



Huons

Investor Relations

3Q. 2019



Huons

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.

Key Highlights

1. Financial Performance in '3Q 19

- Consolidated sales revenue of KRW 95bn, operating profit of KRW 14bn, and net income of KRW 10.5bn (YoY 10.1%, 1.7%, -22.4% respectively)
- Separated sales revenue of KRW 86.9bn, operating profit of KRW 14.1bn, and net income of KRW 11.2bn → Op. margin of 16.2%

2. New Facility Investment

- Introduce new disposable eye drops facility (Installation completed Apr. 19) → Capacity increase by 2 times(300 million tubes)

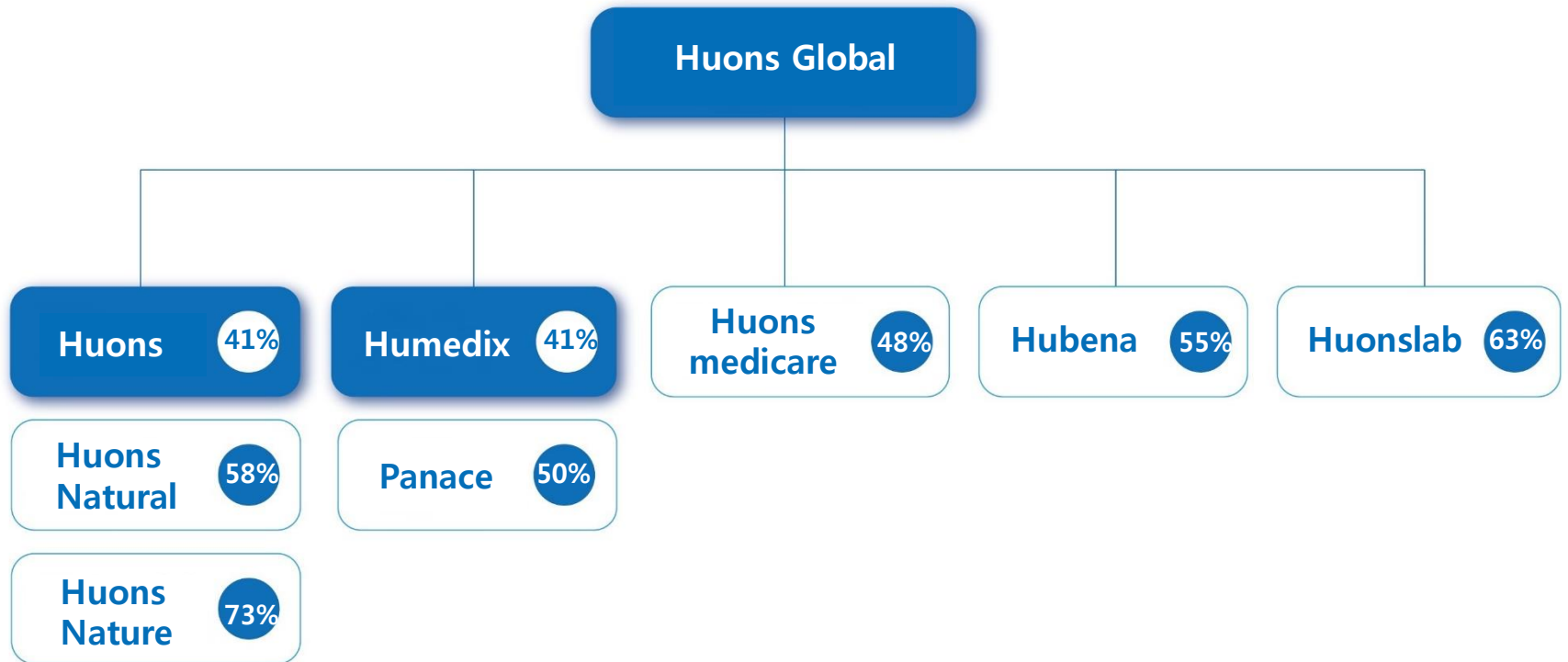
3. R&D and New Product)

- | | |
|-------------|--|
| R&D | <ul style="list-style-type: none">● Domestic Approval of IND clinical trial for Upper limb spasticity (Jul. 2019)● Individual Approval of Lactobacillus(YT-1) used for climacteric women (Oct. 2019)● Domestic clinical trial of Phase 3 for Eye drops with nanoparticles is completed, IND clinical trial application in Europe is expected (Dec. 19)● Received approval for EOPatch (Jun. 19) |
| New product | <ul style="list-style-type: none">● Launched 'Liztox' in domestic market(Jun. 19)● Launched 'Hi Hyal Once(Arthritis Treatment Injection)' (Jul. 19) |

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“Total Healthcare Group which provides medical solution for human being’s health”



