



Huons

Investor Relations

2020.1Q



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 1Q 2020

- Consolidated sales revenue of KRW 95bn, operating profit of KRW 11bn, and net income of KRW 10bn (YoY 14.5%, -5.5%, 1.6% respectively)
- Separated sales revenue of KRW 86bn, operating profit of KRW 12bn, and net income of KRW 11bn → Op. margin of 14.5%

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

- Individual Approval of *L.acidophilus* YT1 used for climacteric women (Oct. 2019)
- Domestic clinical trial of Phase 2 for Eye drops with nanoparticles is completed, IND clinical trial application in Europe is expected (Dec. 19)
- Domestic Approval of IND clinical trial for Square Jaw(May. 20)

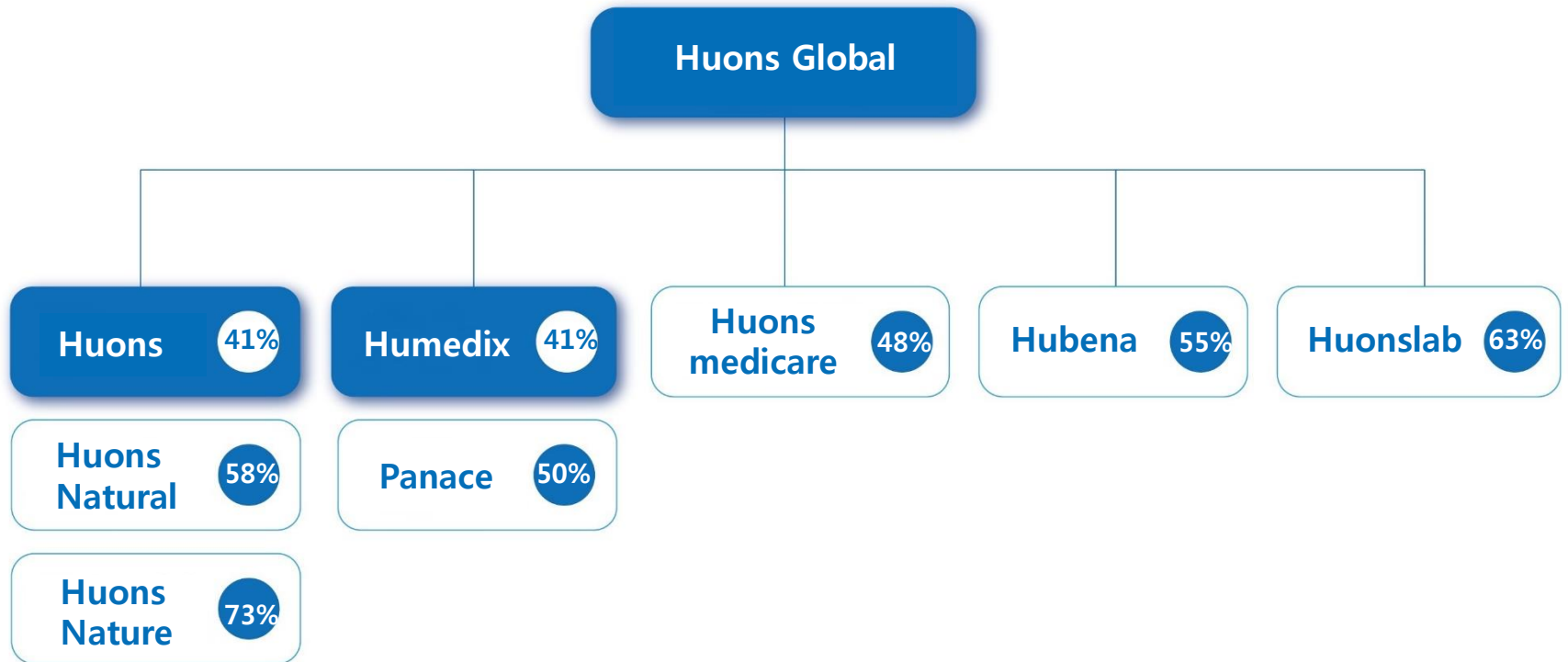
New product

- Launched Health Functional Food(*L.acidophilus* YT1) 'elruby' (Apr. 20)

Contents

- 01 Company summary
- 02 Vision
- 03 Financial Performance
- 04 Open Innovation
- 05 R&D
- 06 Subsidiary Companies & Summary of Financial Statement

