



**Huons**

Investor Relations

2020.4Q

# Disclaimer

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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.



**Huons**

## Key Highlights

### 1. Financial Performance in 2020

- Consolidated sales revenue of KRW 407bn, operating profit of KRW 54bn, and net income of KRW 57bn (YoY 11.4%, 11.8%, 51.2% respectively)
- Separated sales revenue of KRW 366bn, operating profit of KRW 52bn, and net income of KRW 49bn → Op. margin of 14.1%

### 2. New Facility Investment

- 2nd Plant under construction(eye drops only)  
– Completed in 2022, Operation in 2023

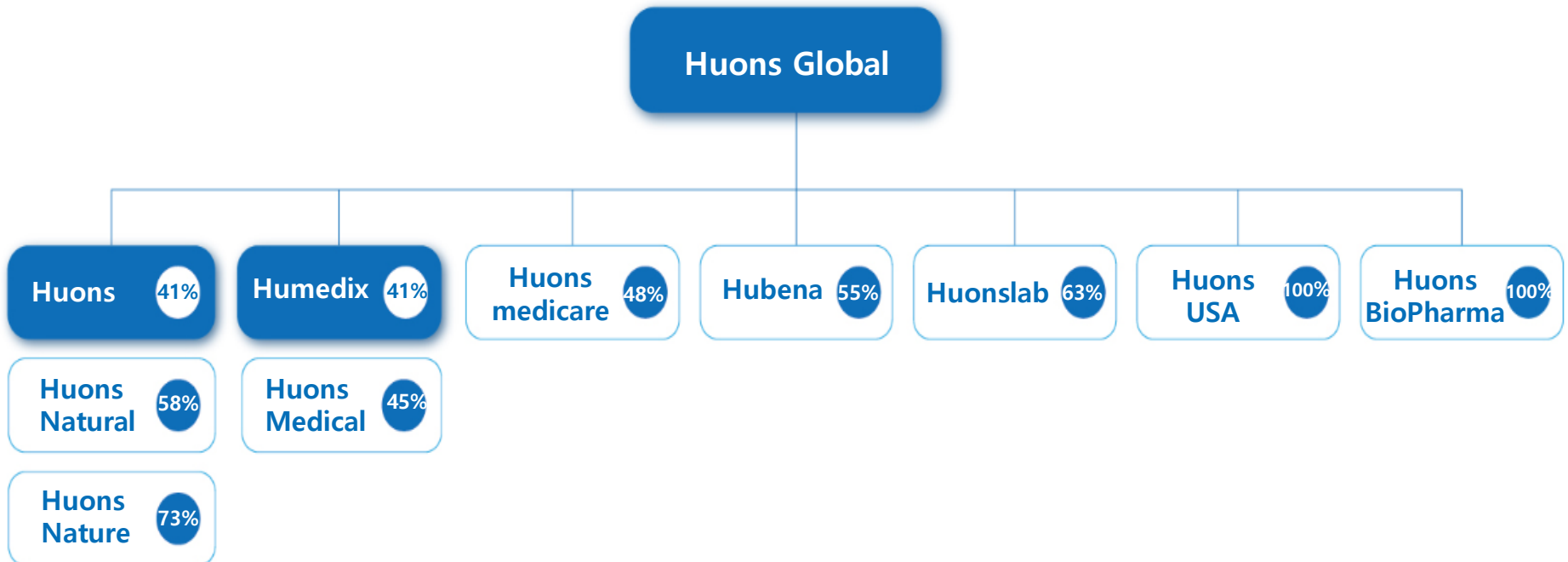
### 3. R&D and New Product

- |             |  |
|-------------|--|
| R&D         | <ul style="list-style-type: none"><li>● Domestic Approval of clinical trial IND for Square Jaw(May. 20)</li><li>● Domestic clinical trial Phase 3 for Eye drops with nanoparticles completed, apply for permission(Jun. 20) European clinical trial IND approved(May. 20)</li><li>● Domestic Approval of clinical trial IND for HU024(Oct. 20)</li></ul> |
| New Product | <ul style="list-style-type: none"><li>● Launched Health Functional Food(<i>L.acidophilus</i> YT1) 'elruby' (Apr. 20)</li></ul>   |

