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Huons

Investor Relations

3Q. 2024.



**Huons**

## 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.

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## Company Profile

**Company Name** HUONS CO., LTD.

**CEO** Sooyoung Song, Sangbae Yoon

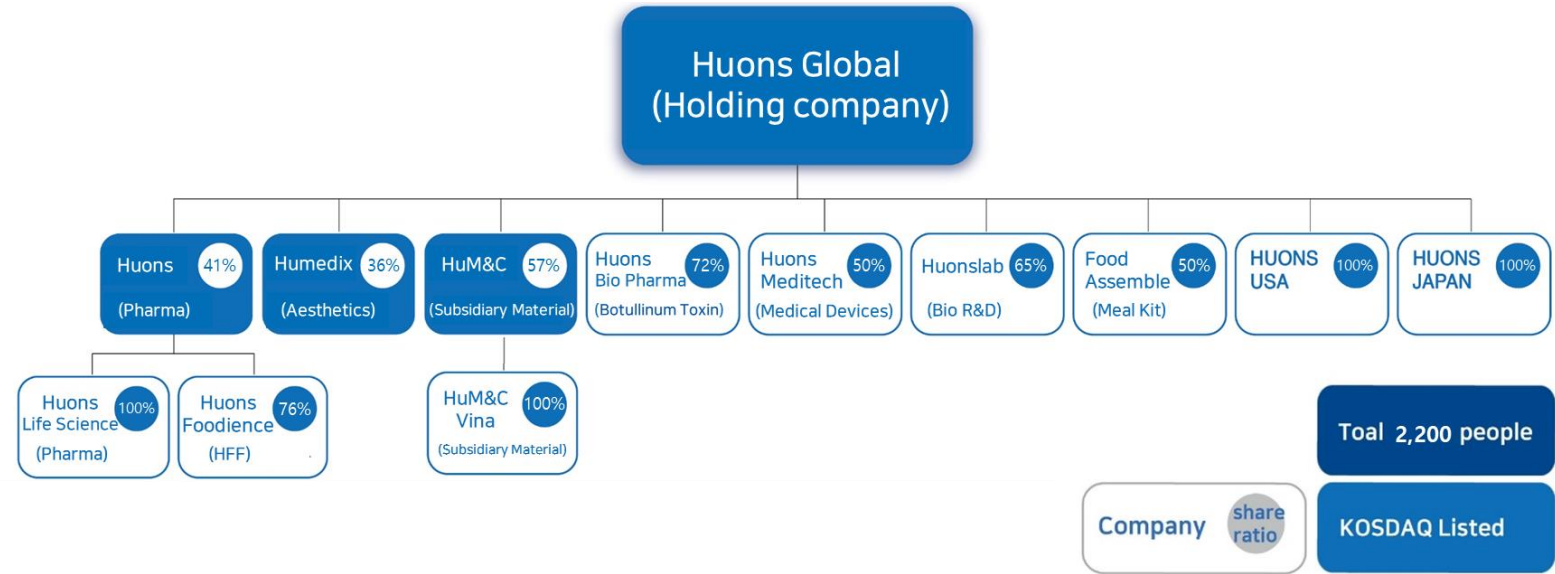
**Foundation** July 1965 (Spin-off in May 2016)

