



Huons

Investor Relations

2022. 4Q.

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.



Huons

Key Highlights

The highest quarterly performance

- 4Q Revenue 129.3 bil KRW (YoY ▲13.7%, QoQ ▲5.0%)
- 4Q Operating Profit 16.2 bil KRW (YoY ▲272.4%, QoQ ▲702.3%)

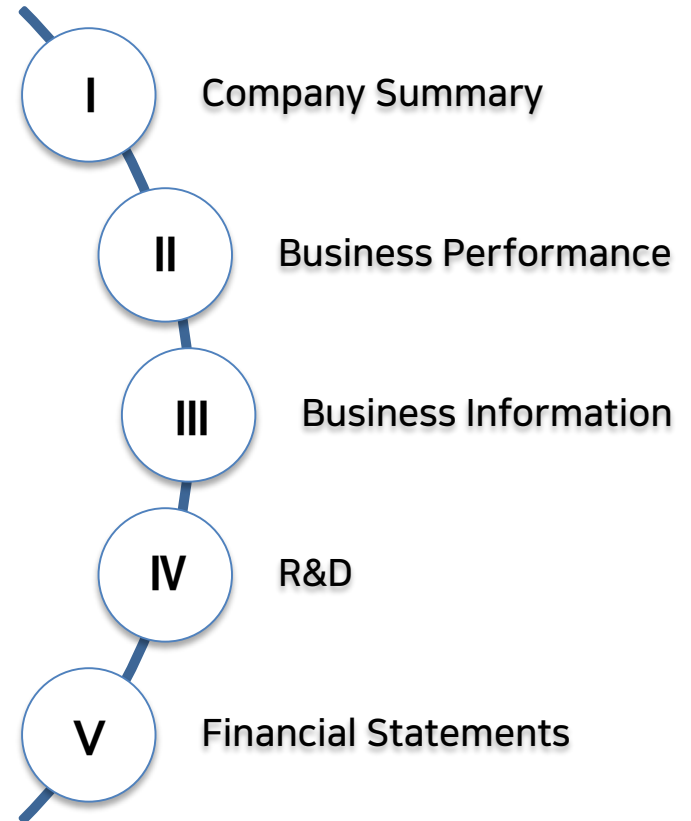
Expansion of U.S. exports of injections

- U.S. FDA ANDA injection item sales of 5.7 bil KRW in 4Q (12.3 bil KRW in 2022 vs 7.3 bil KRW in 2021)
- Orders increased after signing a supply contract with McKesson in the U.S. (Contract signed in December 2021)

Facility Investment In 2nd factory

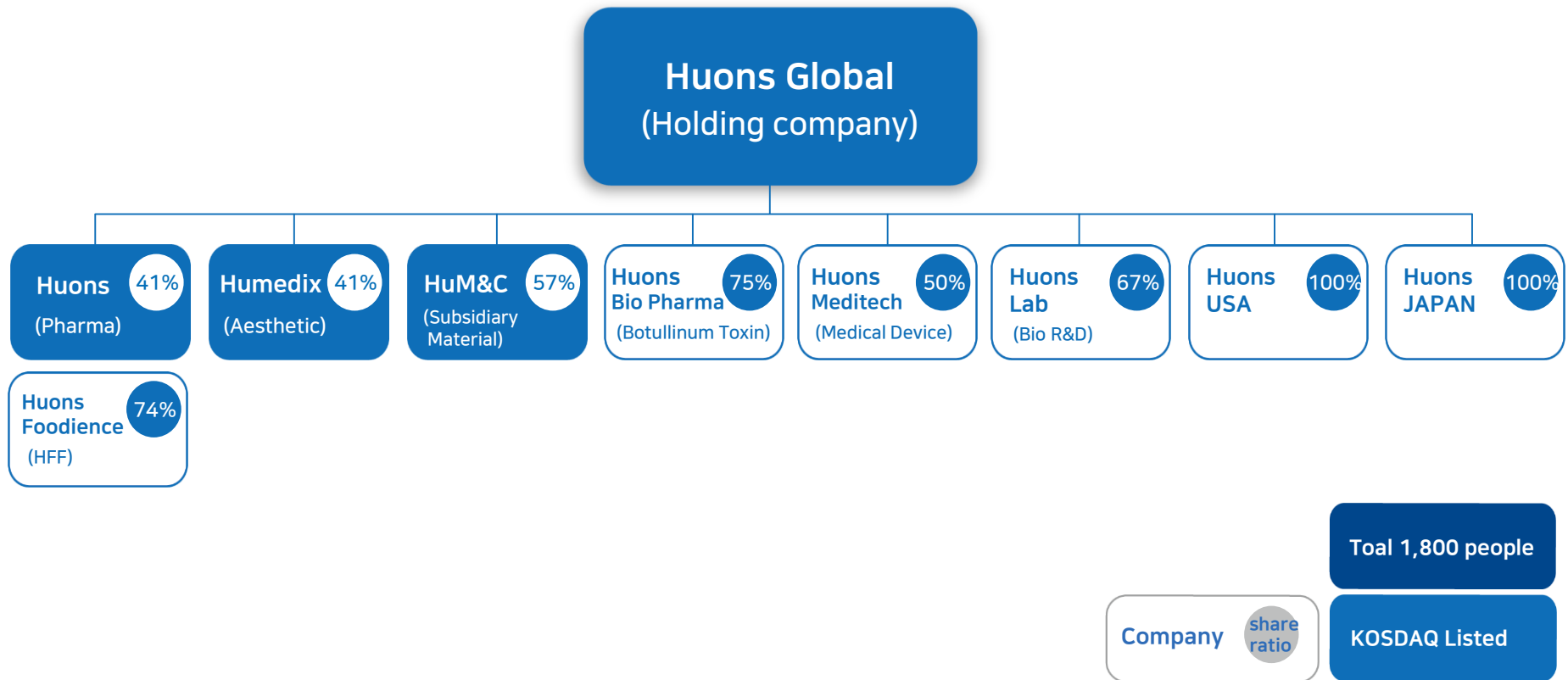
- Completed GMP certification of the eye drops line in the first half of this year (Expected to operate in 4Q23)
- Expansion of injection line (vial/cartridge) (Completed in the second half of 2024)

Contents



“Total Healthcare Group”

Includes Pharma, Medical Device, Health Functional Food and Cosmetic business



※ Percentage of shares is based on common share(including treasury stock).

Soo-Young Song

CEO / President
Inside Director

- CEO of Deloitte Consulting Japan
- BS, Industrial Engineering, Hanyang Univ.

Sang-Bae Yoon

CEO / Vice President
Inside Director

- ETC Unit Head of Boryung Pharma.
- MS, Pharmacy, JoongAng Univ.