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



**Huons Group**  
: 1,551 people

**KOSDAQ listed**

**Um, Keh An**

**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**

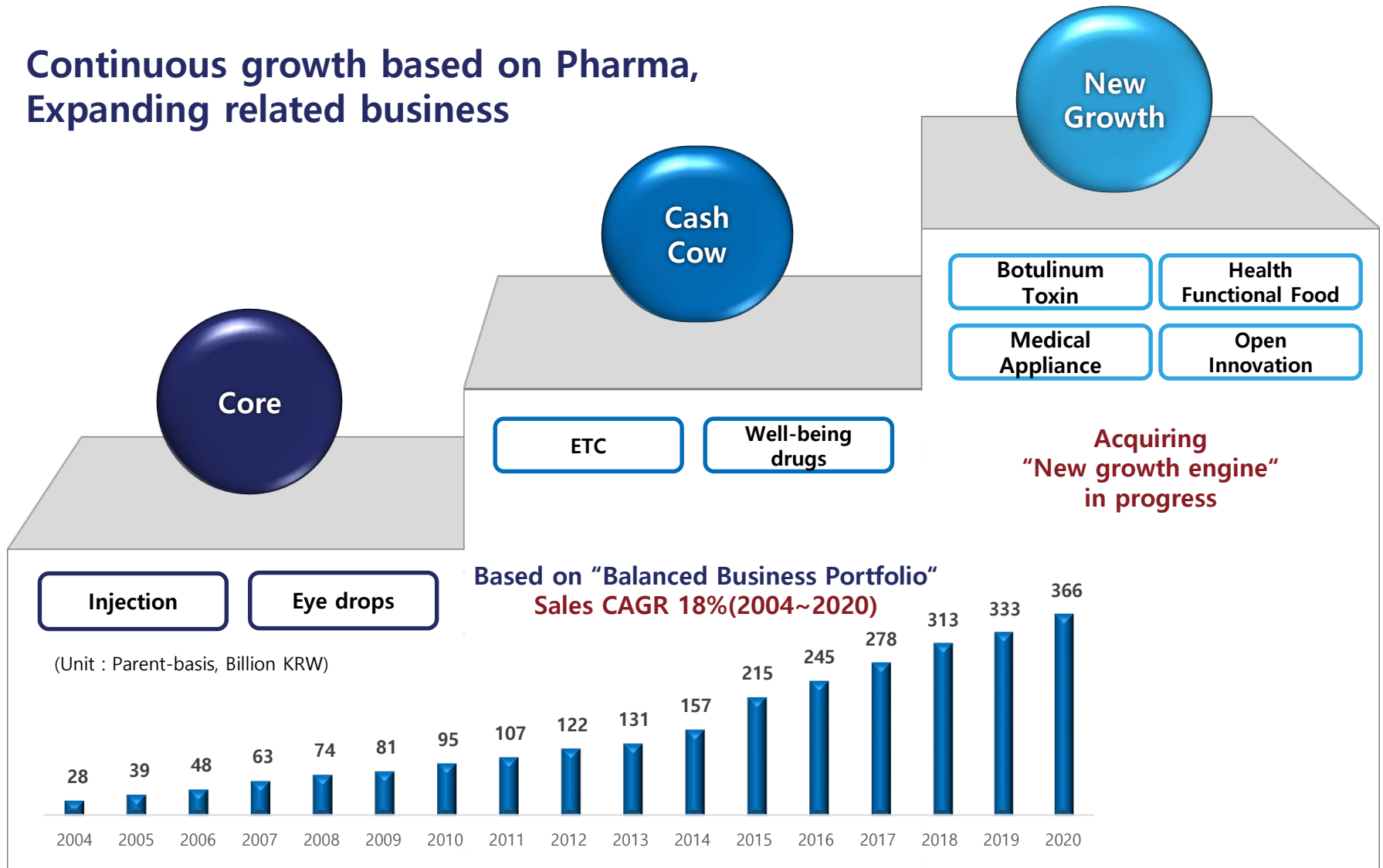
**Director  
Outside Director**

Chair professor  
at Hanyang Univ

Outside Director  
of KAIT

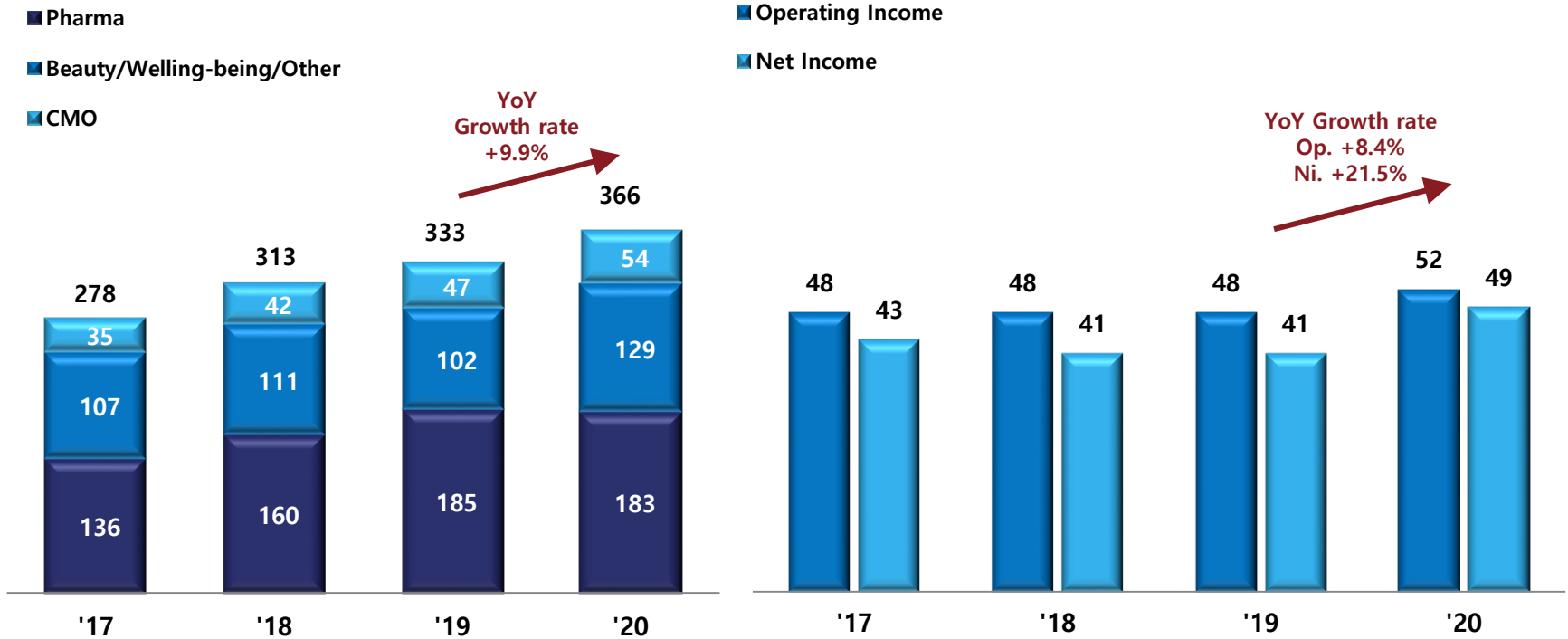
13<sup>th</sup> President of  
Hanyang Univ

