

The logo consists of three overlapping circles in shades of light blue. The word "Huons" is written in a black, sans-serif font across the center of the circles.

Huons

Investor Relations

2017.3Q



Disclaimer

All information in this book including business performance and financial report is written by Korean-International Financial Reporting Standards(K-IFRS) .

This book includes a “forecast” about future. It is not about the past, but the future business plan including expected management status and financial performance, and sometimes there can be word such as ‘anticipation’, ‘forecast’, ‘plan’, ‘expectation’, and ‘(E)’.

A “forecast” can mean uncertain factors which can affect the company either positively or vice versa, and those can include:

- Domestic or international financial market trends including fluctuation of foreign exchange rate or interest rate.
- Company’s very important strategic decision such as M&A
- Unexpected business environment change in the main industry
- Other internal and external change that can affect the company’s management and finance.

Because of those uncertain risks, company’s actual business performance can be different from the “forecast” in this booklet. Also the information we provide is written as of the day we deliver the presentation, so it can be changed due to unexpected external status of industry or internal company’s revision of strategies without any prior notice in the future.



Contents

Company history

Group Overview

Business

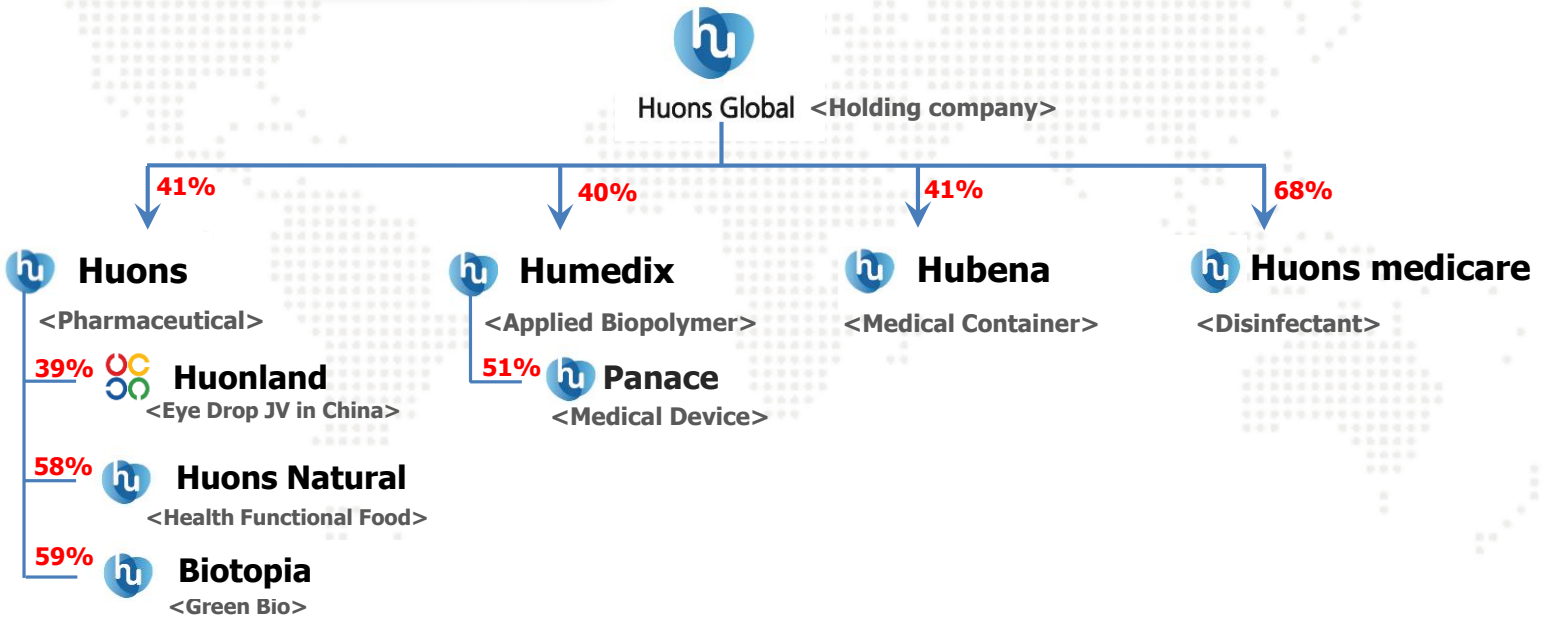
R&D Pipeline

Appendix

Company Summary



- ❖ CEO : Um, Ki Ahn
 - ✓ Huons CEO
 - ✓ Ph.D in pharmacy
- Date of establishment : Huons Corporation on May 2016
- Capital Stock : KRW 3.1B
- Number of Employees : 533 (as of Sep 2017)
- Number of Total Issued Stock : 6,190,011

