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Huons

Investor Relations

3Q. 2023.



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.

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Company Profile

Company Name HUONS CO., LTD.

CEO Sooyoung Song, Sangbae Yoon

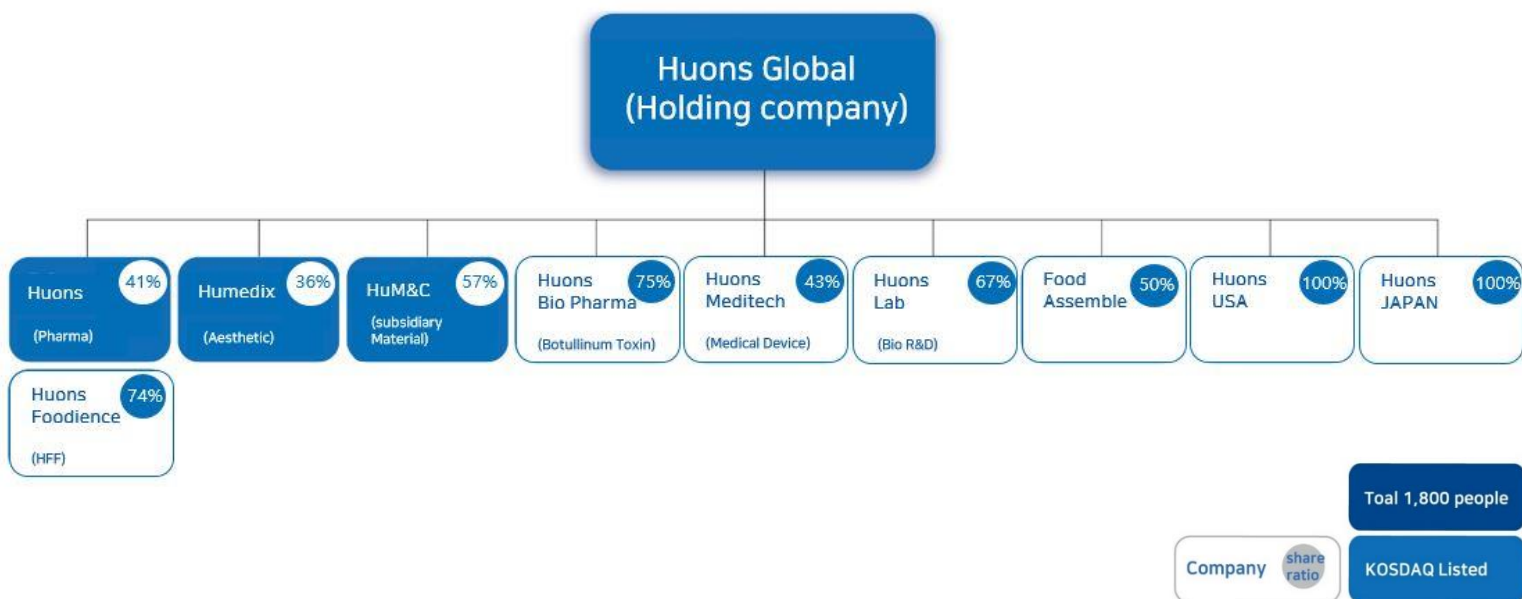
Foundation July 1965 (Spin-off in May 2016)

Business Category
- Pharmaceutical
- Healthcare(Medical device, HFF)

Location
Head Office: Seongnam-si, Gyeonggi-do, KR
Factory: Jecheon-si, Chungcheongbuk-do, KR

Homepage www.huons.com

"Total Healthcare Group" Includes Pharma, Medical Device, Health Functional Food and Cosmetic business