Si-Baek Kim

Head of Factory
Inside Director

- SK Chemicals
- BS, Chemical education, Chungbuk National Univ.

Sung-Tae Yoon

Chairman
Non-Executive Director

- Chairman of KPBMA
- IBM Korea
- MS, Project Mgt., Hanyang Univ.

Duk-Ho Lim

Outside Director

- Chair professor of Hanyang Univ.
- Outside director of KAIT
- 13th President of Hanyang Univ.

Do-Ik Jung

Outside Director

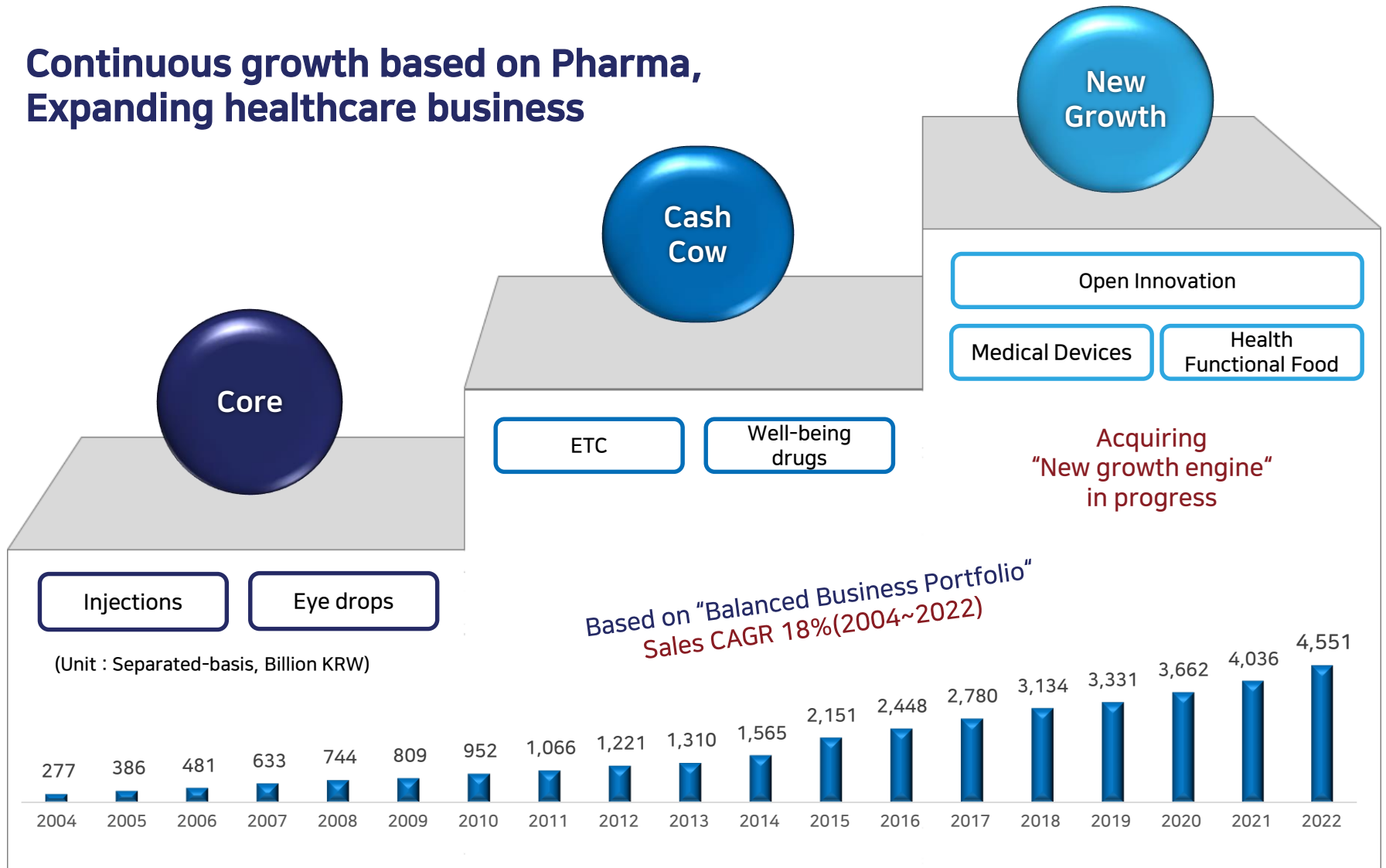
- Chief expert member of Yoon & Yang
- Secretary of Fair Trade Commission
- BS, Civil Engineering, MyungJI Univ.

Yong-Gon Park

Outside Director

- President of KFRI
- Ph.D, Food and Microbiology, Youngnam Univ.

**Continuous growth based on Pharma,
Expanding healthcare business**



[Sales] 4Q 129.3 bil KRW (YoY ▲13.7%, QoQ ▲5.0%)

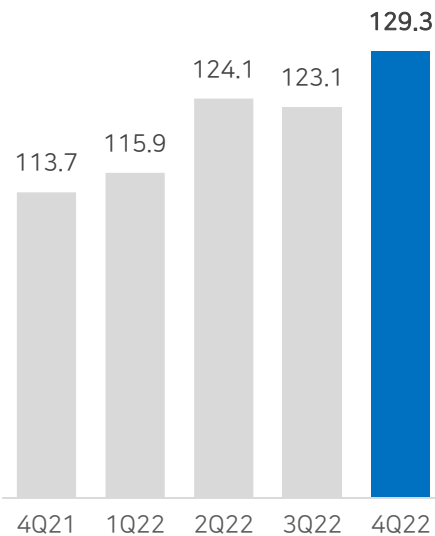
- Increased exports of injections to the U.S
- Increased sales of well-being drugs (vitamin injections)
- Increased prescriptions for winter fever reducer & painkiller

[Profit] 4Q OP 16.2 bil KRW (YoY ▲272.4%, QoQ ▲702.3%) / NP 3.8 bil KRW (YoY Turn to profit, QoQ ▲43.2%)

- Increased profitable ETC sales (Improvement in cost-of-sales ratio)
- Reduced advertising costs and commissions due to changes in the sales channel of health functional food business

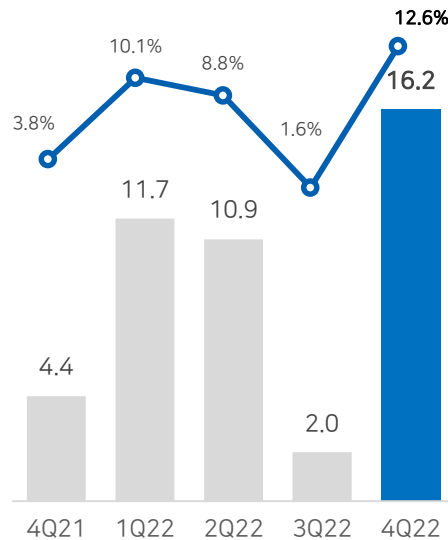
Sales

[Unit: billion KRW]



