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Huons

Investor Relations

2Q. 2024.



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

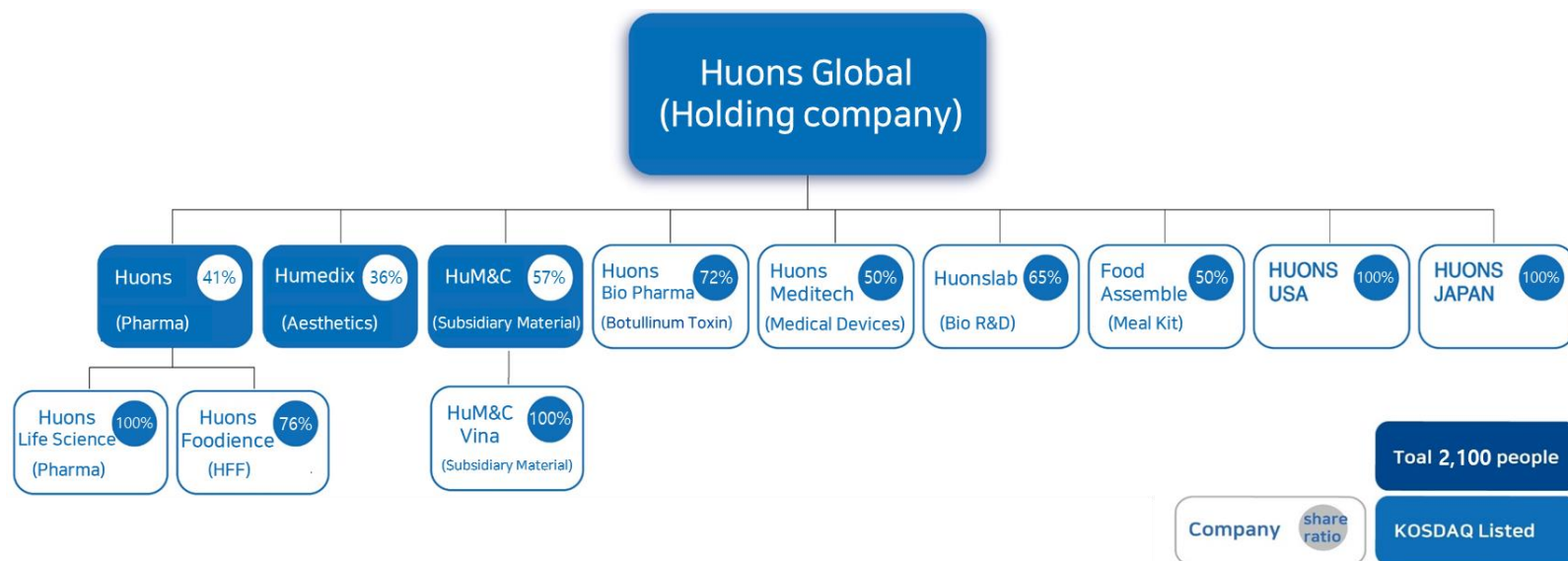
Foundation July 1965 (Spin-off in May 2016)

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 Aesmetic business



Total 2,100 people

Company share ratio

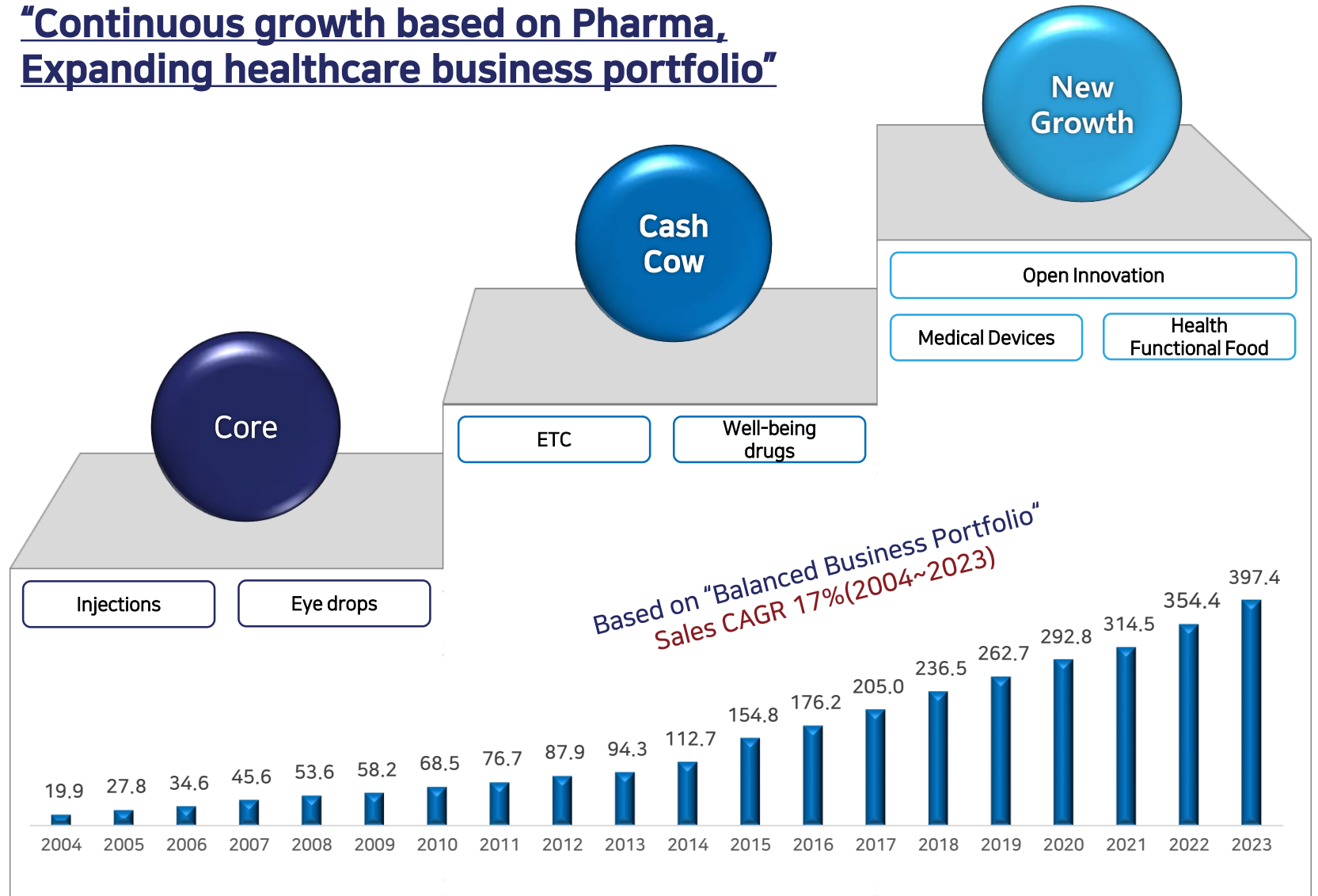
KOSDAQ Listed

※ Based on common stock, as of June 30, 2024

History

- 1965 Established Kwang Myung Pharmaceutical Company
- 2006 Listed on KOSDAQ
- 2016 Spin-off as a business company
- 2017 0.9% Sodium Chloride Inj. approval from the U.S. FDA
- 2018 1% Lidocaine Inj.(amp.) approval from the U.S. FDA
- 2019 0.75% Bupivacaine Dextrose Inj. approval from U.S. FDA
- 2020 1% Lidocaine Inj.(vial) approval from the U.S. FDA
- 2020 Launch of "Elruby Menolacto Probiotics"
(Korea's First Female Menopausal Latobacillus)
- 2022 Establishment of Huons Foodience, a HFF subsidiary
(Merger of Huons Nature-Huons Natural)
- 2023 2% Lidocaine Inj.(vial) approval from the U.S. FDA
- 2023 Acquired Huons Life Science (formerly Crystal Life Science)