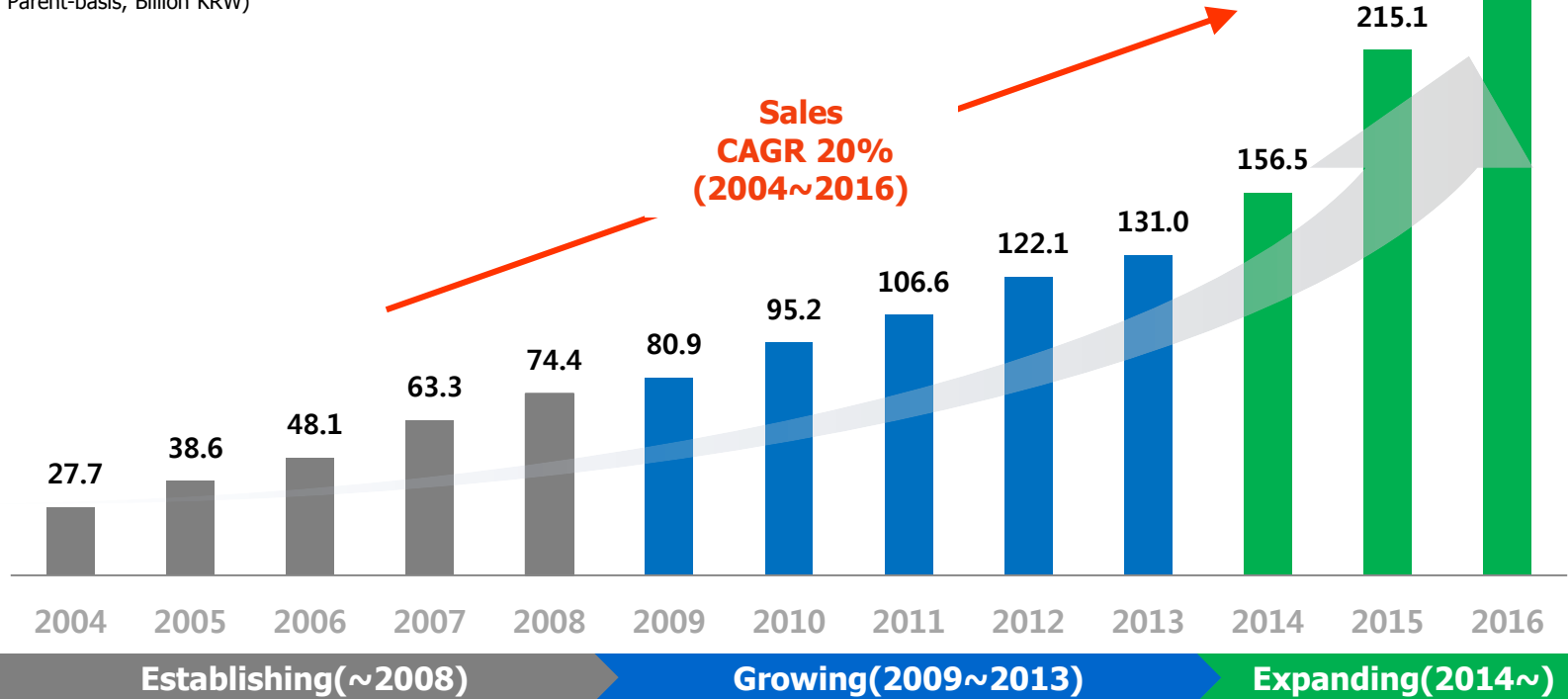




Key Achievements

Global total healthcare company providing life innovative solution

(Unit : Parent-basis, Billion KRW)



- Secured growth through local anesthetics / injections business
- Strong growth of pharmaceutical business mainly driven by well-being products
- Listed in the KOSDAQ in 2006

- Eye drops(Kynex) Strategic alliance with Alcon
- Construction of new factory → Growth Platform
- JV established in China for the local eye drops market

- Expansion of high value-added products (Aesthetic, Hutox, Filler etc)
- Expanded the field of health functional food business (Honeybush was approved as functional ingredients by KFDA)



01. Business

- Financial Performance
- Breakdown
 - Pharma
 - Beauty·Healthcare
 - CMO (Contract Manufacturing Organization)
- New businesses
 - Health Functional Food
 - Green Bio

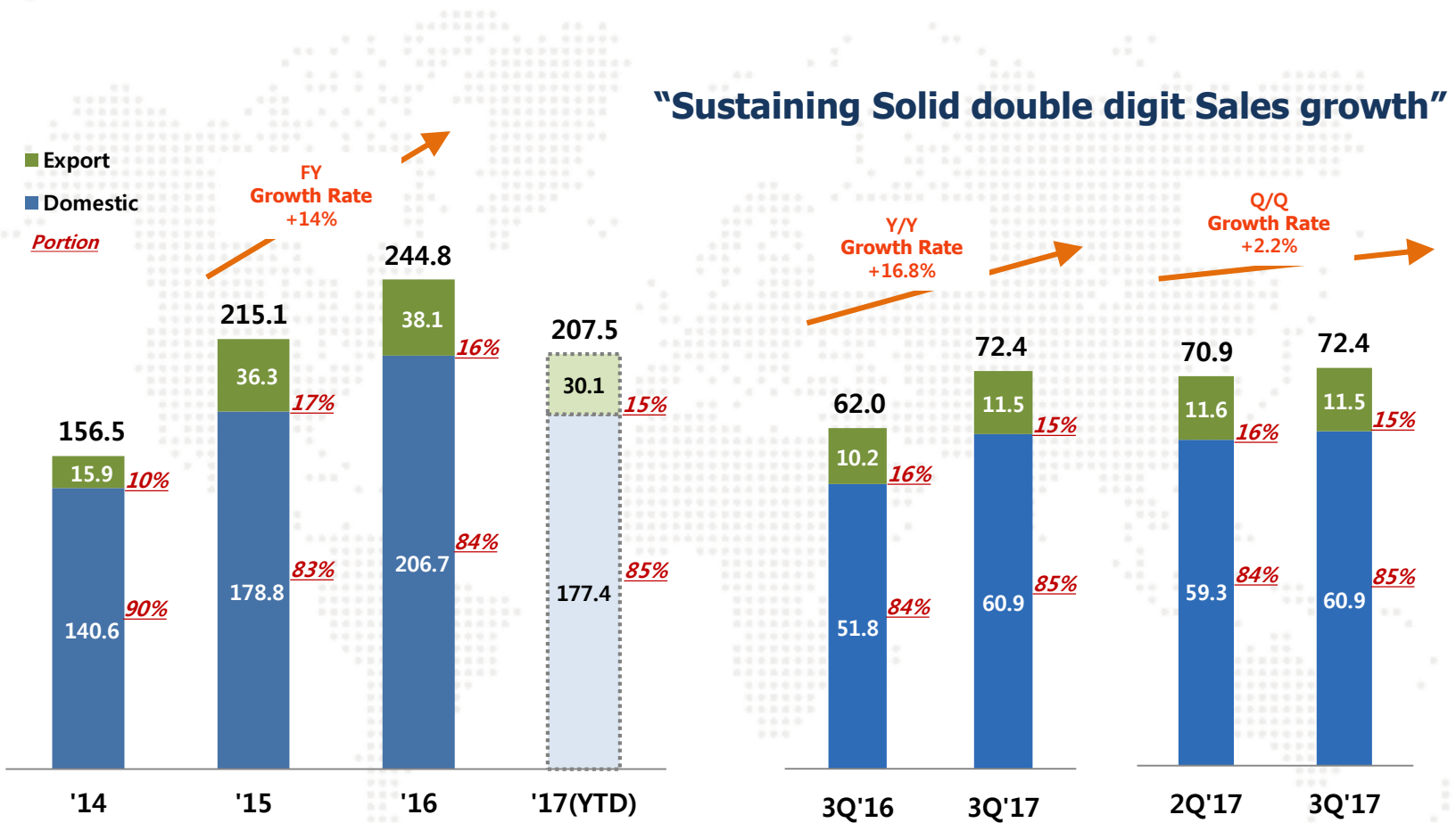
02. R&D Pipeline

- R&D Pipeline
- R&D Status



01. Business – Financial Performance

Sales (Unit : Parent-basis, Billion KRW)