**Huons Group
: 1,405 people**

KOSDAQ listed

※ 2019.10.29 Huons Natural absorbed and merged Biotopia

Um, Ki Ahn

**President
CEO**

CEO of Huons

SK Chemicals

Ph.D in pharmacy
at Sungkyunkwan Univ

Yoon, Sung Tae

**Vice-chairman
Non-Executive
Director**

CEO of Huons Global

IBM KOREA

MS Project Mgt.
at Hanyang Univ

Cheon, Kyu Seop

**Vice president
Executive Director**

Head of Factory
Headquarters

Yuyu Pharma

Bachelor in pharmacy
at Seoul National Univ

Yeom, Chang Hwan

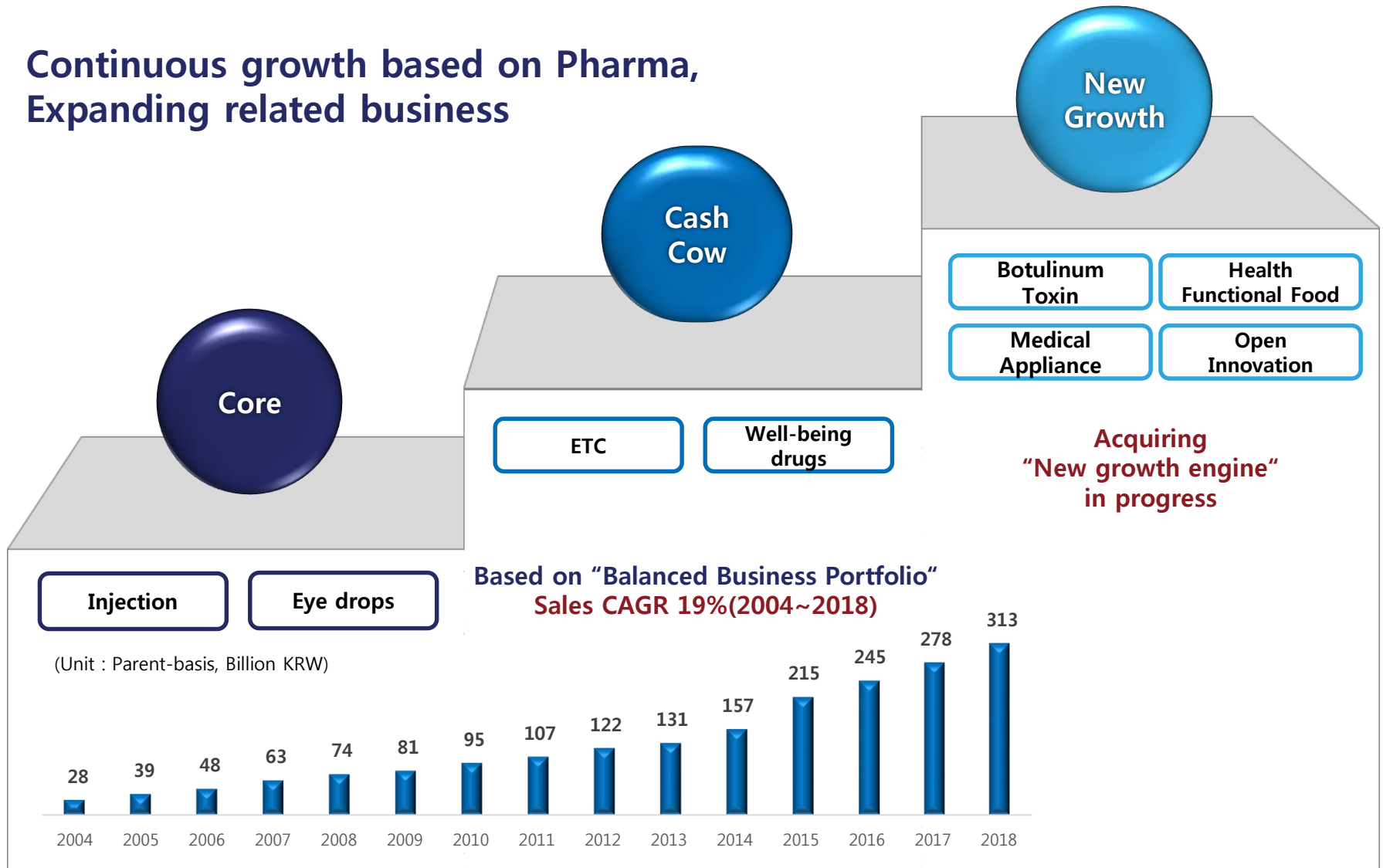
**Director
Outside Director**

Head of
Yeomchanghwan
Hospital

Seoul St.Mary's Hospital

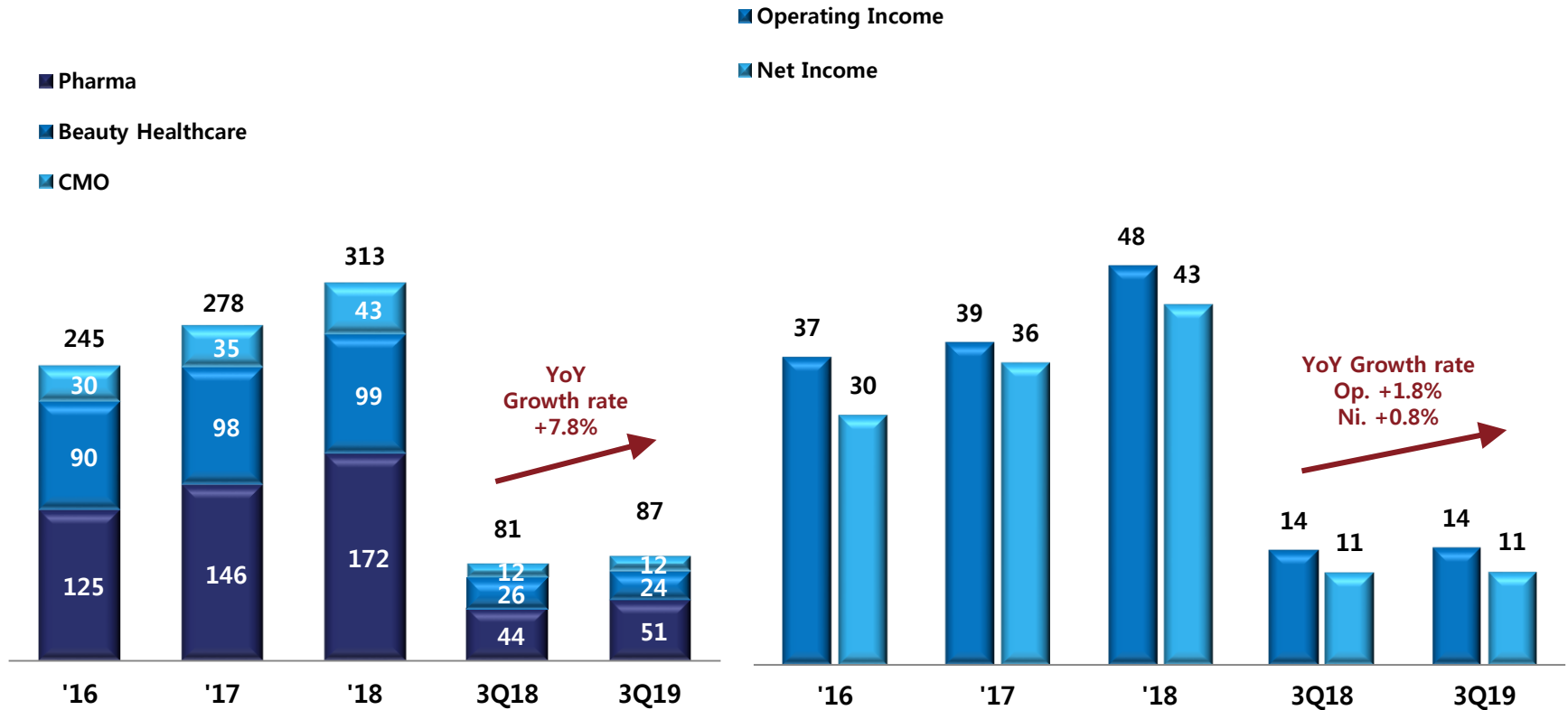
Ph.D in Medicine
at Yonsei Univ

Continuous growth based on Pharma,
Expanding related business



“Sustaining Solid Sales growth & Stable profit”

(Unit: Billion KRW)



[Consolidated]

| | 2016 | 2017 | 2018 | 3Q18 | 3Q19 |
|------------------|------|------|------|------|------|
| Sales | 169 | 285 | 329 | 86 | 95 |
| Operating Income | 22 | 36 | 45 | 14 | 14 |
| Net Income | 15 | 35 | 45 | 14 | 11 |

Share of sales 59.5% (3Q Sales 51bn YOY +15.9%)

Comprehensive Portfolio

- Develop 1st IMD and Generic and secure a priority sales rights
- Have 12 Eye drops items(CMO 23 items)