"Continuous growth based on Pharma, Expanding healthcare business portfolio"



(unit : million USD, including earnings before spin-off, consolidated-basis since 2017)

- Growth of domestic ETC / Expansion of eye drops CMO business through operation of 2nd factory.
- Decrease in operating profit due to subsidiaries' one-time accounting expenses.

Sales

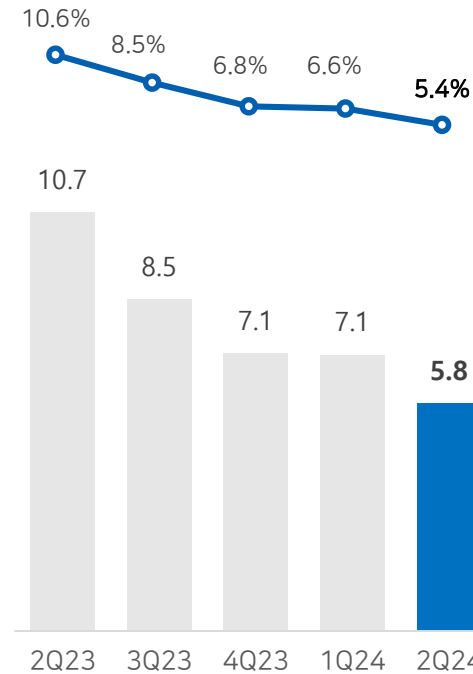
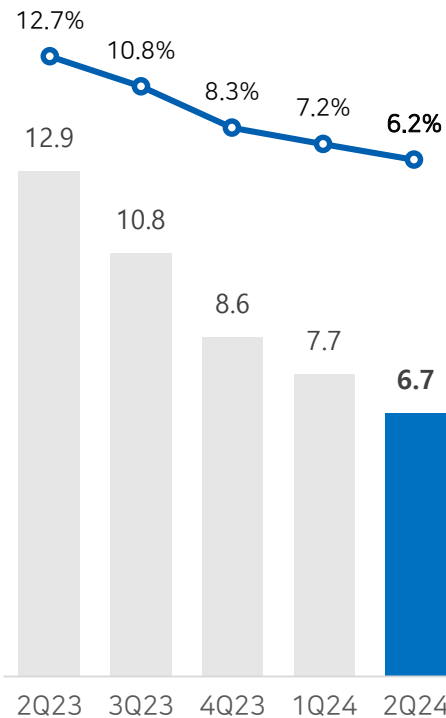
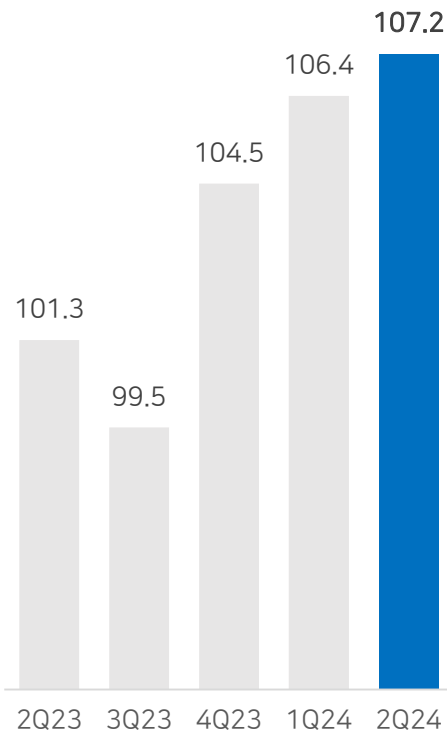
Operating Profit

Net Profit

[Unit: million USD]

[Unit: million USD, %]

[Unit: million USD, %]



[Sales]

107.2mil USD (YoY ▲5.9%, QoQ ▲0.8%)

[Operating Profit]

6.7mil USD (YoY ▼47.9%, QoQ ▼12.9%)

[Net Profit]

5.8mil USD (YoY ▼45.6%, QoQ ▼17.5%)

- Huons, gradual improvement in OPM by growth of ETC sales.
- Subsidiaries, processing of accounting expenses such as inventory valuation loss and bad debt expense.

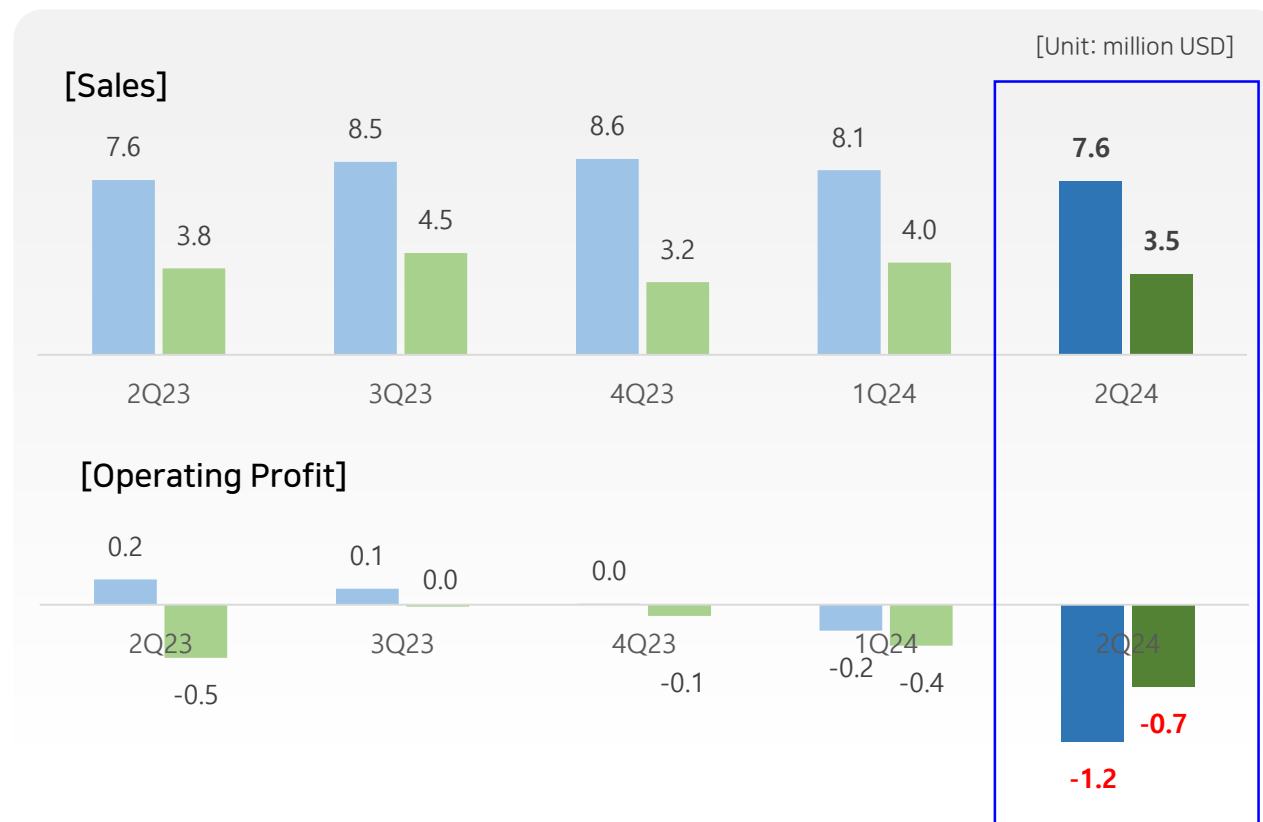
Huons P/L (Seperate)