**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](http://www.huons.com)

**“Total Healthcare Group”**  
Includes Pharma, Medical Device, Health Functional Food and Aesmetic business

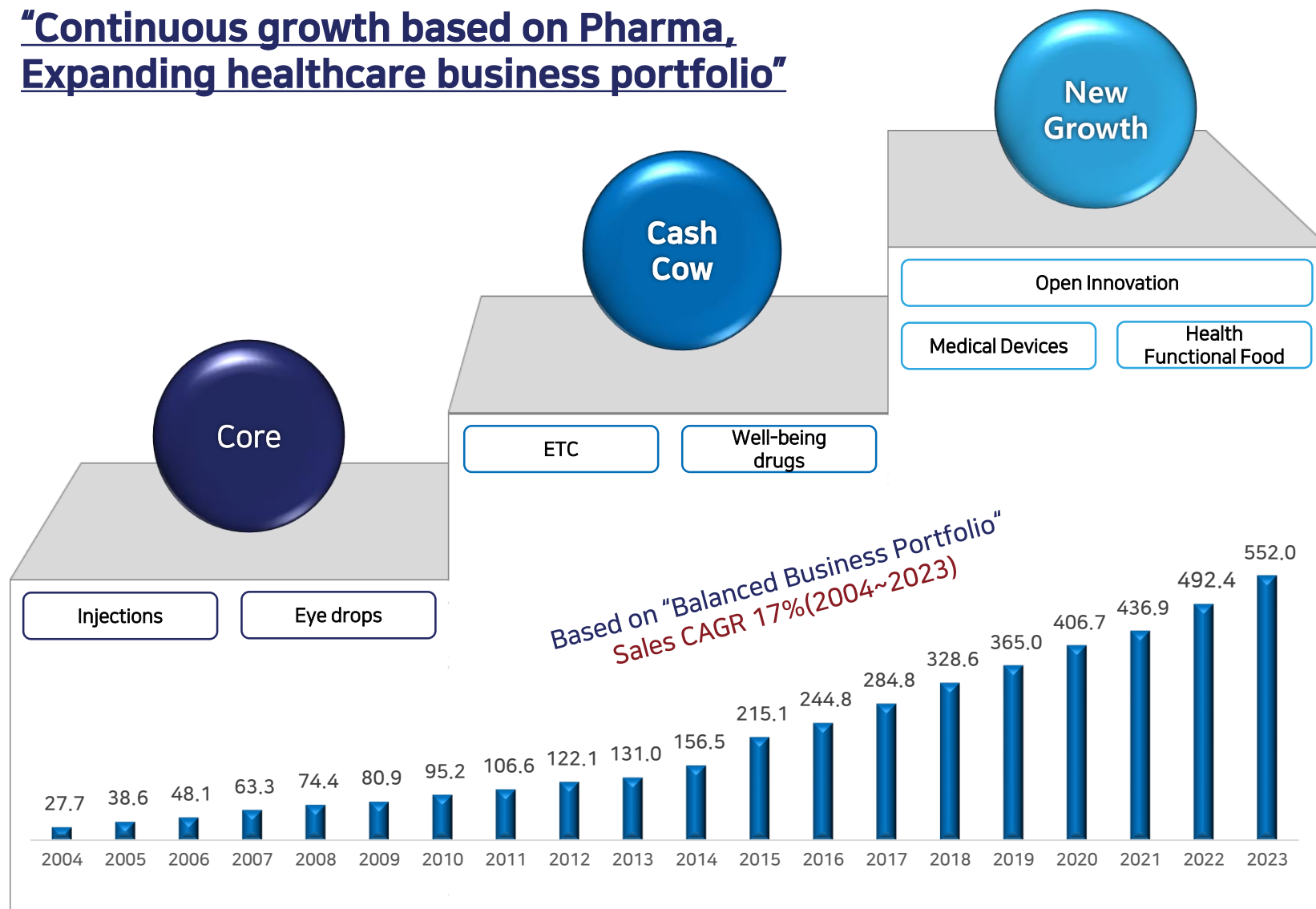


※ Based on common stock, as of Sep 30, 2024

## 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"



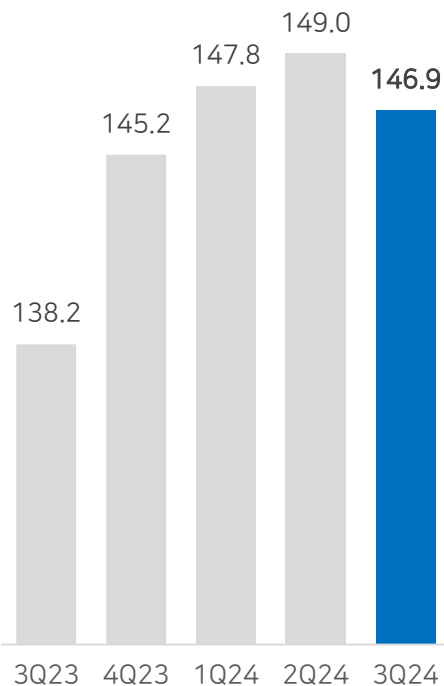
(unit : billion KRW, including earnings before spin-off, consolidated-basis since 2017)

## 2. Business Performance\_Profit & Loss Analysis

- Increase in domestic ETC sales / Decrease in injection exports and eye drops CMO sales
- Changes in sales mix → Increase in cost ratio, affecting operating profit

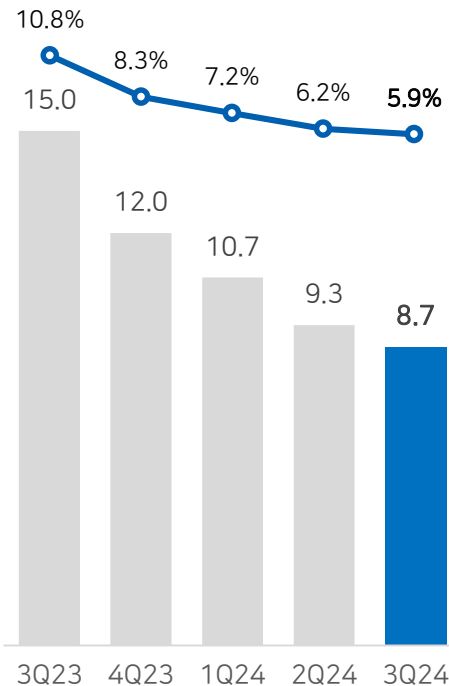
### Sales

[Unit: billion KRW]



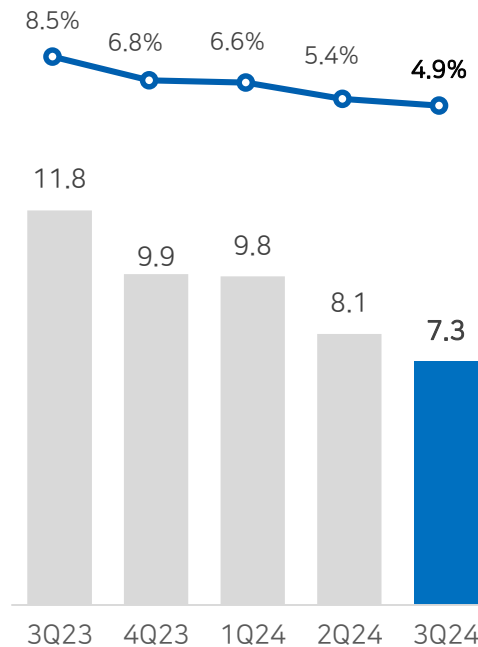
### Operating Profit

[Unit: billion KRW, %]



### Net Profit

[Unit: billion KRW, %]



#### [Sales]

146.9bil KRW (YoY ▲6.3%, QoQ ▼1.4%)

#### [Operating Profit]

8.7bil KRW (YoY ▼41.9%, QoQ ▼6.7%)

#### [Net Profit]

7.3bil KRW (YoY ▼38.4%, QoQ ▼10.3%)

- Q3 Cost of sales **78.2bil KRW** (YoY ▲15.3%, QoQ ▲2.0%) / SG&A **60.0bil KRW** (YoY ▲8.3%, QoQ ▼4.8%)
  - ✓ COGS: Increased due to expansion of medical devices / sales decreased in products with low cost ratio
  - ✓ SG&A: Decreased through cost management

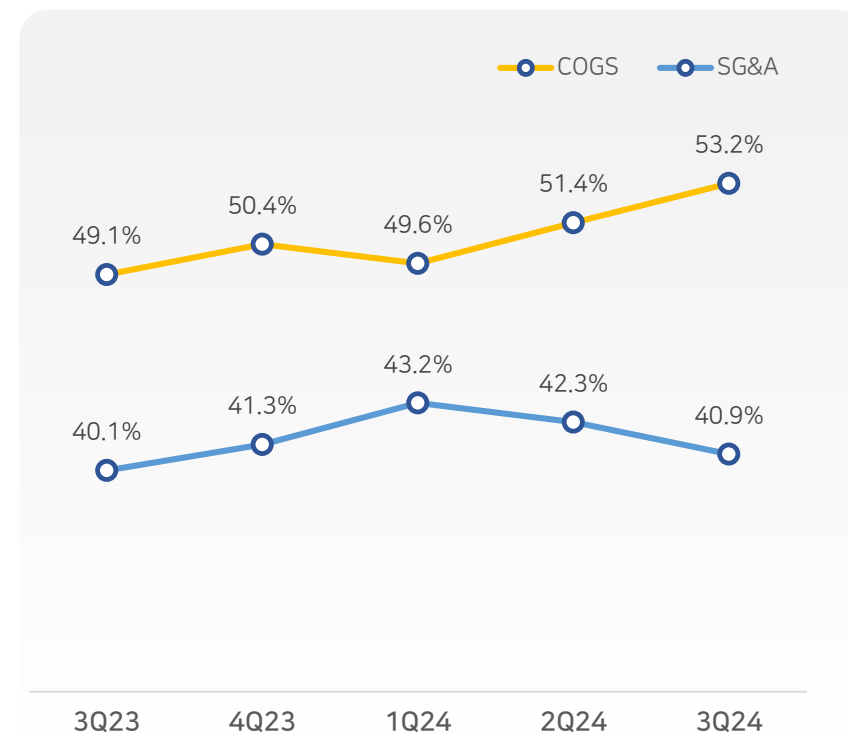
### Cost Analysis

[Unit: billion KRW, %]