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



**Huons Group
: 1,511 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

Lim, Duck Ho

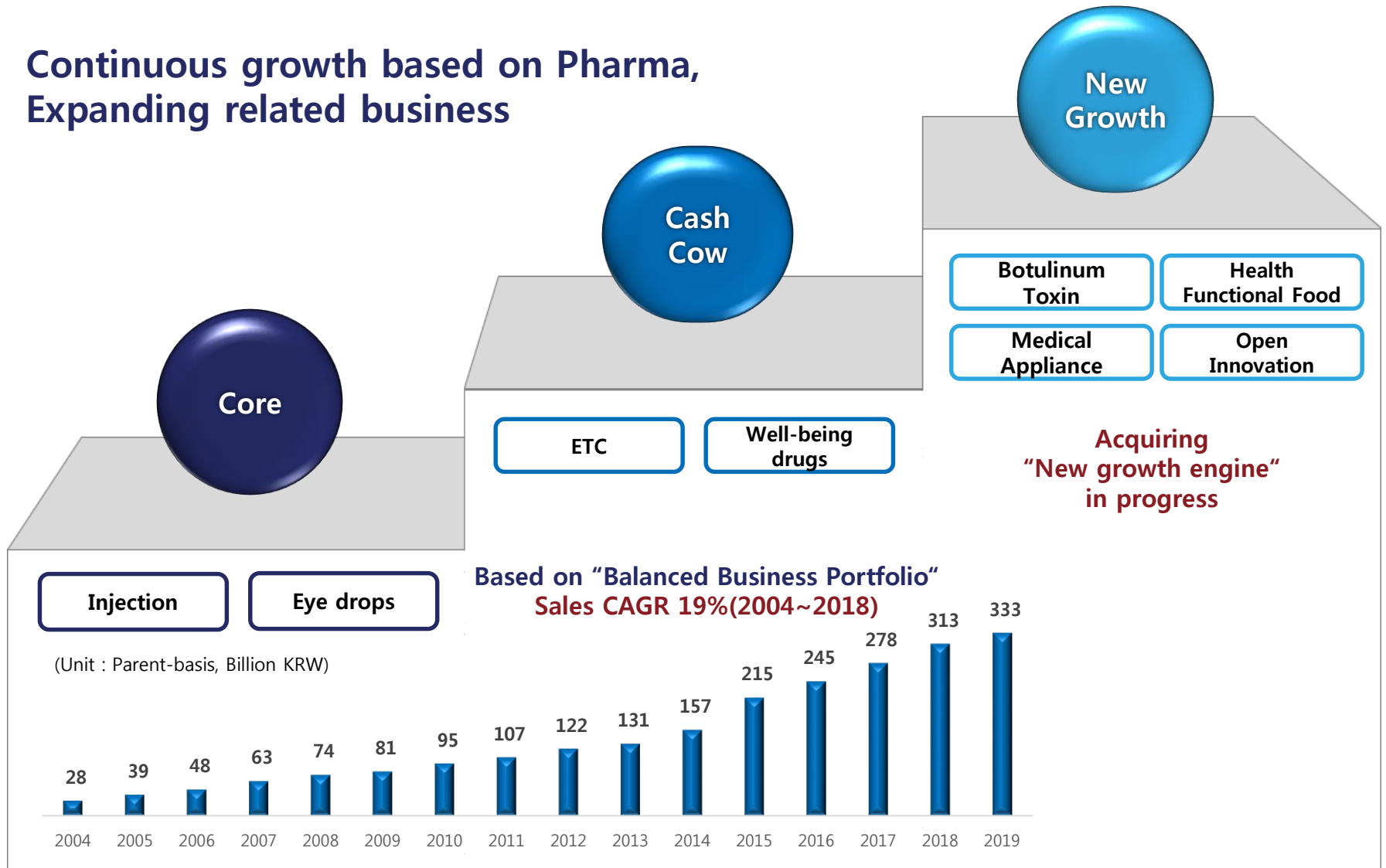
**Director
Outside Director**

Chair professor
at Hanyang Univ

Outside Director
of KAIT

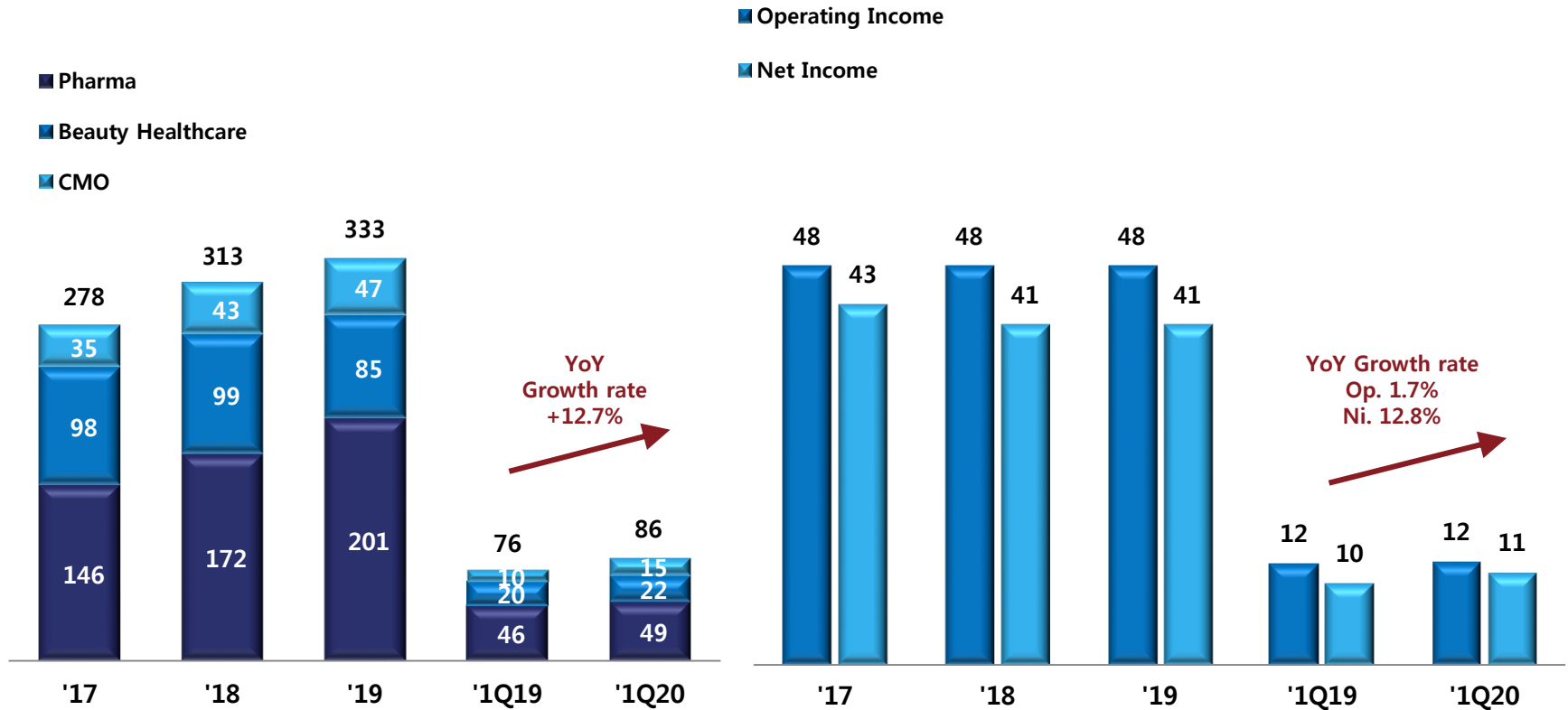
13th President of
Hanyang Univ

Continuous growth based on Pharma,
Expanding related business



“Sustaining Solid Sales growth & Stable profit”

(Unit: Billion KRW)



[Consolidated]

	2017	2018	2019	1Q19	1Q20
Sales	285	329	365	826	946
Operating Income	36	45	48	120	114
Net Income	35	45	37	94	96

Share of sales 57.3% (1Q Sales 49bn YOY +6.3%)

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)
- 0.75% Bupivacaine 2ml Ampoule is approved ANDA(Dec. 19)
- Submit ANDA approval for two Local anesthetics products

Share of sales 25.6% (1Q Sales 22bn YOY 11.8%)

- Aesthetic export sales transfer to Humedix, Panace since 2019

Well-being drugs
84%

- 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 11%

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



Medical Appliance 5%

- Dexcom G5® Mobile CGM System : successful launch in domestic market (Nov. 18), Received Approval for G6(Feb. 20)
- Expansion in Medical Appliance business(EOPatch, PRP, ExAblate etc)



“Exclusive right of sales”