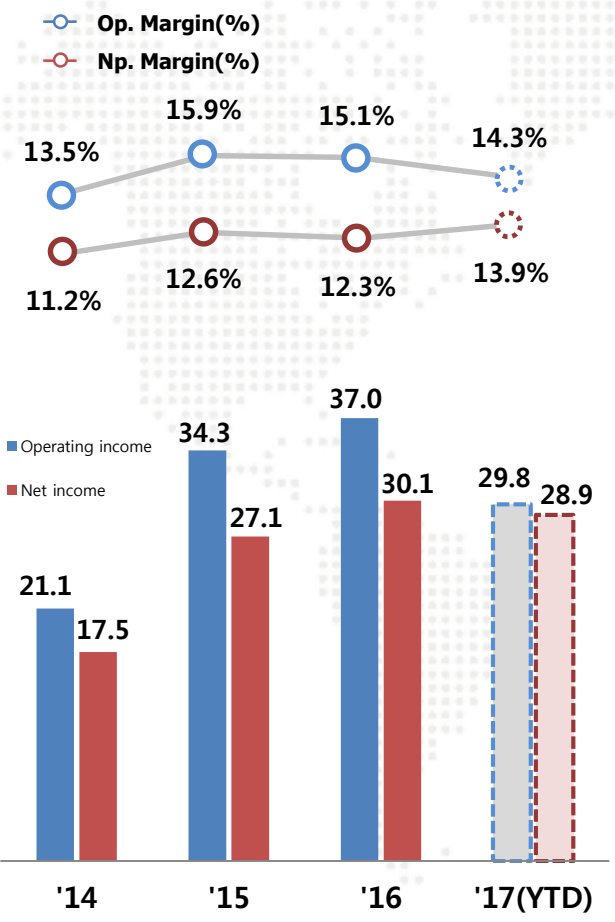


<Assuming that Huons has not split, 2016 Pharmaceutical business separate F/S>

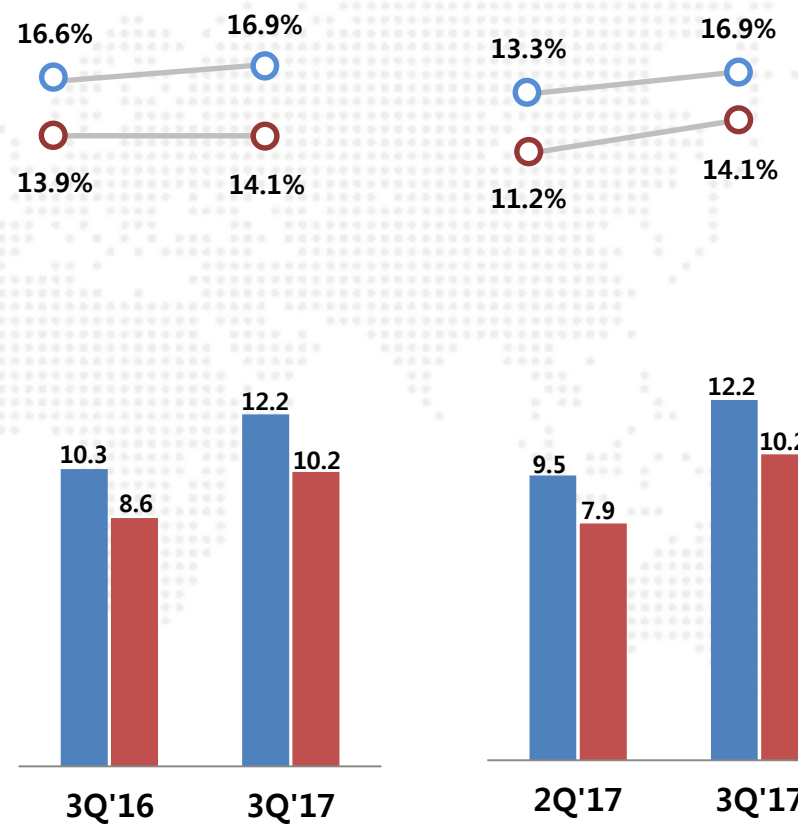


01. Business – Financial Performance

Profits (Unit : Parent-basis, Billion KRW)



"Continuous & stable profit"



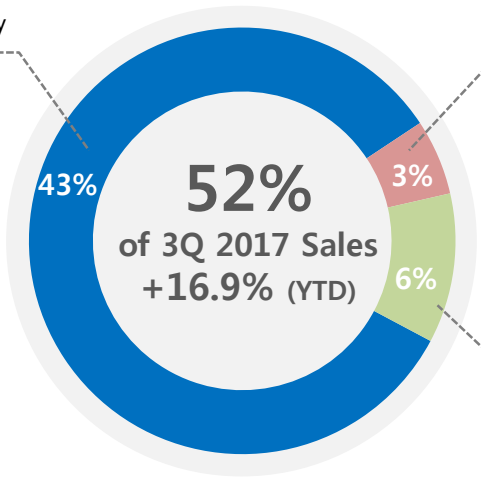
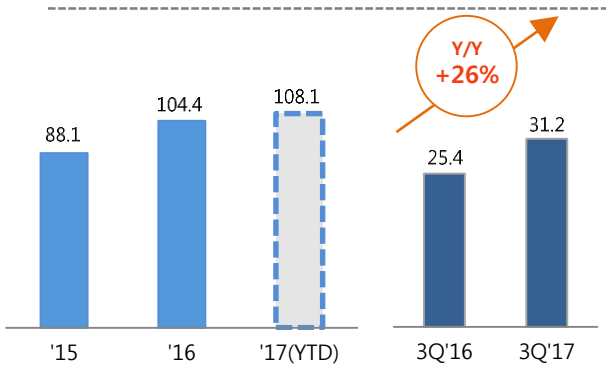
<Assuming that Huons has not split, 2016 Pharmaceutical business separate F/S>



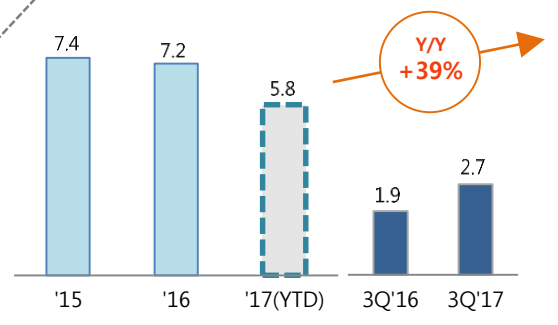
01. Business – Breakdown _ Pharma

Pharma (Unit : Billion KRW, %)

Cardiovascular/Endocrine/ Alzheimer/ Digestive System
 Prescription drugs /Arthritis/Osteoporosis / Urinary