	3Q23		4Q23		1Q24		2Q24		3Q24		YoY	QoQ
Sales	138.2		145.2		147.8		149.0		<b>146.9</b>		+6.3%	-1.4%
Costs of sales	67.8	49.1%	73.3	50.4%	73.2	49.6%	76.6	51.4%	<b>78.2</b>	<b>53.2%</b>	+15.3%	+2.0%
<b>SG&amp;A Expenses</b>	55.4	40.1%	60.0	41.3%	63.8	43.2%	63.0	42.3%	<b>60.0</b>	<b>40.9%</b>	<b>+8.3%</b>	<b>-4.8%</b>
Labor	7.7	5.6%	8.9	6.1%	8.8	6.0%	8.6	5.8%	<b>8.4</b>	<b>5.7%</b>	+9.1%	-2.3%
Advertising	4.9	3.6%	5.7	4.0%	5.6	3.8%	4.4	2.9%	<b>3.7</b>	<b>2.5%</b>	-25.1%	-15.9%
Commissions	11.0	7.9%	12.8	8.8%	14.2	9.6%	11.1	7.5%	<b>11.4</b>	<b>7.8%</b>	+4.3%	+2.9%
R&D	9.2	6.7%	8.1	5.6%	7.3	5.0%	8.9	6.0%	<b>9.0</b>	<b>6.1%</b>	-2.3%	+1.4%
Others	22.5	16.3%	24.4	16.8%	27.9	18.9%	30.0	20.1%	<b>27.4</b>	<b>18.7%</b>	+21.6%	-8.6%

※ '%' is % of Sales

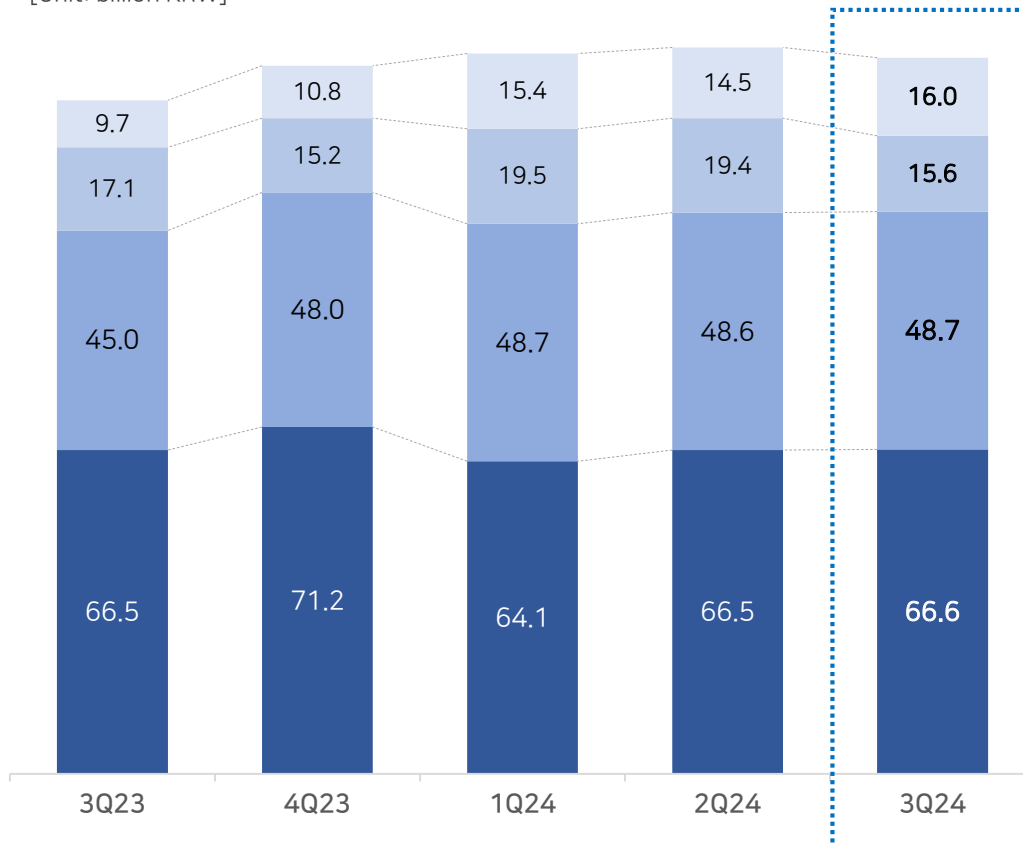
### Cost of sales/SG&A Ratio



#### Sales by Business Divisions

■ ETC ■ Beauty·Well-being ■ CMO ■ Others<sup>1)</sup>

[Unit: billion KRW]



#### Q3 Earnings Review

**[ETC]** 3Q Sales **66.6bil KRW** (YoY ▲0.2%, QoQ ▲0.2%)

- Growth in sales of domestic ETC (YoY Circulatory +11%, Metabolic +21%, NSAIDs +16%, Antibiotics +22%)
- Decrease in injection exports

**[Beauty·Well-being]** 3Q Sales **48.7bil KRW** (YoY ▲8.3%, QoQ ▲0.2%)

- Decrease in sales of HFF (cost management)
- CGM 'Dexcom G7' sales and market share increased