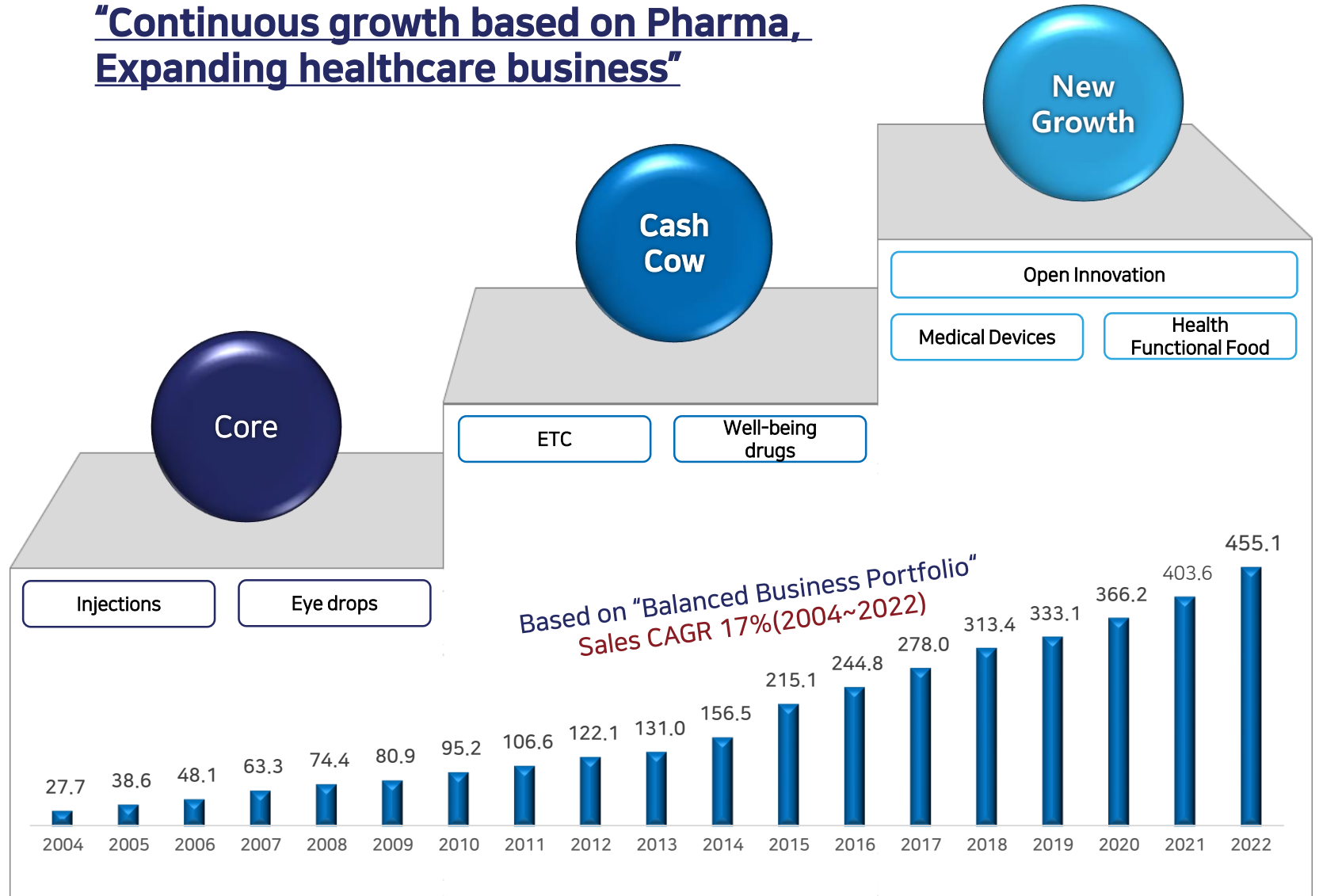


※ Percentage of shares is based on total number of issued shares including preferred shares.

History

- 1965 Established Kwang Myung Pharmaceutical Company
- 2006 Listed on KOSDAQ
- 2016 Spin-off
- 2017 0.9% Sodium Chloride Inj. approval from the U.S. FDA
- 2018 1% Lidocaine Inj. (Amp.) approval from U.S. FDA
- 2019 0.75% Bupivacaine Dextrose Inj. approval from U.S. FDA
- 2020 1% Lidocaine Inj. (Vial) approval from U.S. FDA
- 2020 Domestic Launch of Elruby Menolacto Probiotics (Korea's First Female Menopausal Latobacillus)
- 2022 Establishment of Huons Foodience (Merger of Huons Nature-Huons Natural)
- 2023 2% Lidocaine(vial) approved by FDA ANDA

"Continuous growth based on Pharma, Expanding healthcare business"

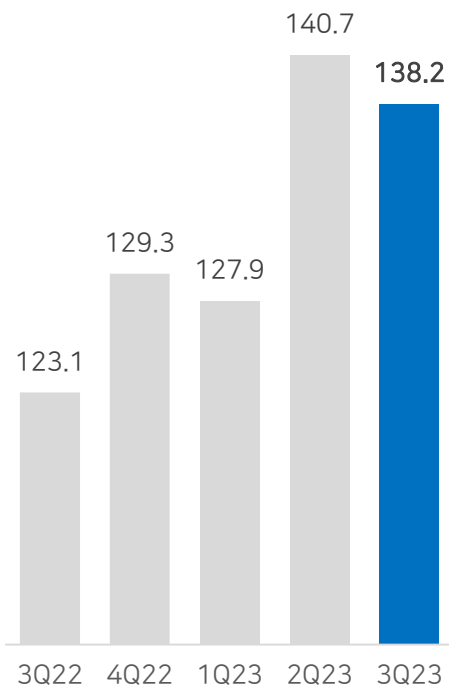


(Unit : Including Huons earning before split, Separated-basis, Billion KRW)

- Increased sales and profit through continued high growth in ETC division
- Increase in cost due to operation of the 2nd factory / Decrease in SG&A ratio

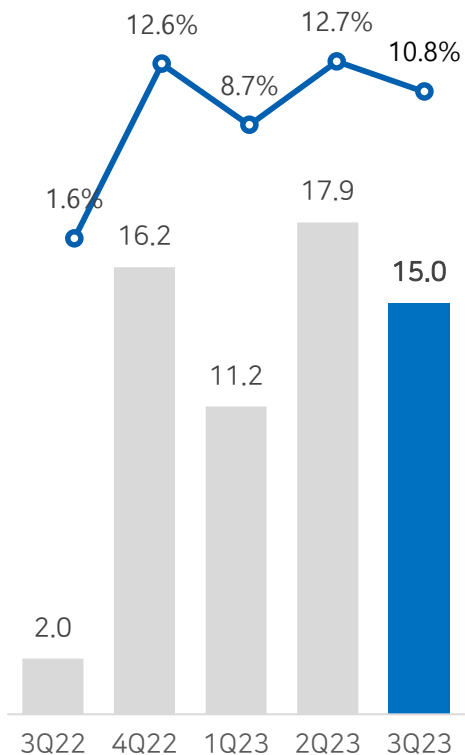
Sales

[Unit: billion KRW]