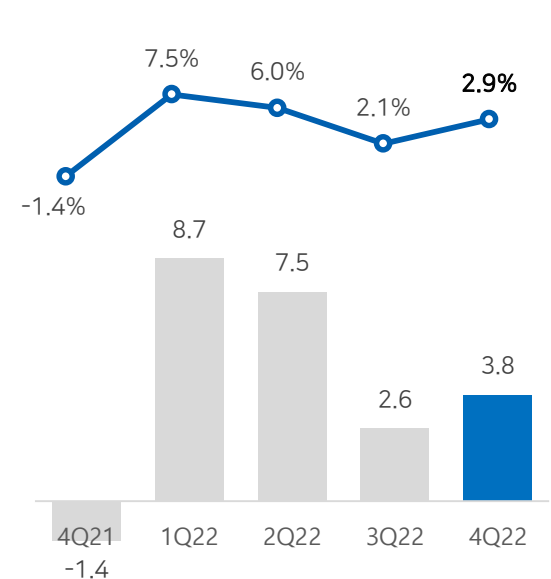
Operating Profit

[Unit: billion KRW]



Net Profit

[Unit: billion KRW]



[Sales] FY22 492.4 bil KRW (YoY ▲12.7%)

- Steady growth in all business sectors (anesthetic YoY +40.1%, Health functional food YoY +30.2%)

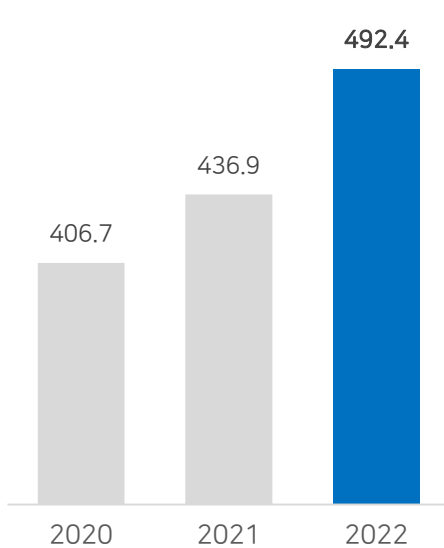
[Profit] FY22 OP 40.9 bil KRW (YoY ▼ 9.7%) / NP 22.6 bil KRW (YoY ▼ 26.1%)

- Temporary increase in cost ratio due to cost input before operation of 2nd factory

- Increased advertising costs for health functional foods and informercial commission fees

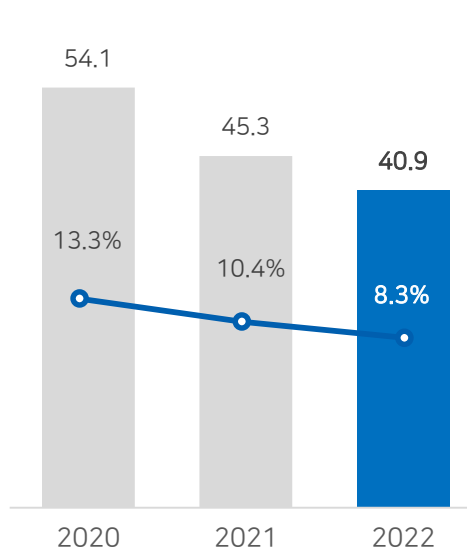
Sales

[Unit: billion KRW]



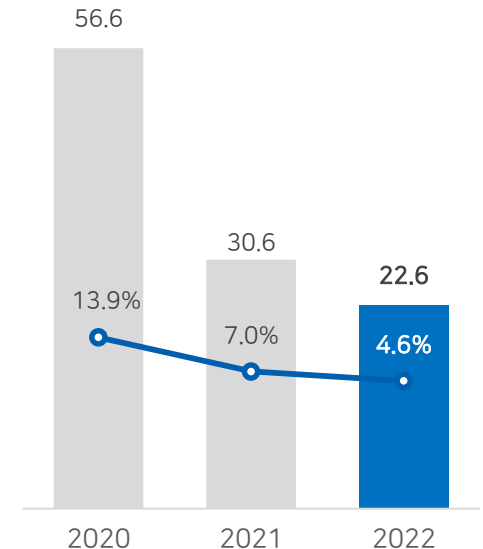
Operating Profit

[Unit: billion KRW]



Net Profit

[Unit: billion KRW]



[Cost of sales] 4Q 59.4 bil KRW (YoY ▲18.5%, QoQ ▲3.0%)

[Selling general administrative expenses] 4Q 53.7 bil KRW (YoY ▼9.4%, QoQ ▼15.4%)

- Reflecting the cost of operating 2nd factory → Recovery of the cost-of-sales after 4Q sales occurs
- Decrease in informercial sales in the health functional food business
(reduced advertising promotion costs & commission fees) → Effect of diversifying sales channels in the health functional food business
- Continued investment in R&D expenses (7% of sales)

[Unit: billion KRW, %]

	4Q21		1Q22		2Q22		3Q22		4Q22		YoY	QoQ	2021		2022		YoY
	amount	%	amount	%	amount	%	amount	%	amount	%			amount	%	amount	%	
Sales	113.7		115.9		124.1		123.1		129.3		+13.7%	+5.0%	436.9		492.4		+12.7%
Cost of sales	50.1	44%	50.3	43%	57.1	46%	57.6	47%	59.4	46%	+18.5%	+3.0%	188.0	43%	224.4	46%	+19.3%
SG&A expenses	59.2	52%	53.8	46%	56.1	45%	63.5	52%	53.7	42%	-9.4%	-15.4%	203.6	47%	227.1	46%	+11.6%
Classification	amount	%	amount	%	amount	%	amount	%	amount	%	YoY	QoQ	amount	%	amount	%	YoY
Personal expense	8.3	7%	8.0	7%	8.0	6%	7.9	6%	7.8	6%	-7.1%	-2.0%	29.4	7%	31.6	6%	+7.6%
Advertising	4.9	4%	5.0	4%	6.1	5%	5.7	5%	4.5	3%	-8.6%	-21.6%	18.2	4%	21.3	4%	+17.0%
Commissions	9.8	9%	9.8	8%	11.8	9%	11.8	10%	11.0	9%	+11.8%	-6.9%	35.9	8%	44.4	9%	+23.5%
R&D	9.3	8%	8.2	7%	10.3	8%	9.3	8%	8.7	7%	-6.8%	-7.4%	30.9	7%	36.5	7%	+18.0%
Others	26.9	24%	22.9	20%	20.0	16%	28.7	23%	21.8	17%	-18.9%	-24.0%	89.2	20%	93.4	19%	+4.7%