[Unit: million USD, %]

Classification	2Q23	1Q24	2Q24	YoY	QoQ
Sales	95.4	95.3	96.8	+1.4%	+1.6%
ETC	66.3	64.1	66.5	+0.2%	+3.6%
Beauty·Wellbeing	49.4	48.7	48.6	-1.6%	-0.1%
CMO	16.8	19.5	19.4	+15.2%	-0.5%
Operating Porfit	12.7	8.3	8.7	-31.4%	+4.3%
OPM	13.3%	8.7%	9.0%	-4.3%p	+0.2%p
Net Profit	10.4	7.8	7.9	-24.1%	+0.6%

Subsidiaries P/L

■ Huons Foodience
■ HuonsLifeScience



- 2Q Cost of sales **55.2mil USD** (YoY ▲16.6%, QoQ ▲4.6%) / SG&A **45.4mil USD** (YoY ▲10.4%, QoQ ▼1.2%)
 - ✓ COGS: Increased due to expansion of medical devices and CMO sales.
 - ✓ SG&A: Decreased in advertising and commissions / some increase in R&D costs

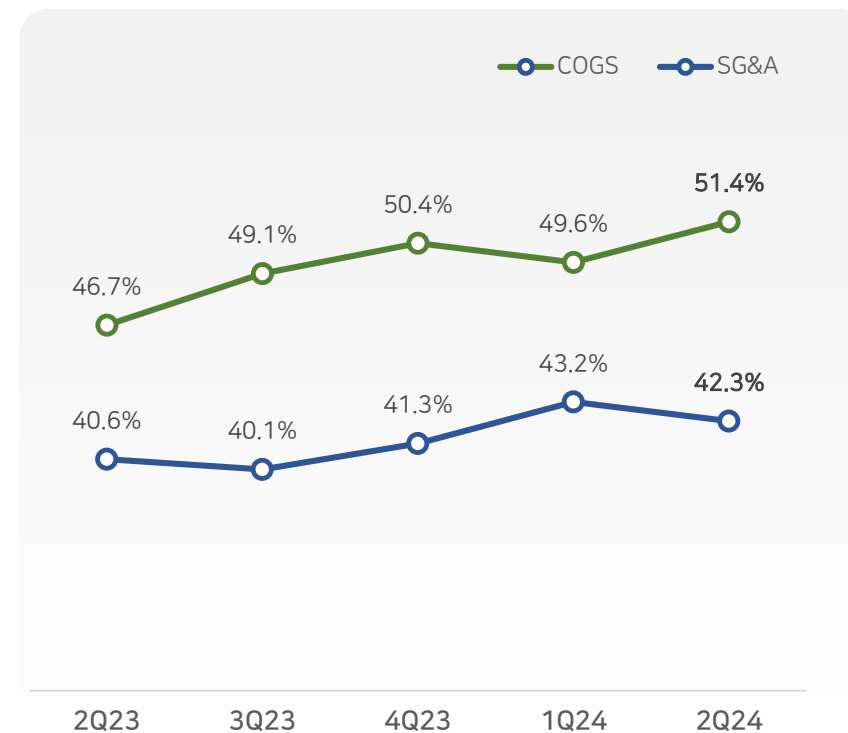
Cost Analysis

[Unit: million USD, %]

	2Q23		3Q23		4Q23		1Q24		2Q24		YoY	QoQ
Sales	101.3		99.5		104.5		106.4		107.2		+5.9%	+0.8%
Costs of sales	47.3	46.7%	48.8	49.1%	52.7	50.4%	52.7	49.6%	55.2	51.4%	+16.6%	+4.6%
SG&A Expenses	41.1	40.6%	39.9	40.1%	43.2	41.3%	45.9	43.2%	45.4	42.3%	+10.4%	-1.2%
Labor	5.6	5.6%	5.6	5.6%	6.4	6.1%	6.4	6.0%	6.2	5.8%	+10.5%	-2.4%
Advertising	4.5	4.4%	3.6	3.6%	4.1	4.0%	4.0	3.8%	3.2	2.9%	-29.5%	-21.0%
Commissions	9.1	9.0%	7.9	7.9%	9.2	8.8%	10.2	9.6%	8.0	7.5%	-11.9%	-21.6%
R&D	5.3	5.2%	6.7	6.7%	5.9	5.6%	5.3	5.0%	6.4	6.0%	+21.9%	+21.4%
Others	16.6	16.4%	16.2	16.3%	17.5	16.8%	20.1	18.9%	21.6	20.1%	+29.7%	+7.5%