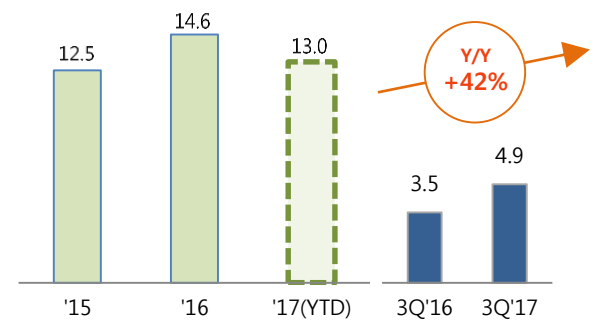


Ophthalmic Eye Drops



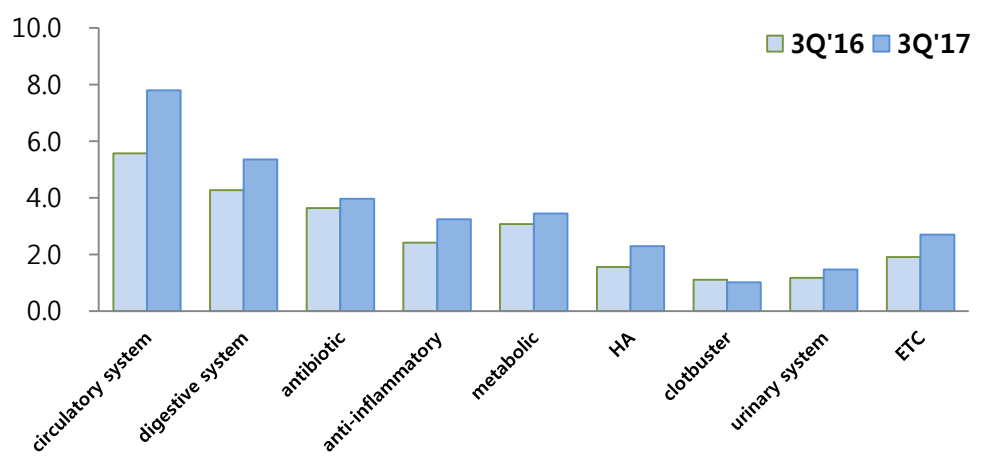
▪ Strengthened distribution channels through Alcon

Local Anesthetics



- No.1 in local Anesthetics for dental care in Korea
- Auto-manufacturing system by Bosch to produce the excellent quality of production
- Exports to Japan through Nipro pharmaceutical company

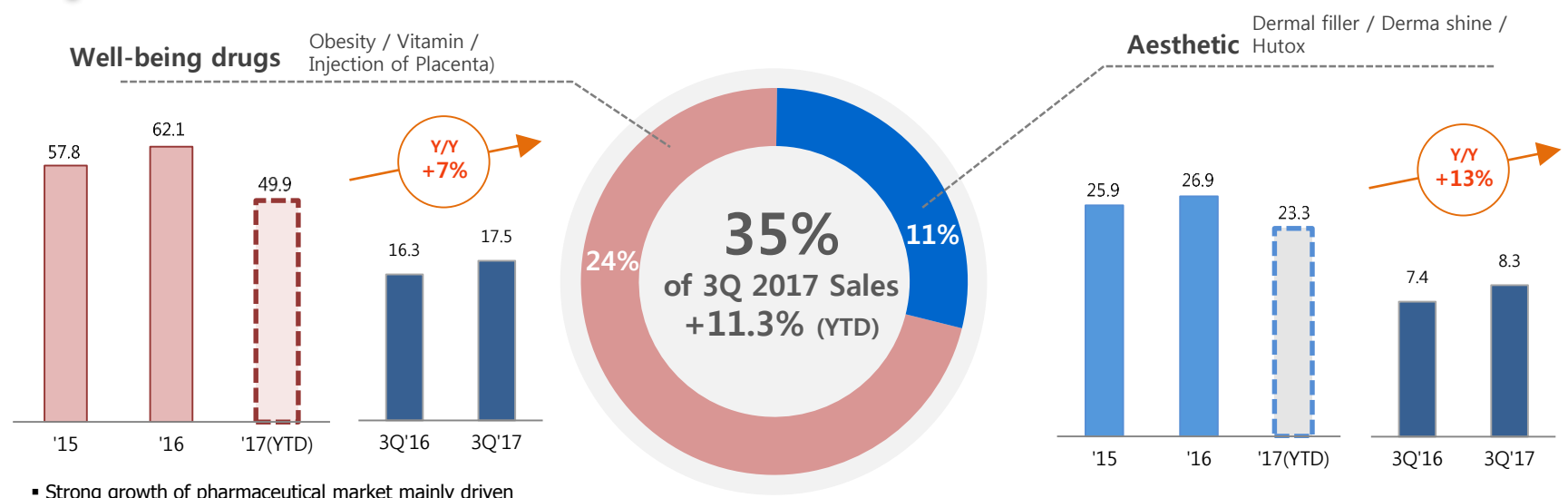
- Provides full product portfolio
 → 300 pharmaceutical products are registered



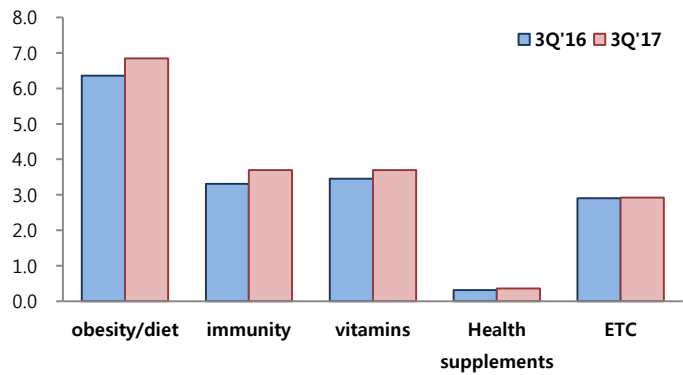


01. Business – Breakdown _ Beauty-Healthcare

Beauty-Healthcare (Unit : Billion KRW, %)



- Strong growth of pharmaceutical market mainly driven well-being products
- Expansion of high value-added products (Non-reimbursement) → Increase Profitability



Dermal filler(Elravie)

- Hyaluronic acid filler(Elravie) is produced with the High Density Reticulated Matrix (HDRM) process
- CFDA approval in China (Mar, 2015)
- 4 kinds of European CE certification(Dec, 2015) → Additional Items' being processed for CE
- 4 PCL filler, PDRN + HA filler, Volumizing filler on R&D process