※ "%" is % of Sales

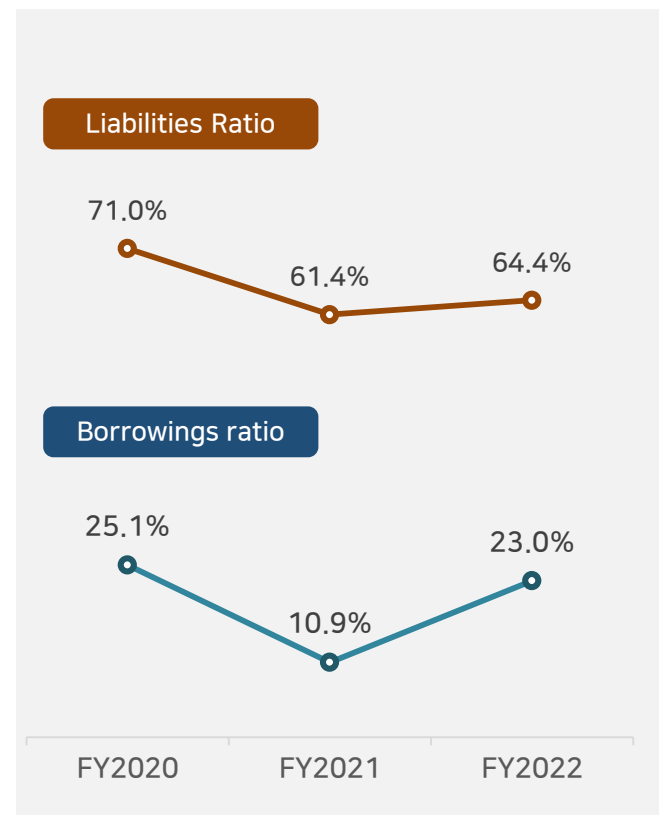
Financial Status

[Unit: million KRW]

	FY2020	FY2021	FY2022	Compared to 2021
Assets	416,501	436,898	472,627	+35,729
Current assets	267,686	234,498	247,015	+12,516
- cash etc.	119,783	70,127	84,621	+14,495
Non-current assets	148,816	202,399	226,612	+23,213
Liabilities	172,997	166,262	185,107	+18,845
Current liabilities	125,041	147,522	103,453	-44,069
Non-current liabilities	47,956	18,741	81,654	+62,914
- total borrowings	61,000	29,487	66,020	+36,533
Equity	243,504	270,635	287,520	+16,884

※ 'cash etc': cash & cash equivalents + Liquidity financial assets

Financial Ratio



※ Borrowings ratio = (total borrowings / equity)

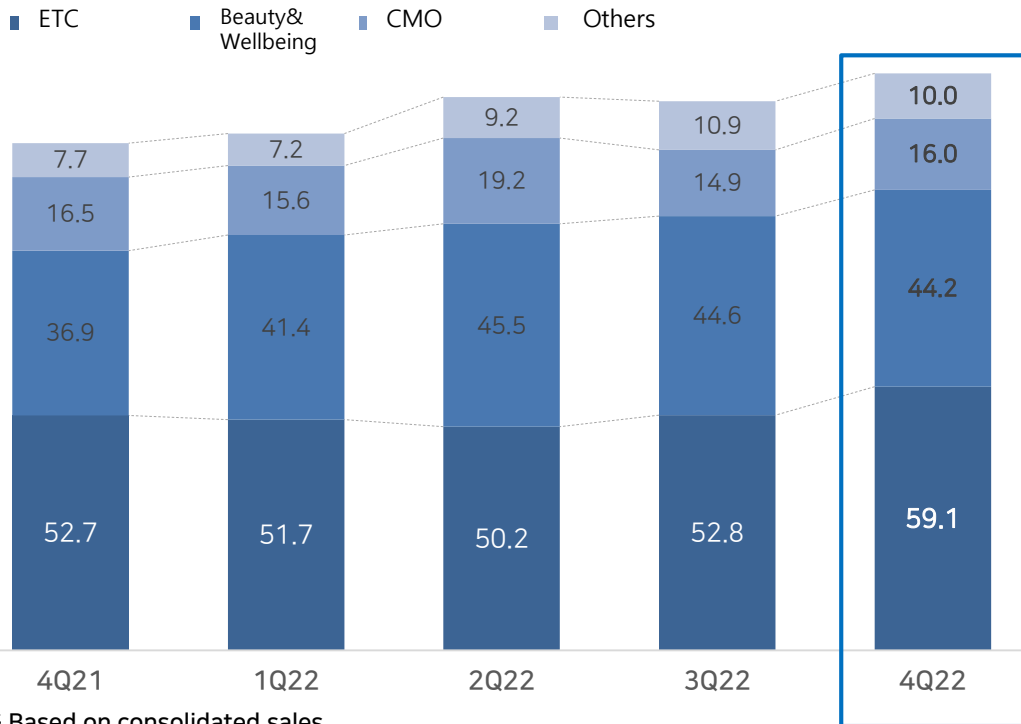
[ETC] 4Q Sales 59.1 bil KRW (YoY ▲12.2%, QoQ ▲12.0%)

[Beauty·Wellbeing] 4Q Sales 44.2 bil KRW (YoY ▲19.5%, QoQ ▼1.0%)

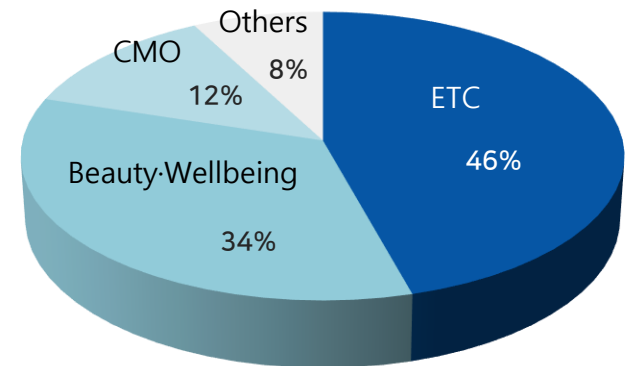
[CMO] 4Q Sales 16.0 bil KRW (YoY ▼2.7%, QoQ ▲7.6%)

Sales Breakdown

[Unit: billion KRW]



Sales Share



※ Based on consolidated sales

※ Others : sales of subsidiary (including consolidation)

[ETC]