※ '%' is % of Sales

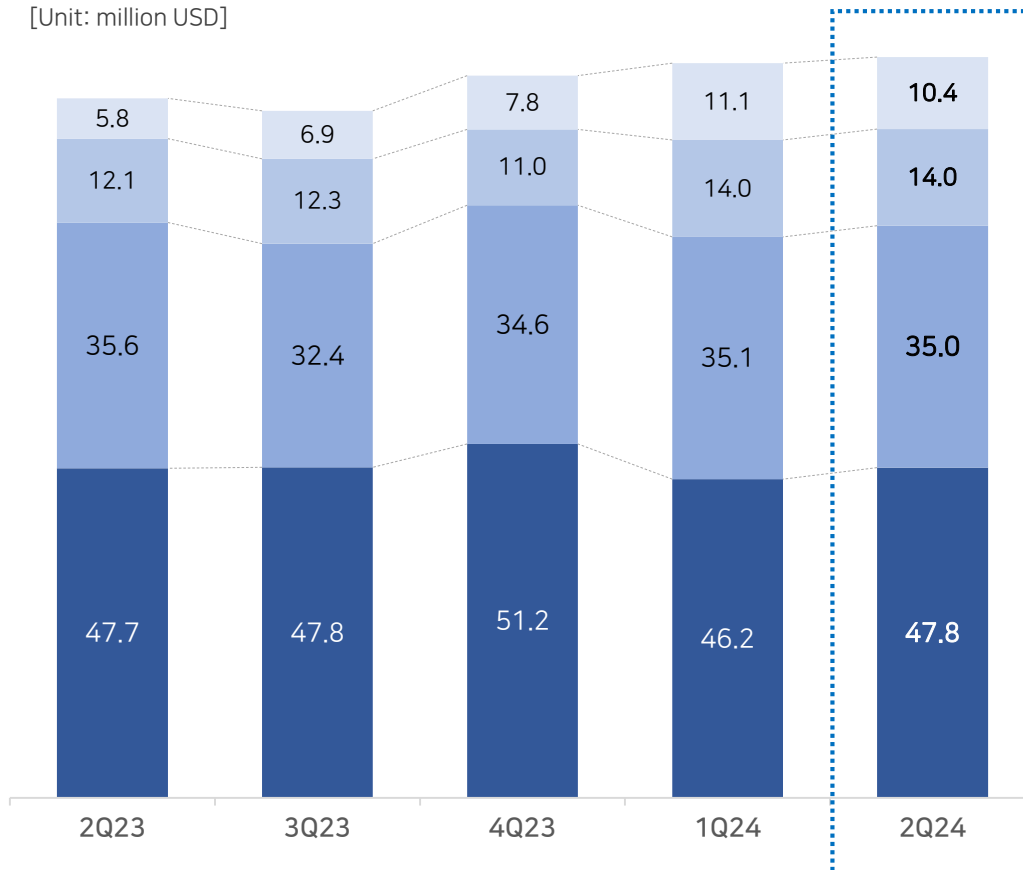
Cost of sales/SG&A Ratio



Sales by Business Divisions

■ ETC ■ Beauty-Well-being ■ CMO ■ Others¹⁾

[Unit: million USD]



2Q Earnings Review

[ETC] 2Q Sales **47.8mil USD** (YoY ▲0.2%, QoQ ▲3.6%)

- Growth in sales of chronic diseases (circulatory, metabolic)
- Anesthetic exports are recovering in countries other than U.S.

[Beauty-Well-being] 2Q Sales **35.0mil USD** (YoY ▼1.6%, QoQ ▼0.1%)

- Decrease in home shopping channel sales of HFF (securing profitability)
- Medical device sales increased due to the successful launch of Dexcom G7

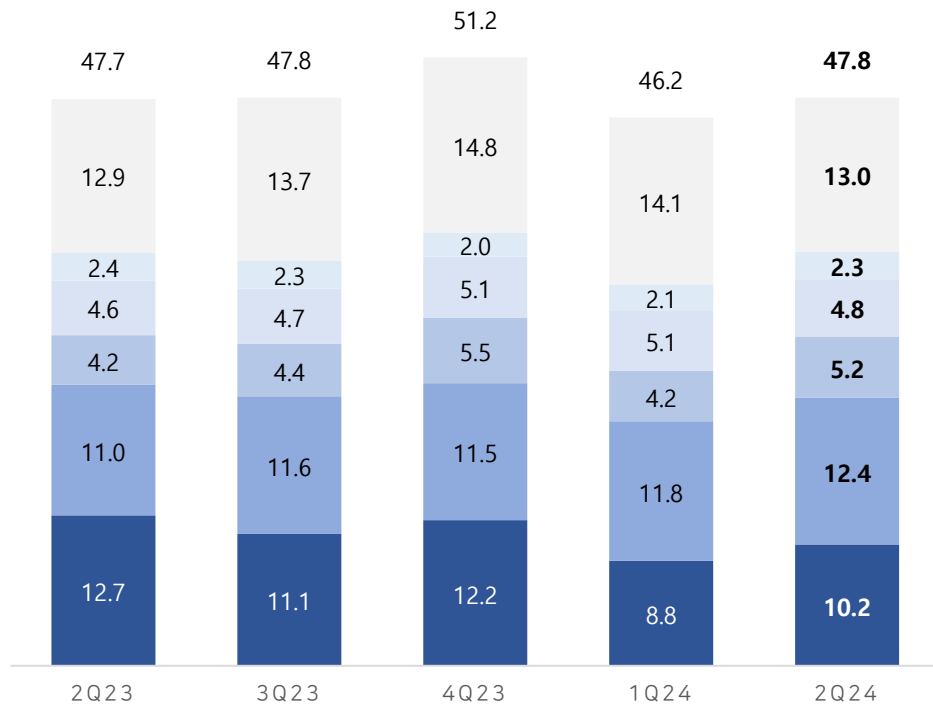
[CMO] 2Q Sales **14.0mil USD** (YoY ▲15.2%, QoQ ▼0.5%)

- Continuous growth of eye drops CMO business due to rapid increase in operation rate of 2nd factory

ETC

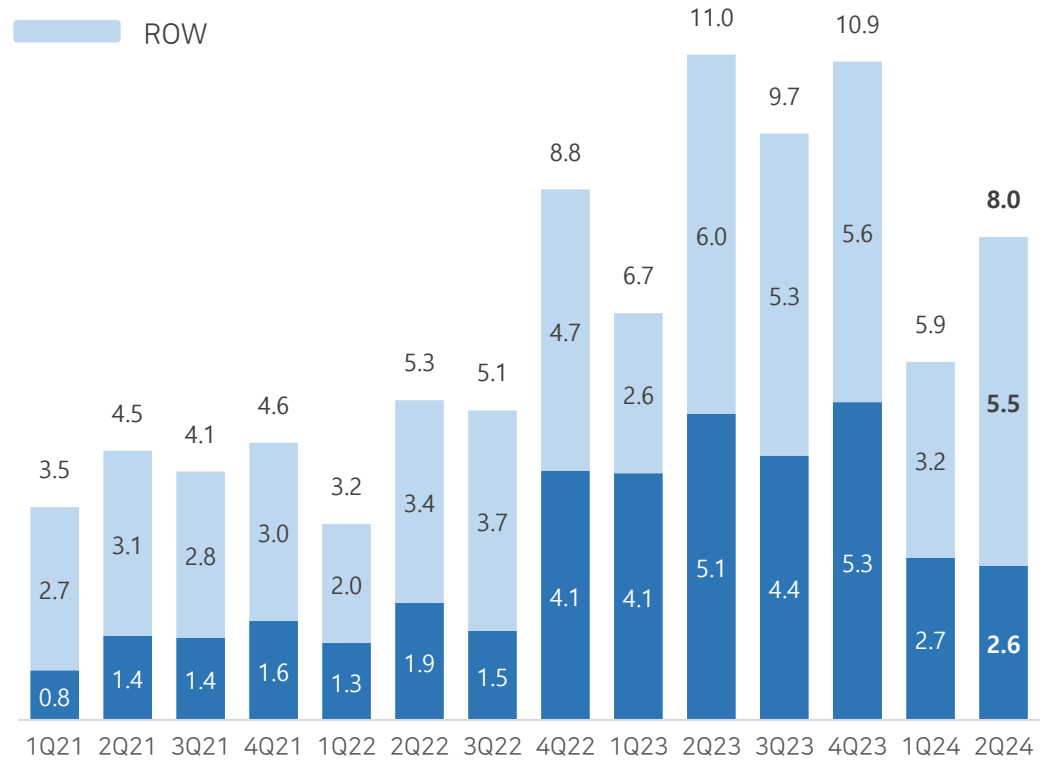
2Q Sales **47.8mil USD** (YoY ▲0.2%, QoQ ▲3.6%)