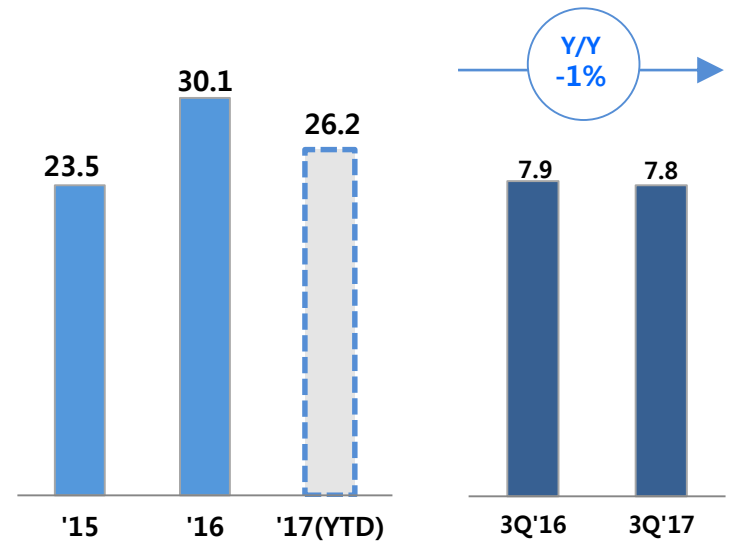
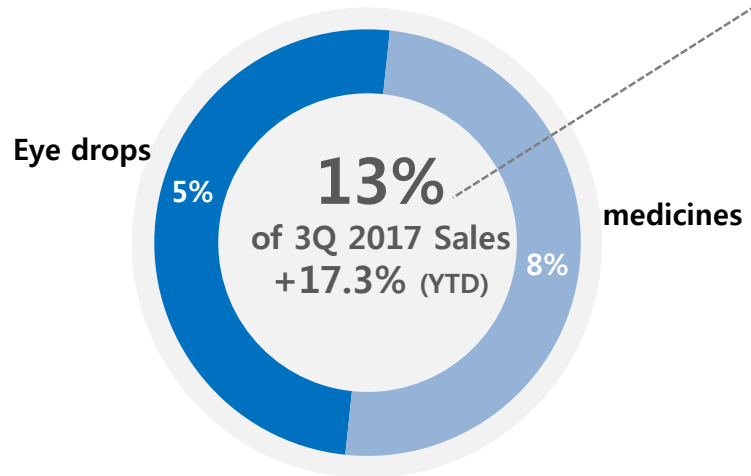
Digital injector(DermaShine)

- Auto-sensing injecting device
- Less time & Less pain
- CFDA approval in China (Dec, 2014)
- Achieved CE certification



01. Business – Breakdown _ CMO

CMO (Unit : Billion KRW, %)



- Construction of a state-of-the-art manufacturing facility in compliance with Korea and cGMP → Annual Growth Rate 24% ('13~'15)
- Build full automated production equipment made in U.S, Germany, and Japan



HUTOX

- **Specifications**
 - Product Name: Hutox
 - Advantage : High purity (>99%)
 - Efficacy: Glabella wrinkle improvement
 - API: Botulinum toxin type A
 - Strain history : ATCC3502




➤ Manufacturer


Huons Global

- **Facilities**
 - Established: June, 2014
 - Capacity : 1 million Vial/Annually
 - New facility under construction : 5 million Vial/Annually

➤ Marketing Authorization Holder


Huons

- Received approval for export license from KFDA in Oct 2016
- Awaiting export license(50unit, 200unit)

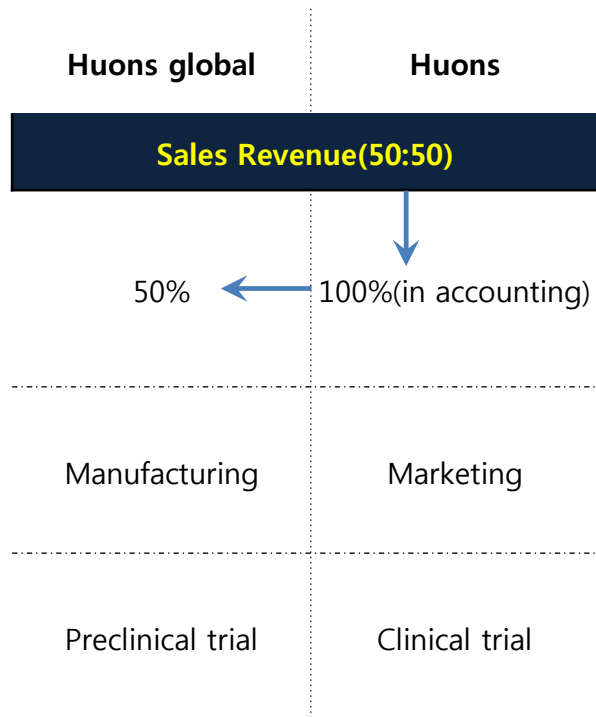
Pre clinical **Clinical**

R&D

- Domestic Clinical trial Phase 2 completed, Phase 3 in proceeding
- 150kDa against antibody formation & tolerance in researching



Hutox Business model



Marketing strategy





Business – Huonland JV(Eye Drops)

Huonland(JV) established for China eye drops market (KRW 1.4 trillion)



- Expected Total investment amount: About 110M RMB(20B KRW)
- Shareholders: Huons(39%), Northland(51%), Korea Investment Partners(7%), etc(3%).
- Approved product registration(Brimonidine tartrate) for glaucoma treatment_ `16.07) & GMP(`16.11)
- Multi-dose CMO business plan
- Expected to approve artificial tears(HA) in 1H '18

Product	For use	Submitted the application	Item approval date
Brimonidine tartrate	Glaucoma	2015.09	2016.07(Completed)
Levofloxacin	keratitis	2015.12	2018.1H
HA 3 Items	Artificial tears	2015.12	2018.1H
Olopatadine	Allergic conjunctivitis	2018.1H(E)	2019(E)
Moxifloxacin	Antibiotic, keratitis	2018.1H(E)	2019(E)
Ophthalmic perfusate	Perfusate(cataract, etc.) during ophthalmic surgery	2017.4Q(E)	2018.4Q(E)



"Entering Health Functional Food Business"



*R & D / Production / Sales / Supply of raw materials
Maximize group synergy*

✓ Health functional food R&D status

name	effect	Intro. of tech	Launching date(E)	status
Merit C	antioxidant	-	2012.12	On sale
zeromate	Dietary supplements	-	2017.05	On sale
Daeryong Han Sam	Immunity enhancement			On sale
honeybush	wrinkle improvement	KOREA INSTITUTE OF ORIENTAL MEDICINE	2017.07	On sale <i>Approved as a health functional food by KFDA</i>
HU028	Rhinitis prevention	KOREA FOOD RESEARCH INSTITUTE	2019.12	Human applicable test in Progress
HU029	Atopy treatment	KOREA FOOD RESEARCH INSTITUTE	2018.12	Human applicable test in Progress
HU038	climacteric	KOREA FOOD RESEARCH INSTITUTE	2019.06	Human applicable test in Progress
HU033	prostate	Choongnam university	2019.12	Discovery
HUG179	Reduce body fat	-	-	Discovery
GOS	Immunity enhancement	Catholic university	-	Discovery



Fermented Honey bush extract powder



Fig 1. *Cyclopia intermedia*

- ✓ The name Honeybush is the name given to the flower that gives off the aroma of honey. It is mainly used as a tea. It has few tannins, no caffeine, and various minerals.

Patent registration

10-1295368 (domestic)	Composition for preventing or alleviating skin wrinkles containing honeybush extract or fermented honeybush as an active ingredient
PCT/KR/0005503 (USA/EU)	

Patent application

10-2015-0058721 (domestic)	A honeybush extract, a cosmetic composition for moisturizing the skin containing the fermented product as an active ingredient, and a health functional food
10-2015-0185461 PCT/KR/014275	A composition for skin improvement comprising a fraction of a honeybush extract and a compound derived therefrom

Fermented Honey bush extract powder showed excellent effects on skin wrinkle suppression and suppression of wrinkle formation and skin moisturizing stability, efficacy in human body application test.