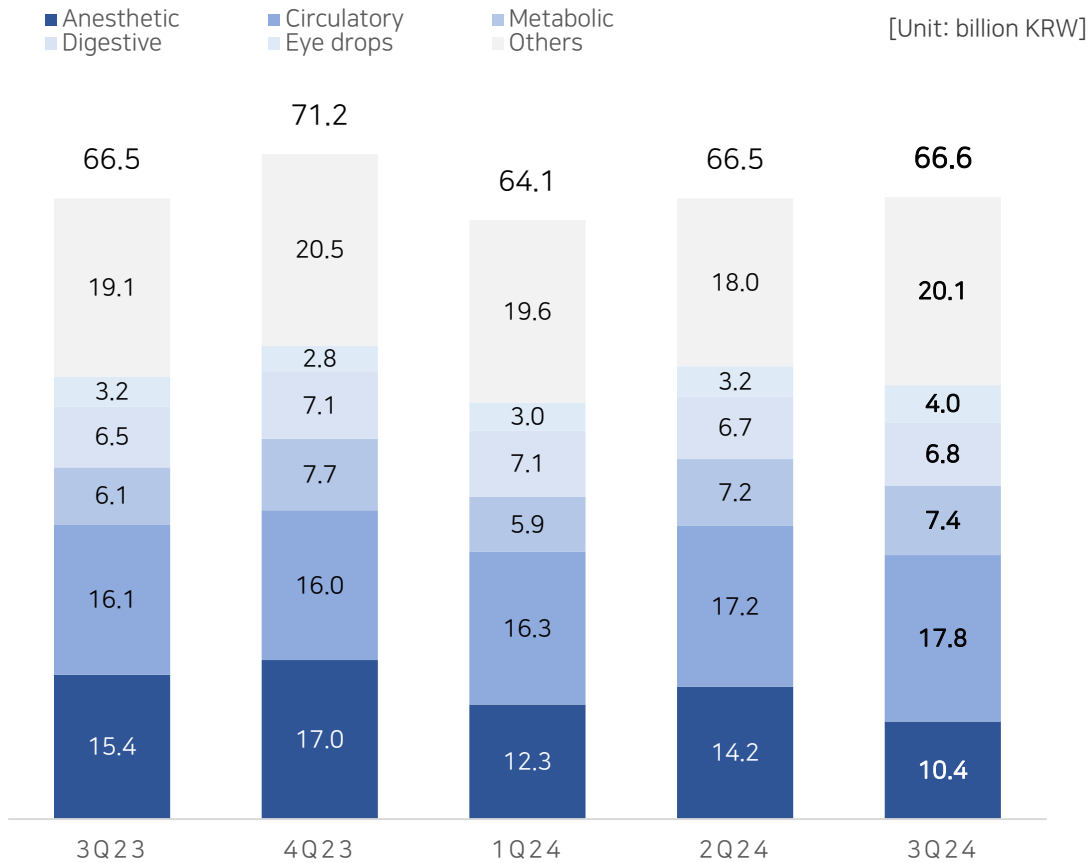
**[CMO]** 3Q Sales **15.6bil KRW** (YoY ▼8.7%, QoQ ▼19.8%)

- Temporary decrease in eye drops CMO sales and Factory2 operation rate
- Bottleneck occurred due to switching of production line for some eye drops, and manufacturing site is being changed from Factory1 to Factory2

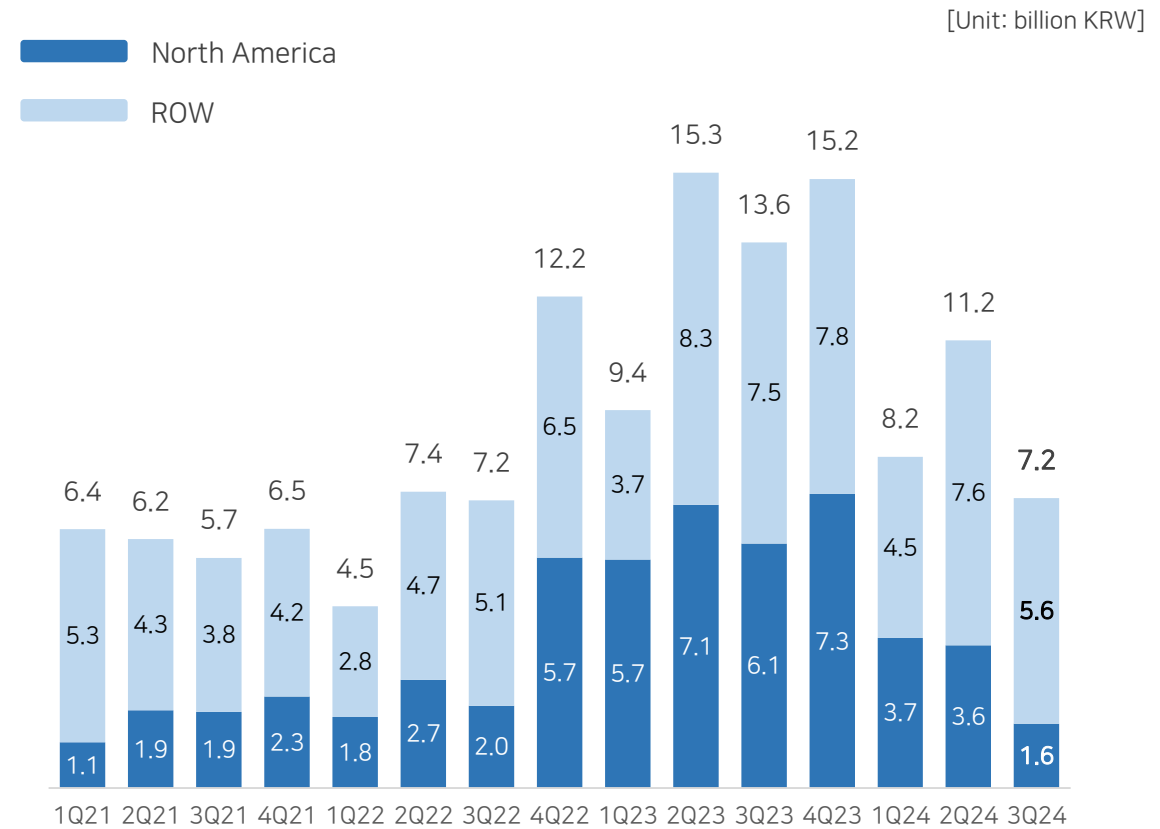


ETC

3Q Sales **66.2bil KRW** (YoY ▲0.2%, QoQ ▲0.2%)