Continuous growth based on Pharma,  
Expanding related business



## “Sustaining Solid Sales growth & Stable profit”

(Unit: Billion KRW)



[Consolidated]

	2017	2018	2019	2020
Sales	285	329	365	407
Operating Income	36	45	48	54
Net Income	35	45	37	57





**Pharma(ETC)**

- Medications that require prescription
- Multiple items(eye drops, injections etc.)
- A comprehensive portfolio covering various fields



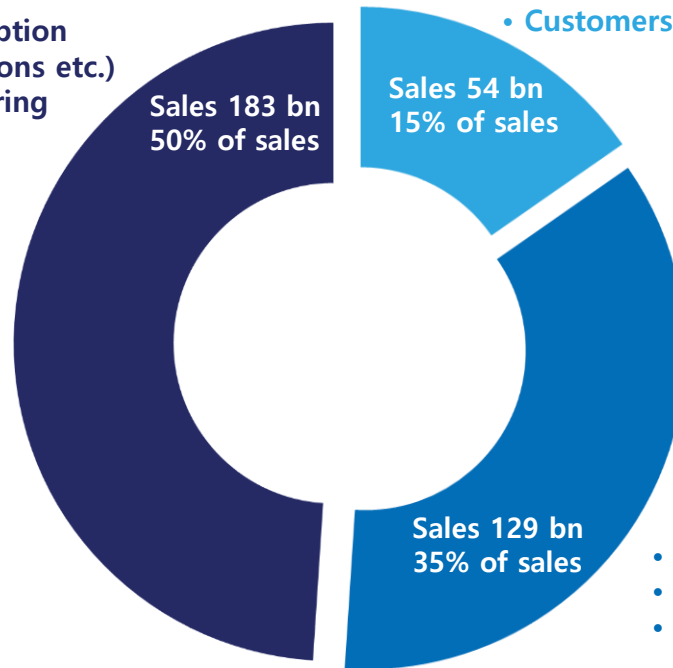
**CMO**

- Produce medications using Huons' Plant
- Customers : Domestic and foreign pharmaceutical companies



**Beauty·Well-being·Other**

- Medicines and others for health maintenance
- Expanding portfolio to related items
- Well-being / Obesity / Pain / Botulinum Toxin / Health Functional Food / Medical appliance



※ Aesthetic export sales transfer to Humedix, Panace since 2019

2020 Sales 183 bn YOY -0.7%



#### Comprehensive Portfolio

- Develop 1<sup>ST</sup> IMD and Generic and secure a priority sales rights
- **About 300 different medicines can provide one-stop solution**
- Can provide multiple solutions in conjunction with well-being medicine, medical device

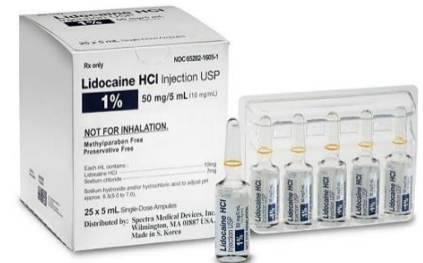
#### Specialized in Injection

- 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 'ANDA' Approval Export to "USA"

- 0.9% Sodium Chloride 5ml, 10ml Ampoule(Jul. 17)
- 1% lidocaine 5ml Ampoule(Apr. 18)
- 0.75% Bupivacaine2ml Ampoule(Dec. 19)
- 1% lidocaine 5ml Vial(May. 20)
- Submit for 1 more Local anesthetics product



**2020 Sales 129 bn YOY +26.3%**


<b>Well-being</b>	<ul style="list-style-type: none"> <li>▪ Establish a systematic protocol under the Rainbow concept</li> <li>▪ Produce a number of vitamin and mineral injections</li> <li>▪ Market leader in Well-being Injections</li> </ul> 
<b>Obesity</b>	<ul style="list-style-type: none"> <li>▪ Compose line-up under HOPE(Healthy Obesity treatment Project) slogan</li> <li>▪ Having various mechanisms related to obesity</li> <li>▪ Customized protocols can be provided</li> </ul> 
<b>Pain</b>	<ul style="list-style-type: none"> <li>▪ The whole field of drugs and behavior for acute musculoskeletal disorders</li> <li>▪, Have a wide range of product lines(HA·PDRN injections, PRP etc.)</li> <li>▪ Comprehensive solutions can be provided in conjunction with ETC</li> </ul>