Approved as a functional ingredient by KFDA

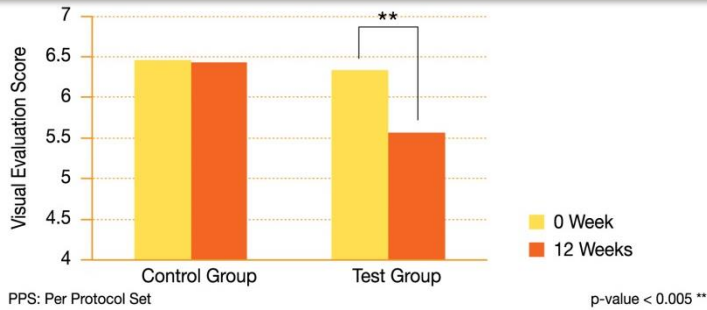


Fermented Honey bush extract powder(Introduction)

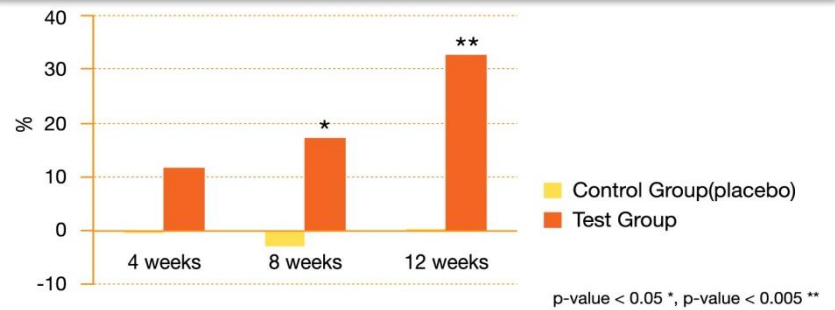
human body application test.

- 12 weeks to assess the efficacy and safety of HU-018 in improving skin wrinkles, randomized, double-blind, placebo-controlled human application
- Test subjects: women with skin wrinkles from 35 to 60 years of age
- Institution: Department of Dermatology, Chung-Ang University Hospital

<Skin wrinkle visual evaluation (PPS)>



<Improvement of eye wrinkles>



<Skin wrinkle change rate (PRIMOS lite)>





01. Business – New Biz _ Health Functional Food(II)

Huons Natural(production & marketing)

✓ Differentiation points

- Presenting a new trend of health functional food market using approved raw materials
- Cooperations with sub-companies
- well-built sales network

✓ Products launched in 2017



Honeybush skin solution



Honeybush kalamansi



Fermented redginseng honeybush



01. Business – New Biz _ Health Functional Food(III)

Biotopeia

➤ Feed additive business



- Microbial additive production using DNJ core raw materials
- Cattle, pig, poultry, fishery Microbial additive production
- Antibiotic substitute additive business
- Production of antiviral material

➤ Health functional foods business



- Improvement of body fat and diabetes using DNJ core raw materials
- Material business
- Fermented red ginseng raw material production
- Fermented honeybush production
- Functional lactic acid bacteria Raw material production

➤ Livestock odor removal business



- Livestock manure odor removal and Circulation system business
- Removal of odor from livestock manure Microbial business

➤ National Defense materials business



- Analogous biologics Standardization and military business
- Defense Science Institute Research service business

✓ Core material 1-Deoxynojirimycin (DNJ) application



- Amino-sugar similar to Glucose
- A-glucosidase inhibition in small intestine
- Natural substances in silkworms, mulberry leaves, microorganisms, etc.
- Antiviral, antidiabetic, anti-obesity functional material