Specialized in Injection

- Manufacture total 165 Injection items (Huons 104 items, CMO 61 items)
- No.1 in local Anesthetics for dental care in Korea & exports to 26 foreign countries
- Anti-exit medicine 22 items



FDA Approval

- 0.9% Sodium Chloride 5ml, 10ml Ampoule is approved ANDA (Jul. 17)
- 1% lidocaine 5ml Ampoule is approved ANDA(Apr. 18)
- Submit ANDA approval for three Local anesthetics products

Share of sales 26.4% (3Q Sales 24bn YOY -6.2%)

- Aesthetic export sales transfer to Humedix, Panace since 2019, except transferred sales, Sales YOY +23%

**Well-being drugs
86%**

- Specialized product line-up : large-capacity Vitamin C injection
Obesity/Diet supplement etc
- New product development and release such as 1st Vitamin C+D complex product



Aesthetic 10%

- Expect sales growth after Launch Liztox in domestic market in Jun. 19



**Medical
Appliance 3%**

- Dexcom G5® Mobile CGM System : successful launch in domestic market (Nov. 18)
- Expansion in Medical Appliance business(EOPatch, PRP, ExAblate etc)



“Exclusive right of sales”



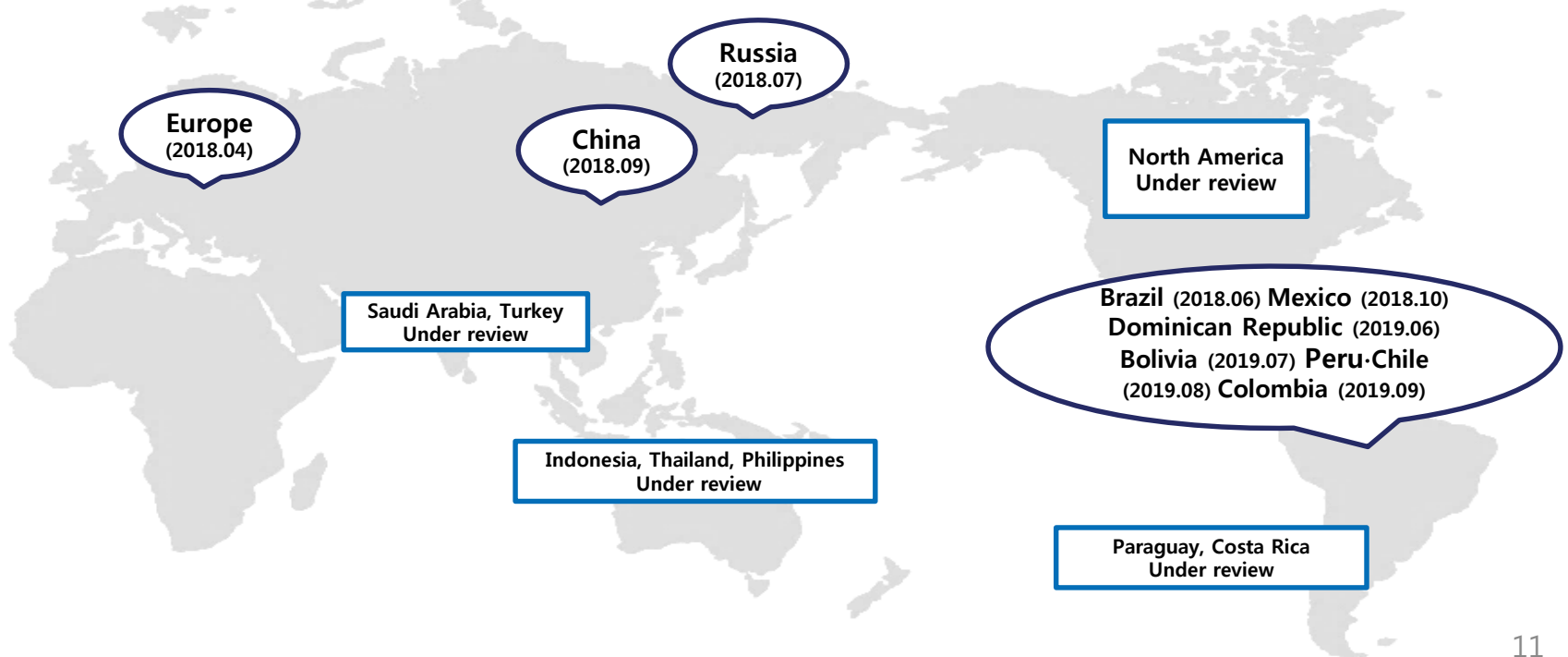
- Received approval for export license (Oct. 16)
- Export to **South-East Asia, Middle East, Latin America**