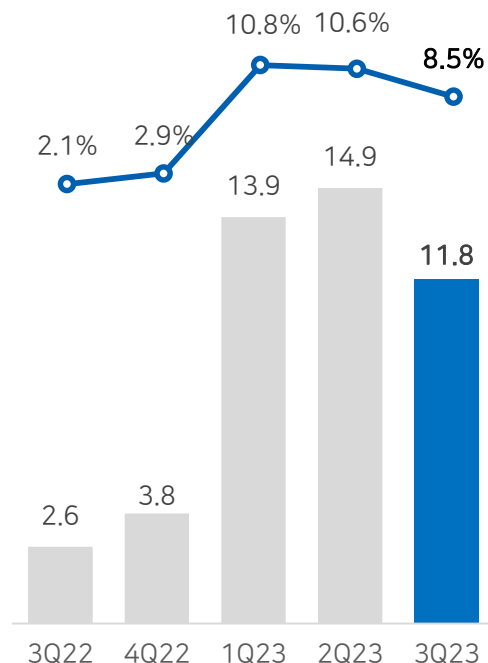
Operating Profit

[Unit: billion KRW, %]



Net Profit

[Unit: billion KRW, %]



[Sales]

138.2 bil KRW (YoY ▲12.2%, QoQ ▼1.8 %)

- ✓ Sales increase due to high growth in the ETC division

[Operating Profit]

15.0 bil KRW (YoY ▲638.4%, QoQ ▼16.4%)

- ✓ Increased in cost-of-sales ratio due to increase in 2nd factory costs
- ✓ Reduced proportion of SG&A expenses (Advertising, Commissions)

[Net Profit]

11.8 bil KRW (YoY ▲348.1%, QoQ ▼20.7 %)

- ✓ Losses on valuation of liabilities in derivatives 1.9 bil KRW

- Cost of sales **67.8 bil KRW** (YoY ▲ 17.6%, QoQ ▲ 3.1%) / SG&A expenses **55.4 bil KRW** (YoY ▼ 12.7%, QoQ ▼ 2.9%)
 - ✓ Depreciation cost and test production cost according to GMP certification of 2nd factory's eye drop production line in September
 - ✓ Reducing the proportion of SG&A expenses (Advertising, Commissions)

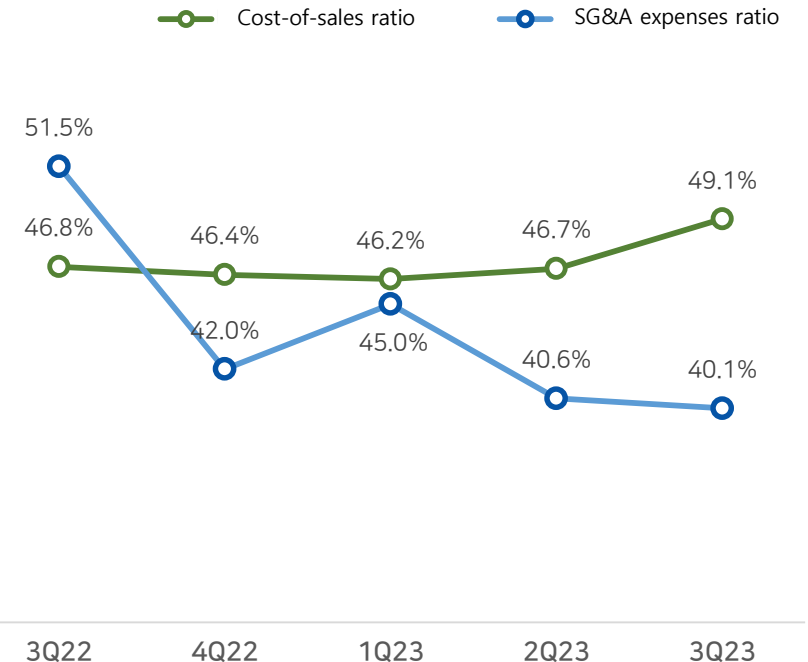
Cost Analysis

[Unit: billion KRW, %]

	3Q22		4Q22		1Q23		2Q23		3Q23		YoY	QoQ
Sales	123.1		129.3		127.9		140.7		138.2		+12.2%	-1.8%
Costs of sales	57.6	47%	59.4	46%	59.1	46%	65.7	47%	67.8	49%	+17.6%	+3.1%
SG&A expenses	63.5	52%	53.7	42%	57.6	45%	57.1	41%	55.4	40%	-12.7%	-2.9%
Classification	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	YoY	QoQ
Personal expense	7.9	6%	7.8	6%	8.1	6%	7.8	6%	7.7	6%	-2.2%	-1.0%
Advertising	5.7	5%	4.5	4%	6.0	5%	6.2	4%	4.9	4%	-14.0%	-20.8%
commissions	11.8	10%	11.0	9%	12.3	10%	12.6	9%	11.0	8%	-7.2%	-13.2%
R&D	9.3	8%	8.7	7%	8.2	6%	7.3	5%	9.2	7%	-1.1%	+26.6%
Others	28.7	23%	21.8	17%	23.0	18%	23.1	16%	22.5	16%	-21.4%	-2.5%

