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Huons

Investor Relations

2Q. 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

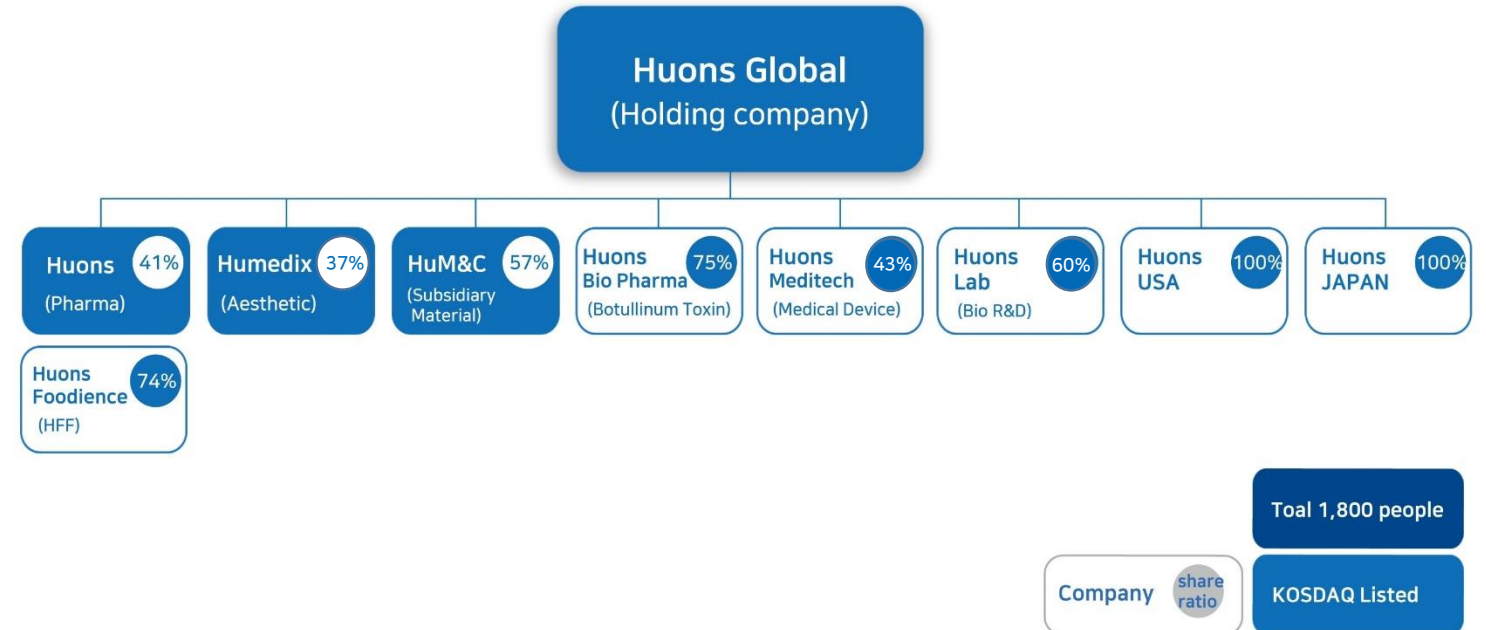
Foundation July 1965 (Spin-off in May 2016)