**“Huons & Humedix”
Joint sales in domestic market**



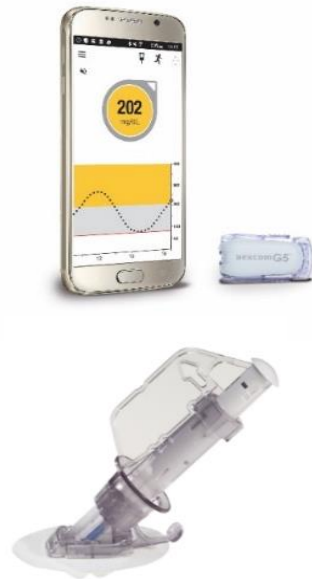
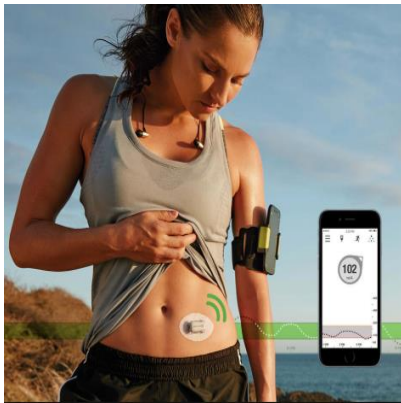
- Launch ‘Liztox’ in domestic market (Jun. 19)
- Non-aesthetic clinic
(general hospital, dentist etc)

“Hutox Partnerships by region”



Dexcom G5

- Targeting to build Diabetes portfolio and expand market by introducing new medical devices
- Start paying health insurance benefits only for Type 1 diabetes
 - ① Since Jan. 2019 : Sensor
 - ② Since Jan. 2020 : Transmitter



- Measures glucose 288 times a day in 5-minute intervals
- Measures, trend arrows and graphs, help with treatment decision with alarm beep
- 1 Sensor for 7 days, 1 transmitter for 3 months

Share of sales 14.1% (3Q Sales 13bn YOY +8.0%)

- Construction of a state-of-the-art manufacturing facility in compliance with Korea and cGMP

Medicines 59%

- Produce 205 items such as injections and tablets



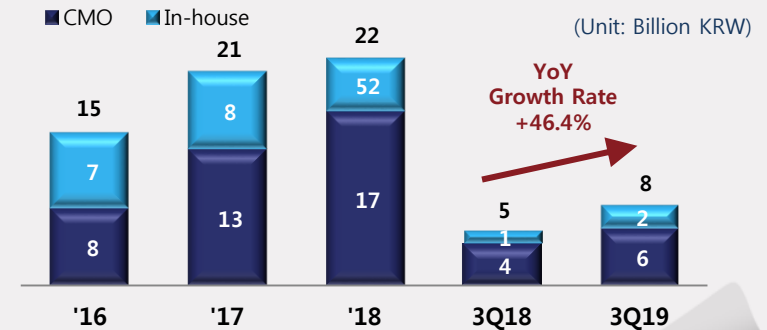
Eye drops 41%

- New disposable eye drops facility constructed (Apr 2019)
Capacity increase by 2 times (300 million tubes)



Total Eye drops sales : Share of sales 9%

- (1) **In-house developed:** Huons(Development & Manufacture)-Alcon(Marketing) 'Kynex', 'Clacier'
- (2) **CMO :** Santen pharma company(Japan) Diquas® and a number of domestic pharmaceutical companies



Major customers

Alcon

Hanmi

Santen

BORYUNG

Kwangdong
광동제약

Whan In Pharm.

Next generation growth strategy "Open Innovation"

- Signed joint research agreement with companies in various fields
- Goal of acquiring next generation growth engine through joint R&D

Exclusive right of sales in domestic

| | | | |
|---|-------------------------|---|---------------------------------|
|  | Biosimilar |  | Bladder Cancer Treatment |
|  | Peptide medicine |  | MRgFUS |

Joint R&D MOU

| | | | |
|---|--|---|--|
|  | Proteolysis-Targeting Chimaera New medicine for heart failure |  | AI based New Treatment |
|  | Microbiome Medicine & Health functional food |  | Electronic medicine |
|  | Natural medicine & food |  | Natural medicine & Health functional food |
|  | Health functional food |  | Peptide R&D |

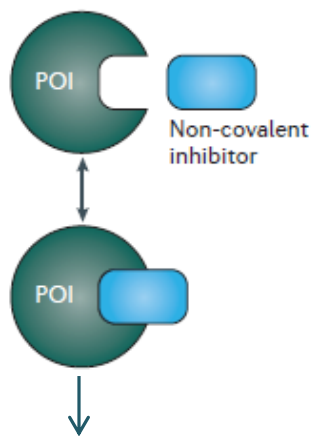
New R&D Theme

CNS – Social anxiety Treatment
Eye diseases(Presbyopia, myopia) Treatment
Kidney disease – Next generation portable dialysis machine
Cancer – Diagnosis, Treatment, Assistance