※ "%" is % of Sales

Cost-of-sales ratio/SG&A expenses ratio

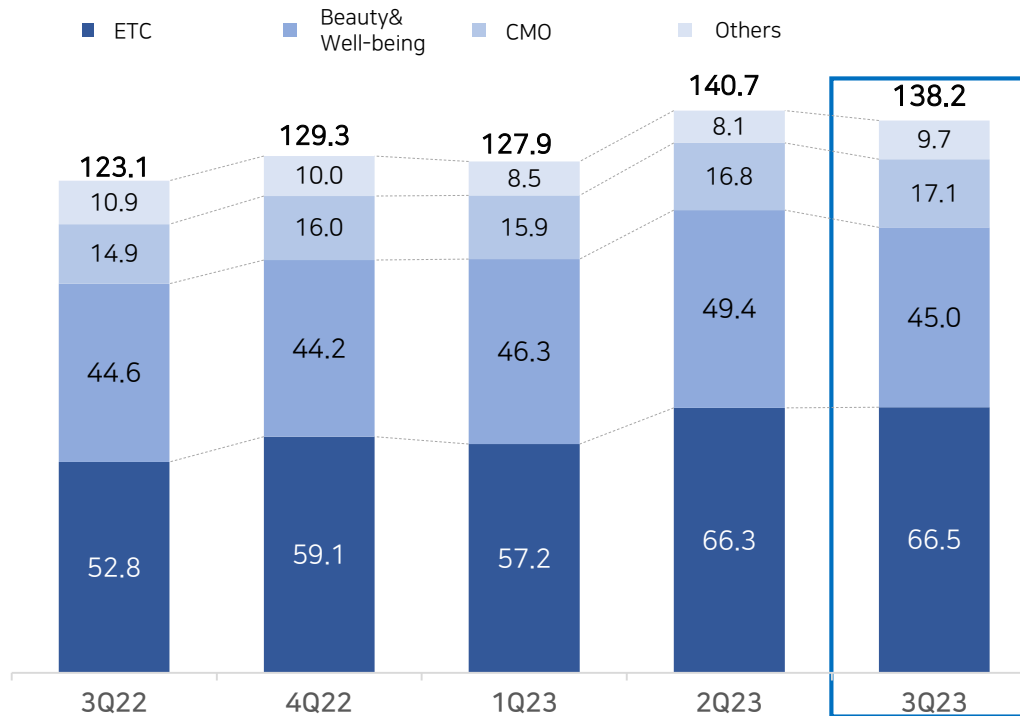


Sales Breakdown

Others

[ETC] 3Q Sales **66.5 bil KRW** (YoY ▲26.0%, QoQ ▲0.2%)
 [Beauty·Well-being] 3Q Sales **45 bil KRW** (YoY ▲0.9%, QoQ ▼9.0%)
 [CMO] 3Q Sales **17.1 bil KRW** (YoY ▲ 14.7%, QoQ ▲1.3%)

[Unit: billion KRW]



※ Others : sales of subsidiary (including consolidation)

3Q Earnings Review

- Record the highest quarterly sales of ETC
 - Stable sales growth of drugs for chronic diseases (Circulatory, Metabolic)
 - First export of Sugamadex Sodium (Anesthetic muscle relaxant) to MENA
- Expanded exports of various drugs expected to boost profitability (3Q Export Amount 14.6 bil KRW, YoY ▲ 90.5%)
 - Increased exports of injections (Vial, Ample, Cartridge) and eye drops (Cyclosporine)
 - Gradually expanding exports to major ROW (Middle East, Southeast Asia, South America, etc)
- Increased sales of high margin drugs / Strategies for expanding profit in HFF business
 - Highest quarterly revenue for non-benefit injections (Vitamin, Selenase Inj.) (12.2 bil KRW, ▲ YoY 16.0%)
 - Menolacto, Stable sales despite decreased number of home shopping broadcasts (9.4 bil KRW)
 - Sagunja, the largest quarterly sales (3.4 bil KRW)

4Q Business Preview

- Increased overseas exports centered on anesthetics
 - Increased sales of 2% Lidocaine anesthetic / First shipment of 1% lidocaine anesthetic to Canada
 - Approved to increase production unit of bupivacaine injections for export to U.S (70→300L)
- Expect to expand the medical device business
 - New product 'Dexcom G7' approved by the Ministry of Food and Drug Safety (In October)
 - First release of Smart Insulin Pen 'Diacon P8' in Korea (In November)