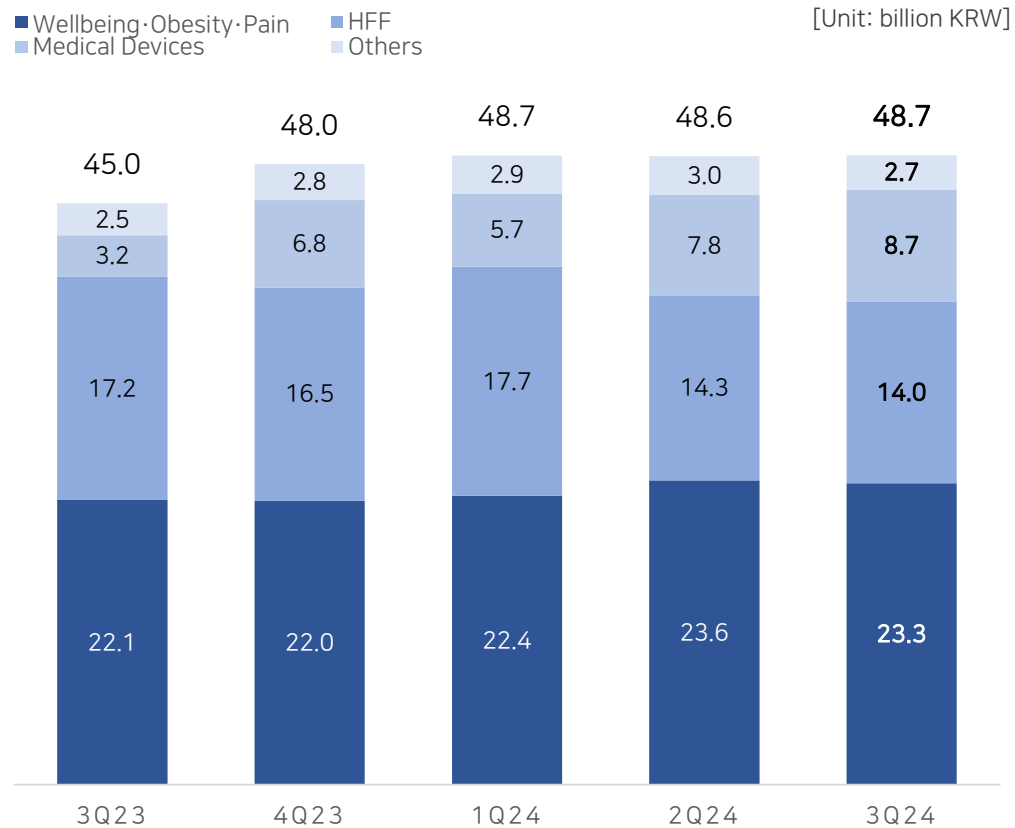


[Injectables export sales trend]



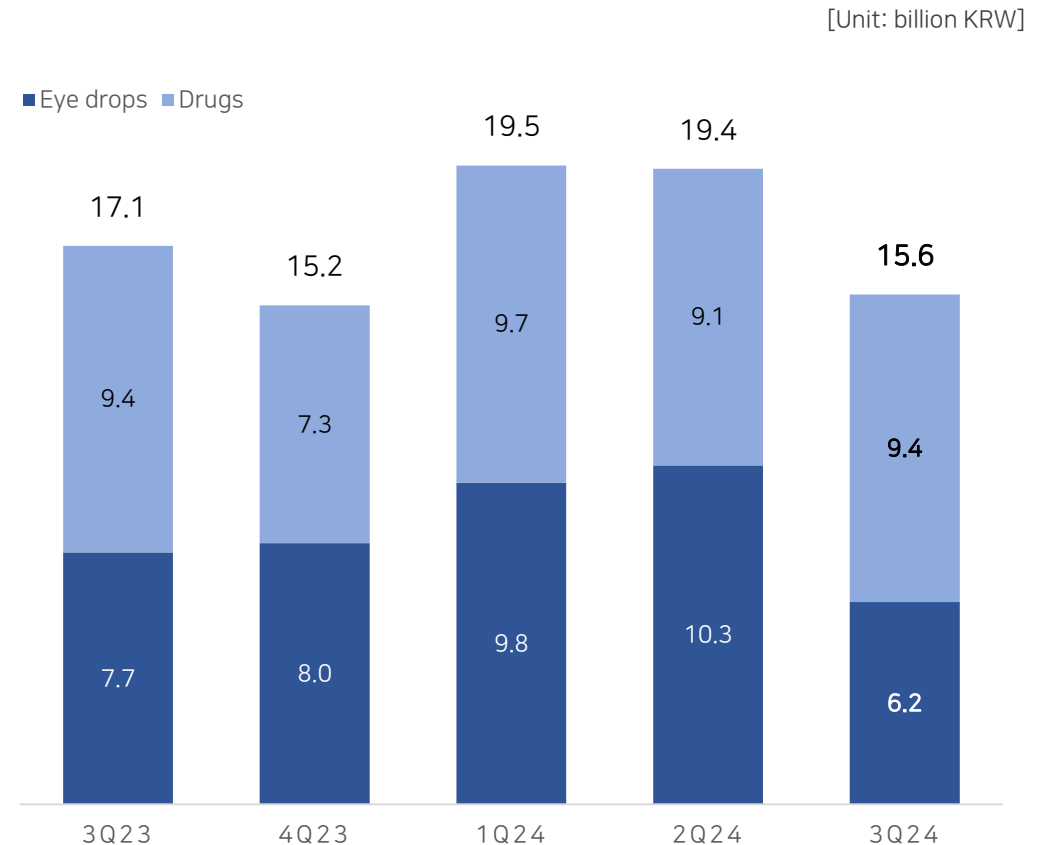
Beauty·Well-being

3Q Sales **48.7bil KRW** (YoY ▲8.3%, QoQ ▲0.2%)



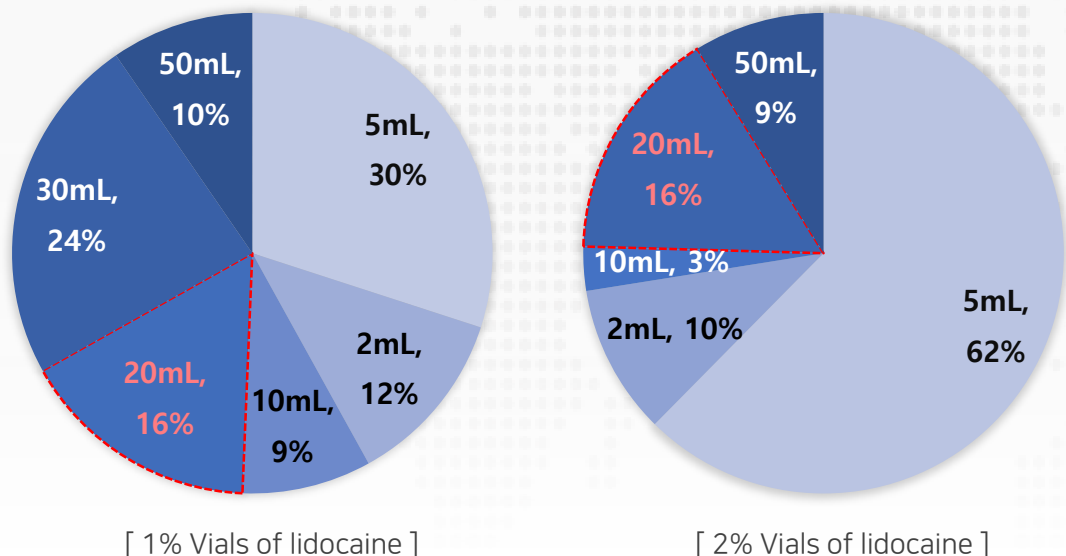
CMO

3Q Sales **15.6bil KRW** (YoY ▼8.7%, QoQ ▼19.8%)



- Expansion of export countries and products to target overseas markets
  - U.S.: [Application for FDA registration of dental anesthetic in sep 2024](#). 3 new anesthetics expected to be registered in 2H25.
  - Rest of the World: HFF(menolacto probiotics) registered in China. Preparing registration of FDA-approved anesthetics in Europe and ME markets.

