Hi All,

We are MUST Asset Management.

Following the June 13 disclosure by PharmaResearch (the "Company") regarding its spin-off decision, we issued a public letter on June 16 outlining our views. Today, we are sharing a second public letter to communicate additional perspectives.

[Response to the Company's Statement]

In a post on its website dated June 23, the Company explained that **the rationale behind the spin-off was to "functionally separate the core business from new investments and strategic M&A activities to maximize specialization and efficiency in each area.**" However, we believe there is a **simpler structure that can achieve this same goal—a physical spin-off without a dual listing**—which would also **better align the interests of both controlling and minority shareholders.**

We would like to ask the following questions publicly:

(1) **Aside from the fact that the spin-off and asset contribution structure enables the controlling shareholder to significantly increase corporate control without deploying personal funds, is there any other advantage this holding company structure offers over a physical spin-off structure without dual listing of the subsidiary?**

(2) The Company has stated **that there should be no issue with the proposed spin-off and subsequent capital increase via asset contribution, as all shareholders will be provided with equal opportunity to participate on the same terms**. However, our view differs significantly. In nearly every comparable case in Korea, **although equal opportunity was formally offered to all shareholders, the end result was an overwhelming participation rate by the controlling shareholder.** Why does the Company believe such outcomes have repeatedly occurred despite the seemingly fair structure offered to all shareholders? And **how does the Company assess the likelihood of similar results in this case?** Or, does the Company have any exceptional plans in place to ensure a relatively fairer outcome this time?

Furthermore, **during a recent conference call with foreign investors**, the Company responded to questions similar to points (1) and (2) by stating that **there is no need for concern, as all shareholders will be offered equal participation rights, and if everyone participates, the result will be a wholly owned subsidiary structure.**

Is the Company planning to conduct the tender offer for 100% of the shares? If so, wouldn't it have been more efficient to pursue a physical spin-off that results in a wholly owned subsidiary from the outset? **If the tender offer is to be conducted for less than 100% of the shares, we respectfully ask the Company to clarify its previous remarks for the benefit of any participants who may have misunderstood. While domestic investors familiar with similar**

precedents in Korea are less likely to misinterpret the situation, there is concern that foreign investors—who may have difficulty fully envisioning the implications of a dual listing—could misinterpret it. The Company's foreign investor base accounts for over 15%.

The Company's current structure, as well as a holding company structure following a 100% physical spin-off (with a commitment to not pursue a dual listing), aligns the interests of the controlling shareholder and minority shareholders.

In contrast, **the proposed structure—where the Company transitions into a holding company through a spin-off and asset contribution—**will **inevitably** result in the controlling shareholder holding a concentrated stake in the holding company, unlike most minority shareholders. **This would lead to a misalignment of shareholder interests and deteriorate into what is commonly referred to as a dual-listed structure with poor governance.** Regardless of procedural legitimacy, this result has held true across nearly all prior cases and is a logically irrefutable outcome.

As pointed out by many media outlets and members of the investment community, we believe **the reason for pursuing this course of action—despite its drawbacks—is to significantly increase the controlling shareholder's ownership and influence from the current level of approximately 30%.**

[June 13 – Two Disclosures: Good vs. Poor Governance]

As investors, we **prefer investing in companies where controlling shareholders seek to increase ownership**. PharmaResearch **disclosed two actions on June 13 that would increase the controlling shareholder's ownership without the use of personal capital**:

(1) the retirement of 119,952 treasury shares previously held by the company, and
(2) a spin-off and contribution of shares in kind.

Through (1), the controlling shareholder's ownership **increased from 30.48% to 30.80%**. Through (2), the controlling shareholder's ownership in the parent company is **expected to increase significantly from 30.48**%. The outcome of (2) can be reasonably anticipated through inductive reasoning.

Unlike (2), (1) results in a proportional increase in ownership for both the controlling and minority shareholders. In contrast, **unlike (1), (2) does not lead to a corresponding increase in minority shareholders' ownership.**

Additionally, it is worth reiterating that, **unlike (1), (2) inevitably leads to both the holding company and the subsidiary being listed, resulting in a critical flaw: dual listings with differing shareholder compositions and misaligned interests.**

Thus, **in the capital markets, companies that pursue the first path are seen as those with good governance**, while **those that pursue the second are seen as having poor governance**. As **this is a time for the Company to listen to and engage with the financial authorities, the capital market, and all shareholders** regarding the spin-off and in-kind contribution plan approved by the management and the board of PharmaResearch, we are sharing our views proactively and with sincere care. **We respectfully urge the Company to choose the path of good governance.**

[CVC Capital]

CVC Capital ("CVC") is a **major shareholder of the Company**, **owning approximately 10.06%** through the name Polish Company. CVC is also **a proven partner capable of supporting the global expansion of the Company's core business**. However, as CVC **may have interests that differ from those of other minority shareholders**, we would like to raise several public questions.