■ Anesthetic
 ■ Circulatory
 ■ Metabolic
 [Unit: million USD]
■ Digestive
 ■ Eye drops
 ■ Others



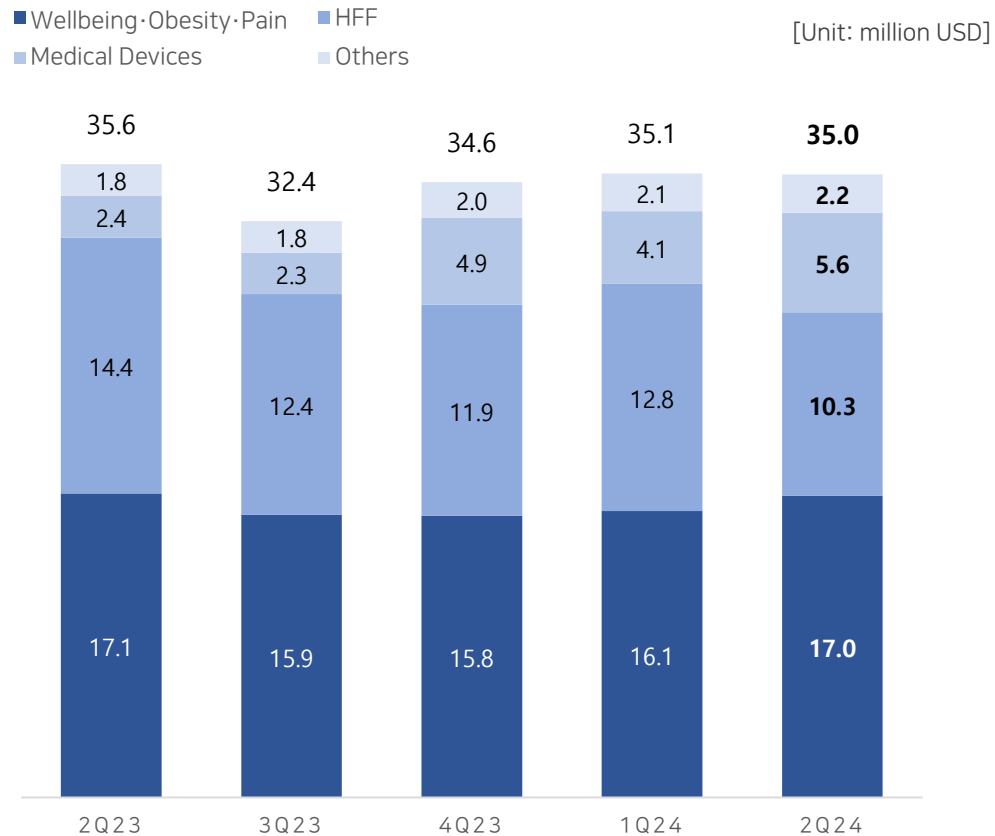
[Injectables export sales trend]

■ North America
 ■ ROW
 [Unit: million USD]



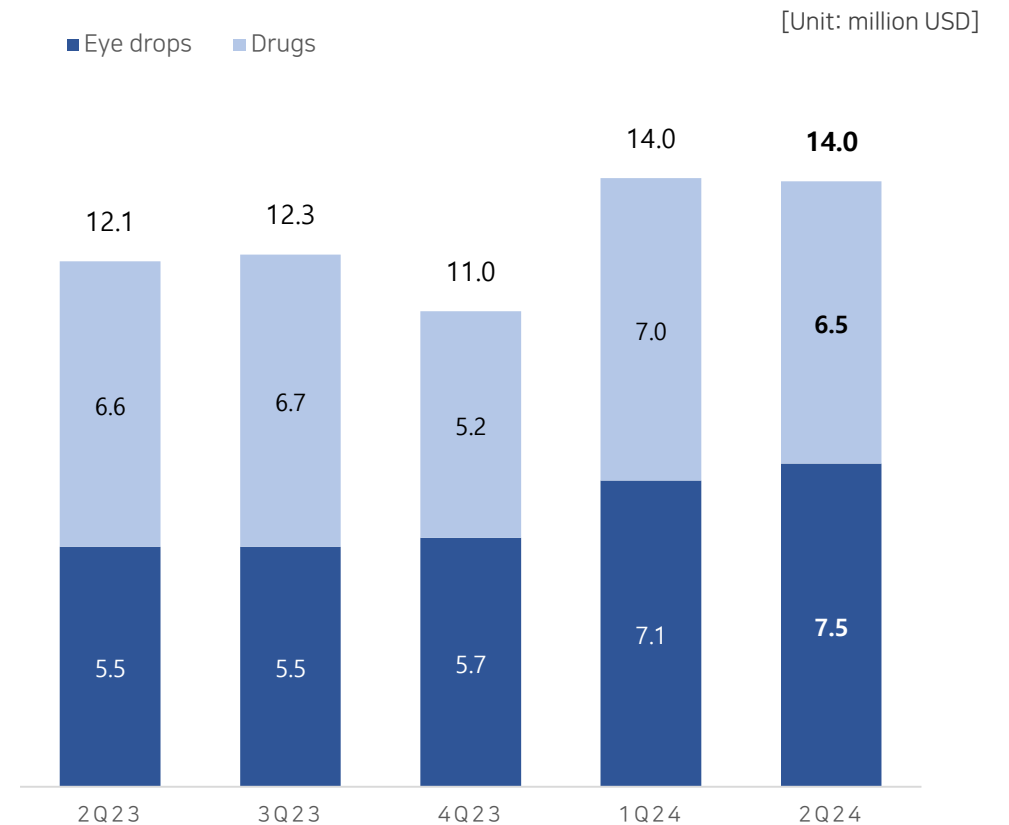
Beauty·Well-being

2Q Sales **35.0mil USD** (YoY ▼1.6%, QoQ ▼0.1%)