<b>Botulinum Toxin</b>	<b>Health Functional Food</b>	<b>Medical Appliance</b>
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#### “Exclusive right of sales”



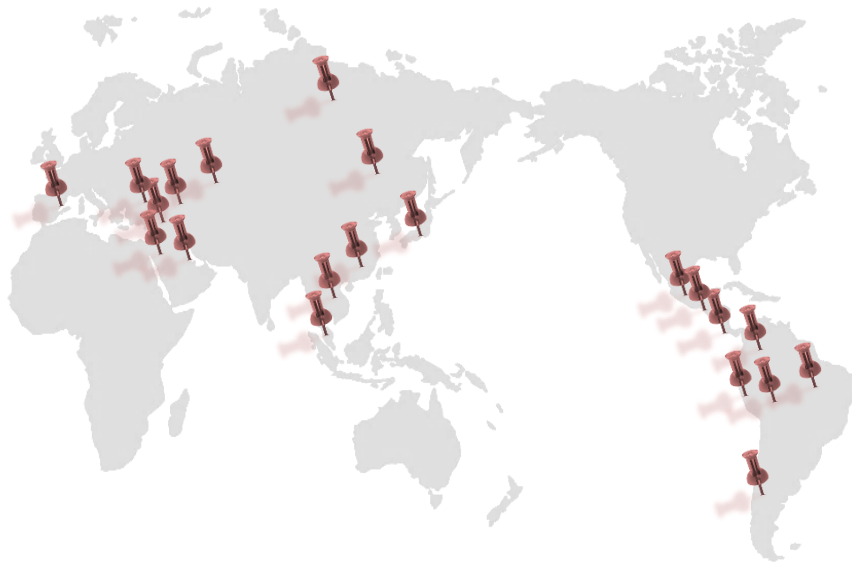
- Received approval of “Hutox” for export license (Oct. 2016)
- Export to **South-East Asia, Middle East, Latin America**

#### “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”



#### “Gradual increase of overseas registration is expected from 2021”

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	Pakistan	2019.08
China	2018.09	Bolivia, Colombia	2019.09
Mexico	2018.10	Panama, Nicaragua	2019.12
Japan	2018.11	Thailand	2020.04



## Menolacto Probiotics



- 2019. 10 Certified as a Functional Ingredients (Authorized function : Help menopausal women's health)
- **2020. 04 elruby Menolacto probiotics product released**
- Korea's first and only one female menopausal health improvement Individually recognized Probiotics
- Deposit germ at KMCC(KCCM11808P) : *L.acidophilus* YT1
- Registered as Korean Patent, and Applied for Patents in US/EU/Japan(Co-develop with KFRI)

## 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



**CGMS**

- 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

**Dexcom G5**

**New**
**Dexcom G6**


Measures glucose in 5-minute intervals → Measures, trend arrows & graphs, help with treatment decision with alarm



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

- 1 Sensor for 10 days, 1 transmitter for 3 months
- Improving patient convenience(One touch Sensor)
- Approved KFDA(Mar. 20), Released Oct. 20



2020 Sales 54 bn YOY +16.3%



**Medicine**

- Produce 205 items such as injections and tablets

**Eye-drops**

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



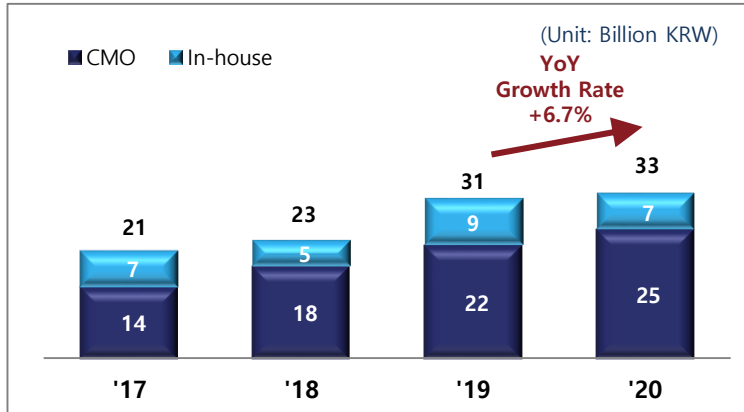
**Medicine**

- Goal of expansion into CDO business

**Customers**



※ **Total Eye drops sales : Share of sales 8%**  
 (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



**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	Joint R&D MOU	
 <p><b>Insulin pump</b></p>	 <p><b>Proteolysis-Targeting Chimaera</b> <b>New medicine for heart failure</b></p>	 <p><b>Peptide Medicine</b></p>
 <p><b>Biosimilar</b></p>	 <p><b>Microbiome Medicine &amp; Health functional food</b></p>	 <p><b>Natural medicine &amp; Health functional food</b></p>
 <p><b>Bladder Cancer Treatment</b></p>	 <p><b>Health functional food</b></p>	 <p><b>Electronic medicine</b></p>
 <p><b>Peptide medicine</b></p>	 <p><b>Natural medicine &amp; food</b></p>	 <p><b>AI based New Treatment</b></p>
 <p><b>MRgFUS</b></p>		