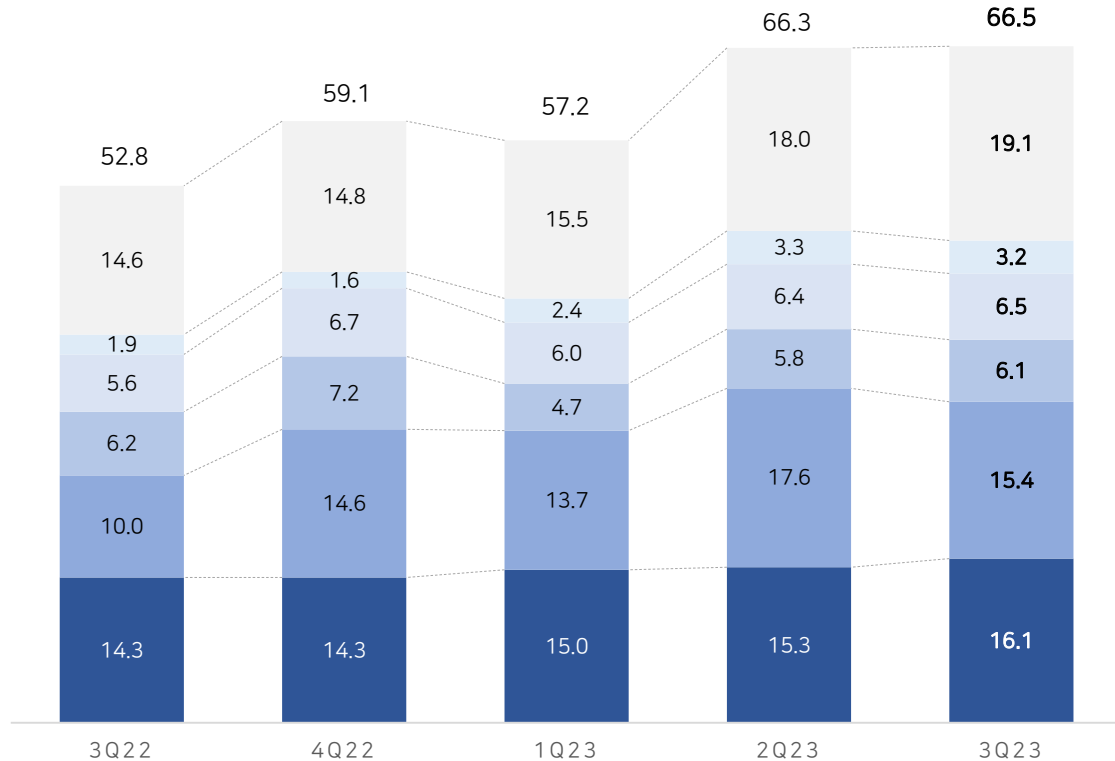
3. Performance by Business Divisions_ETC/CMO

ETC

3Q Sales **66.5 bil KRW** (YoY ▲26.0%, QoQ ▲0.2%)

[Unit: billion KRW]

■ Circulatory ■ Anesthetic ■ Metabolic ■ Digestive ■ Eye drops ■ Others

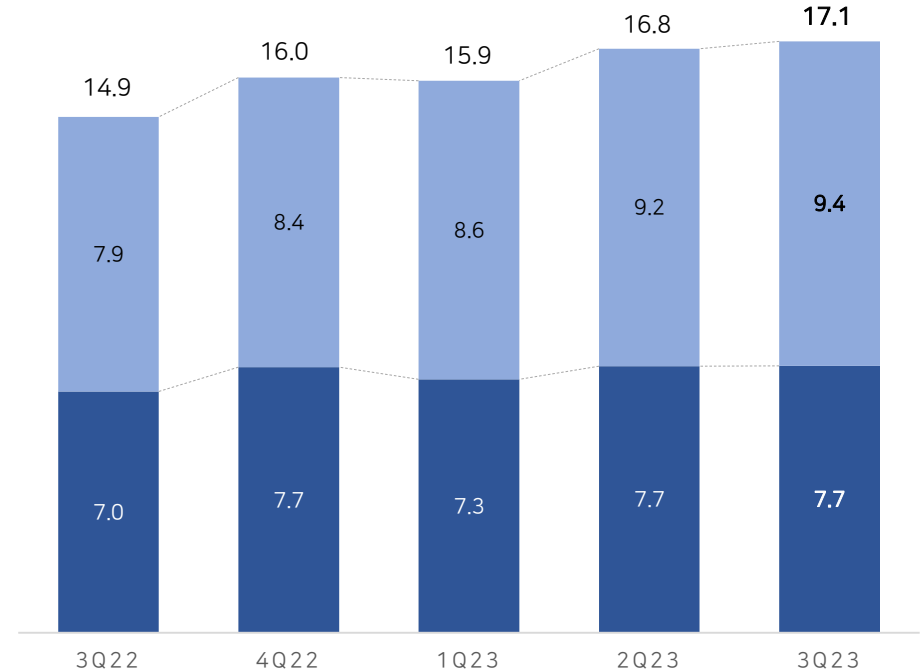


CMO

3Q Sales **17.1 bil KRW** (YoY ▲14.7%, QoQ ▲1.3%)

[Unit: billion KRW]