PROTAC(Proteolysis-targeting chimaera)

with **KRICT**
Korea Research Institute of
Chemical Technology

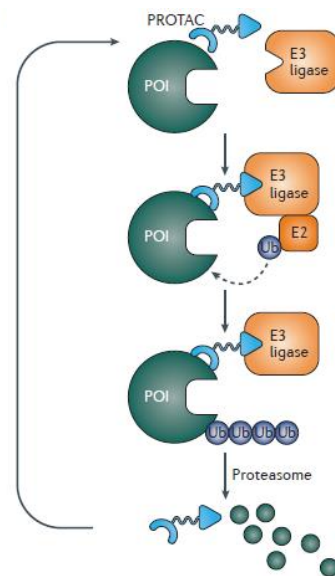
General Synthetic New Drugs



Inhibit/Control the function of target protein

- Strategies for inhibiting/controlling the function of protein by binding to the target protein
- High blood concentration is required for sufficient action

PROTAC



“Disassemble/Remove the target protein”

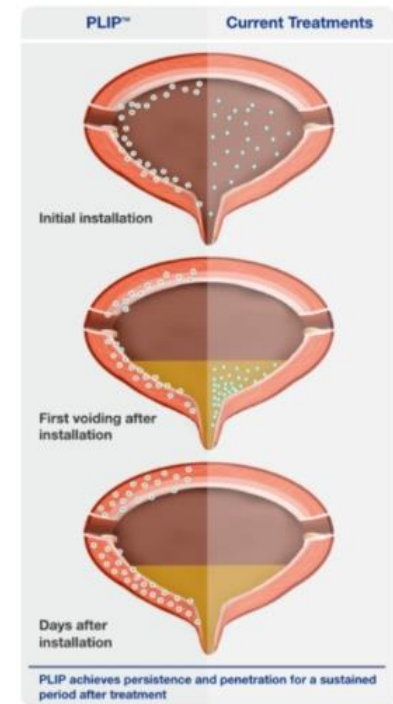
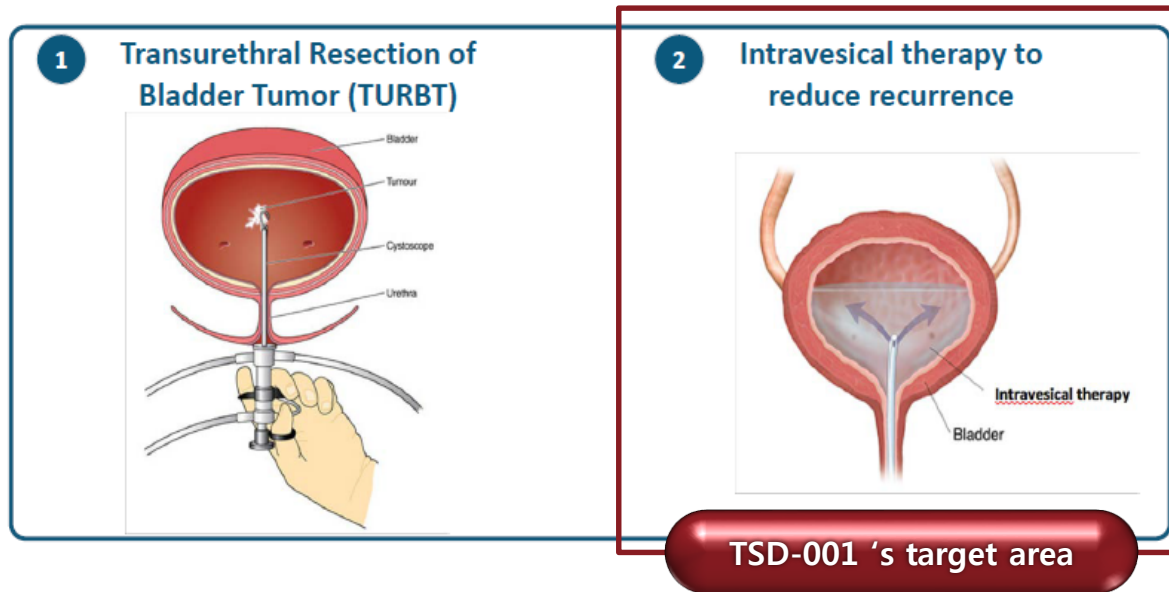
- Consist of Target protein + linker + E3 ligase
- Structure that can be disassembled through proteasome by attaching ubiquitin identification mark to the target protein



Bladder cancer treatment (TSD-001) with

- TSD-001 : Expect 1st FDA approval of treatment for Non-Muscle Invasive Bladder Cancer(NMIBC)
- In 2020, Clinical trial 2B (LIPAC) in USA, and domestic **Clinical Phase 3 (Huons)** are planned
- Goal is to release it in 2024 (Korea), in 2026 (Global Market)

Current Standards of Care (SOC): Adjunct intravesical therapies are used post surgery to reduce occurrence of NMIBC