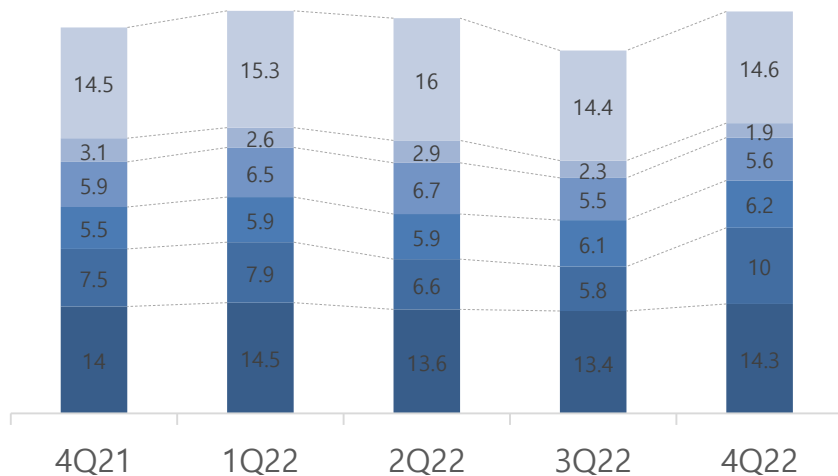
4Q sales 59.1 bil KRW (YoY ▲12.2%, QoQ ▲ 12.0%)

- The highest record quarterly sales of 14.6bil KRW due to increased exports of anesthetics and injections exported to the U.S.
- Increased prescription of fever/pain/anti-inflammatory drugs due to a number of respiratory diseases in winter

ETC sales breakdown

- Circulatory
- Digestive
- Anesthetic
- Eye drops
- Metabolic
- Others

[Unit: billion KRW]



[CMO]

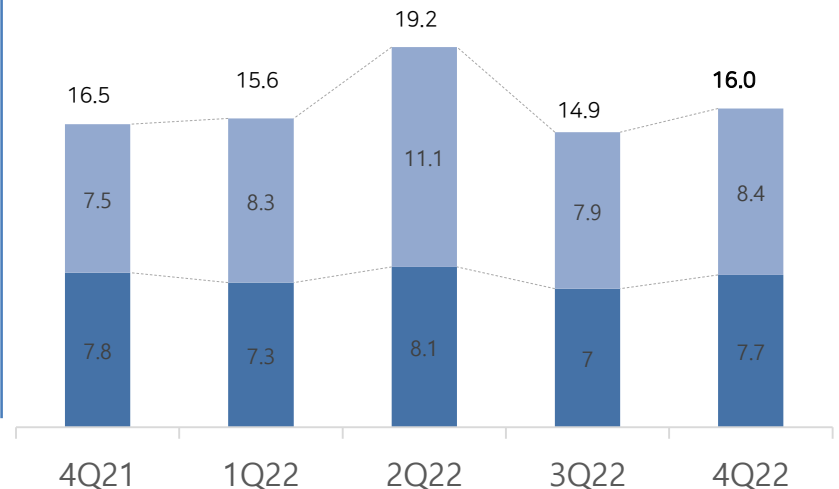
4Q sales 16.0 bil KRW (YoY ▼2.7%, QoQ ▲7.6%)

- Stable sales of eye drops/drugs
- New eye drops line expected to operate in 4Q23
→ Expectations of increased sales in the second half of the year

CMO sales breakdown

- Eye drops
- Drugs

[Unit: billion KRW]



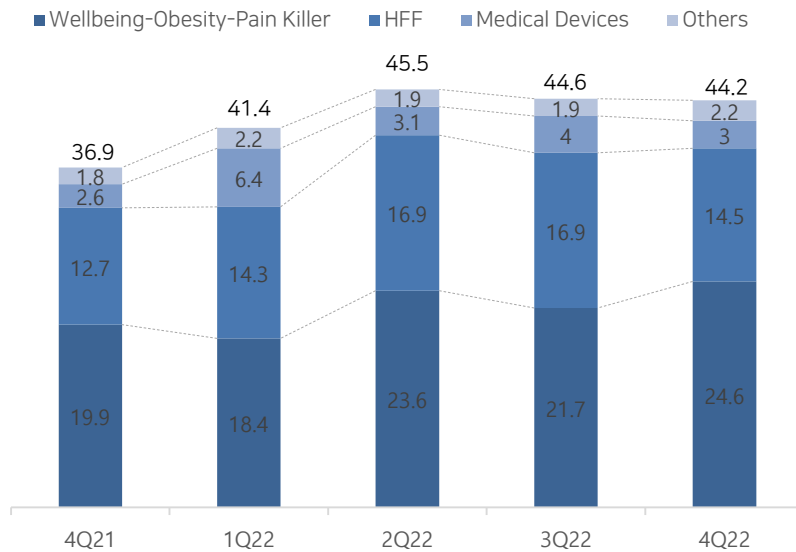
[Beauty Well-being]

4Q sales 44.2bil KRW (YoY ▲19.5%, QoQ ▼1.0%)

- Slightly decreased sales compared to the previous quarter due to reduced operation of informercial marketing for health functional foods
- Sales expansion of well-being drugs such as high-dose vitamin injections

Beauty & Well-being sales breakdown

[Unit: billion KRW]



hu Huons Foodience (Subsidiary)

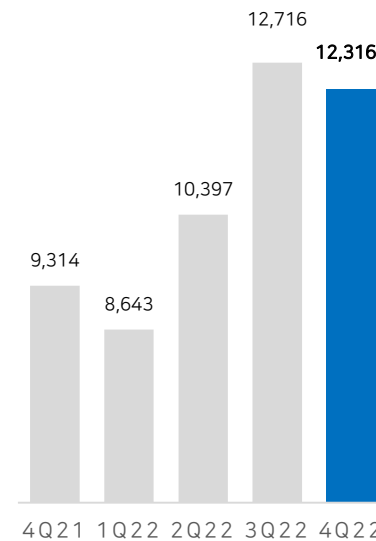
4Q sales 12.3bil KRW (YoY ▲32.2%, QoQ ▼3.1%)

4Q OP 7.8bil KRW (YoY Turn to profit, QoQ ▼21.0%)

- Increased OEM sales and overseas exports
- Cost ratio improvement due to increased factory operating rate (merger effect between subsidiaries)

