

Good morning. Welcome to ST Pharm's quarterly earnings call. We will be announcing our financial results for the 1st quarter of 2026 ended on March 31, 2026.

We'll begin with the financial and operational highlights for the quarter, followed by a Q&A session after the announcement. Please remain in listen-only mode during the announcement. For the convenience of our investors, the full transcript of the prepared remarks 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 undertake no obligation to update these statements.

First, we will start with our consolidated financial results for the 1st quarter of 2026:

Overall, ST Pharm reported quarterly revenue of 67 billion won, operating profit of 11.5 billion won, and net income of 15.2 billion won.

These figures reflect 27.7% revenue growth compared to the same period of 2025. Quarterly operating profit grew by 1024.6%, while net income increased by 2044.8% compared to the same period of 2025.

Strong revenue and profit in the first quarter were primarily driven by sales of high-margin product from our Oligo business as well as strong US Dollar to Korean Won. Oversea subsidiaries' growth in revenue and profitability improvement also contributed significantly to margin improvements. Overall, we achieved a robust 17.2% operating margin for the 1st quarter despite increased cost from higher R&D expense and raw material costs.

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

Oligo CDMO reported sales of 40.4 billion won for the first quarter, growing

by 7.5% compared to the same period in 2025.

67% of Oligo sales came from commercial projects and despite some decline in commercial project sales, robust clinical project sales allowed us to maintain our growth trajectory. There may be some level of fluctuations among the quarters, but we expect commercial project sales portion to maintain above 70% for the full year.

Oligo portfolio diversification continued during the first quarter, especially within our clinical project sales. We mentioned earlier this year that we have won multiple early-stage projects as a result of our strategic focus to bolster CDMO stage projects. For the 1st quarter, sales from 4 new clinical projects, among which were newly secured last year, were recognized as sales. Although it will take some time for their volume to grow in size, we feel more confident in the resilience as we render our portfolio more sustainable.

Moving on, Small Molecule CDMO reported sales of 4.6 billion won for the 1st quarter, representing 301.6% growth from the same period in 2025.

Following last year's new approval and securing a new project, we expect some bulk of initial commercial batches from 2 commercial stage projects for this segment. Annually, we project significant growth compared to 2025 from such increased volumes and expect higher sales from Small Molecule CDMO business during the remaining quarters.

Our subsidiaries reported revenue of 10.9 billion won for the 1st quarter, growing by 41.1% compared to the same period in 2025. They managed to switch to profit during the quarter as a result of the cost-cutting measure we have been undertaking throughout 2025. Overall, business activities have also recovered slightly, and we are targeting CROs to achieve net profit annually.

Our backlog value by the end of March, as you may see from the bottom of the slide, continued to show resilience and strong growth. Valued at approximately 326 million dollars, we would like to emphasize that the demand from the clients remains elevated. We are starting to see clearer

forecasts from our client's side, signaling a larger volume increase for some of the major commercial projects and late-stage clinical projects within the following years. Within the current backlog, over 80% are from commercial stage projects, both for Oligos and Small Molecules. This is because we generally receive large commercial project orders either early 1st quarter or during the late 2nd half of the previous year. Clinical project orders, on the other hand, tend to be more variable.

We are currently anticipating approximately 5 additional regulatory approvals from our clients within the next 3 years, both in Oligo and Small Molecule businesses. These include new molecule approvals and indication expansions from the current commercial projects. Obviously, the number does not include potential new projects we are trying to secure. With this timeline acting as a catalyst, we expect momentum for potential new product orders to continue throughout the year.

Last from our business side, we are planning on reporting topline data for the HIV treatment Pirmitegravir's Phase 2a trial during the 3rd quarter. We have completed registration of trial applicants and gathered the number of applicants necessary for analysis of Cohort 3 and full topline data.

To offer some color for our full year operation, we have experienced partial shipment delays for the first quarter from the Oligo business. This is why commercial project sales were lower than we planned. Delayed batches are scheduled for delivery during 2nd quarter and will be recognized as sales. We expect no changes to our annual plan.

In addition, we forecast Oligo CDMO sales mix for 2026 to be lower than 2025, which was 72%. This is due to the additional initial commercial batches from Small Molecule CDMO projects. But we continue to expect the mix portion of Oligo CDMO sales to be above 70% during the following years.

We have witnessed a certain level of increased cost, especially from higher energy prices, affected by the Middle East conflict. At the current level, however, that level remains manageable. The potential cost increased from the conflict represents around 7% of 2025's annual operating expenses and this is included in our management plans for this year. To limit any further

cost risks, we have secured annual supply agreements with the majority of domestic suppliers for raw materials.

Adding to the cost narratives, we expect higher R&D expenses for this year compared to 2026. This is mainly because of analysis of the ongoing Phase 2 clinical trial and hiring of new research personnels to support CMC for the multiple new CDMO projects we have won, and to further hasten our technology developments such as enzymatic ligation.