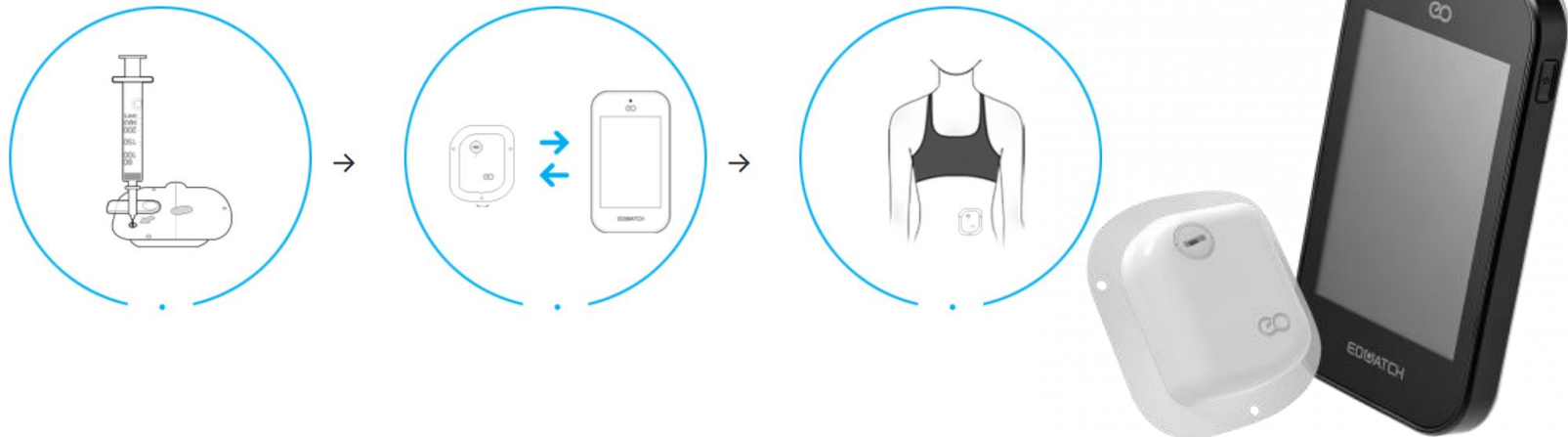
ExAblate® Neuro with INSIGHTEC

- World's first Incisionless Surgery platform which uses focused ultrasound with submillimeter accuracy to treat deep in the brain— all without making a single incision.
- Only focused ultrasound device with FDA approval to treat in the brain
- Operates in 60 major hospitals around the world including US, Europe and Asia
- Current indications – essential tremor, tremor-dominant Parkinson's disease
- **Expected to proceed in 2020**



Wearable Insulin Pump with EOFLOW

- 1st patch type insulin pump in Korea
- Easy to carry and to use
- **Achieved approval(Jun. 19) → Complete Clinical Trial(1Q. 20) → Launch(2H. 20)**
- 1 patch for 3.5 consecutive days



Expansion of Indications & Development of Low molecular Botulinum Toxin Product

Indication expansion

Lateral periorbital lines (May receive approval in 3Q '20)

Upper limb spasticity (May receive approval in 2021)

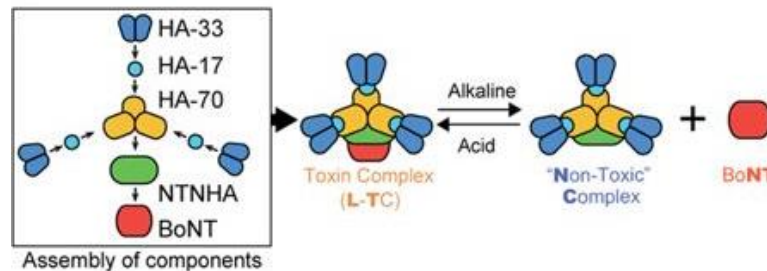
Square jaw (IND application is expected in 2Q '20)

“expansion of Therapeutic Indication”

Low molecular Botulinum Toxin product

Low molecular Botulinum Toxin that lowers immunogenicity compared to the 900kDa of original product

May receive approval of IND Clinical Trial Phase 1 for Glabellar Lines in 1Q '20

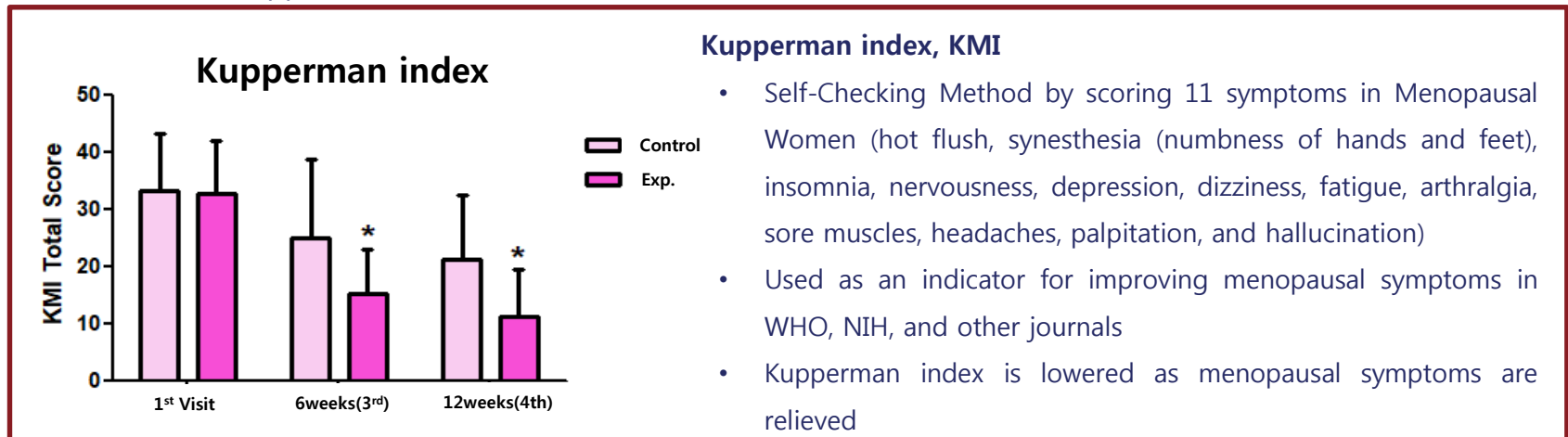
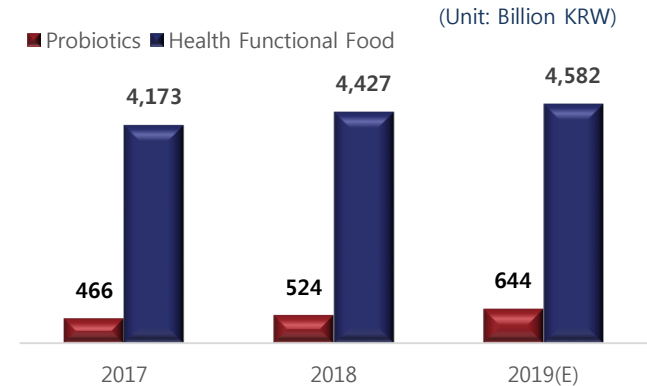