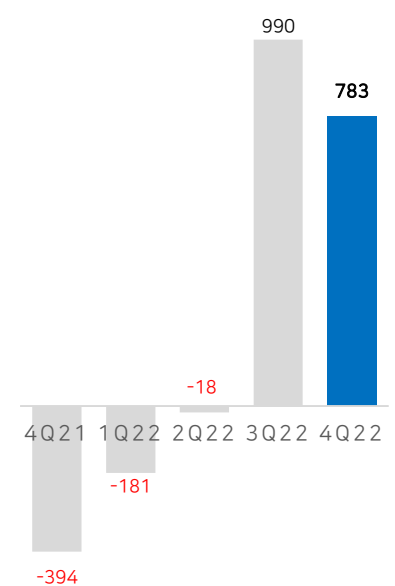
Sales

[Unit: million KRW]
























Operating Profit

[Unit: million KRW]



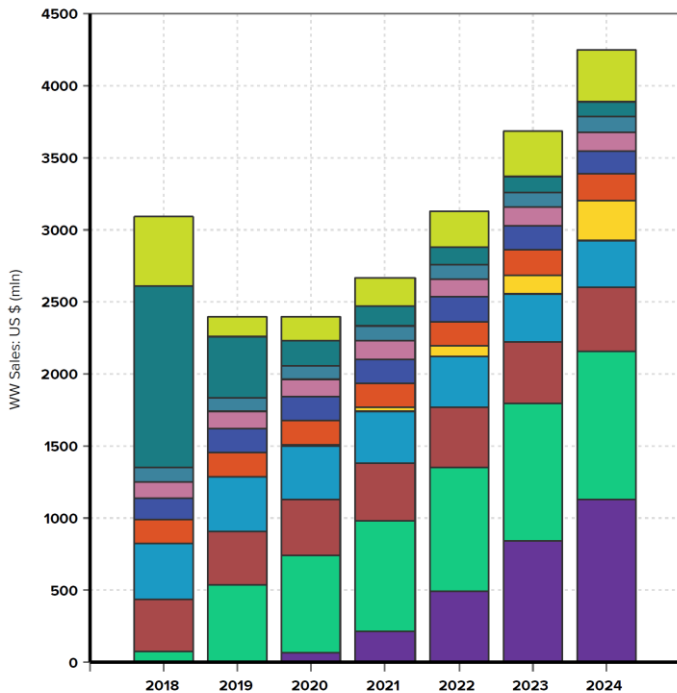
[Huons R&D Pipelines]

[Base date: February 2023]

Category	Project	Indication	Development Phase				
			Discovery	Preclinical	Phase I	Phase II	Phase III
NCE	HUC1-394	Dry eye					
	HUC1-288	Heart failure					
	HUC1-505	Non-alcoholic steatohepatitis					
	HUC1-454	Prostate cancer					
IMD	HUC2-007	Dry eye					
	HUC2-344	Diabetes					
	HUC2-364	Gastric reflux					
	HUC2-362	Peripheral circulation Disorder					
	HUC2-511	Dry eye					
	HUC2-517	Dry eye					
	HUC2-518	Epileptic bladder inflammation					
	HUC3-487	Glaucoma treatment					
HFF	HUN2-411	Antistress					
	HUN2-434	Muscle strength improvement					
	HUN2-435	Muscle strength improvement					
	HUN2-465	Body fat reduction					
	HUN2-483	Cognitive intelligence improvement					
	HUN2-521	Improvement of vaginal health					
	HUN2-506	Body fat reduction					
	HUN2-497	Prevention of stress					
	HUN2-520	Gum health					

HUC1-394 Ocular disease: Goal to apply for phase 1 IND in 2Q23

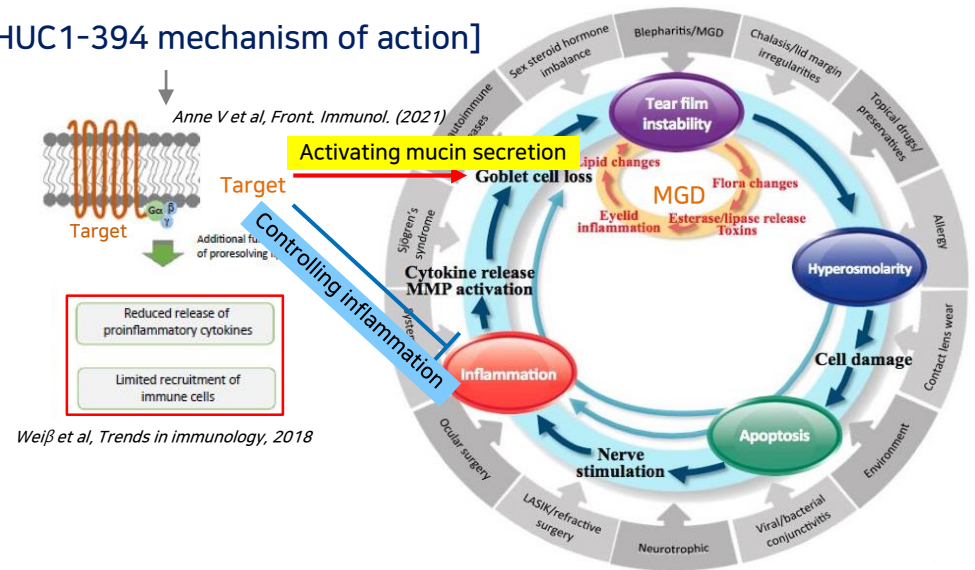
[Market size for dry eye syndrome]



- Other
- Restasis (Allergan)
- Artelac (VRX)
- Optive (Allergan)
- Prolacia (Santen)
- Hyalein (Santen)
- ADX-102 Eye Drop (Undisclosed)
- Systane (NVS)
- Refresh (Allergan)
- Xiidra (Takeda)
- Inveltys (KALAP)

Source: EvaluatePharma

[HUC1-394 mechanism of action]

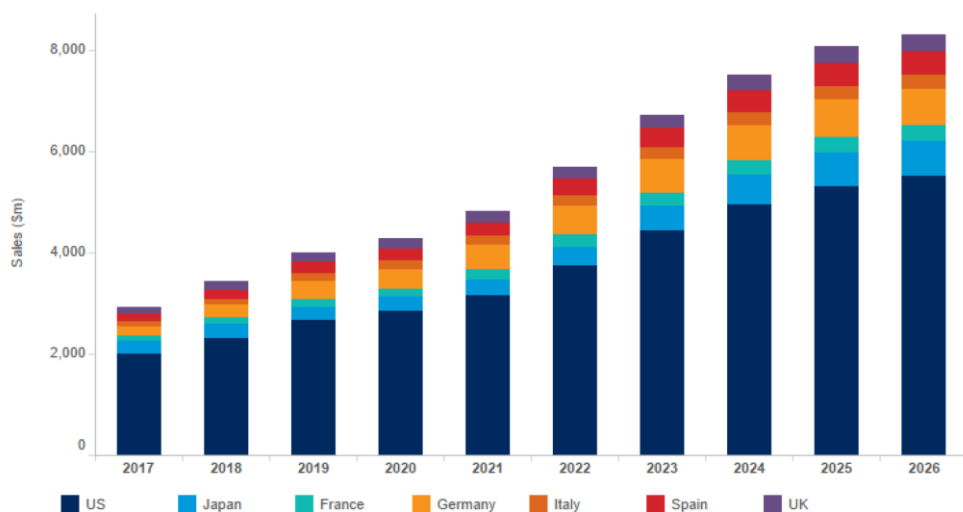


Source: Baudouin C et al., Ocul Surf, 11:246-258 (2013)