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

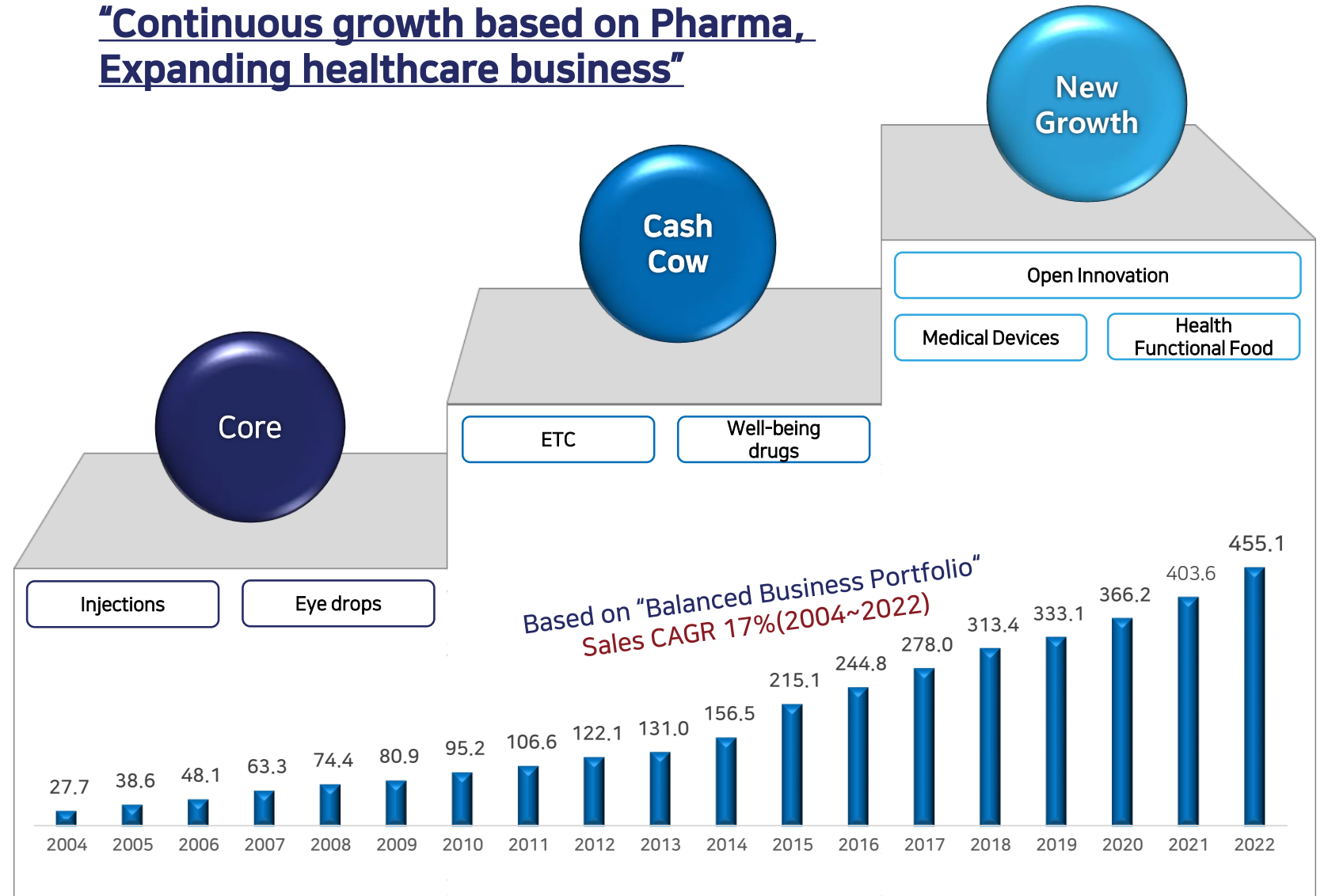


※ Percentage of shares is based on total number of issued shares including preferred shares.

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)

Financial status

[Unit: million KRW]

Classification	1H23	2022	2021	2020
Assets	473,508	472,627	436,898	416,501
Current assets	239,357	247,015	234,498	267,686
- Cash etc.*	51,878	84,621	70,127	119,783
Accounts receivable	86,632	75,212	78,003	76,247
Inventory assets	88,129	74,480	65,605	62,153
Non-current assets	234,151	225,612	202,399	148,816
Liabilities	163,317	185,107	166,262	172,997
Current liabilities	83,510	103,453	147,522	125,041
Accounts payable	16,961	16,615	14,309	9,709
Short-term borrowings**	1,239	194	29,000	61,000
Non-current liabilities	79,807	81,654	18,741	47,956
Long-term borrowings	65,000	65,826	487	
Equity	310,191	287,520	270,635	243,504
Equity attributable to owners of parent	305,070	282,456	266,093	238,797
capital surplus	229,280	207,686	192,235	167,560
Non-controlling interests	5,121	5,064	4,542	4,707
Sales	268,616	492,387	436,911	406,678
Operating Profit	29,063	40,867	45,282	54,125
EBITDA	37,665	57,598	58,127	65,955
Net Profit	28,732	22,608	30,581	56,586