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02. R&D Pipeline

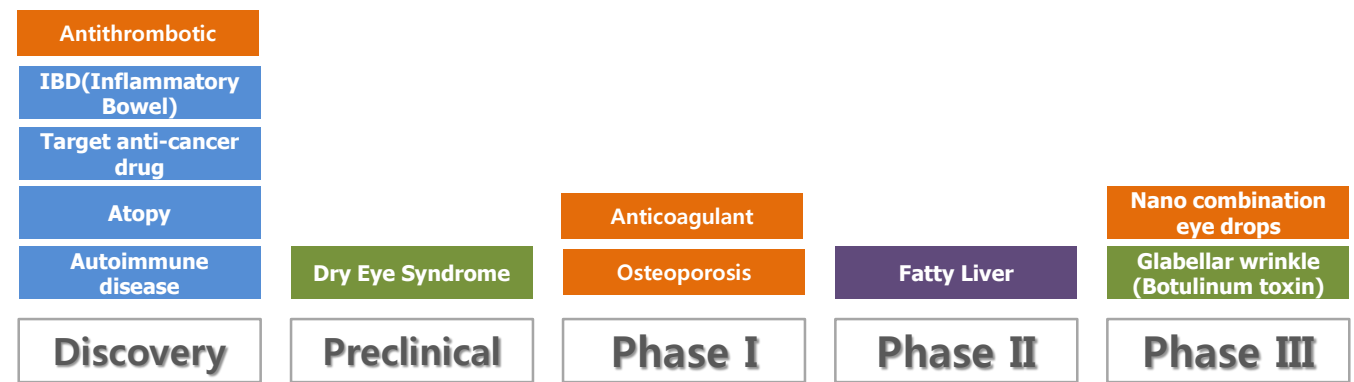
- R&D Pipeline
- R&D Status



02. R&D Pipeline

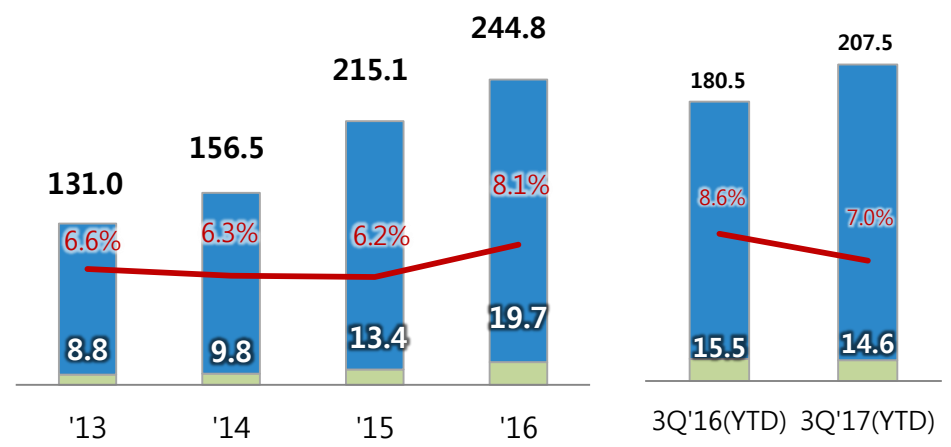
R&D Pipeline

- Botanical
- IMD
- Biologics
- NCEs



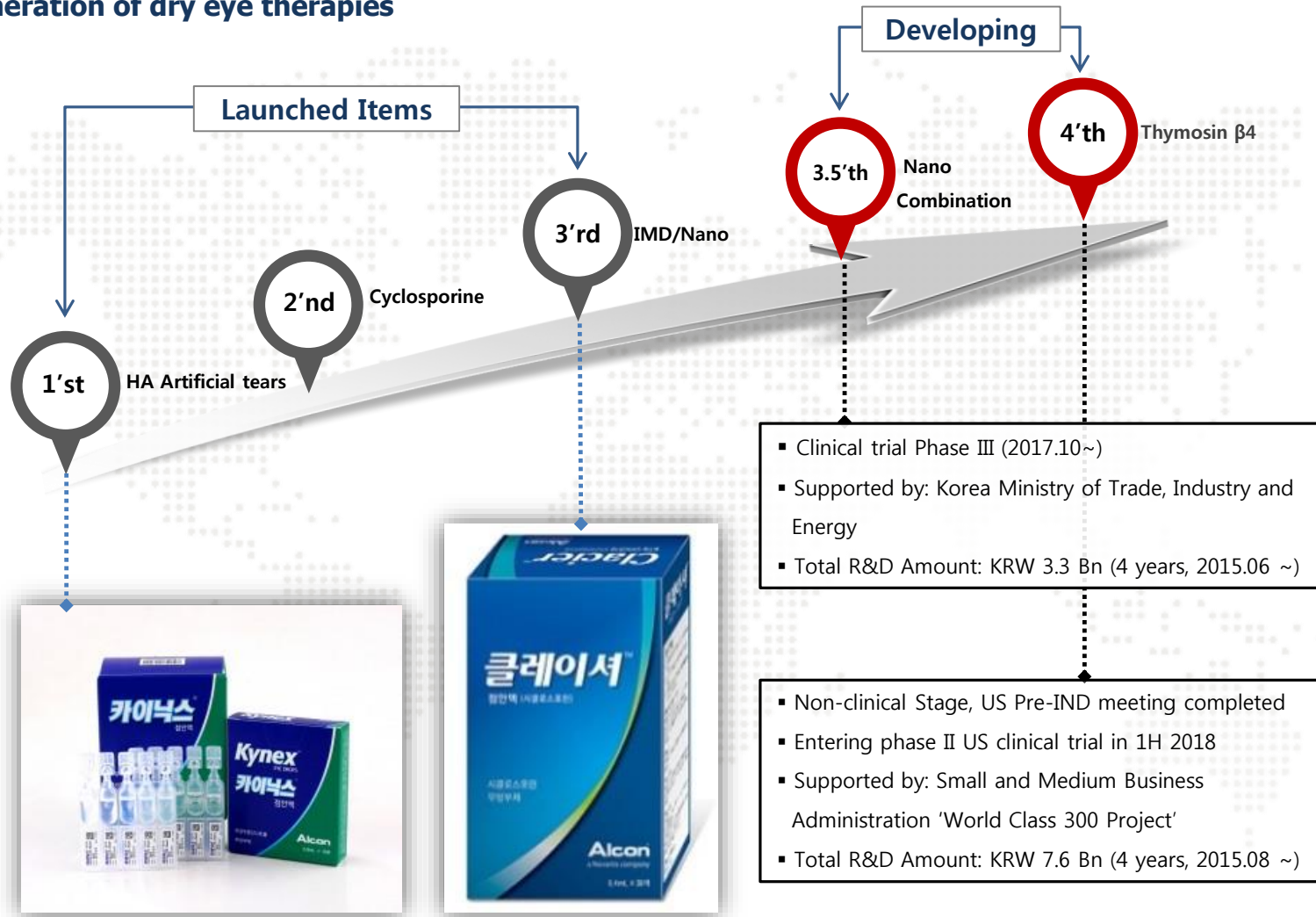
(Unit: Billion KRW, %)
 ● Sales
 ● R&D expense
 ● R&D %

R&D investment



02. R&D Pipeline – R&D Status _ Generation of Dry Eye Therapies

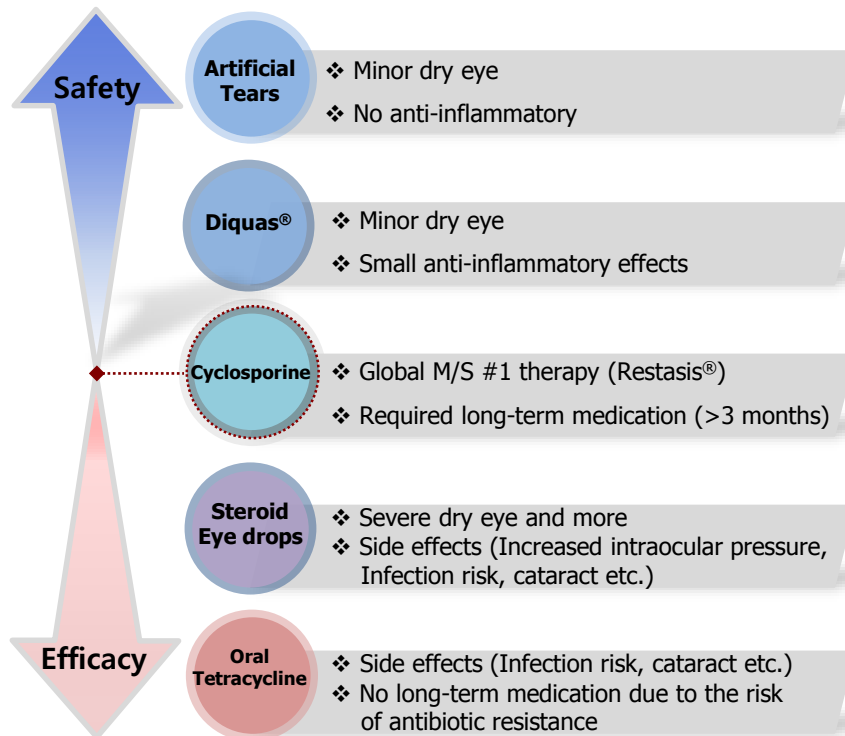
Generation of dry eye therapies



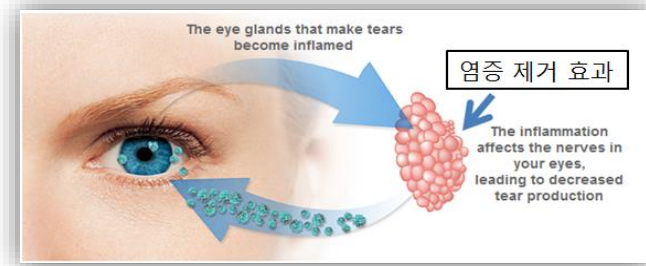
02. R&D Pipeline – R&D Status _ IMD(Eye drops with nanoparticles)