- Compound annual growth rate of 5% for dry eye syndrome treatments (From \$20.9 billion in 2018 to \$42.5 billion in 2024)
- Development of a treatment based on a new mechanism
- Multi-functional effect: Inflammatory treatment & Forming a tear film

HUC1-288 Heart failure

[Market size for treatment for chronic heart failure]

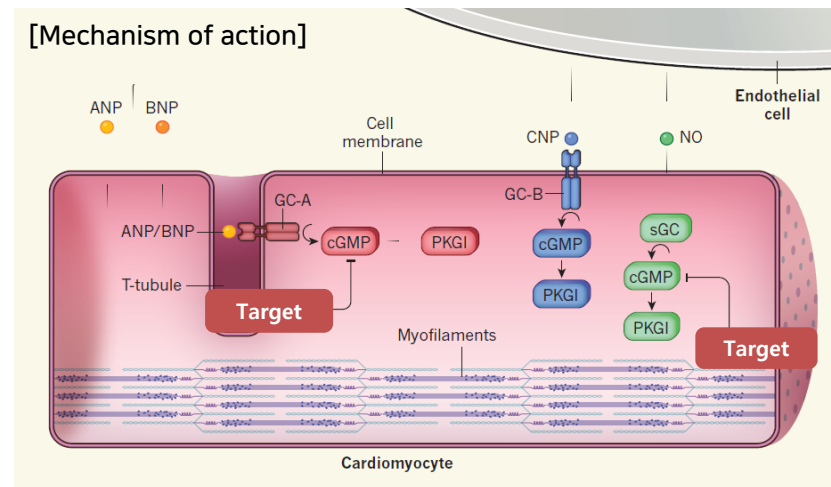


Sales 2017 - 26: Min: 2017 \$2,940m Max: 2026 \$8,315m CAGR 2017 - 26: 12.25% Sales Change 2017 - 26: \$5,376m

Source: Datamonitor Healthcare

- Compound annual growth rate of 12.3% for treatment for chronic heart failure (From \$29.4 billion in 2017 to \$83.1 billion in 2026)
- Develop a synthetic new drug that can improve heart failure symptoms by controlling cGMP and PKGI activities that protect the heart

[Mechanism of action]



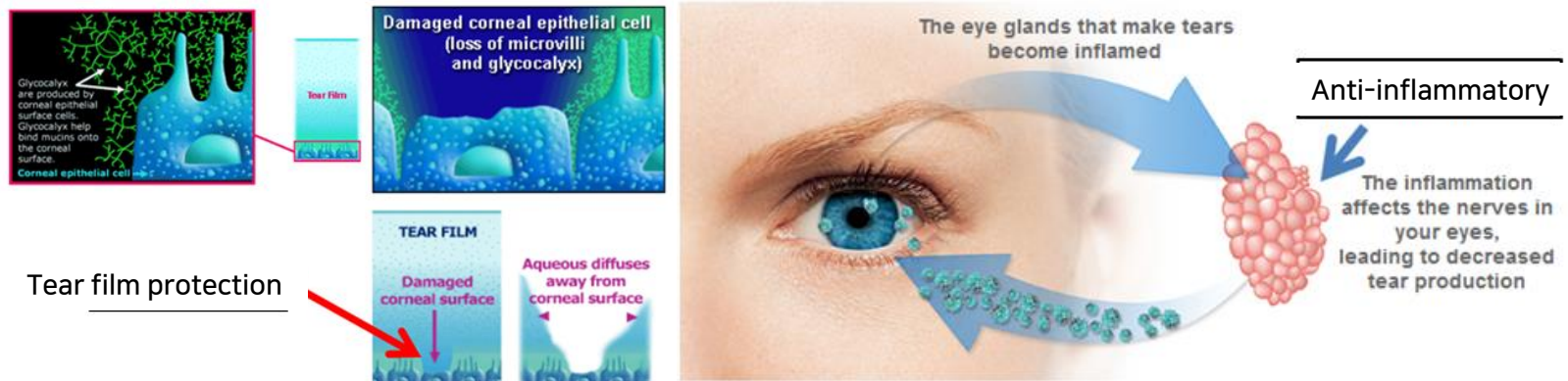
Source: Nature, vol. 26, pages 416-417 (2015)

[efficacy of heart failure treatment in vivo]

-	Evaluation item	result
Suppressing heart hypertrophy	Heart weight	Reduction
	Heart weight / shin bone length	Reduction
	Left ventricle weight / shin bone length	Reduction
heart hypertrophy & fibrosis	ANP	suppress
	BNP	Tendency to suppress
	A-SMA	suppress
	TGF-β	Tendency to suppress
	B-MHC	Inhibition

HUC2-007 dry eye treatment: **2025 Item approval target**

1. Efficacy substance: **Cyclosporine 0.02% + Trehalose 3%**
2. Mechanism of action: **anti-inflammatory, tear film stabilization, suppression of tear evaporation**
3. Characteristic
 - Dual effect of anti-inflammatory and ocular protection
 - Improved side effects of cyclosporine eye drops, such as eye surface irritation, by applying low-concentration cyclosporine
 - Same anti-inflammatory effect even with low-concentration cyclosporine
 - Improved medication convenience
 - Can be treated in all dry eye stages (can replace cyclosporine single eye dros and artificial tears)



4. Development schedule

- 30/11/2022, IND approval for phase 3 clinical trial
- 2023 phase 3 clinical trial, 2025 item approval target

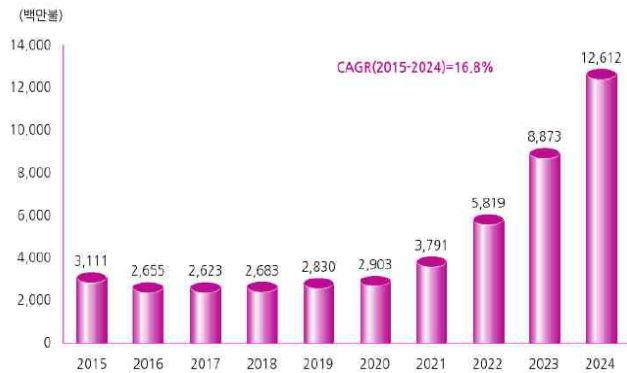
HUN2-483 Cognitive Improvement

[Trends and management costs of dementia patients in Korea]