**New R&D Theme**

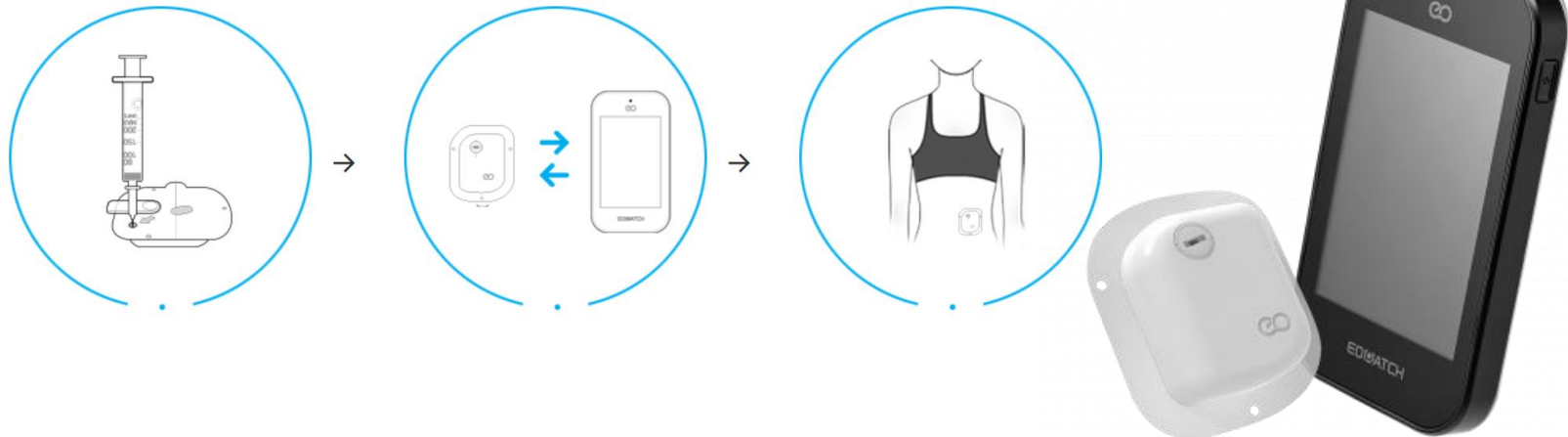
- CNS – Social anxiety Treatment
- Eye diseases(Presbyopia, myopia) Treatment
- Medical device for treating bladder cancer
- Cancer – Diagnosis, Treatment, Assistance



## Wearable Insulin Pump with

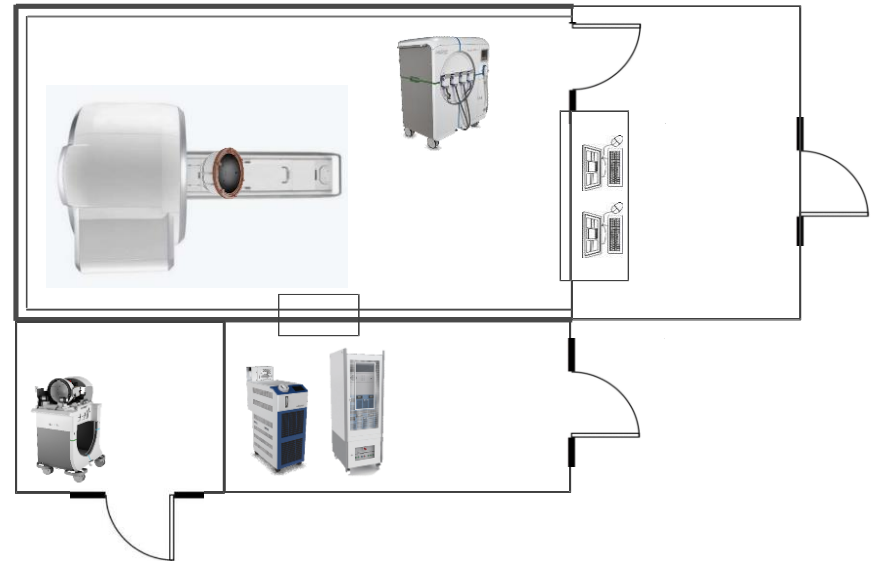


- 1<sup>st</sup> patch type insulin pump in Korea
- Easy to carry and to use
- **Achieved approval(Jun. 19) → Complete Clinical Trial(2H. 20) → Launch(2021)**
- 1 patch for 3.5 consecutive days