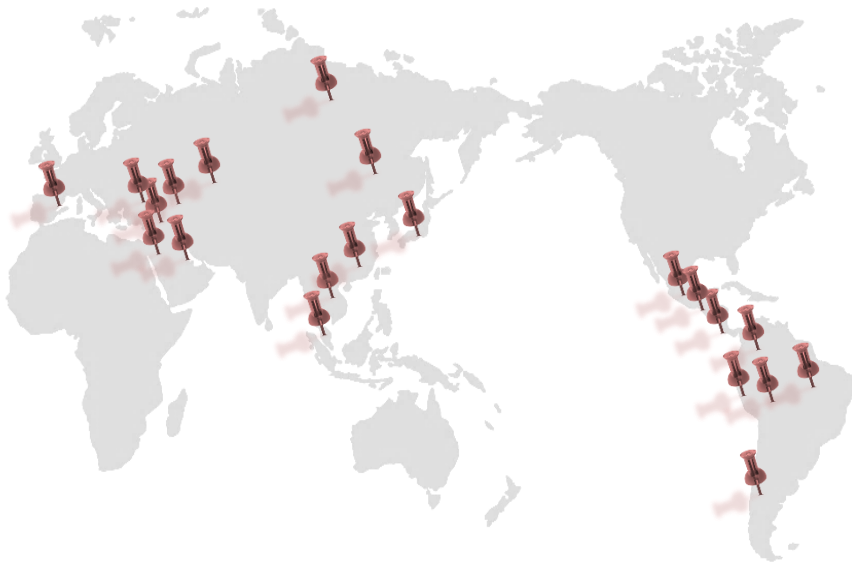
- Received approval for export license (Oct. 16)
- Export to **South-East Asia, Middle East, Latin America**

“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”



Nation	Date of contract	Nation	Date of contract
Europe	2018.04	Turkey	2019.02
Kuwait	2018.05	Singapore, Malaysia	2019.03
Brazil, Ukraine	2018.06	Dominican Republic, CIS	2019.06
Russia	2018.07		
Lebanon	2018.08	Peru, Chile, Pakistan	2019.08
China	2018.09	Bolivia, Colombia	2019.09
Mexico	2018.10	Panama, Nicaragua	2019.12
Japan	2018.11	Vietnam	2020.02

- 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 in 5-minute intervals
 - Measures, trend arrows and graphs, help with treatment decision with alarm beep



Dexcom G5

- 1 Sensor for 7 days, 1 transmitter for 3 months



Dexcom G6

New

- 1 Sensor for 10 days, 1 transmitter for 3 months
- Improving patient convenience(One touch Sensor)
- Approved KFDA(Mar. 20), Release 2H 2020



Share of sales 17% (1Q Sales 15bn YOY +43.9%)

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

Medicines 54%

- Produce 205 items such as injections and tablets



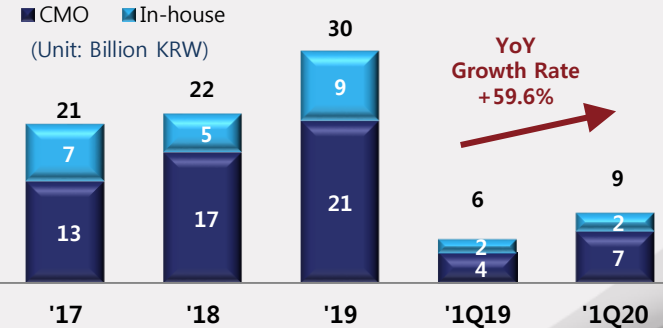
Eye drops 46%

- 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

ILDONG 일동제약

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
 Medical device for treating bladder cancer
 Cancer – Diagnosis, Treatment, Assistance**

Expansion of Indications & Development of Low molecular Botulinum Toxin Product

Indication expansion

Crow's Feet lines (May receive approval in 3Q '20)

Post-Stroke Upper limb spasticity(May receive approval in 2022)

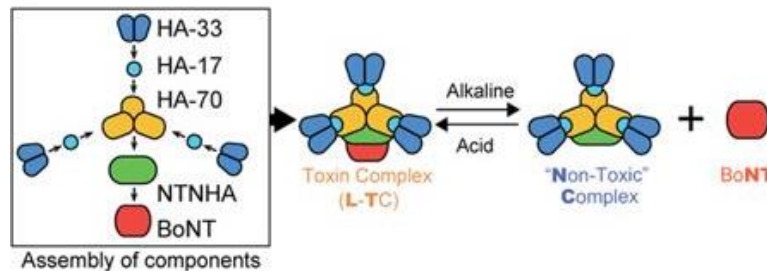
Square jaw(IND application is expected in 2Q '20)