Source: Central Dementia Center

[Global Market Size and Outlook for Alzheimer's Therapeutics (15'~24')]

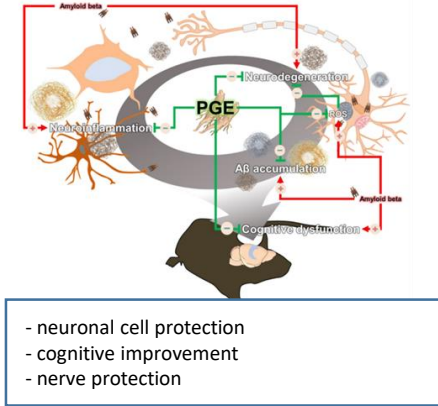


[그림 2-3] 알츠하이머 치료제 글로벌 시장규모 및 전망('15~'24)

출처 : 한국보건산업진흥원(2018), 「고령사회 글로벌 제약시장 분석」

Source: Korea Health Industry Promotion Agency

[*Platycodon grandiflorum* (Jacq.) A. DC.]



Antioxidant 2021, 10(2), 207

[Functional Research Efficacy Assessment]

Sector	Functionality Study Items	Results
Cognitive Improvement	Neuronal protection	Check
	Neuroinflammatory suppression	Check
	Suppression of oxidative stress	Check
	Inhibition of β -amyloid formation and accumulation	Check
	Regulating neurotransmitter and synaptic plasticity	Check
	Animal behavior test(Morris underwater maze, Manual avoidance, etc)	Check

- It is possible to overcome the side effects of existing brain disease treatments with natural product-based functional materials
- Entry to Human Application Test in First Half of 2023, targeting Approval for MFDS Individual Recognition in 2024

Next generation growth strategy "Open Innovation"

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

Exclusive right of sales in domestic

	CGMS
	Biosimilar
	Peptide medicine
	MRgFUS
	Peptide Medicine

Joint R&D MOU

	Proteolysis-Targeting Chimaera New medicine for heart failure		아주대학교 AJOU UNIVERSITY	Health functional food
	Microbiome Medicine & Health functional food		HIMH	Natural medicine & Health functional food
	한국식품연구원		Nu Elyne	Electronic medicine
	한국과학기술연구원 Korea Institute of Science and Technology		BIOMEDARMOUR	Diagnostic device
	AI-based new drugs		IMDpharm <i>Innovative Medicine & Drug delivery</i>	Improved drugs

■ Consolidated Statement of Financial Position

[Unit : million KRW]

Classificaton	FY2020	FY2021	FY2022
Assets	416,501	436,898	472,627
Current assets	267,686	234,498	247,015
Non-current assets	148,816	202,399	225,612
Liabilities	172,997	166,262	185,107
Current liabilities	125,041	147,522	103,453
Non-current liabilities	47,956	18,741	81,654
Equity	243,504	270,635	287,520
Equity attributable to owners of parent	238,797	266,093	282,456
Issued capital	4,940	5,430	5,968
Capital surplus	73,659	73,659	69,784
Capital adjustments	-8,341	-6,506	-2,108
Other comprehensive income accumulated	979	1,275	1,127
Retained earnings	167,560	192,235	207,686
Non-controlling interests	4,707	4,542	5,064
Total equity and liabilities	416,501	436,898	472,627

■ Consolidated Statement of Comprehensive Income

[Unit : million KRW]

Classification	4Q21	1Q22	2Q22	3Q22	4Q22
Sales	113,732	115,870	124,074	123,129	129,314
Cost of sales	50,122	50,288	57,078	57,633	59,383
Gross profit	63,610	65,581	66,995	65,496	69,931
SG&A expenses	59,248	53,850	56,125	63,471	53,685
Operating Profit	4,362	11,732	10,870	2,025	16,246
Gains/Losses on investments in associates	-2,554	171	281	176	-564
Other gains/losses	-1,678	-937	-1,761	2,100	604
Profit before tax	130	10,966	9,390	4,301	16,286
Income tax expense	1,769	2,248	1,892	1,672	10,091
Net Profit	-1,639	8,718	7,498	2,629	3,764
Profit, attributable to owners	-1,025	8,728	7,612	2,327	3,777
Profit, attributable to non-controlling interests	-614	-11	-114	301	-13

Aims to Raise DPS and Conduct Interim Dividend

Reinforcing shareholder return policy and improving dividend predictability

[Status of 3-year cash dividends]

Dividend basis

Dividends Per Share

Target dividend

0% ~ 30% increase compared to the dividend per share of the previous business year

Types of dividends

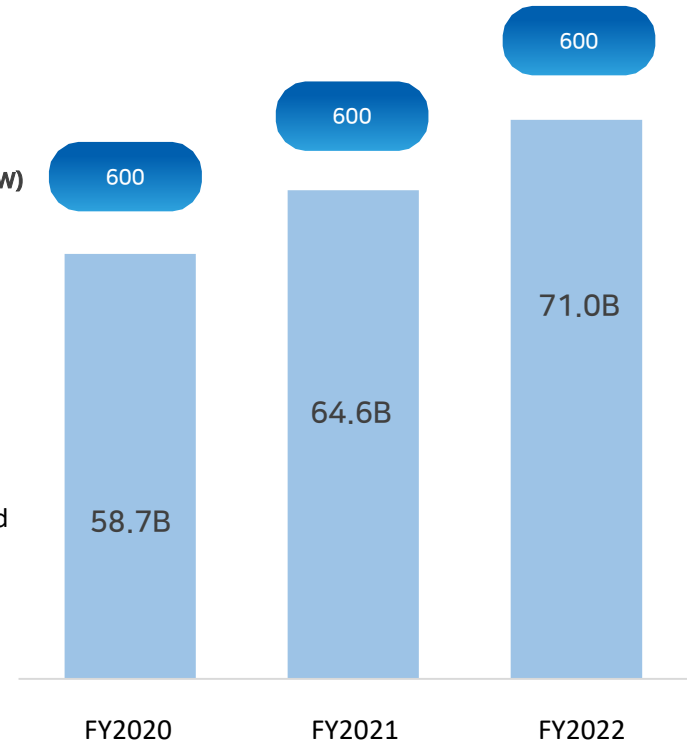
Cash dividends
(Year-end dividends + Interim dividends)

Application period

3 years (2023-2025)

Dividends Per Share (KRW)

A total dividend (Bil KRW)



Thank you