### 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

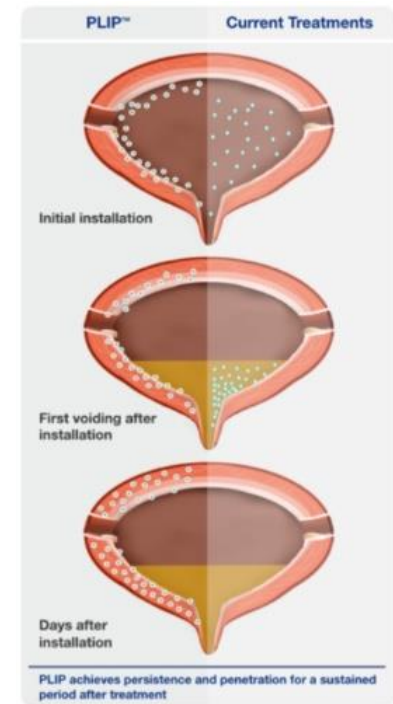
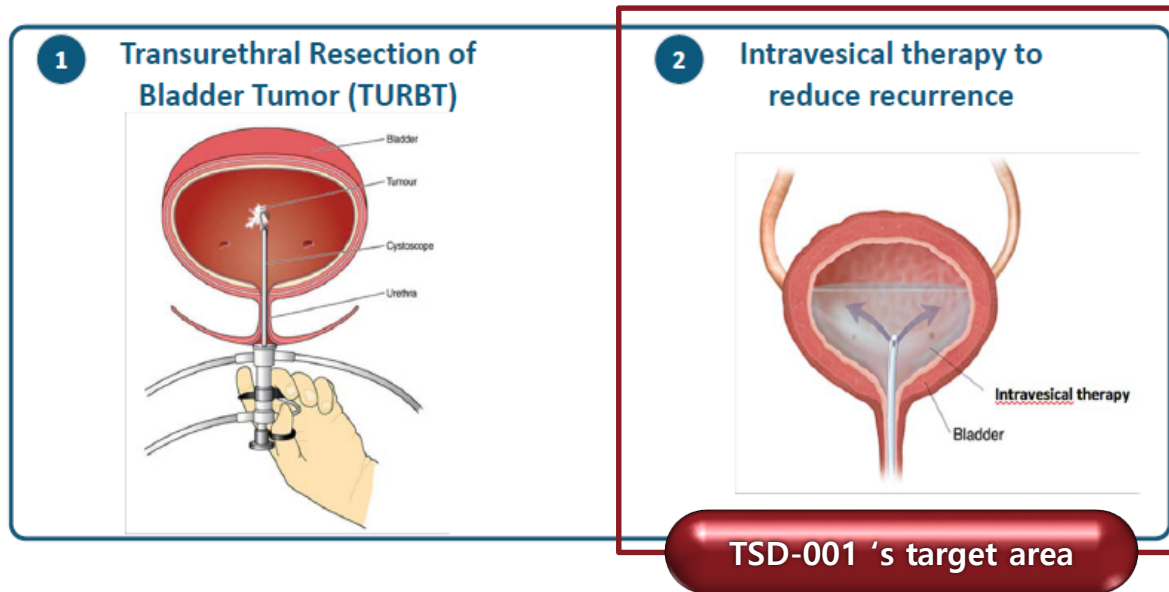


**Bladder cancer treatment (TSD-001) with**



- TSD-001 : Expect 1<sup>st</sup> FDA approval of treatment for Non-Muscle Invasive Bladder Cancer(NMIBC)
- In 2020, Clinical trial 1/2A in USA completed, global **Clinical Phase 2B/3** are planned in 2021
- Goal is to release it in 2024 (Global Market)

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

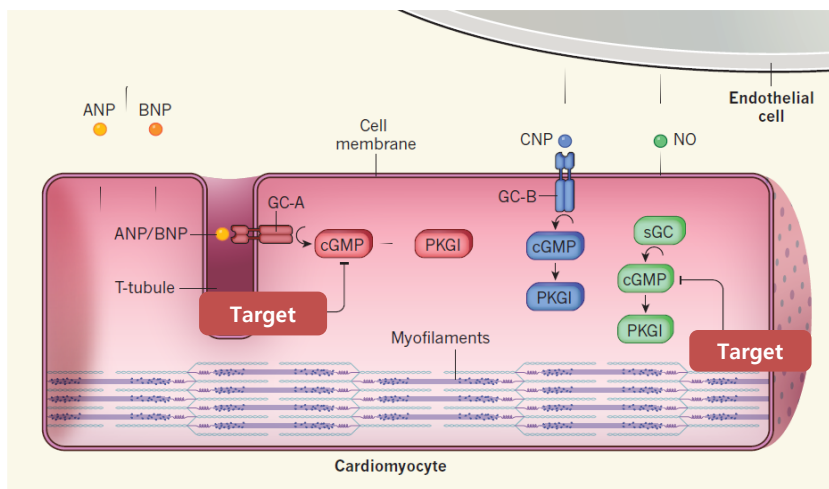


Development of Synthetic New Drugs

with



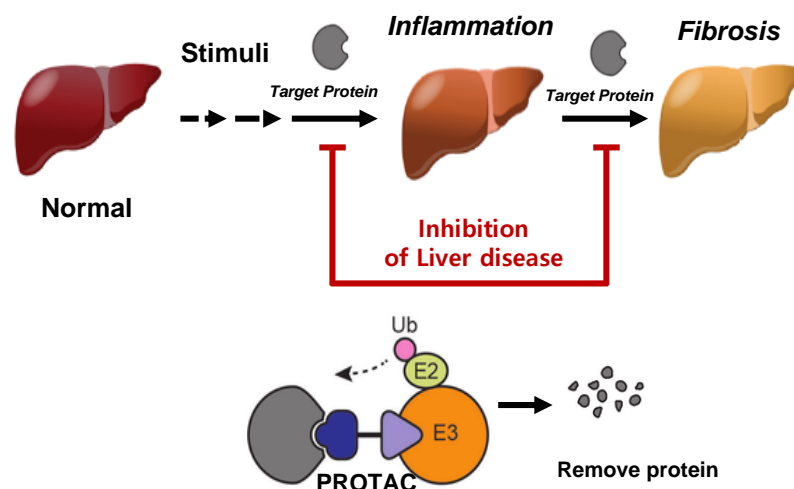
Heart Failure



Nature, vol. 26, pages 416-417 (2015)