CMO

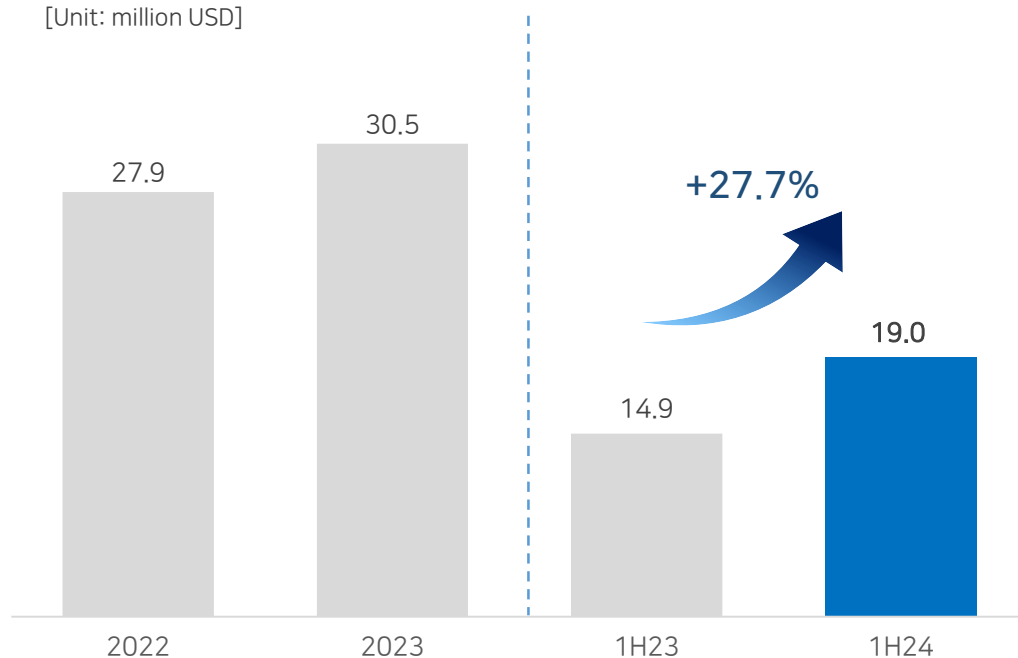
2Q Sales **14.0mil USD** (YoY ▲15.2%, QoQ ▼0.5%)



- Record high sales with increased operation of new eye drop line in 2nd factory (1H24 19.0mil USD, YoY ▲27.7%)
 - Full operation(80.2%) of the new eye drop line at 2nd factory.
 - In progress of registering of new eye drop products at 2nd factory (including multi-use eye drops)

Eye Drops Sales¹⁾

[Unit: million USD]



Utilization rate of the eye drops production lines

Eye Drops Production Lines		2022		2023		1H24	
		CAPA ²⁾	Production (Operation rate)	CAPA	Production (Operation rate)	CAPA	Production (Operation rate)
1 st Factory	single dose (Line 1)	300 mil tubes	330 mil tubes (111.3%)	355 mil tubes	354 mil tubes (99.8%)	170 mil tubes	150 mil tubes (88.0%)
	single dose (Line 2)						
	single dose (Line 3)						
	multi dose (Line 1)						
2 nd Factory	single dose (Line 4)	/		/		77 mil tubes	62 mil tubes (80.2%)
	multi dose (Line 2)						

1) Eye drops sales in ETC + CMO

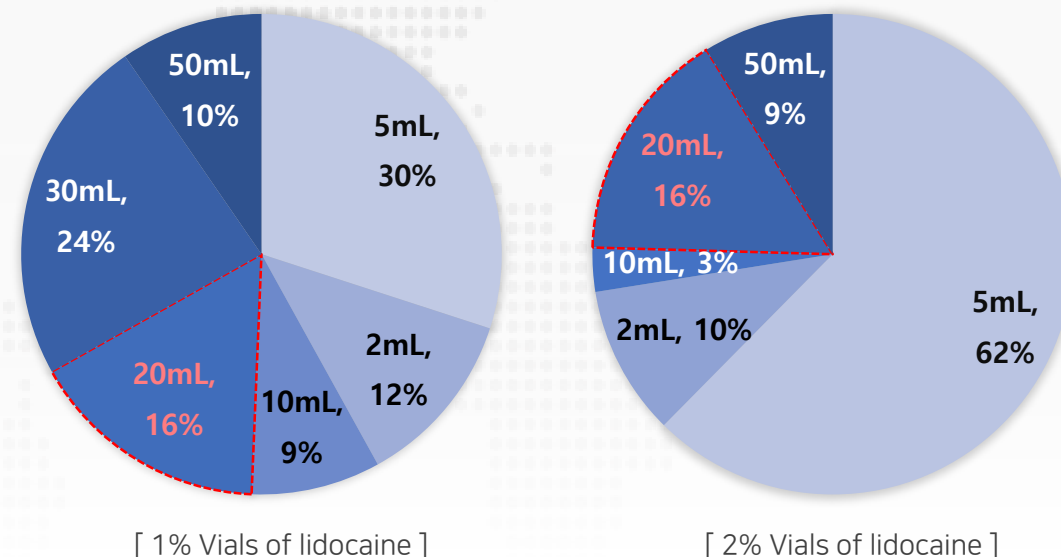
2) Calculated depending on the number of operating days and shift work method

- Expansion of export countries and products to target overseas markets
 - North America: Registration of new anesthetic products (Multi-Dose Vials, Dental Cartridge), Export of CMC eye drops and HFF
 - Rest of the World: Export growth of dental anesthetic injections , Launch of FDA-approved products in Europe and Middle East markets

[Status of US FDA ANDA Products]

Year	Products	Formulation
Upcoming ~2025	Lidocaine HCl 2% and epinephrine 1:100,000 Inj, USP	Single-Dose Cartridge
	Lidocaine Hydrochloride Inj, USP 2%	20mL Multi-Dose Vials
	Lidocaine Hydrochloride Inj, USP 1%	20mL Multi-Dose Vials
2023	Lidocaine Hydrochloride Inj, USP 2%	5mL Single-Dose Vials
2020	Lidocaine Hydrochloride Inj, USP 1%	5mL Single-Dose Vials
2019	Bupivacaine Hydrochloride in 8.25% Dextrose Inj, USP 0.75%	2mL Single-Dose Ampules
2018	Lidocaine Hydrochloride Inj, USP 1%	5mL Single-Dose Ampules
2017	Sodium Chloride Inj, USP 0.9%	5mL, 10mL Ampules

[U.S. Lidocaine Anesthetic Market in 2023¹⁾]