▪ Development for dry eye therapy with less than 20nm particles

Products Comparison



Development Status

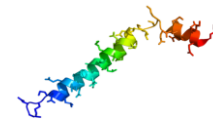
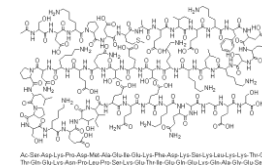


- Fast and Excellent therapeutic effect
- Covering a wide range of dry eye syndrome
→ Replacement for conventional eye drops (Cyclosporine and Artificial tears)
- Supported by : Korea Ministry of Trade, Industry and Energy
- Total R&D Amount: KRW 3.3 Bn (4 years, Jun 2015 ~)
- Phase 3 in proceeding(Oct 2017)



02. R&D Pipeline – R&D Status _ Biologics(Dry Eye Syndrome)

Dual effects of 'Goblet cell proliferation' and 'Anti-inflammation' → "Thymosin β4



Limitation of other products currently on the market

- ❖ Artificial Tears: Minor dry eye
- ❖ Cyclosporine : Required long-term medication
- ❖ Diquafosol : No Goblet cell proliferation

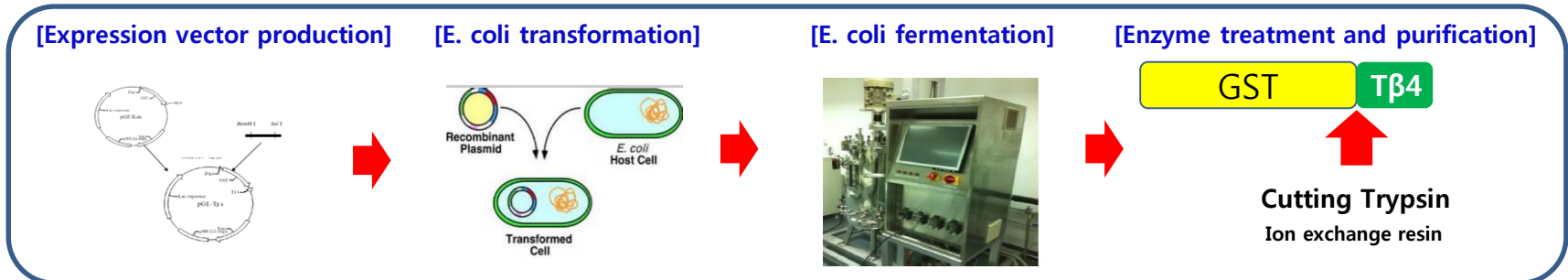


- Amino acid number: 43, Molecular weight: 4,921 Da
- Proteins found in platelets and wound areas
- Actin binding → angiogenesis, anti-inflammation, wound healing, cytoprotective effect

Thymosin β4 derivative effects

Targets	MOA(Mode of Action)
Promote cell migration	Move the promotion of corneal epithelial cells → wound healing
Promote cell survival	Promote Goblet cell multiplication → stabilization of tear film
Anti-inflammatory	Reducing inflammatory of cornea and lacrimal gland

Production technology of Recombinant Protein Thymosin β4 derivative using E. coli fermentation → Low production cost compared to synthetic peptides





02. R&D Pipeline – R&D Status _ Botanical drugs(Fatty Liver)

▪ Development of various botanical drugs (Safety ↑ , Efficacy ↑)

Conventional Therapies

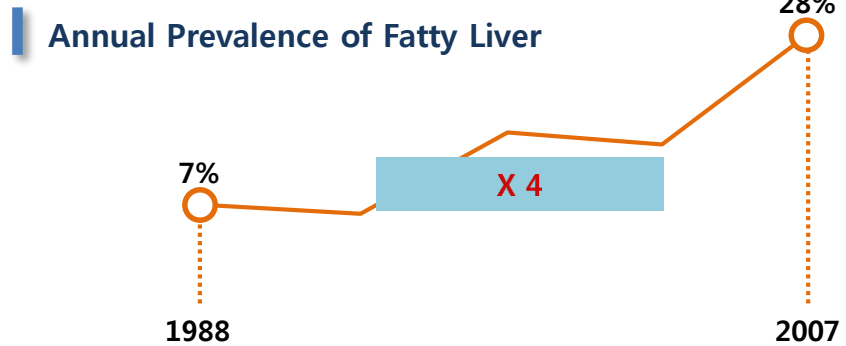
- ◆ Limitation of existing fatty liver therapies
 - Low effects and restricted usage (Liver Protector, High blood cholesterol therapies, Diabetes therapies etc..)



Development Status

- ◆ Improving indicators of neutral fats in tissue and liver damage in blood
- **Phase II data show that magnolia cortex has favorable efficacy and safety for fatty liver**

- **Phase II completed (Sep 2015)**
- **Phase III expected**



Source: Korean Association for the study of the liver

- For 20 years (1988-2007), fatty liver disease prevalence increased four-fold
- 20-40% of the western population, 5-30% of the Asian population have non-alcoholic fatty liver disease

Summary of Financial Statement



Summary of Consolidated Financial Statement

(unit : Milion KRW)

	Q3 2017	2016
Assets		
Current assets	146,178	120,718
Non-current assets	57,423	58,625
Total assets	203,602	179,343
Liabilities		
Current liabilities	71,616	82,205
Non-current liabilities	13,049	1,399
Total liabilities	84,665	83,603
Equity		
Isseed capital	3,095	2,948
Capital surplus	74,847	74,626
Capital adjustment	-2,750	-466.674064
Accumulated other comprehensive income	1,132	1,175
Retained earnings	41,713	15,596
Non-controlling interests	899	1,862
Total equity	118,937	95,740
Total equity and liabilities	203,602	179,343
Sales revenue(YTD)	211,787	103,302
Operating income(YTD)	27,337	14,669
Net income(YTD)	25,585	11,819

Summary of separated Financial Statement

(unit : Milion KRW)

	Q3 2017	2016
Assets		
Current assets	140,343	115,853
Non-current assets	57,700	58,253
Total assets	198,043	174,107
Liabilities	0	0
Current liabilities	63,433	78,144
Non-current liabilities	10796.85337	911.449351
Total liabilities	74,230	79,056
Equity		
Isseed capital	3,095	2,948
Capital surplus	74,638	74,638
Capital adjustment	-599.915874	-466.674064
Accumulated other comprehensive income	1,198	1,198
Retained earnings	45,481	16,733
Total equity	123,813	95,051
Total equity and liabilities	198,043	174,107
Sales revenue(YTD)	207,473	103,302
Operating income(YTD)	29,767	14,669
Net income(YTD)	28,895	11,945



Thank you !