- Develop a synthetic new drug that can improve heart failure symptoms by controlling cGMP and PKGI activities that protect the heart
- **Selection of candidate materials in 2021**

Fatty liver



- Based on **PROTAC(Proteolysis-targeting chimaera)**
- Development of a drug that can improve the symptoms and control progress of liver disease by removing the target protein that causes liver disease
- **Securing leading materials in 2021**

**HUC2-007**  
Eye drops with nanoparticles

**HUB1-023 Thymosin  $\beta$ 4**

Classification	Improved New Drug (Can be replaced by cyclosporine single eye drops and artificial tears)	New Medicine of Biologics
Development Schedule	Domestic clinical trial Phase 3, summit for approval completed (Jun. 2020) IND clinical trial in Europe is approved (May. 2020)	Domestic IND clinical trial is approved (Oct. 2020)
Characteristic	The same anti-inflammatory effect even with cyclosporine concentration which is more than twice as low as Restasis concentration	Gene recombinant production technology - lower production cost compared to synthetic peptides
Efficacy	The dual effect of anti-inflammatory and ocular protection	Double effects of tear film stabilization and anti-inflammatory action through promotion of mucus secretion

**Mechanism of action**

The eye glands that make tears become inflamed

염증 제거 효과

The inflammation affects the nerves in your eyes, leading to decreased tear production

눈물막 보호

Damaged corneal epithelial cell (loss of microvilli and glycocalyx)

TEAR FILM

Damaged corneal surface

Aqueous diffuses away from corneal surface

**$T\beta_4$  Treatment**

- Promotes Epithelial Cell Migration
- Decreases Inflammation
- Decreases MMP Expression And Matrix Degradation
- Decreases Chemokine Production

Inhibits PMN infiltration

Cornea

Epithelium

Stroma

Endothelium

Degraded Matrix

**INCREASED CORNEAL WOUND HEALING**

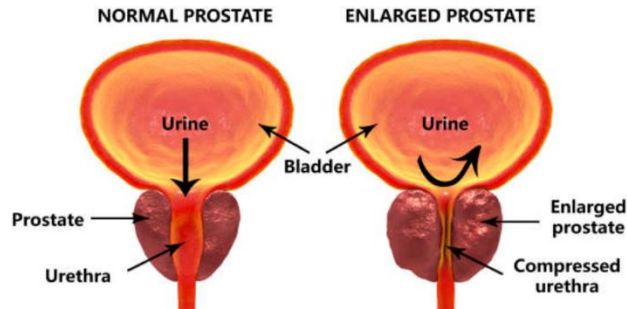
\*Sosne, Clin. Ophthalmol. 2007

## Develop ingredients for improving Prostate Health

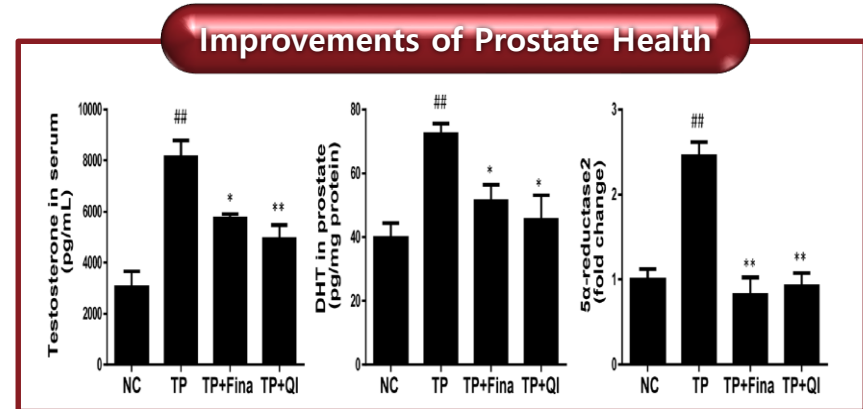
- Application functionality : Prostate Health
- Apply for Korean Patent
- Estimated Submission of approval application as an ingredient(Jan. 20)



### BENIGN PROSTATIC HYPERPLASIA



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



Sort		Code	Indication	Status					
				Discovery	Preclinical	Phase I	Phase II	Phase III	Registration
NCE	New Chemical Entities	HUC1-259	Liver disease	●					
		HUC1-288	Heart failure	●					
		HUC1-394	Ocular disease	●					
IMD	Incrementally Modified Drug	HUC2-007	Dry eye syndrome						●
		HUC2-390	Antivirals		●				
		HUC2-344	Diabetes		●				
		HUC2-263	Antiemetics		●				
		HUC2-364	Gastric reflux	●					
		HUC2-396	Dyslipidemia	●					
BIO	Biomedicine	HGB1-001	Lateral periorbital line						●
		HGB1-001	Upper limb spasticity			●			
		HGB1-001	Benign Masseter Hypertrophy				●		
		HGB1-002	Glabellar frown line			●			
	New Biologics	HUB1-023	Dry eye syndrome				●		
HFF	Health Functional Food	HUN2-032	Prostate gland health						●
		HUN2-388	Improving Sleep quality		●				
		HUN1-289	Improving Muscle	●					