"expansion of Therapeutic Indication"

Low molecular Botulinum Toxin product

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

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



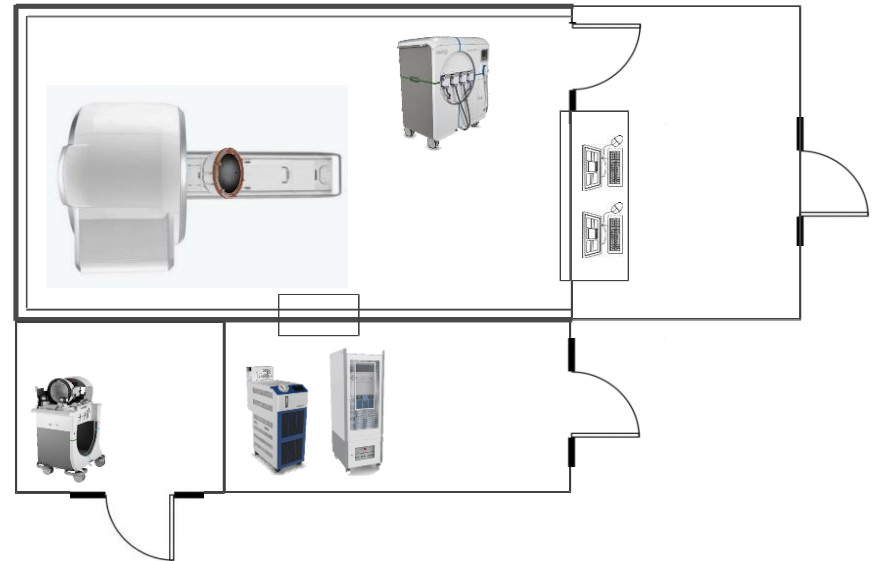
HUC2-007
Eye drops with nanoparticles

HUB1-023 Thymosin β 4

<p>Classification</p>	<p>Improved New Drug (Can be replaced by cyclosporine single eye drops and artificial tears)</p>	<p>New Medicine of Biologics</p>
<p>Development Schedule</p>	<p>Domestic clinical trial Phase 3 is in progress (Administration is completed in Dec. 2019) IND clinical trial in Europe is being prepared (Dec. 2019)</p>	<p>Domestic clinical trial Phase 2 is being prepared (Estimated date of application in Dec. 2019)</p>
<p>Characteristic</p>	<p>The same anti-inflammatory effect even with cyclosporine concentration which is more than twice as low as Restasis concentration</p>	<p>Gene recombinant production technology - lower production cost compared to synthetic peptides</p>
<p>Efficacy</p>	<p>The dual effect of anti-inflammatory and ocular protection</p>	<p>Double effects of tear film stabilization and anti-inflammatory action through promotion of mucus secretion</p>
<p>Mechanism of action</p>		