■ Eye drops ■ Drugs

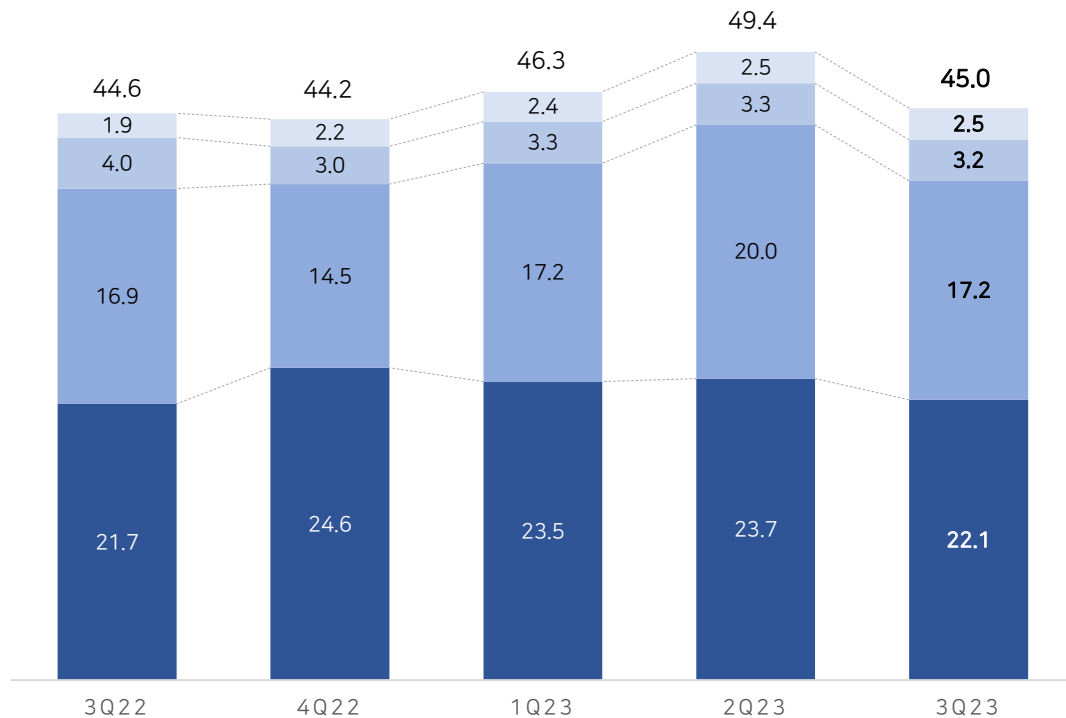


Beauty·well-being

3Q Sales **45 bil KRW** (YoY ▲0.9%, QoQ ▼9.0%)

[Unit: billion KRW]

Wellbeing·Obesity·Pain HFF Medical Devices Others



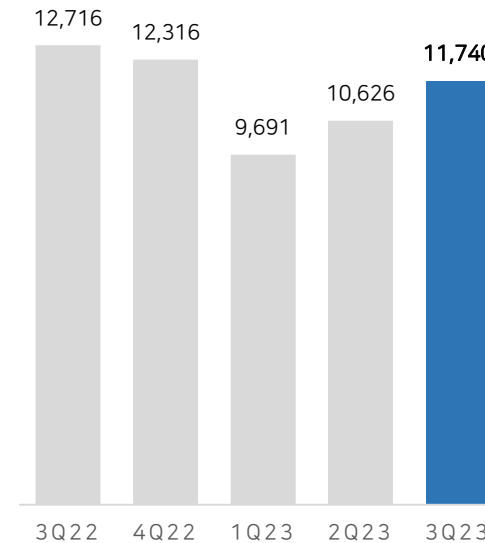
hu Huons Foodience

3Q Sales **11.7 bil KRW** (YoY ▼7.7%, QoQ ▲10.5%)

3Q OP **0.2 bil KRW** (YoY ▼80.5%, QoQ ▼36.8%)

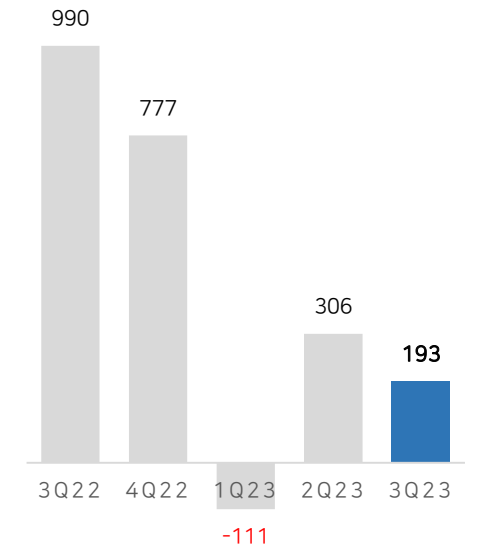
Sales

[Unit: million KRW]



Operating Profit

[Unit: million KRW]

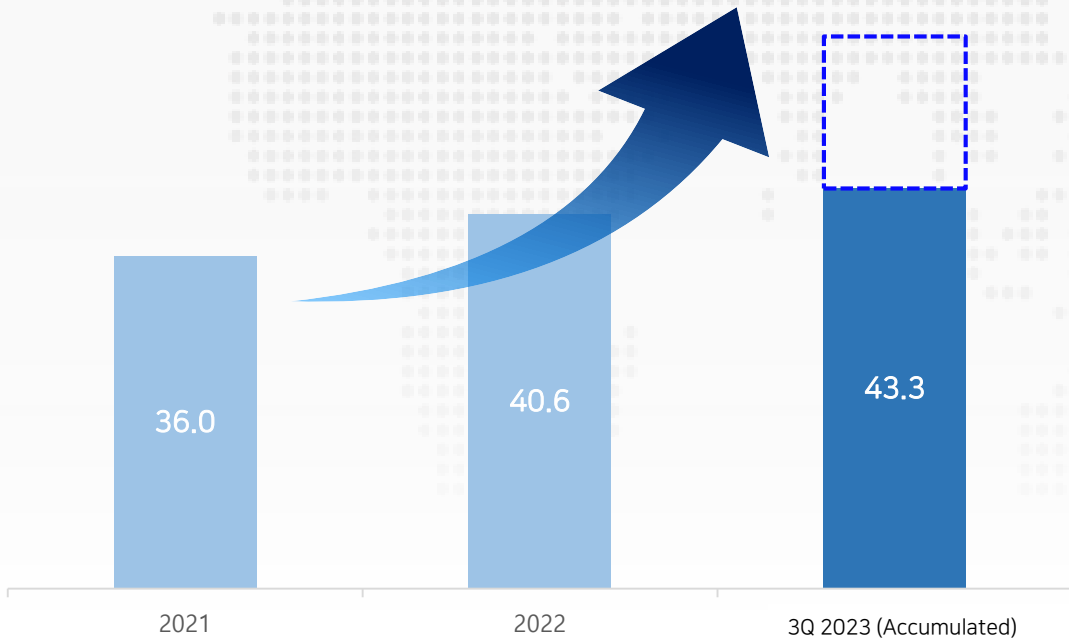


Global business expansion by expanding exports of various medicines

Discover local business opportunities through collaboration with overseas affiliates → Expansion of export items such as injections and eye drops
 Attempts to diversify overseas exports such as China, Southeast Asia, and the Middle East outside of North America → Approval of Saudi SFDA GMP in August 2023