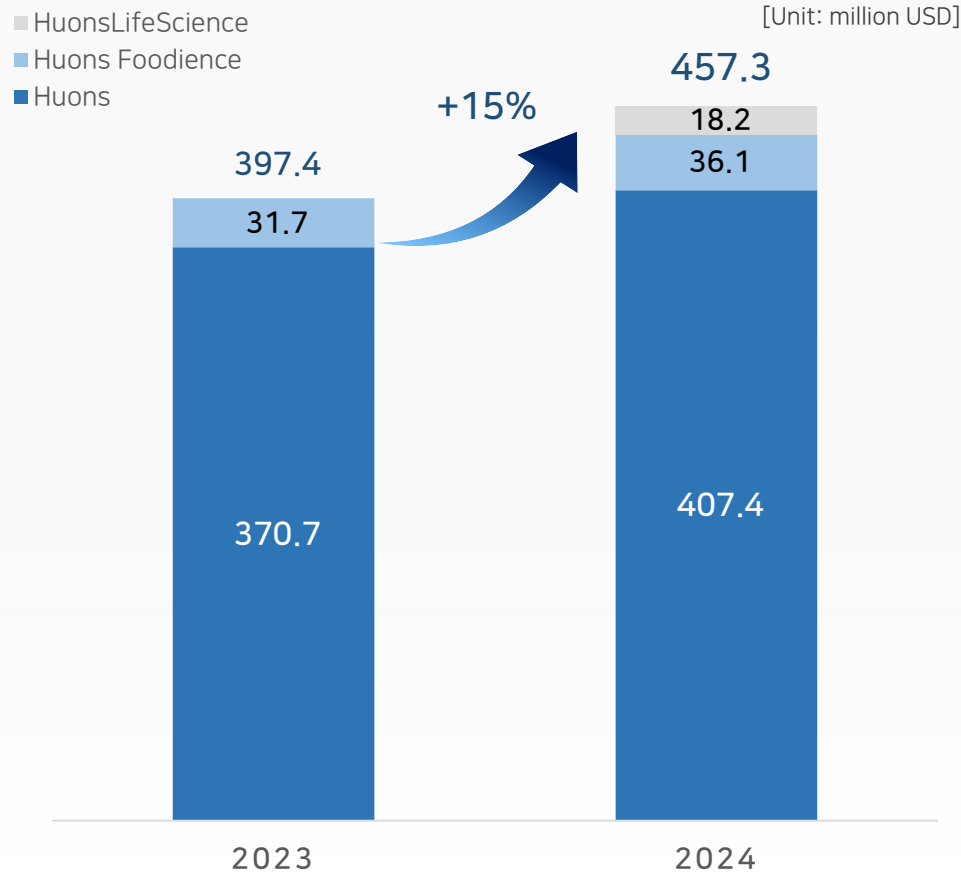


Dry eye disease new drug pipelines

- Clinical trial of New Drugs for Dry Eye : FPR2 Selective peptide ligand 'HUC1-394' apply for phase 1 IND approval
- 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	Phase 1 in Korea	Phase 3 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

2024 Sales Guidance : 457.3 mil USD (YoY ▲ 15%)



Business Divisions	Business outlook for 2H24
ETC	<ul style="list-style-type: none"> - Sustainable growth in the domestic pharmaceutical market - Increase in ROW(Japan, Middle East, Southeast Asia) injections exports * Aim for US FDA ANDA approval in 2025 (20ml Multi-Dose Vials, Dental Cartridge)
Beauty·Well-being	<ul style="list-style-type: none"> - Increase profits in HFF business (cost management and changes in sales channels) - 'Dexcom G7' expanding CGMS market share
CMO	<ul style="list-style-type: none"> - Full operation of eye drop line at 2nd factory (sales and margin increase) - Maintain other drugs CMO business

Strengthening shareholder return policy

- Implementation of a transparent and active shareholder return policy to increase corporate value
- Dividends twice a year / 2024 interim dividends of 300 KRW per share

[Mid-to long-term Dividend 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

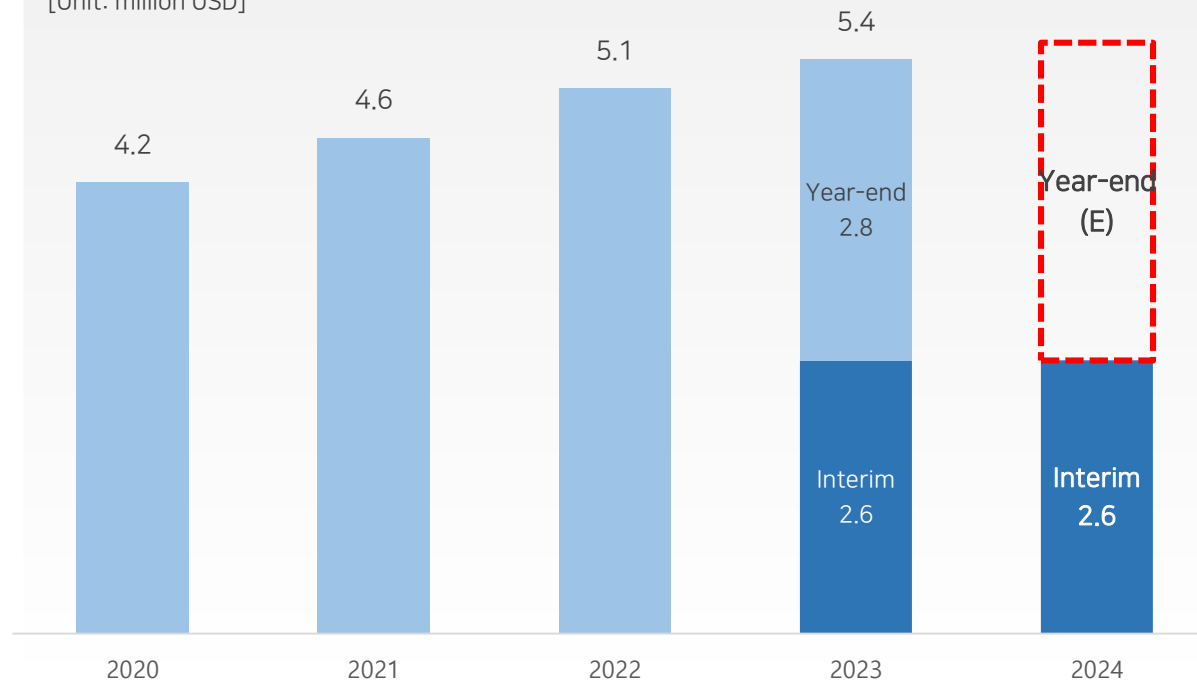
Cash dividends
(Year-end dividends + Interim dividends)

Application period

3 years (2023 ~2025)

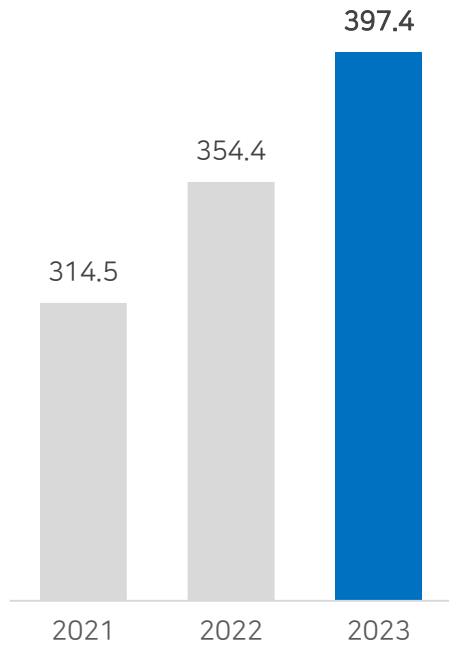
[Total dividends by year]

