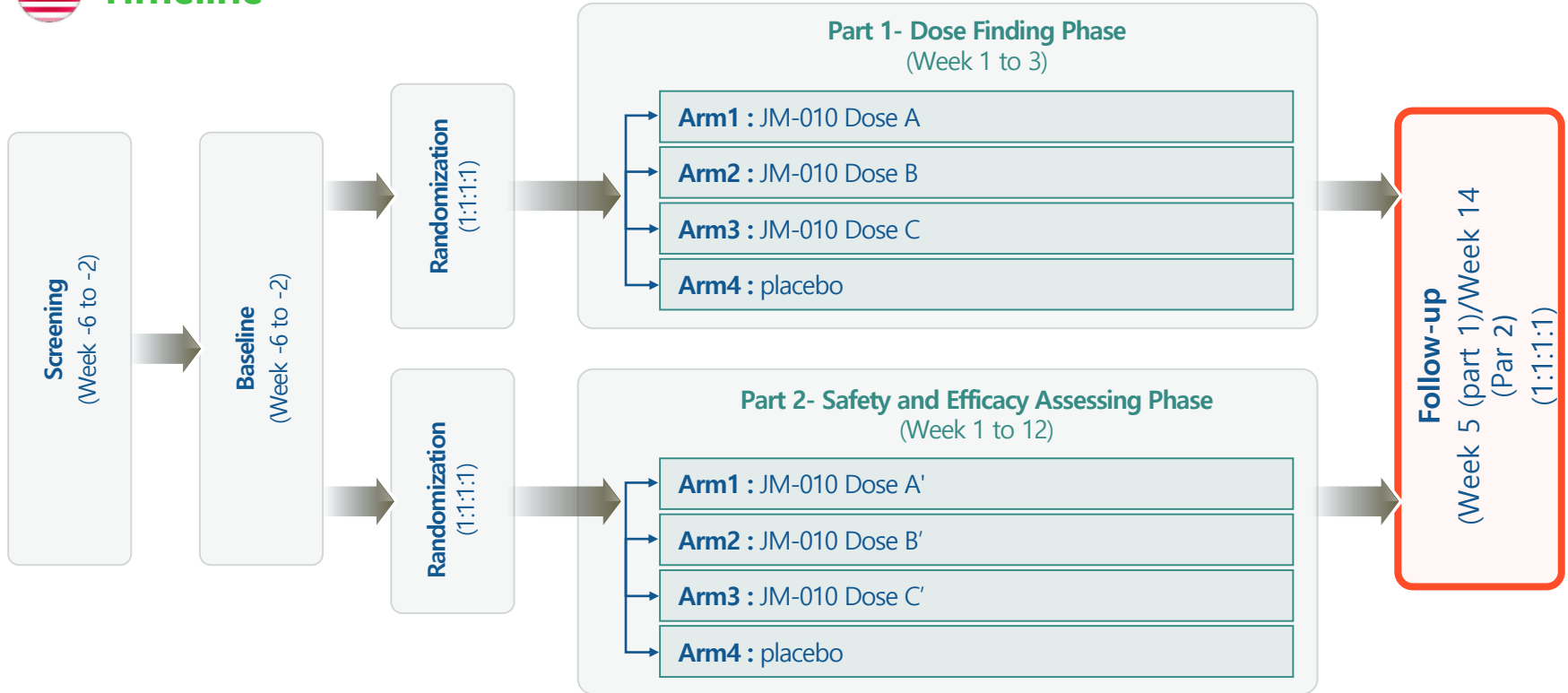
<b>Title</b>	A Randomized, Double-Blind, Placebo-Controlled, Two-Part Study in Parkinson's Disease Patients With Dyskinesia to Assess the Efficacy and Safety/Tolerability of Fixed Dose Combinations of JM-010 and Its Individual Components
<b>Condition</b>	Dyskinesia in Parkinson's disease
<b>Interventional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