* 'Cash etc.' = cash & cash equivalents + short-term financial assets

** Short-term borrowings = short-term borrowings + current portion of long-term borrowings

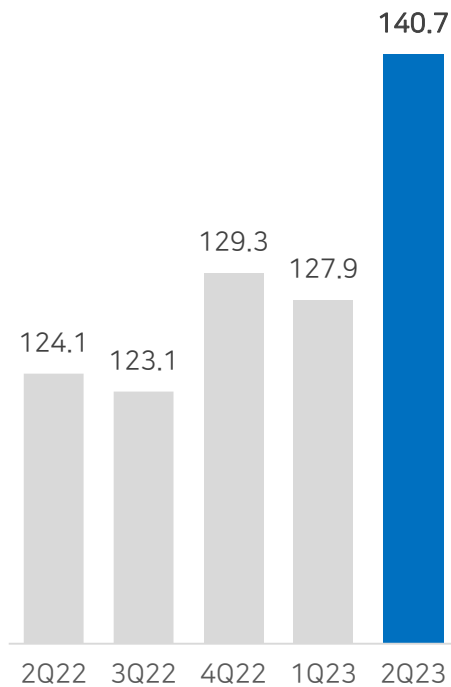
Financial Ratio

Classification	1H23	2022	2021	2020
Current ratio	287%	239%	159%	214%
Debt to equity ratio	53%	64%	61%	71%
Borrowing ratio	21%	23%	11%	25%
Operating profit ratio	10.8%	8.3%	10.4%	13.3%
EBITDA Margin	14.0%	11.7%	13.3%	16.2%
Net profit ratio	10.7%	4.6%	7.0%	13.9%
ROE	12.0%	8.2%	12.2%	25.7%
Sales/Asset	110%	108%	102%	113%
Leverage	153%	164%	161%	171%

- Sales and profit increased through continued high growth in ETC division.
- Profitability increased due to mix of high yield products.

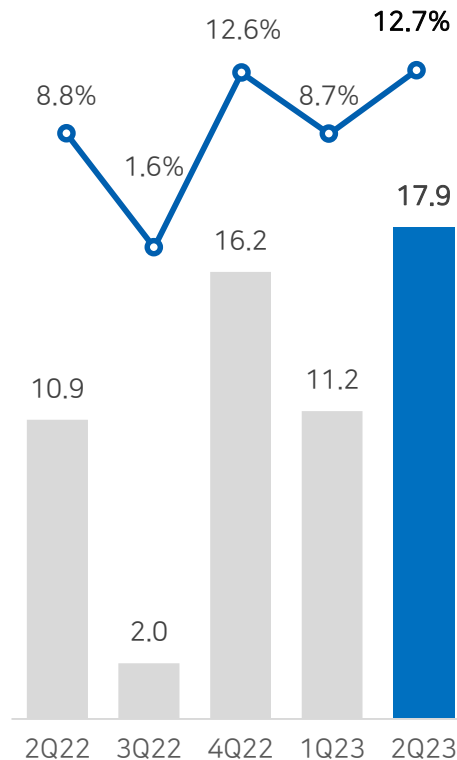
Sales

[Unit: billion KRW]



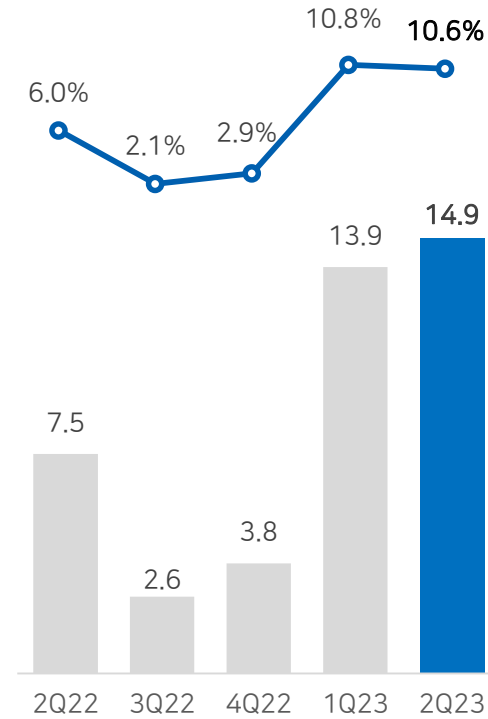
Operating Profit

[Unit: billion KRW, %]



Net Profit

[Unit: billion KRW, %]



[Sales]

140.7 bil KRW (YoY ▲ 13.4%, QoQ ▲ 10.0 %)

- Increased exports of injections to the U.S
- The positive effect of new HFF product (Menolacto Premium, Sagunja)

[Operating profit]

17.9 bil KRW (YoY ▲ 64.5%, QoQ ▲ 59.8%)

[Net profit]