[U.S. Lidocaine Anesthetic Market in 2023<sup>1)</sup>]



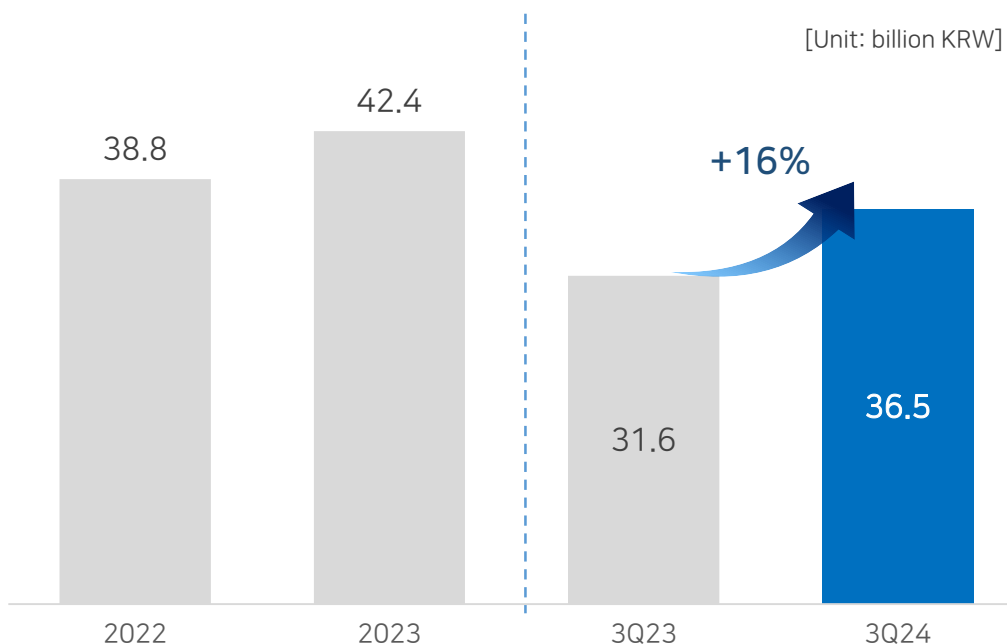
[Status of US FDA ANDA Products]

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

## 4. Business Information\_Eye Drops CMO business expansion

- Eye drops sales increase due to operation of new production line in 2<sup>nd</sup> factory & Developing export products
  - 2<sup>nd</sup> factory's multi dose line is planned to start operation in 2025, and product approvals are in progress
  - Completed inspection of Factory2 for export of CMC eye drops to US, and developing new FDA ANDA items
  - Phase1 clinical trial of New drug for dry eye is in progress → scheduled to end in Aug 2025

Eye Drops Sales<sup>1)</sup>



Operation rate of the eye drops production lines

Eye Drops Production Lines		2022		2023		Accumulated 3Q24	
		CAPA <sup>2)</sup>	Production (Operation rate)	CAPA	Production (Operation rate)	CAPA	Production (Operation rate)
1 <sup>st</sup> Factory	single dose (Line 1)	300 mil tubes	330 mil tubes (111.3%)	355 mil tubes	354 mil tubes (99.8%)	255 mil tubes	228 mil tubes (89.2%)
	single dose (Line 2)						
	single dose (Line 3)						
	multi dose (Line 1)						
2 <sup>nd</sup> Factory	single dose (Line 4)					115 mil tubes	69 mil tubes (59.6%)
	multi dose (Line 2)						

1) Eye drops sales in ETC + CMO

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

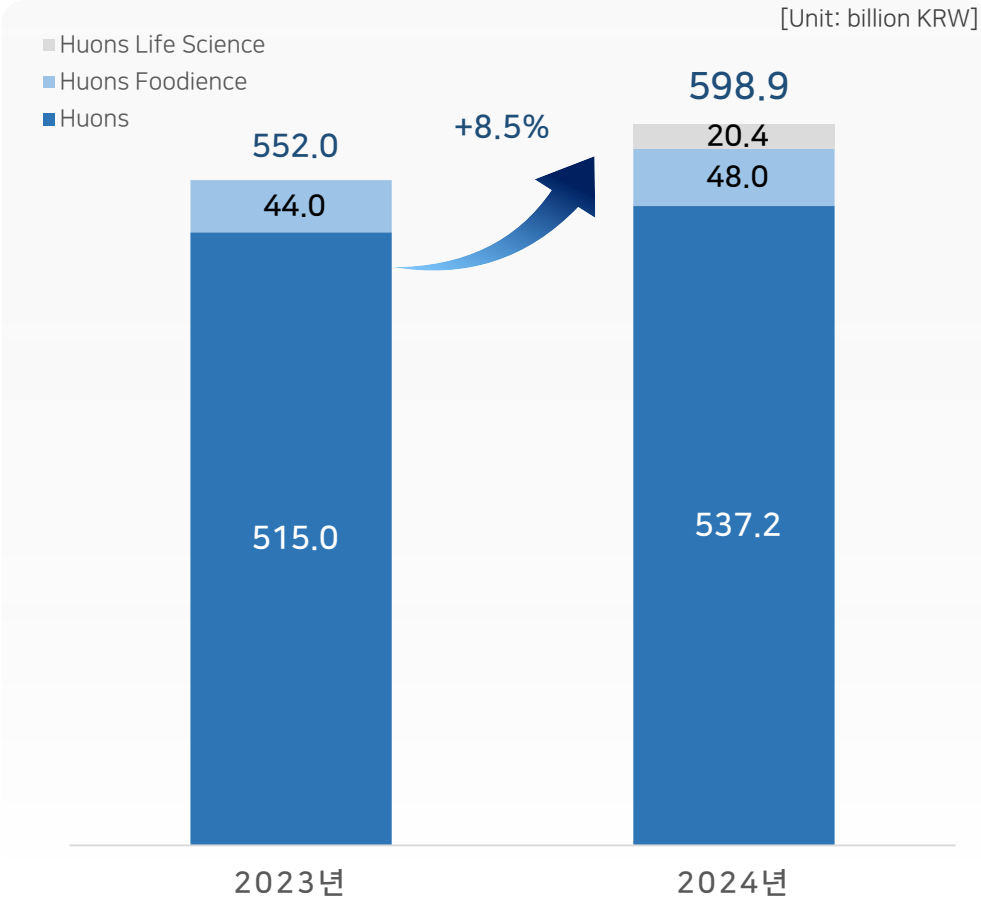
### R&D Pipelines

	NCP112(HUC1-394) / <b>New Chemical Entities</b>
Substance	NCP112 Heptameric peptide FPR2 (GPCR of Immune Control Function in Innate) agonist
Development Stage	Phase 1 in Korea
Features	<ul style="list-style-type: none"> <li>✓ A new mechanism-based treatment for dry eyes</li> <li>✓ Low likelihood of side effects and toxicity due to the use of peptide agents</li> <li>✓ As FPR2 Selective peptide ligand, inhibit inflammatory reactions by activating FPR2</li> <li>✓ Restoring damaged cornea by suppressing conjunctivitis caused by dry eyes</li> </ul>
Remarks	In-Licensing from Nova Cell Technology

Classification	Project Code	Indication	Development Stage
NCE	HUC1-394	Dry eye	Phase 1
IMD	HUC2-007	Dry eye	Phase3 complete
	HUC3-431	High blood pressure, Hyperlipidemia	Phase 1
	HUC3-443	High blood pressure, Hyperlipidemia	Phase 1
	HUC2-364	Peptic ulcer	Phase 1
HFF	HUN2-434	Muscle strength	Human application test
	HUN2-465	Anti-obesity	Human application test
	HUN2-521	Women vaginal health	Human application test

※ As of Sep 30, 2024. Projects in discovery and preclinical stage are not included.