\*UDysRS : Unified Dyskinesia Rating Scale

\*\*MDS-UPDRS : Unified Parkinson's disease rating scale

# JM-010 : Clinical Trial Protocol Timelines

## Timeline



source: ClinicalTrials.gov Identifier: NCT04377945

## Upcoming schedule



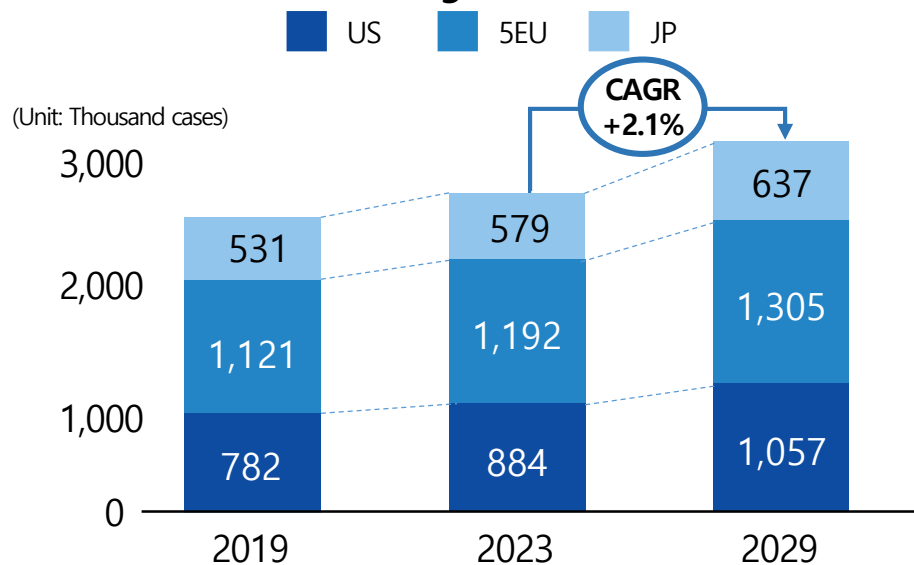
# JM-010 : Market Size

- 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

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# 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	-172	swing to loss	123	132
Margin(%)	-13.7%		6.5%	7.3%
EBITDA	-135	swing to loss	163	177
EBITDA (%)	-10.8%		8.6%	9.7%
Net Income	-191	swing to loss	20	24
Margin (%)	-15.2%		1.1%	1.3%

## Consolidated

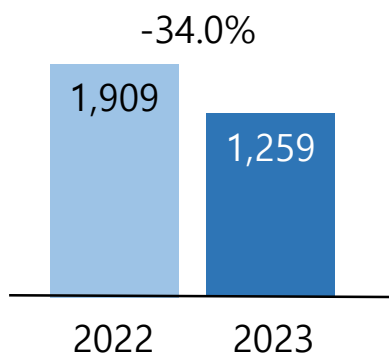
Unit: 100 million KRW	2023	YoY	2022	2021
Sales Revenue	1,259	-34.0%	1,909	1,825
COGS ratio(%)	62.6%		58.4%	58.5%
R&D expenses	346	42.4%	243	225
R&D ratio(%)	27.4%		12.7%	12.3%
Operating Income	-375	loss continued	-2	56
Margin(%)	-29.7%		-0.1%	3.1%
EBITDA	-334	swing to loss	40	103
EBITDA (%)	-26.5%		2.1%	5.6%
Net Income	-344	loss continued	-42	-28
Margin (%)	-27.3%		-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