CVC holds **convertible redeemable preferred shares, not common shares**, but **retains voting rights**. According to parts of the **shareholder agreement disclosed between the controlling shareholder and CVC**, the two parties **jointly exercise their voting rights**, and the shares CVC acquired in October 2024 are subject to a **three-year transfer restriction**. In addition, CVC is **represented on the Company's board of directors**.

(1) **Did CVC agree to the equity spin-off and subsequent asset contribution** either before or after the public announcement?

(2) Is CVC **restricted** under the shareholder agreement with the controlling shareholder **from tendering the preferred shares of the operating company, which it will receive through the spin-off, as part of the contribution-in-kind via the tender offer?**

(3) Since CVC holds preferred shares rather than common shares, it possesses conversion rights after one year and redemption rights after three years. As a major shareholder with over 10% ownership, a member of the board, and a shareholder contracted to a joint voting agreement with the controlling shareholder, **we request that CVC clearly disclose its future plans regarding the exercise of these conversion and redemption rights.** In particular, **the redemption right is significantly misaligned with the interests of minority shareholders, and thus, the conditions and plans for exercising such rights must be disclosed in detail.** This is because **CVC holds both the conversion right, which allows it to benefit from the upside, and the redemption right, which protects against the downside, at a time when significant volatility is expected** following the spin-off, with the holding company's share price likely to decline sharply and the operating company's share price likely to increase sharply.

(4) Lastly, **the spin-off ratio has become a major point of controversy**. **The Company explained that the decision was inevitable**, as the ratio was mechanically determined based on net asset value and it was deemed reasonable to allocate more cash to the holding company. However, **50% of the net assets of the holding company—created with a high spin-off ratio of 74.3%—consist of the cash directly contributed by CVC**. **CVC's investment, presumably preceded by thorough review and communication regarding the planned transition to a holding company structure and succession plan nine months prior to execution, has ironically emerged as the decisive driver behind the unusually high spin-off ratio.** In light of this coincidence, we **sincerely urge CVC—as a major shareholder holding more than 10% of the voting rights—to take responsibility and play an active role in helping to address the problems arising from this abnormal spin-off ratio and dual listing structure.**

[For the Lost 32%]

Next, this is a **message to all shareholders with voting rights and to those who care deeply about the capital markets**. First, **we sincerely thank everyone who offered words of encouragement and valuable insights following our first letter** on June 16. We truly appreciate your continued support and guidance. That said, we would like to offer one clarification.

When evaluating shareholder interests in relation to the spin-off, **we do not believe the relevant metric is whether the combined market capitalization post-spin-off will exceed that of the pre-spin-off company**. We believe it is reasonable to assess shareholder interests by comparing the market capitalization in each case—if the spin-off proceeds or if it does not (whether withdrawn or rejected).

Put simply, if PharmaResearch's share price rises in the short to medium term, we believe it is ***not because*** the spin-off and asset contribution enhance shareholder value, but rather ***despite them***—because the company's improving fundamentals are strong enough to outweigh the negatives.

Let us share the key message from a sell-side report published by a well-known foreign brokerage shortly after the spin-off announcement: citing the theme that "**governance deterioration (red flags) outweighs the company's core business growth momentum**," **the analyst lowered the company's fair value estimate by as much as 32%**, reducing the applied P/E multiple from 25x to 17x **without making any downward revision to its fundamental outlook**.

As a shareholder holding approximately 1.2% of the company's common shares, **we naturally wish to see the stock price trend upward in a healthy manner**. However, we hope that any upward movement in the share price will not be used to justify or mask the flaws of the spin-off, asset contribution, and dual listing—ultimately resulting in a 32% loss in upside value for shareholders.

We earnestly ask for the continued support and guidance of shareholders and all stakeholders.

Lastly, we respectfully request that the Company and CVC Capital provide a public response by the deadline of July 1.

Thank you.

Sincerely,
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MUST Asset Management

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