**2024 Sales Guidance lowered : 598.9bil KRW (YoY ▲ 8.5%)**



Business Divisions	Business Prospects
ETC	<ul style="list-style-type: none"> <li>- Sustainable growth in the domestic pharmaceutical market</li> <li>- Increase in injections exports</li> <li>* Aim for US FDA ANDA approval in 2025 (20ml Multi-Dose Vials, Dental Cartridge)</li> </ul>
Beauty·Well-being	<ul style="list-style-type: none"> <li>- Increase profits in HFF business (cost management and changes in sales channels)</li> <li>- 'Dexcom G7' expanding CGMS market share</li> </ul>
CMO	<ul style="list-style-type: none"> <li>- Adding Factory2 as a new manufacturing site                             <ul style="list-style-type: none"> <li>→ relieve overload in Factory1 &amp; increase operation rate in Factory2</li> </ul> </li> <li>- 2<sup>nd</sup> factory's multi dose line is planned to start operation in 2025</li> </ul>

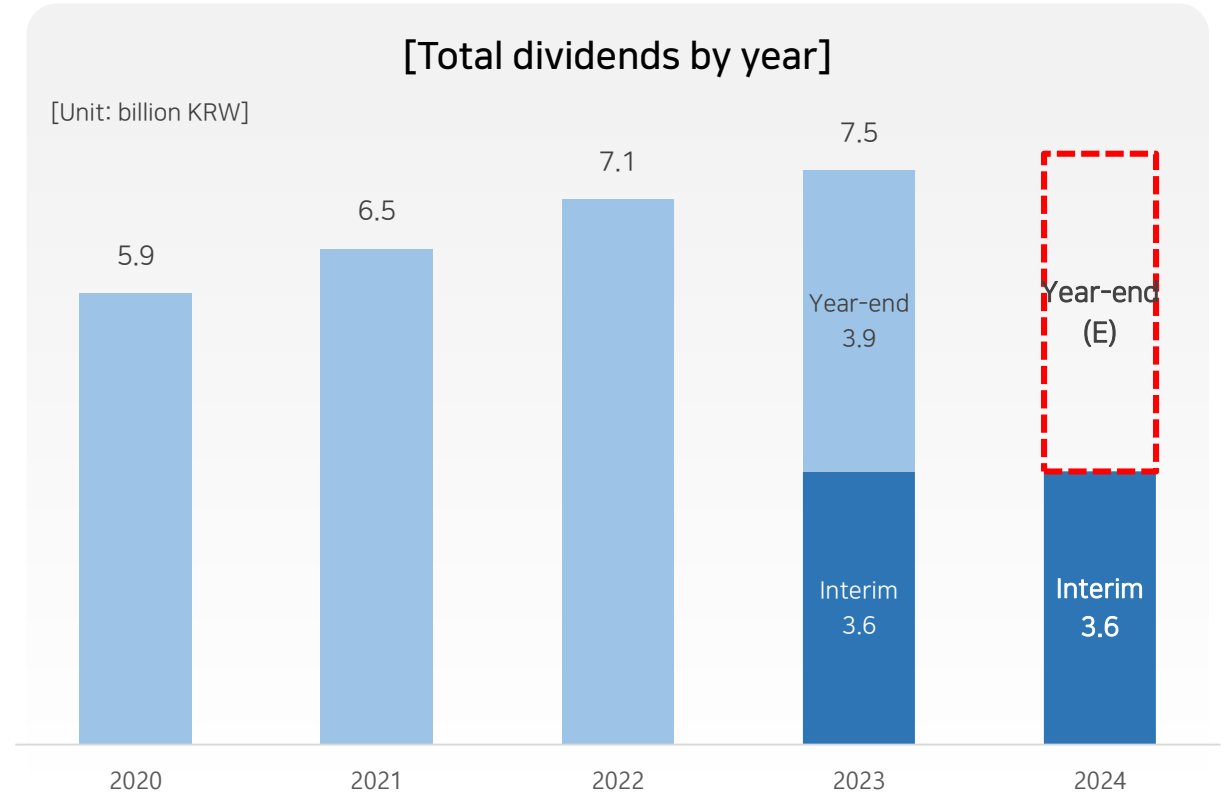
### Strengthening shareholder return policy

- 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]



# APPENDIX





PAN GEN BIOTECH

- Biopharmaceutical pipeline expansion by combining PanGen’s biotechnology and Huons’ business capabilities
- Expanding PanGen’s global sales of biopharmaceuticals(EPO)
  - ✓ Spread regions from Southeast Asia to the U.S., South America, and Europe  
→ Operating Income turned to profit in this year
- Strengthening Huons Group’s biopharmaceuticals business capabilities
  - ✓ Secured stable foundation for the commercialization of Huonslab’s HyDIFFUZE™

### Biosimilar

Development, production & sales

- R&D focused on protein therapeutics
- Expand global export based on the emerging markets

### CDMO

Biopharmaceutical

Receive service fees & royalties

- Total solution with R&D of antibody & protein therapeutics (including biosimilar)
- From cell line to commercial production

### New biologic drugs

Co-R&D, License out

- Co-development of new biological drugs with leading CDMO clients
- In-house development of rare disease treatments

## • Company Overview

Classification	Contents
Company name	PanGen Biotech, Inc
President	Jaeseung Yoon, Inchul Chung (Co-CEO)
Est./Listed	Established : 2010.01.29 Listed : 2016.03.11(KOSDAQ, Tech special listing)
Main Business	- EPO(biosimilar) manufacturing & sales - Biopharmaceuticals R&D(FactorVIII, etc.) - Biopharmaceuticals CDMO