# Summary of Annual Consolidated Performance in 2023

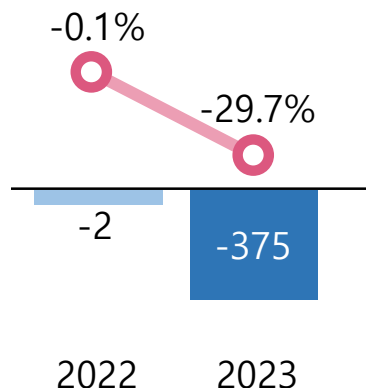
## Total Revenue

■ Total Revenue



## Operating Income

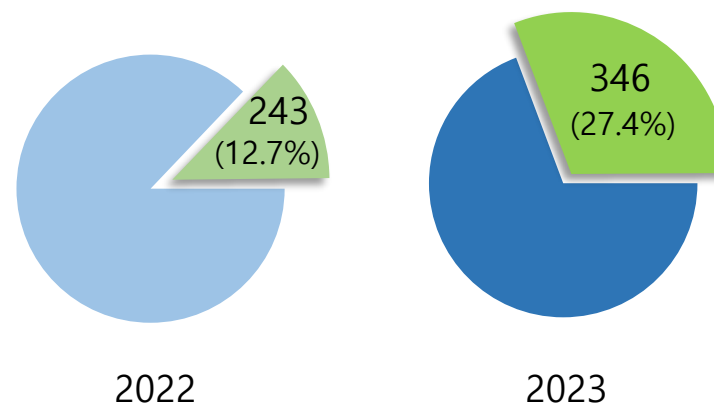
■ Operating Income  
○ Operating Profit Margin



## R&D expenses

(Unit: 100 million KRW)

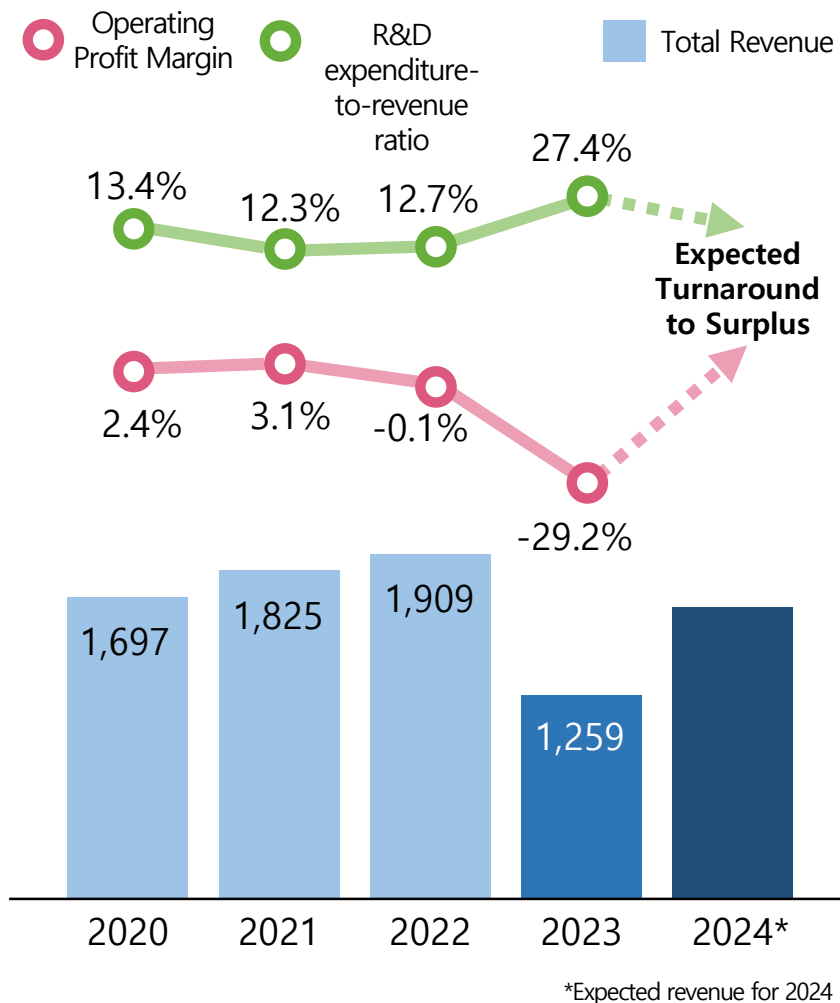
■ R&D expenses, The parentheses indicate the R&D expenditure as a percentage of revenue  
■ Total Revenue