[Three-year export trend]

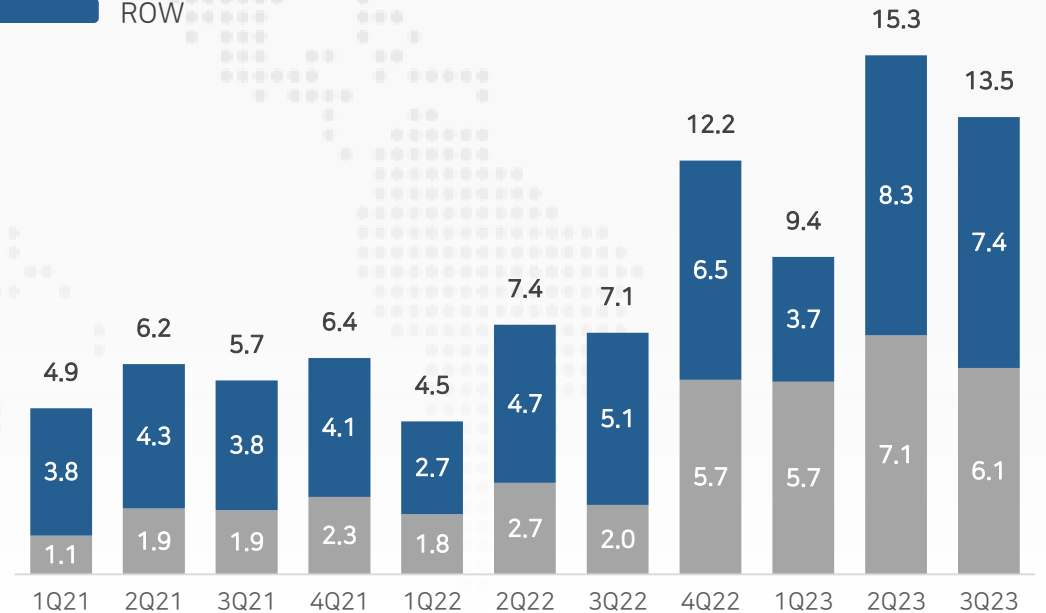
[Unit: billion KRW]



[Trends in Overseas Injections]

Legend:
 U.S. (Grey)
 ROW (Blue)

[Unit: billion KRW]



- **1st factory : Increasing production through process improvement**
 - CMO for some of our domestic injectable products / Increase in batch size of export items (Bupivacaine, Lidocaine, etc)
- **2nd factory : Start of commercial production of eye drops line / Construction of injection lines**
 - GMP approval of eye drops line in September 2023
 - Test production in progress and preparing for items approval / Commercial production operation plan for some items within this year



Production Line			
Classification (Unit: million KRW)	Production performance (Accumulated 2023)	Average number of working days per month	Operation rate (Average 2023)
Injections	93,804	18	105%
Eye drops	31,620	26	99%
Pills/Capsule	89,428	19	114%



Production Line			
Classification	Production capacity	Scale of expansion (Compared to 1 st factory)	Operation time
Eye drops (Unit: million Tube)	170	+48%	4Q23
Injections - Vial (Unit: million Vial)	53	+204%	2H25
Injections - cartridge (Unit: million Ctg)	66	+49%	2H25

Beginning of the development of a new drug for dry eye

- Clinical trial of New Drugs for Dry Eye : FPR2 Selective peptide ligand 'HUC1-394' apply for phase 1 IND
- Development of eye drop with low-concentration cyclosporine: 'HUC2-007' phase 3 clinical trials in progress

	NCP112(HUC1-394) / New chemical Entities	HU007(HUC2-007) / Incrementally Modified Drug
Substance	NCP112 Heptameric peptide FPR2 (GPCR of Immune Control Function in Innate) agonist	Cyclosporine 0.02% + trehalose 3% compound agent
Development stage	Apply for phase 1 IND in Korea	Progress of Phase 3 IND in Korea
Features	<ul style="list-style-type: none"> ✓ A new mechanism-based treatment for dry eyes ✓ Low likelihood of side effects and toxicity due to the use of peptide agents ✓ As FPR2 Selective peptide ligand, inhibit inflammatory reactions by activating FPR2 ✓ Restoring damaged cornea by suppressing conjunctivitis caused by dry eyes 	<ul style="list-style-type: none"> ✓ 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
Remarks	In-Licensing from Nova Cell Technology	Core technology business supported by the Ministry of Trade, Industry and Energy

Conduct Interim dividend

- Implementation of a shareholder return policy to enhance corporate value
- An annual dividend (Year-end dividends) → A dividend of two times (Interim dividend + Year-end dividend)

[Mid-to-long-term shareholder return policy]

Dividend basis

Dividends Per Share

Target dividend

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

Type of dividends

Cash dividends
(Year-end dividends + Interim dividends)

Application period

3 years (2023 ~2025)

[Shareholder Return Policy Status]

Classification	2023 ¹⁾	2022	2021	2020	2019
Total Dividend Amount (Unit : billion KRW)	3.5	7.1	6.5	5.9	6.3
Dividend per share (Unit : KRW)	300	600	600	600	700
Dividend Ratio to Market Value(% ²⁾)	0.95	2.1	1.3	1.0	1.3
Stock dividend (Per share)	-	-	0.1	0.1	0.1
Treasury stock (Unit : billion KRW)	-	-	-	5	-

1) The amount is based on interim dividends. The amount of year-end dividends will be decided later.