## • Financial Statements

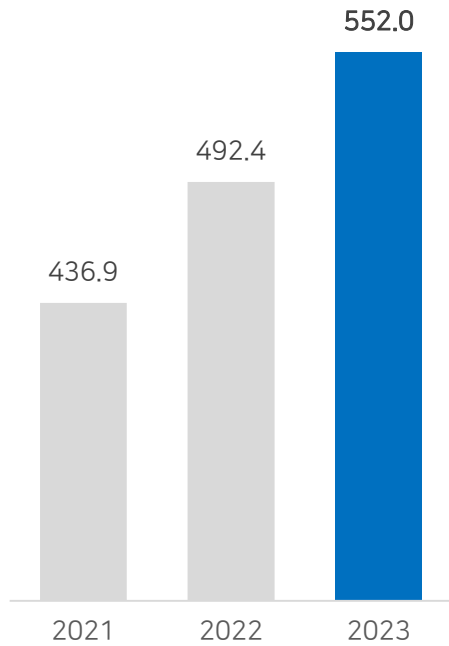
[Unit : mil KRW]

Classification	2022	2023	3Q24
Assets	20,674	20,741	25,374
Debt	3,454	8,175	7,355
Equity	17,219	12,566	18,019
Revenue	6,501	7,315	10,337
Operating Income	(4,591)	(4,225)	1,298

\* Performance of Q3, 2024 is the cumulative result.

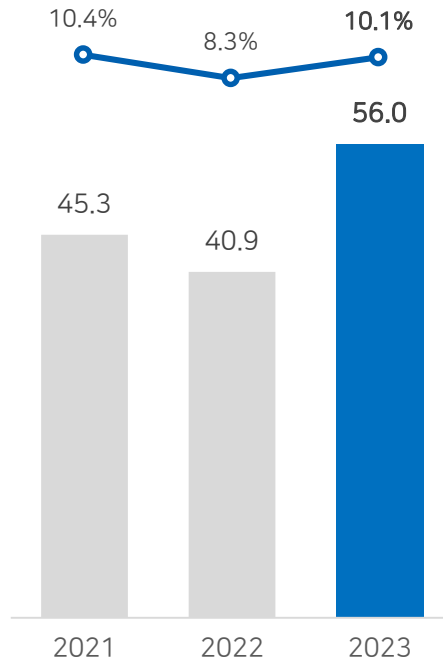
**Sales**

[Unit: billion KRW]



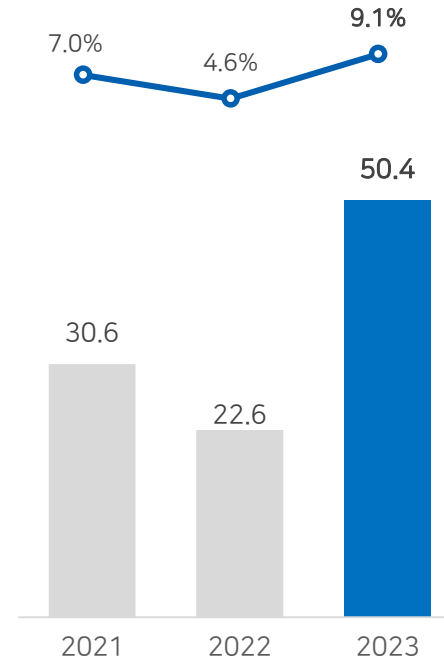
**Operating Profit**

[Unit: billion KRW, %]



**Net Profit**

[Unit: billion KRW, %]



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

## Committee under the B.O.D.

### Audit committee

<b>Chairman</b>	Duk-Ho Lim
<b>Member</b>	Do-Ik Jung
<b>Member</b>	Yong-Gon Park

### ESG Committee

<b>Chairman</b>	Soo-Young Song
<b>Member</b>	Duk-Ho Lim
<b>Member</b>	Do-Ik Jung

### Statement of Financial Position

[Unit: mil KRW]

Classification	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Assets</b>	497,160	537,286	542,821	566,217	585,336
<b>Current assets</b>	257,749	271,322	262,033	260,999	252,823
Cash etc.*	71,033	80,330	67,876	60,426	64,717
Accounts receivable	87,482	101,923	95,079	96,951	89,559
Inventory Asset	86,937	76,598	81,541	87,041	82,186
<b>Non-current assets</b>	239,411	265,964	280,788	305,218	332,513
Property, plant and equipment	168,178	190,219	202,923	226,562	256,199
<b>Liabilities</b>	176,505	206,873	206,505	222,344	239,040
<b>Current liabilities</b>	97,197	133,866	130,571	145,276	149,323
Accounts payable	15,179	13,741	16,697	21,321	17,268
Short-term borrowings	16,239	47,479	41,500	59,834	67,667
<b>Non-current liabilities</b>	79,308	73,007	75,934	77,068	89,716
Long-term borrowings	65,000	58,350	61,700	62,866	77,116
<b>Equity</b>	320,655	330,412	336,316	343,873	346,296
<b>Equity attributable to owners of parent</b>	315,512	325,404	331,379	339,336	341,656
Retained earnings	237,497	247,513	253,487	261,987	265,518
<b>Non-controlling interests</b>	5,143	5,008	4,936	4,537	4,640
<b>Stability Indicator</b>					
Current ratio	265%	203%	201%	180%	169%
Debt to equity ratio	55%	63%	61%	65%	69%
Borrowing ratio	25%	32%	31%	36%	42%
Net debt ratio	3%	8%	11%	18%	23%
Interest coverage ratio	2427%	1770%	1350%	1550%	1468%

### Statements of Comprehensive Income

[Unit: mil KRW]

Classification	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Sales</b>	138,166	145,224	147,760	148,981	146,867
Cost of sales	67,789	73,262	73,248	76,630	78,172
Gross profit	70,377	71,962	74,512	72,351	68,695
<b>SG&amp;A expenses</b>	55,425	59,975	63,820	63,042	60,012
<b>Operating Profit</b>	14,952	11,987	10,692	9,309	8,684
Gains/Losses on investments in associates	243	-404	119	233	364
Other gains/losses	-683	1,057	1,567	948	-198
Profit before tax	14,512	12,640	12,377	10,490	8,850
Income tax expense	2,732	2,766	2,573	2,401	1,593
<b>Net Profit</b>	11,780	9,874	9,804	8,089	7,257
Profit, attributable to owners	11,766	10,016	9,881	8,488	7,145
Profit, attributable to non-controlling interests	14	-142	-77	-399	112
<b>A Profitability Indicator</b>					
Operating profit ratio	10.8%	8.3%	7.2%	6.2%	5.9%
EBITDA Margin	14.2%	11.7%	10.8%	9.7%	9.3%
Net profit ratio	8.5%	6.8%	6.6%	5.4%	4.9%
ROE**	14.7%	16.3%	14.7%	12.1%	10.5%
Sales/Asset**	111%	109%	113%	112%	109%
Leverage	155%	163%	161%	165%	169%

**Thank you**