(Unit: 100 million)	'18	'19	'20
<b>Sales</b>	<b>62</b>	<b>90</b>	<b>157</b>
<b>Operating Income</b>	<b>-13</b>	<b>-17</b>	<b>11</b>

(Unit: 100 million)	'18	'19	'20
<b>Sales</b>	<b>81</b>	<b>229</b>	<b>304</b>
<b>Operating Income</b>	<b>-7</b>	<b>17</b>	<b>21</b>

※ 2019.10.29 Huons Natural absorbed and merged Biotopia



- Retain technology for manufacturing functional ingredients using fermentation and cultivation technology
- Conduct R&D, manufacturing, and marketing of ingredients and products from food to feed additives

<b>Health Functional Food</b>	<b>Individually approved functional ingredient</b>	<ul style="list-style-type: none"> <li>▪ Fermented Honeybush Extract Powder(HU018, Skin Health)</li> <li>▪ Perilla leaf extract(PF501, Reduce body fat)</li> <li>▪ Lactobacillus acidophilus YT1(HU038, Menopausal woman's health)</li> </ul>
	<b>Own Brand</b> 	<ul style="list-style-type: none"> <li>▪ Manufacture and sale of health functional foods and general foods</li> <li>▪ Expertise in liquid, power lines</li> <li>▪ Producing and selling various types of products(tablets, capsules, pouches, sticks, bottles, etc.)</li> <li>▪ Operating own online mall and entering multiple online shops</li> </ul>
	<b>OEM/ODM</b>	<ul style="list-style-type: none"> <li>▪ Producing and selling feed additives in power-type(antiviral and other purposes)</li> <li>▪ Developing functional materials and virus treatments</li> </ul>
<b>Feed Additives</b>	<b>Poultry·Hog ·Cattle</b>	



**Huons Nature**

- R&D, manufacturing, and marketing of raw materials and products related to Ginseng(Red, Black)
- Securing distribution stores and production facilities by moving into the International Ginseng Distribution Center

<p><b>Ginseng Health Functional Food</b></p>	<p><b>Own Brand</b></p> 	<ul style="list-style-type: none"> <li>▪ Manufacture and sale of health functional foods and general foods</li> <li>▪ Expertise in the production of concentrate</li> <li>▪ Reinforcement of own brand after renewal of brand BI (Developing new products, expanding distribution centers and overseas sales channels)</li> </ul>
<p><b>Individually approved functional ingredient</b></p>	<p><b>OEM/ODM</b></p>	<ul style="list-style-type: none"> <li>▪ Developing ingredients for improving joint health and cognitive function (Goals for obtaining permits in 2022)</li> </ul>



## Consolidated

(Unit : Million KRW)

	2020	2019
Current assets	267,686	200,978
Non-current assets	148,816	99,363
<b>Total assets</b>	<b>416,501</b>	<b>300,342</b>
Current liabilities	125,041	96,213
Non-current liabilities	47,956	5,907
<b>Total liabilities</b>	<b>172,997</b>	<b>102,120</b>
Controlling interests	238,797	194,515
Issued capital	4,940	4,492
Capital surplus	73,659	73,659
Capital adjustment	(8,341)	(3,248)
Accumulated other comprehensive income	979	909
Retained earnings	167,560	118,703
Non-controlling interests	4,707	3,706
<b>Total equity</b>	<b>243,504</b>	<b>198,221</b>

	2020	2019
<b>Revenue(Sales)</b>	<b>406,678</b>	<b>365,019</b>
Cost of sales	186,824	165,024
Gross profit	219,854	199,995
Selling general administrative expenses	165,729	151,597
<b>Operating income</b>	<b>54,125</b>	<b>48,398</b>
Equity method gains/losses	849	(1,991)
Profit (loss) before tax	71,542	47,829
Income tax expense	14,956	10,416
<b>Net income</b>	<b>56,586</b>	<b>37,413</b>
Earnings per share	5,645	3,872

## Seperate

(Unit : Million KRW)

	2020	2019
Current assets	249,314	185,102
Non-current assets	145,976	98,981
<b>Total assets</b>	<b>395,290</b>	<b>284,083</b>
Current liabilities	113,172	81,706
Non-current liabilities	43,486	1,776
<b>Total liabilities</b>	<b>156,658</b>	<b>83,483</b>
Issued capital	4,940	4,492
Capital surplus	73,958	73,958
Capital adjustment	(6,262)	(1,169)
Accumulated other comprehensive income	1,198	1,198
Retained earnings	164,796	122,120
<b>Total equity</b>	<b>238,632</b>	<b>200,600</b>

	2020	2019
<b>Revenue(Sales)</b>	<b>366,248</b>	<b>333,128</b>
Cost of sales	154,670	139,905
Gross profit	211,578	193,223
Selling general administrative expenses	159,568	145,252
<b>Operating income</b>	<b>52,010</b>	<b>47,972</b>
Profit (loss) before tax	63,336	51,306
Income tax expense	13,932	10,659
<b>Net income</b>	<b>49,404</b>	<b>40,647</b>
Earnings per share	5,017	4,119

Thank you