- 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



## 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

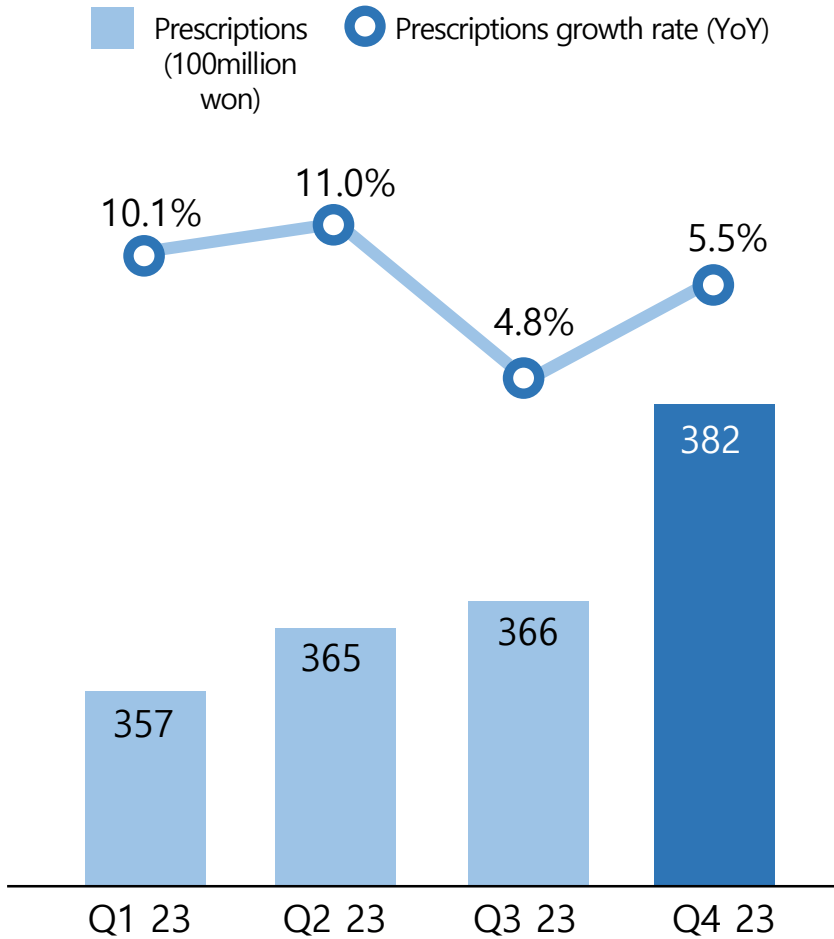
### Business Outlook for 2024

- 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

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# Summary of Consolidated Financial Position

Unit (100million won)	2023	2022	changes
<b>Current Assets</b>	<b>2,542</b>	<b>2,187</b>	<b>356</b>
Cash & Cash equivalents	1,512	855	657
Account Receivables	357	880	-523
Inventories	568	386	182
Others	105	66	39
<b>Non-Current Assets</b>	<b>1,748</b>	<b>1,822</b>	<b>-74</b>
Fellow subsidiary & Investments in Associates	131	153	-22
Investments	176	198	-22
Tangible Assets	1,210	1,219	-9
Intangible Assets	164	70	94
Others	67	182	-115
<b>Total Assets</b>	<b>4,290</b>	<b>4,009</b>	<b>281</b>
<b>Total Liabilities</b>	<b>1,948</b>	<b>1,291</b>	<b>657</b>
Accounts Payables & Others	24	165	-141
Contract Liability	185	171	14
Borrowings	800	-	800
Others	939	955	16
<b>Total Equity</b>	<b>2,343</b>	<b>2,718</b>	<b>-375</b>
<b>Leverage ratio</b>	<b>83%</b>	<b>47%</b>	<b>36%</b>

## 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-term 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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