14.9 bil KRW (YoY ▲ 98.2%, QoQ ▲ 7.2%)

- Expansion of pharmaceutical exports, Successful two-track strategy for HFF division
- Operation leverage effect with external growth (Reducing the proportion of SG&A expenses)

- Cost of sales **65.7 bil KRW** (YoY ▲15.1%, QoQ ▲11.2%) / SG&A expenses **57.1 bil KRW** (YoY ▲1.7%, QoQ ▼0.9%)
 - ✓ The continuation of costs before commercial production at 2nd factory (Expected to be operational in Q4)
/ Reflects one-time costs such as loss of inventory disposal
 - ✓ Reducing the proportion of SG&A expenses (Advertising, Commissions, R&D)

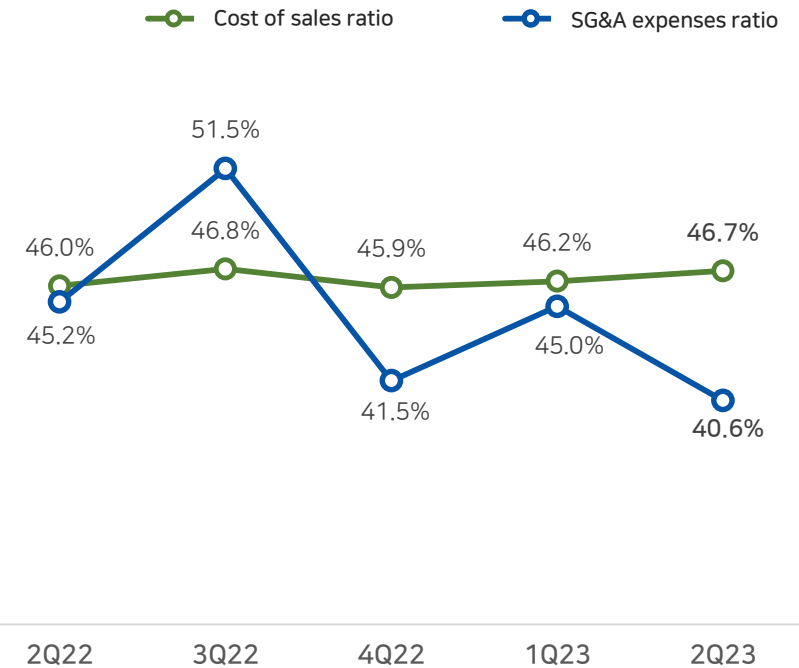
Cost Analysis

[Unit: billion KRW, %]

	2Q22		3Q22		4Q22		1Q23		2Q23		YoY	QoQ
Sales	124.1		123.1		129.3		127.9		140.7		+13.4%	+10.0%
Costs of sales	57.1	46%	57.6	47%	59.4	46%	59.1	46%	65.7	47%	+15.1%	+11.2%
SG&A expenses	56.1	45%	63.5	52%	53.7	42%	57.6	45%	57.1	41%	+1.7%	-0.9%
Classification	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	YoY	QoQ
Personal expense	8.0	6%	7.9	6%	7.8	6%	8.1	6%	7.8	6%	-2.1%	-4.0%
Advertising	6.1	5%	5.7	5%	4.5	3%	6.0	5%	6.2	4%	+2.7%	+3.0%
commissions	11.8	9%	11.8	10%	11.0	9%	12.3	10%	12.6	9%	+7.5%	+3.1%
R&D	10.3	8%	9.3	8%	8.7	7%	8.2	6%	7.3	5%	-29.1%	-10.9%
Others	20.0	16%	28.7	23%	21.8	17%	23.0	18%	23.1	16%	+15.4%	+0.7%