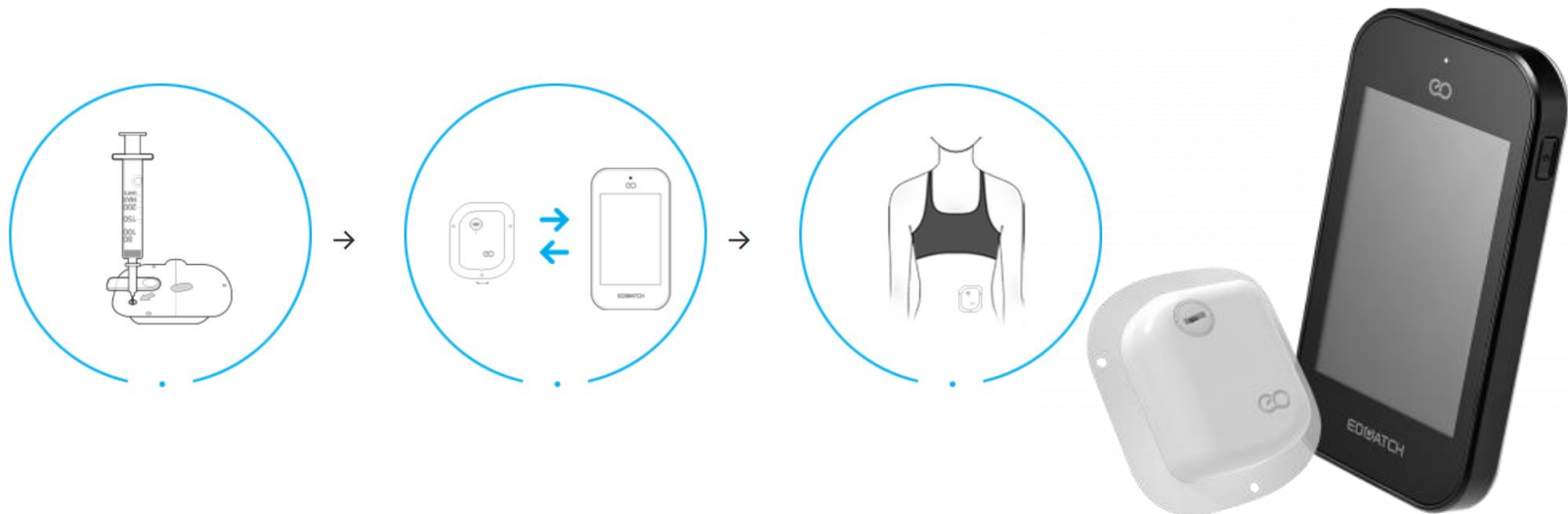
ExAblate® Neuro with INSIGHTEC

- 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

- 1st patch type insulin pump in Korea
- Easy to carry and to use
- **Achieved approval(Jun. 19) → Complete Clinical Trial(2Q. 20) → Launch(2021)**
- 1 patch for 3.5 consecutive days

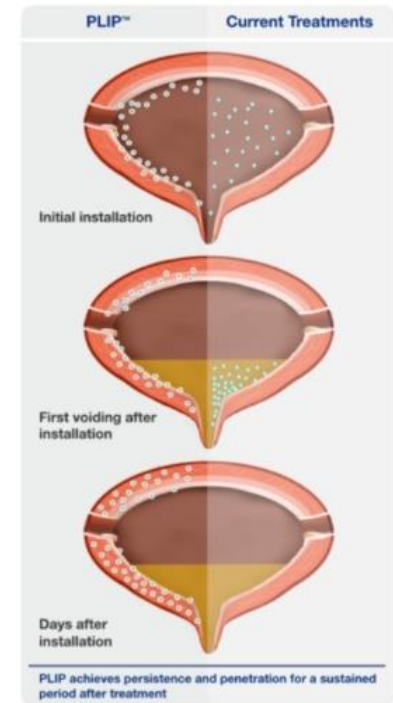
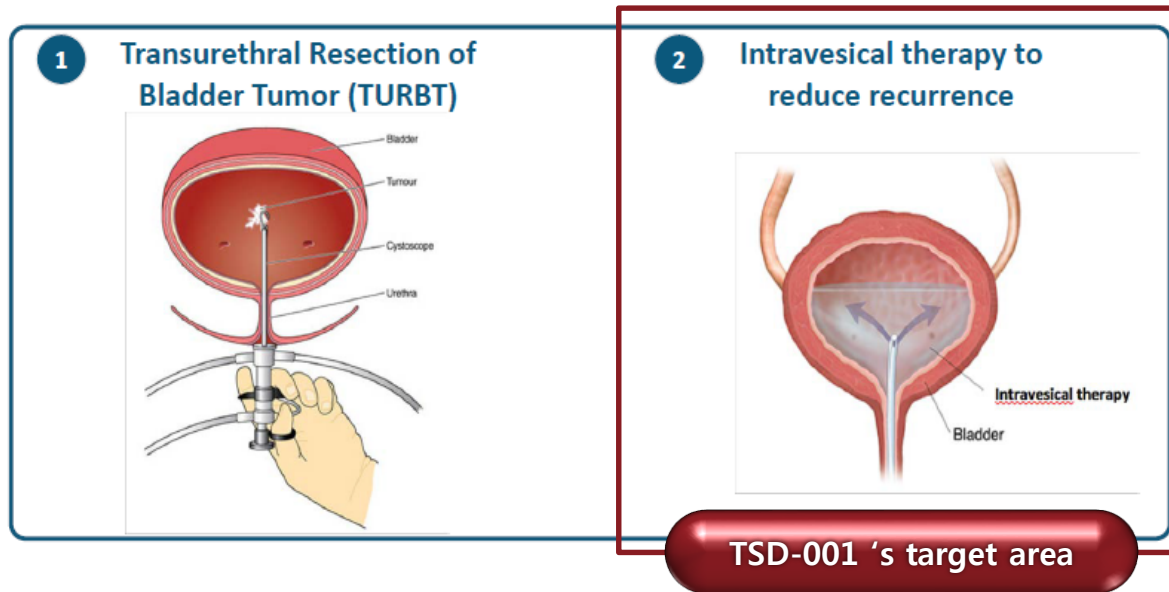