[Unit: million USD]



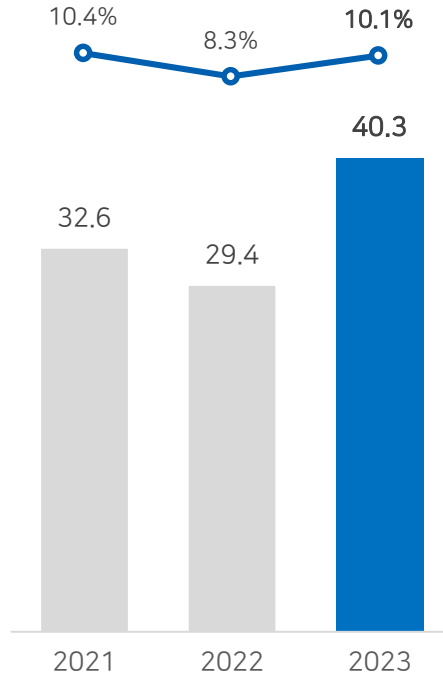
Sales

[Unit: million USD]



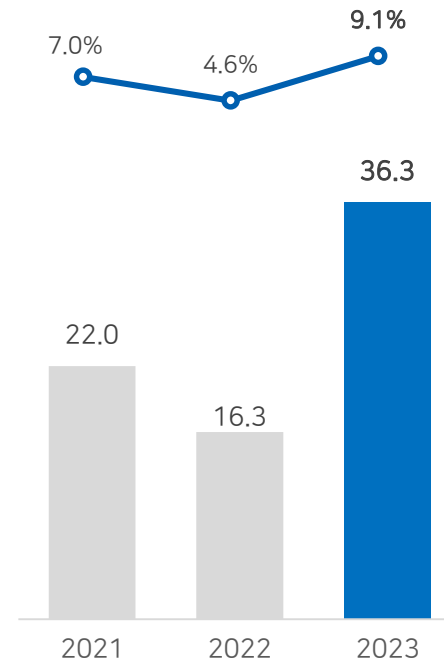
Operating Profit

[Unit: million USD, %]



Net Profit

[Unit: million USD, %]



<p>Soo-Young Song</p> <p>CEO / President Inside Director</p> <ul style="list-style-type: none"> - CEO of Deloitte Consulting Japan - BS, Industrial Engineering, Hanyang Univ. 	<p>Sang-Bae Yoon</p> <p>CEO / Vice President Inside Director</p> <ul style="list-style-type: none"> - ETC Unit Head of Boryung Pharma. - MS, Pharmacy, JoongAng Univ. 	<p>Si-Baek Kim</p> <p>Head of Factory Inside Director</p> <ul style="list-style-type: none"> - SK Chemicals - BS, Chemical education, Chungbuk National Univ. 	<p>Sung-Tae Yoon</p> <p>Chairman Non-Executive Director</p> <ul style="list-style-type: none"> - Huons Group Chairman - IBM Korea - MS, Project Mgt., Hanyang Univ.
<p>Duk-Ho Lim</p> <p>Outside Director</p> <ul style="list-style-type: none"> - Chair professor of Hanyang Univ. - 13th President of Hanyang Univ. 	<p>Do-Ik Jung</p> <p>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. 	<p>Yong-Gon Park</p> <p>Outside Director</p> <ul style="list-style-type: none"> - President of KFRI - Ph.D, Food and Microbiology, Youngnam Univ. 	<p>In-Sang Yoon</p> <p>Non-Executive Director</p> <ul style="list-style-type: none"> - Head of Strategic Planning of Huons Global - Bachelor of Chemistry, Emory University

Committee under the B.O.D.

Audit committee

Chairman 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

Statement of Financial Position

[Unit: mil USD]

Classification	2Q23	3Q23	4Q23	1Q24	2Q24
Assets	340.8	357.9	386.8	390.7	407.6
Current assets	172.3	185.5	195.3	188.6	187.9
Cash etc.*	37.3	51.1	57.8	48.9	43.5
Accounts receivable	62.4	63.0	73.4	68.4	69.8
Inventory Asset	63.4	62.6	55.1	58.7	62.7
Non-current assets	168.6	172.3	191.5	202.1	219.7
Property, plant and equipment	117.7	121.1	136.9	146.1	163.1
Liabilities	117.6	127.1	148.9	148.7	160.1
Current liabilities	60.1	70.0	96.4	94.0	104.6
Accounts payable	12.2	10.9	9.9	12.0	15.3
Short-term borrowings	0.9	11.7	34.2	29.9	43.1
Non-current liabilities	57.4	57.1	52.6	54.7	55.5
Long-term borrowings	46.8	46.8	42.0	44.4	45.3
Equity	223.3	230.8	237.8	242.1	247.5
Equity attributable to owners of parent	219.6	227.1	234.2	238.5	244.3
Retained earnings	165.0	171.0	178.2	182.5	188.6
Non-controlling interests	3.7	3.7	3.6	3.6	3.3
Stability Indicator					
Current ratio	287%	265%	203%	201%	180%
Debt to equity ratio	53%	55%	63%	61%	65%
Borrowing ratio	21%	25%	32%	31%	36%
Net debt ratio	5%	3%	8%	11%	18%
Interest coverage ratio	3414%	2427%	1770%	1350%	1550%

Statements of Comprehensive Income

[Unit: mil USD]

Classification	2Q23	3Q23	4Q23	1Q24	2Q24
Sales	101.3	99.5	104.5	106.4	107.2
Cost of sales	47.3	48.8	52.7	52.7	55.2
Gross profit	54.0	50.7	51.8	53.6	52.1
SG&A expenses	41.1	39.9	43.2	45.9	45.4
Operating Profit	12.9	10.8	8.6	7.7	6.7
Gains/Losses on investments in associates	0.1	0.2	-0.3	0.1	0.2
Other gains/losses	0.4	-0.5	0.8	1.1	0.7
Profit before tax	13.3	10.4	9.1	8.9	7.6
Income tax expense	2.6	2.0	2.0	1.9	1.7
Net Profit	10.7	8.5	7.1	7.1	5.8
Profit, attributable to owners	10.6	8.5	7.2	7.1	6.1
Profit, attributable to non-controlling interests	0.1	0.0	-0.1	-0.1	-0.3
A Profitability Indicator					
Operating profit ratio	12.7%	10.8%	8.3%	7.2%	6.2%
EBITDA Margin	15.8%	14.2%	11.7%	10.8%	9.7%
Net profit ratio	10.6%	8.5%	6.8%	6.6%	5.4%
ROE**	11.9%	14.7%	16.3%	14.7%	12.1%
Sales/Asset**	110%	111%	109%	113%	112%
Leverage	153%	155%	163%	161%	165%

Thank you