※ "%" is % of Sales

Cost of sales ratio/ SG&A expenses ratio

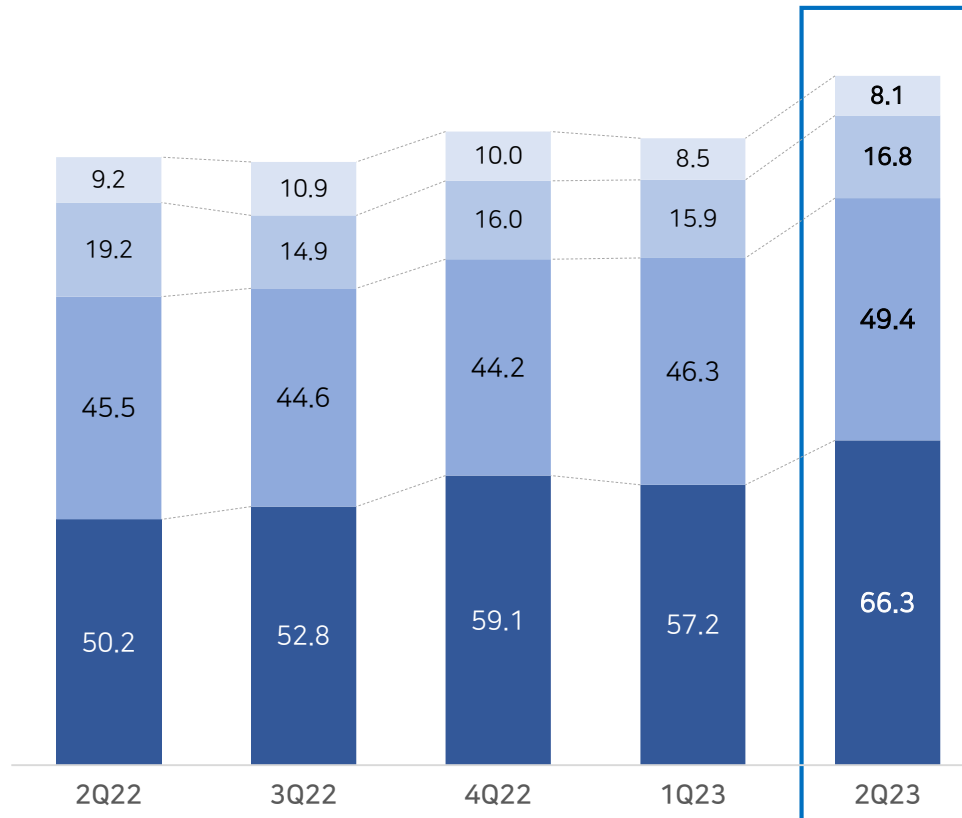


3. Quarterly sales of business divisions_overview

Sales Breakdown

[Unit: billion KRW]

■ ETC ■ Beauty& Well-being ■ CMO ■ Others



※ Others : sales of subsidiary (including consolidation)

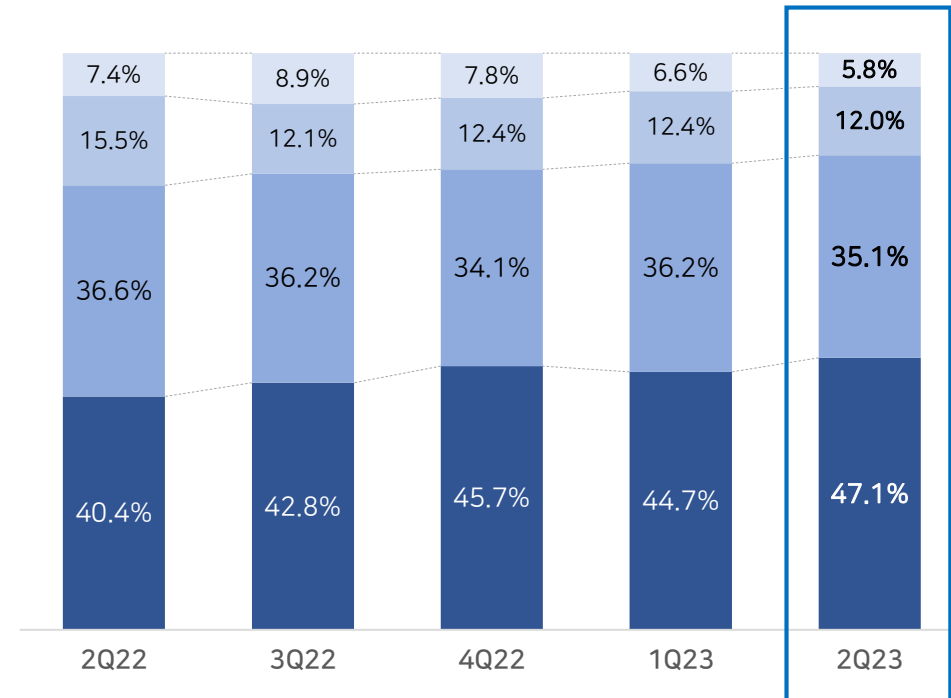
[ETC] 2Q Sales **66.3 bil KRW** (YoY ▲32.2%, QoQ ▲ 15.9%)