HUC2-007
Eye drops with nanoparticles

HUB1-023 Thymosin β_4

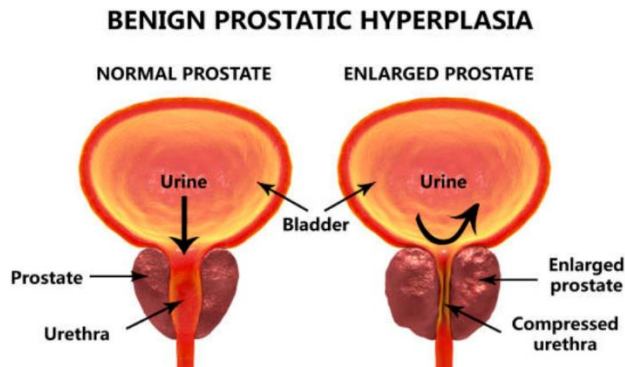
YT1 Probiotics

- 2019. 10 Certified as a Functional Ingredients
(Authorized function : Help menopausal women's health)
- Korea's first female menopausal health improvement Individually recognized Probiotics
- Registered as Korean Patent, and Applied for Patents in US/EU/Japan
- Estimated Health Functional Food market 4,582 billion KRW(YOY +3.5%) and Probiotics market 644 billion KRW(YOY +18.8%)
(Korea Health Supplements Association)

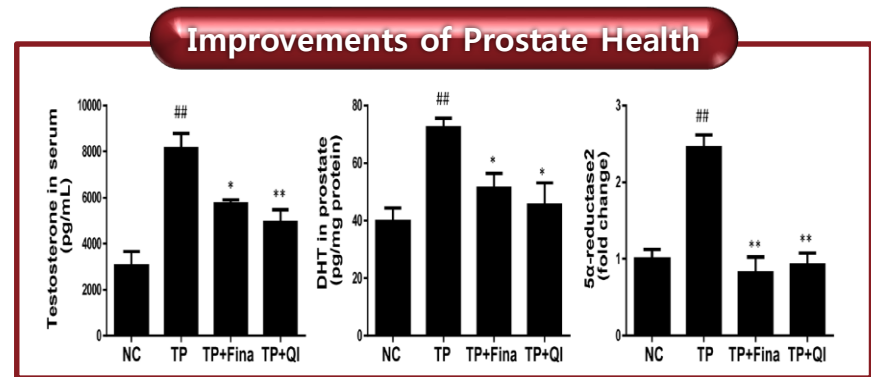


Develop ingredients for improving Prostate Health

- Application functionality : Prostate Health
- Apply for Korean Patent
- Estimated Submission of approval application as a ingredient(Dec. 2019)



Everything You Need To Know About Benign Prostatic Hyperplasia
 June 25, 2018/in Blog /by Georgia UrologyBy Dr. Lewis S. Kriteaman

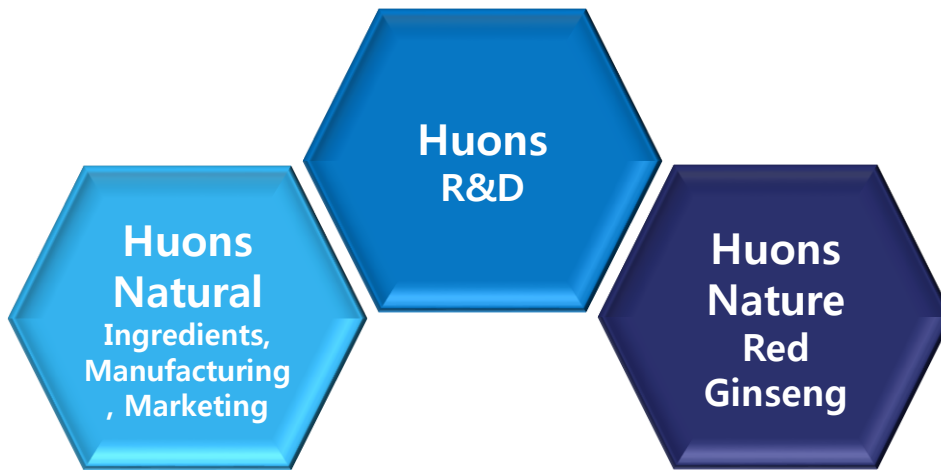


| Sort | Code | Indication | Status | Release | | | | | | |
|------------------------|-----------|------------------------------|---------------------------------|---------|------|------|------|------|------|------|
| | | | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| IMD | HUC2-263 | Antiemetic | Submission | | ● | | | | | |
| | HUC3-244 | Prostatic hyperplasia | Birotrophic test | | ● | | | | | |
| | HUC2-216 | Antithrombotics | Phase I | | | | | ● | | |
| | HUC2-255 | Antidiabetes | Phase I | | | | | | | ● |
| | HUC2-287 | Allergic conjunctivitis | Preclinical | | | | | | ● | |
| | HUC2-007 | Dry eye syndrome | Phase III | | ● | | | | | |
| Synthetic New Drug | HUC1-259 | Liver disease | Preclinical | | | | | | | ● |
| | HUC1-288 | Heart failure | Preclinical | | | | | | | ● |
| Biologic Drug | HGB1-001 | Lateral periorbital line | Phase I/III | | ● | | | | | |
| | HGB1-001 | Upper limb spasticity | Phase I | | | ● | | | | |
| Bio-new drug | HUB1-023 | Dry eye syndrome | Preclinical | | | | | | ● | |
| Medical Appliances | - | Premature Birth Prevention | Submission | | ● | | | | | |
| | - | Musculoskeletal Pain Relief | Submission | | ● | | | | | |
| Health Functional Food | HUN1-208 | Menopause | Approved | ● | | | | | | |
| | HUF2-032 | Prostate | Completed Human applicable test | | ● | | | | | |
| | HUN2-258 | Reduction of Body fat | Preparing Human applicable test | | | ● | | | | |
| | RDN-18008 | Improvement in sleep quality | Preclinical | | | | ● | | | |
| | HUN1-289 | Reduction of Body fat | Preclinical | | | | | ● | | |