Bladder cancer treatment (TSD-001) with



- 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)

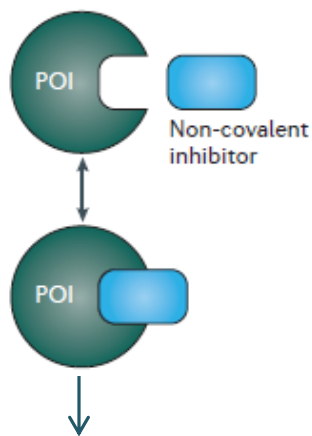
Current Standards of Care (SOC): Adjunct intravesical therapies are used post surgery to reduce occurrence of NMIBC



PROTAC(Proteolysis-targeting chimaera)



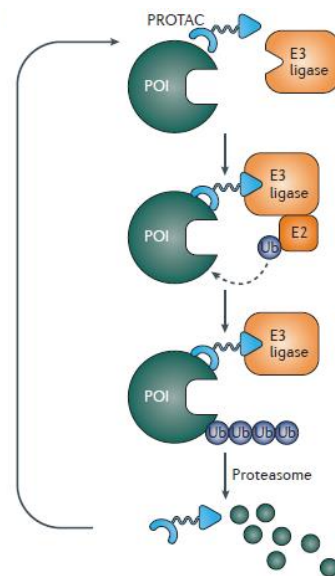
General Synthetic New Drugs



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



Menolacto Probiotics

- 2019. 10 Certified as a Functional Ingredients
(Authorized function : Help menopausal women's health)
- Korea's first and only one female menopausal health improvement Individually recognized Probiotics
- Deposit germ at KMCC(KCCM11808P) : *L.acidophilus* YTI
- Registered as Korean Patent, and Applied for Patents in US/EU/Japan

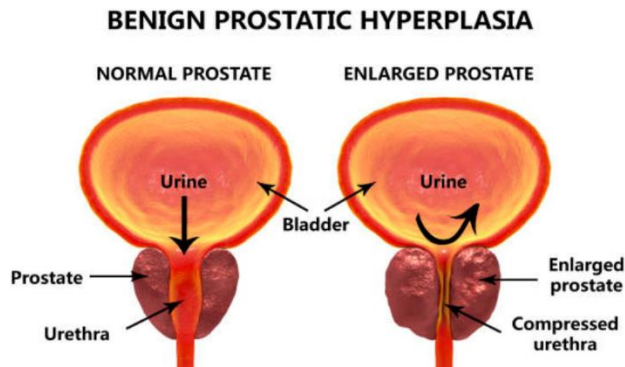
Improvement for menopause

- 1) Identify the improvement for Kupperman index, KMI
- 2) Confirm the significant improvement for Modified KI
- 3) Confire the improvement for MENQOL

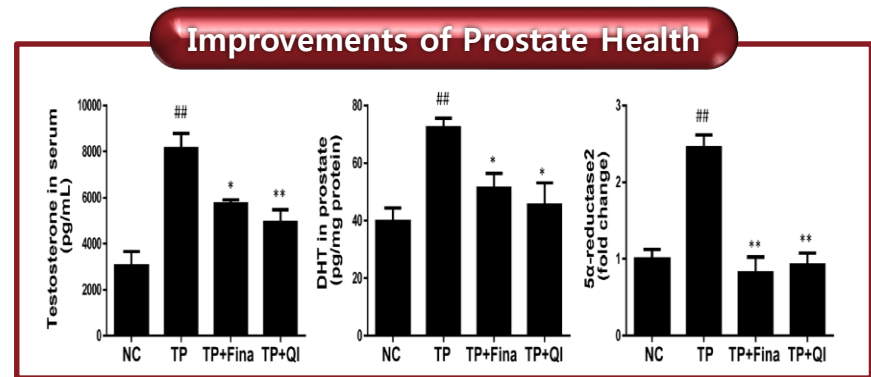


Develop ingredients for improving Prostate Health

- Application functionality : Prostate Health
- Apply for Korean Patent
- Estimated Submission of approval application as a ingredient(Jan. 20)