[Beauty·Well-being] 2Q Sales **49.4 bil KRW** (YoY ▲8.8%, QoQ ▲6.8%)

[CMO] 2Q Sales **16.8 bil KRW** (YoY ▼ 12.4%, QoQ ▲ 6.2%)

Sales Share

■ ETC ■ Beauty& Well-being ■ CMO ■ Others



3. Quarterly sales of business division_ETC / CMO

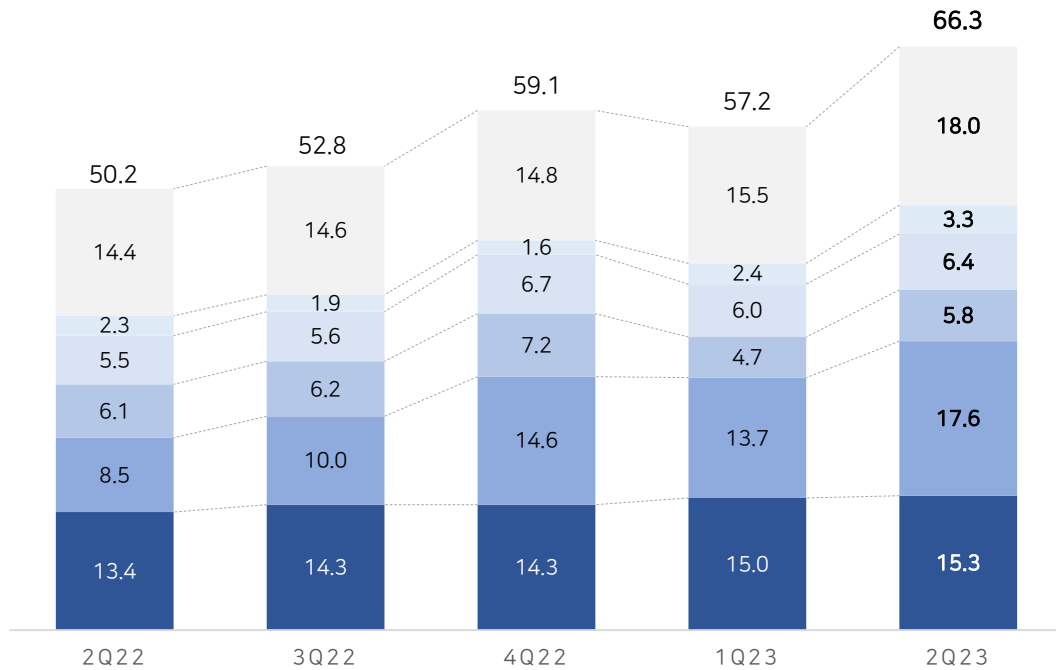
ETC

2Q sales **66.3 bil KRW** (YoY ▲32.2%, QoQ ▲15.8%)

- Highest sales for 5 consecutive quarters 17.6 bil KRW due to increased exports of injections to the U.S

[Unit: billion KRW]

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



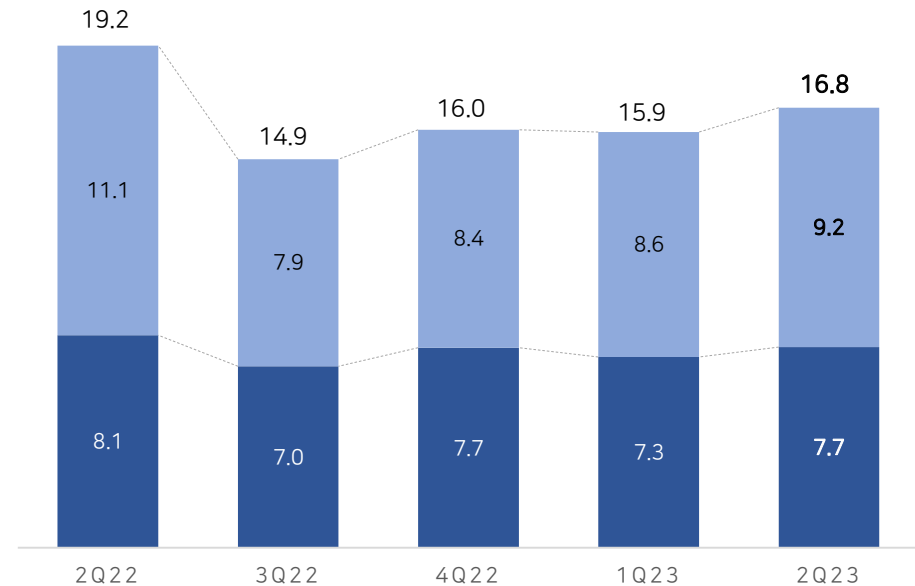
CMO

2Q sales **16.8 bil KRW** (YoY ▼12.4%, QoQ ▲6.2%)