2) 'Dividend Ratio To Market Value' above refers to the ratio of dividend per share to average of closing price for the days between two trading days before record date and a week prior to the date.

Board Members

<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Soo-Young Song</div> <p style="text-align: center;">CEO / President Inside Director</p> <ul style="list-style-type: none"> - CEO of Deloitte Consulting Japan - BS, Industrial Engineering, Hanyang Univ. 	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Sang-Bae Yoon</div> <p style="text-align: center;">CEO / Vice President Inside Director</p> <ul style="list-style-type: none"> - ETC Unit Head of Boryung Pharma. - MS, Pharmacy, JoongAng Univ. 	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Si-Baek Kim</div> <p style="text-align: center;">Head of Factory Inside Director</p> <ul style="list-style-type: none"> - SK Chemicals - BS, Chemical education, Chungbuk National Univ. 	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Sung-Tae Yoon</div> <p style="text-align: center;">Chairman Non-Executive Director</p> <ul style="list-style-type: none"> - Chairman of KPBMA - IBM Korea - MS, Project Mgt., Hanyang Univ.
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<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Duk-Ho Lim</div> <p style="text-align: center;">Outside Director</p> <ul style="list-style-type: none"> - Chair professor of Hanyang Univ. - Outside director of KAIT - 13th President of Hanyang Univ. 	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Do-Ik Jung</div> <p style="text-align: center;">Outside Director</p> <ul style="list-style-type: none"> - Chief expert member of Yoon & Yang Secretary of Fair Trade Commission BS, Civil Engineering, MyungJI Univ. 	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; font-weight: bold;">Yong-Gon Park</div> <p style="text-align: center;">Outside Director</p> <ul style="list-style-type: none"> - President of KFRI - Ph.D, Food and Microbiology, Youngnam Univ.
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Audit committee

Chairperman Duk-Ho Lim
Member Do-Ik Jung
Member Yong-Gon Park

ESG Committee

Chairman Soo-Young Song
Member Duk-Ho Lim
Member Do-Ik Jung

Consolidated Statement of Financial Position

[Unit: million KRW]

Classification	3Q22	4Q22	1Q23	2Q23	3Q23
Assets	467,951	472,627	469,951	473,508	497,160
Current assets	249,634	247,015	239,345	239,357	257,749
Cash etc.*	95,544	84,621	62,432	51,878	71,033
Accounts receivable	70,480	75,212	78,971	86,632	87,482
Inventory Asset	66,919	74,480	84,901	88,129	86,937
Non-current assets	218,317	225,612	230,605	234,151	239,411
Liabilities	184,282	185,107	174,711	163,317	176,505
Current liabilities	118,241	103,453	94,414	83,510	97,197
Accounts payable	13,266	16,615	19,199	16,961	15,179
Short-term borrowings	10,000			207	207
Non-current liabilities	66,041	81,654	80,297	79,807	79,308
Long-term borrowings	47,826	65,826	65,000	65,000	65,000
Equity	283,669	287,520	295,240	310,191	320,655
Equity attributable to owners of parent	278,604	282,456	290,216	305,070	315,512
Retained earnings	203,909	207,686	214,504	229,280	237,497
Non-controlling interests	5,065	5,064	5,024	5,121	5,143
Stability Indicator					
Current ratio	211%	239%	254%	287%	265%
Debt to equity ratio	65%	64%	59%	53%	55%
Borrowing ratio	20%	23%	22%	21%	20%
Net debt ratio	-13%	-7%	1%	4%	-2%
Interest coverage ratio	198%	1510%	1630%	3414%	2427%

* Cash etc. = Cash & Cash Equivalent + Short-term Financial Instruments

** Figures accumulated for 4 quarters

Financial Statements of Comprehensive Income

[Unit: million KRW]

Classification	3Q22	4Q22	1Q23	2Q23	3Q23
Sales	123,129	129,314	127,919	140,697	138,166
Cost of sales	57,633	59,390	59,126	65,722	67,789
Gross profit	65,496	69,924	68,794	74,974	70,377
SG&A expenses	63,471	53,684	57,606	57,098	55,425
Operating Profit	2,025	16,240	11,187	17,876	14,952
Gains/Losses on investments in associates	176	-554	17	149	243
Other gains/losses	2,100	-85	6,241	487	-683
Profit before tax	4,301	15,601	17,446	18,512	14,512
Income tax expense	1,672	11,837	3,578	3,649	2,732
Net Profit	2,629	3,764	13,869	14,863	11,780
Profit, attributable to owners	2,327	3,777	13,916	14,776	11,766
Profit, attributable to non-controlling interests	301	-13	-47	87	14
A Profitability Indicator					
Operating profit ratio	1.6%	12.6%	8.7%	12.7%	10.8%
EBITDA Margin	5.8%	15.9%	12.1%	15.8%	14.2%
Net profit ratio	2.1%	2.9%	10.8%	10.6%	8.5%
ROE**	6.2%	8.1%	9.8%	11.9%	14.7%
Sales/Asset**	106%	108%	111%	110%	111%
Leverage	165%	164%	159%	153%	155%

Thank you