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		●					
	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	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					●		

👉 Estimated time of release may be changed slightly

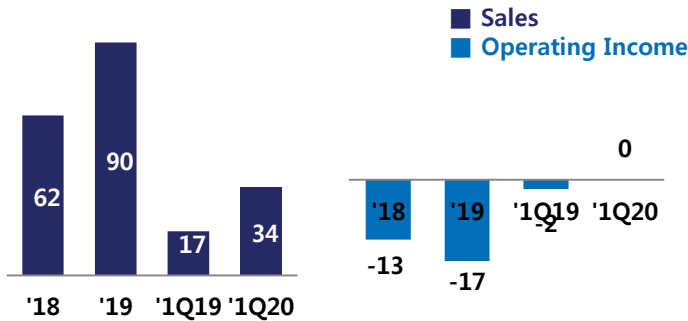
(Unit: 100 million)

▪ Targeting “Silver-care Health Functional Food Business”

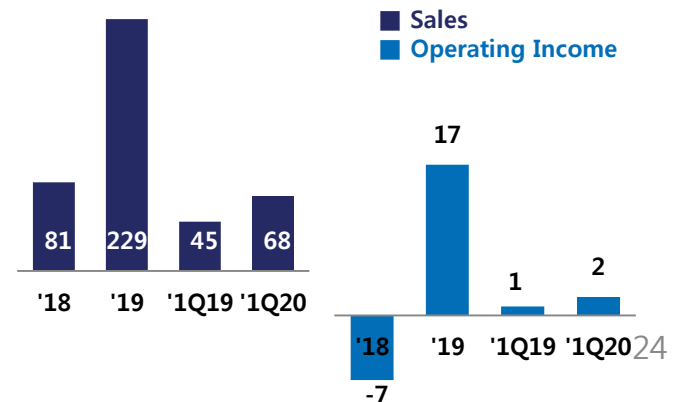
– Maximizing Huons Group’s Synergy

▪ “Presenting New trend of Health Functional Food Market” by developing a new functional ingredient .

Huons Natural(Ingredients, Manufacturing, Marketing)



Huons Nature(Ginseng)



※ 2019.10.29 Huons Natural absorbed and merged Biotopia

Consolidated

(Unit : Million KRW)

	2020. 1Q	2019
Current assets	213,101	200,978
Non-current assets	100,451	99,363
Total assets	313,552	300,342
Current liabilities	105,555	96,213
Non-current liabilities	6,359	5,907
Total liabilities	111,914	102,120
Controlling interests	197,935	194,515
Issued capital	4,940	4,492
Capital surplus	73,659	73,659
Capital adjustment	(3,248)	(3,248)
Accumulated other comprehensive income	1,051	909
Retained earnings	121,533	118,703
Non-controlling interests	3,703	3,706
Total equity	201,638	198,221

	2020. 1Q	2019
Revenue(Sales)	94,577	365,019
Cost of sales	44,370	165,024
Gross profit	50,208	199,995
Selling general administrative expenses	38,821	151,597
Operating income	11,387	48,398
Equity method gains/losses	(317)	(1,991)
Profit (loss) before tax	12,157	47,829
Income tax expense	2,603	10,416
Net income	9,554	37,413
Earnings per share	969	4,259

Separate

(Unit : Million KRW)

	2020. 1Q	2019
Current assets	198,822	185,102
Non-current assets	100,103	98,981
Total assets	298,924	284,083
Current liabilities	91,444	81,706
Non-current liabilities	2,107	1,776
Total liabilities	93,552	83,483
Issued capital	4,940	4,492
Capital surplus	73,958	73,958
Capital adjustment	(1,169)	(1,169)
Accumulated other comprehensive income	1,198	1,198
Retained earnings	126,444	122,120
Total equity	205,373	200,600

	2020. 1Q	2019
Revenue(Sales)	85,732	333,128
Cost of sales	36,009	139,905
Gross profit	49,723	193,223
Selling general administrative expenses	37,275	145,252
Operating income	12,448	47,972
Profit (loss) before tax	13,691	51,306
Income tax expense	2,639	10,659
Net income	11,052	40,647
Earnings per share	1,120	4,531

Thank you