“Expect sales and operating profit surplus conversion of Health Functional Food Business”

(Unit: 100 million)

▪ Maximizing Huons Group’s Synergy



▪ “Presenting New trend of Health Functional Food Market”

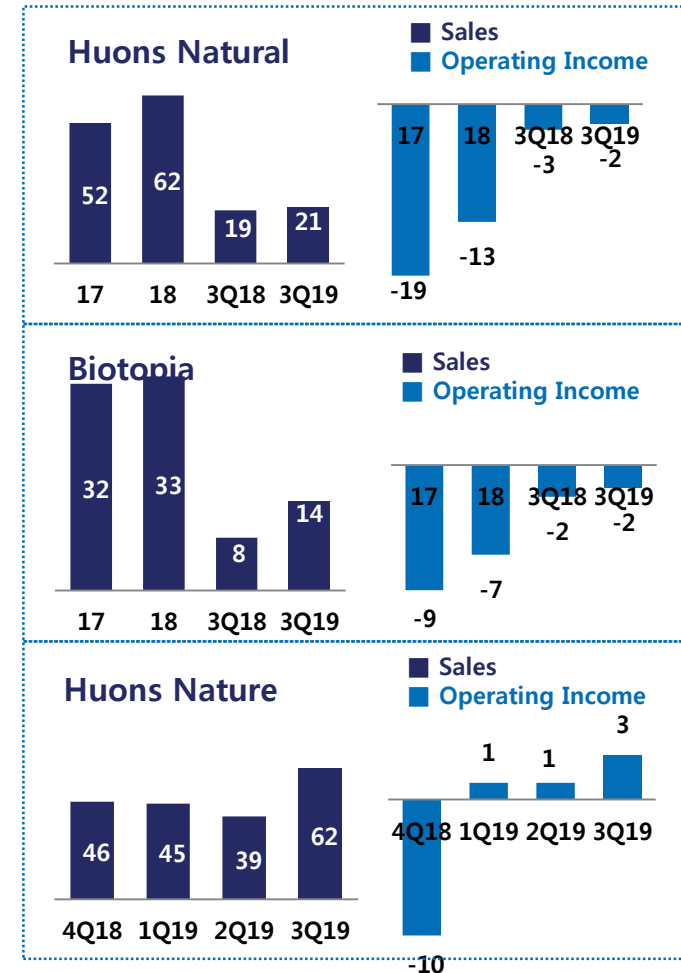
by developing a **new functional ingredient** .

(2017 Honey bush, schedule to release new ingredients)

- Diversify the portfolio by Renewal, securing new distribution channels, and release new products

※ 2019.10.29 Huons Natural absorbed and merged Biotopia

[Sustain Sales growth & Deficit-reduction]



Consolidated

(Unit : Million KRW)

| | 3Q 2019 | 2018 |
|--|----------------|----------------|
| Current assets | 181,684 | 171,906 |
| Non-current assets | 98,812 | 79,464 |
| Total assets | 280,496 | 251,371 |
| Current liabilities | 86,054 | 76,135 |
| Non-current liabilities | 5,826 | 7,553 |
| Total liabilities | 91,880 | 83,688 |
| Controlling interests | 184,517 | 163,269 |
| Issued capital | 4,492 | 4,084 |
| Capital surplus | 73,561 | 73,609 |
| Capital adjustment | (3,248) | (3,063) |
| Accumulated other comprehensive income | 1,023 | 946 |
| Retained earnings | 108,689 | 87,693 |
| Non-controlling interests | 4,100 | 4,414 |
| Total equity | 188,617 | 167,682 |

| | 3Q 2019 | 2018 |
|---|----------------|----------------|
| Revenue(Sales) | 264,253 | 328,595 |
| Cost of sales | 119,388 | 147,040 |
| Gross profit | 144,865 | 181,555 |
| Selling general administrative expenses | 110,139 | 136,303 |
| Operating income | 34,727 | 45,252 |
| Equity method gains/losses | (763) | (764) |
| Profit (loss) before tax | 35,800 | 55,966 |
| Income tax expense | 8,116 | 11,371 |
| Net income | 27,683 | 44,595 |
| Earnings per share | 3,143 | 5,040 |

Separate

(Unit : Million KRW)

| | 3Q 2019 | 2018 |
|--|----------------|----------------|
| Current assets | 166,616 | 159,529 |
| Non-current assets | 98,646 | 80,408 |
| Total assets | 265,261 | 239,937 |
| Current liabilities | 74,188 | 69,669 |
| Non-current liabilities | 1,753 | 3,605 |
| Total liabilities | 75,940 | 73,274 |
| Issued capital | 4,492 | 4,084 |
| Capital surplus | 73,958 | 73,958 |
| Capital adjustment | (1,169) | (984) |
| Accumulated other comprehensive income | 1,198 | 1,198 |
| Retained earnings | 110,841 | 88,406 |
| Total equity | 189,321 | 166,663 |

| | 3Q 2019 | 2018 |
|---|----------------|----------------|
| Revenue(Sales) | 243,200 | 313,390 |
| Cost of sales | 102,472 | 134,865 |
| Gross profit | 140,727 | 178,526 |
| Selling general administrative expenses | 105,470 | 130,544 |
| Operating income | 35,257 | 47,982 |
| Profit (loss) before tax | 37,671 | 54,988 |
| Income tax expense | 8,303 | 11,572 |
| Net income | 29,368 | 43,415 |
| Earnings per share | 3,274 | 4,838 |

Thank you