

Good morning, everyone. Welcome to ST Pharm's quarterly earnings call. I'm Jaewook Park from IR team and I will be announcing our financial results for the quarter ended on June 30 of 2025.

We'll be starting with financial and operational highlights for the quarter, followed by a Q&A session after the announcement is completed. So please remain in listen-only mode during the announcement. For the convenience of our investors, the full transcript of the prepared remark will be uploaded to our website.

Please be advised that the financial figures and metrics presented today are preliminary. During the call we may make forward-looking statements regarding our future financial performance, business strategies, and plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those projected. We will undertake no obligation to update these statements.

First, we will start with our consolidated financial results for the second quarter:

Overall, ST Pharm reported Revenue of 68.2 billion won, Operating Profit of 12.8 billion won, and Net Profit of 4.7 billion won.

The figures reflect 52.8% revenue growth compared to the same period last year. Operating Profit switched to profit while Net Profit increased 420.7%, compared to second quarter of 2024.

Strong second quarter revenue and profit were primarily driven by new drug API businesses in Oligo and Small Molecule. The commercial projects generated stable sales for both segments. This sales trend concentrated on commercial projects will continue throughout the third quarter. The majority of clinical projects are scheduled for shipments during the fourth quarter.

Growth in operating profit was primarily due to the Oligo business side; where projects with generally higher-than-average margins accounted for the majority of sold products.

With macroeconomic uncertainties causing low visibility in exchange rates, we will be maintaining our annual revenue guidance of 320 billion won. However, based on the positive prospects of our core business and depending on FX rate trend in the second half, we are open to revising the guidance figure upward.

Next, we will move on to results for each of the business segments:

Oligo CDMO reported sales of 43.5 billion won, growing by 83% compared to last year and represented 63.8% of our total revenue.

Commercial oligo projects were the key driver for growth this quarter, especially helped by high-margin products such as MDS and SMA projects. The value of our Oligo backlog in June was approximately \$235 million. In addition to new product orders from ongoing commercial projects, we are pleased to inform everyone that we have received product orders for 3 new early-stage projects from both existing and new clients. This reflects our recent effort to boost our early-stage portfolio on top of existing commercial projects to diversify our mix of sales and seed more solid growth factors for the future.

As seen in the slide, we have some updates on Plant 2's operation schedule. We will be returning after finishing up the remaining business results since they may require a more detailed explanation.

Moving on, Small Molecule CDMO reported sales of 6.7 billion won.

4.3 billion won was generated from the mitochondrial deficiency project while the remaining sales came from products delivered to domestic pharmaceuticals. Our annual expectations for Small Molecule business have not changed since the first quarter. Though we won a new commercial project during last year's August, meaningful sales from the new project are expected to be recognized from next year onward.

Lastly, Oversea subsidiaries including the European CROs reported sales of 8.3 billion won and overall operating losses of 0.2 billion won.

Our CROs have managed to minimize losses this quarter to a near-BEP-level as a result of cost-cutting measures to improve operational efficiency. We believe anticipations for more expansionary monetary policies in Europe and Korea are helping to improve negative industry sentiment. We are currently anticipating minor losses annually from our subsidiaries.

Next, we will provide a quick recap of business events we are anticipating in the second half:

First, we expect some momentum from the CDMO business from our clients: HAE project is awaiting final approval as a new drug from the FDA within the third quarter. We are also expecting phase 3 readout from our client for sHTG indication expansion from one of our commercial projects. In Small Molecule, we are anticipating the approval decision of the mitochondrial deficiency project later this year.

Secondly, we are waiting for Phase 2 interim data of our in-house pipeline Pirmitegravir within third quarter. The pipeline is a potential first-in-class HIV therapy under clinical trial in the United States and we will be obtaining the first efficacy data. It will be an important milestone since it will be the first efficacy data for ALLINI mechanism molecule as a treatment for HIV/AIDS. We will begin the development of out-licensing as soon as we have positive data available. We are currently planning on presenting an abstract containing details of the trial result at an academic conference in October.

Returning back to the schedule for the second Oligo Plant, there are some new updates we would like to provide. There are 25 projects we are targeting to win this year. Most of them are Oligo projects but the number also includes some small-scale projects in other areas of RNA therapeutics. Regardless, we have finalized 8 of the 25 so far. The remaining 17 are still under negotiation.

In line with these new contracts, we are actually seeing a great level of demand for Oligo CDMO. So, to meet our clients' demand, we are planning to produce some non-GMP batches for the new early-stage projects from the second Oligo Plant starting in July. We are pulling our timeline, and this means that depreciation for the second plant of a little less than 2 billion

won may be recognized from the third quarter onward, one quarter earlier than we had planned.

Production of GMP-compliant batches for commercial projects will start by the fourth quarter as planned after the comprehensive validation process is completed.

So, at this moment, we see little risk of our new Oligo plant being underutilized.

Before wrapping up, we would like to provide some color for the second half. We anticipate the fourth quarter this year to be the strongest among the quarters like last year. This is because major clinical projects' sales are concentrated in the fourth quarter while commercial project sales are relatively evenly spread. So quarter-over-quarter, we may see a softer or slightly reduced third quarter in terms of revenue. Despite these fluctuations in sales, we are confident of achieving strong results in line with the revenue guidance of 320 billion won.

There have been worries over lower margins when commercial projects increase. But this quarter, the high level of commercial project sales has not hurt margins. And despite sales volume being less than fourth quarter – which is the season with the strongest results – our margins have been comparably high. We believe this may alleviate such worries for the future regarding margin decay and signify more confidence over the prospect of our business.

Apart from the financial results, we see positive momentum building up thanks to the scheduled operation of the second Oligo plant and the sentiment from our clients. We were able to confirm this during meetings at earlier conferences a few months back which our top management actively participated in. Additionally, one of the newer clients who visited our site for due diligence offered us multiple projects for the following year to come after checking our facility. It is very promising that global exposure is broadening not just to big pharmas, but also prominent US biotechs with focus on Oligo therapies. Having this in mind, we believe more contracts and product orders may be finalized this year, bringing more positive visibility and color to sales projection for the next one or two years. Thank you.