- Steady sales based on stable pharmaceutical industry

[Unit: billion KRW]

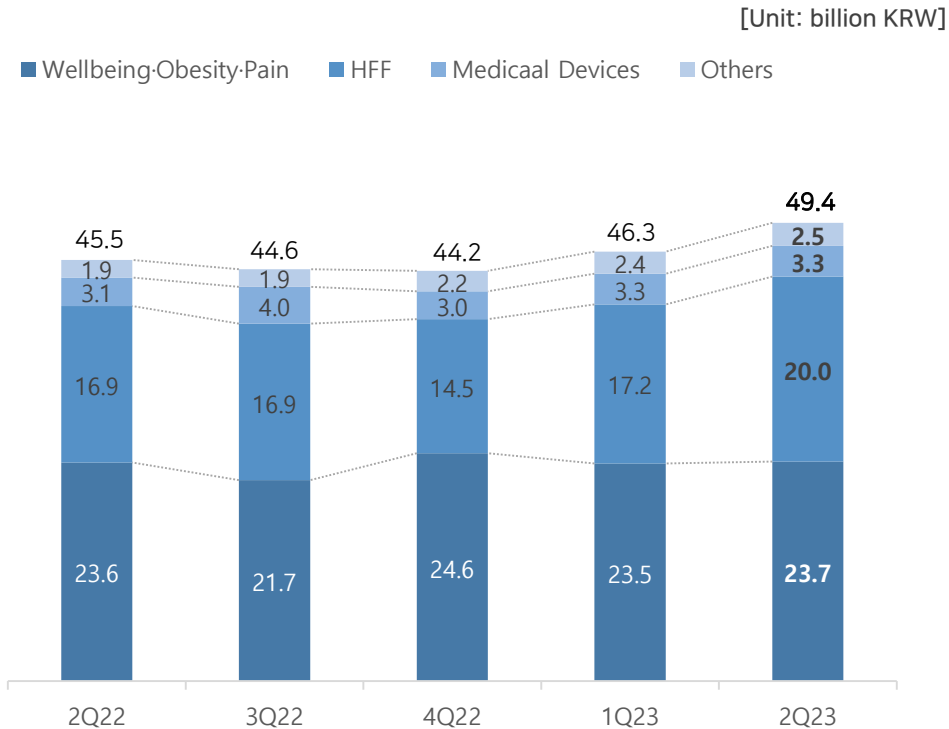
■ Eye drops ■ Drugs



Beauty·well-being

2Q sales **49.4 bil KRW** (YoY ▲8.8%, QoQ ▲6.8%)

- Reached 20 bil KRW sales for the first time in the quarter due to releasing new HFF products



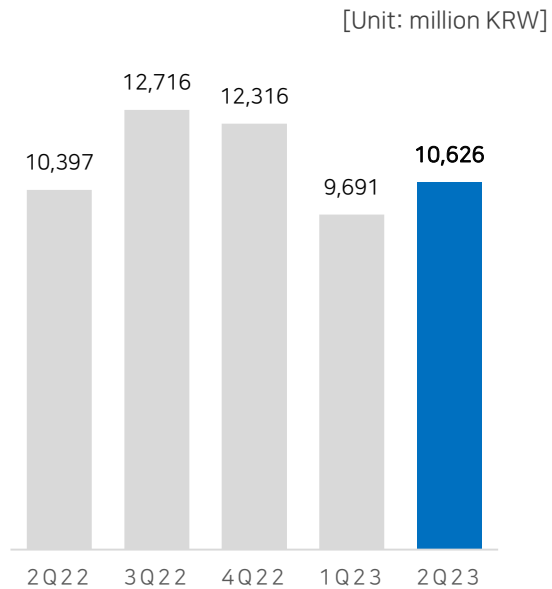
hu Huons Foodience

2Q sales **10.6 bil KRW** (YoY ▲2.2%, QoQ ▲9.6%)

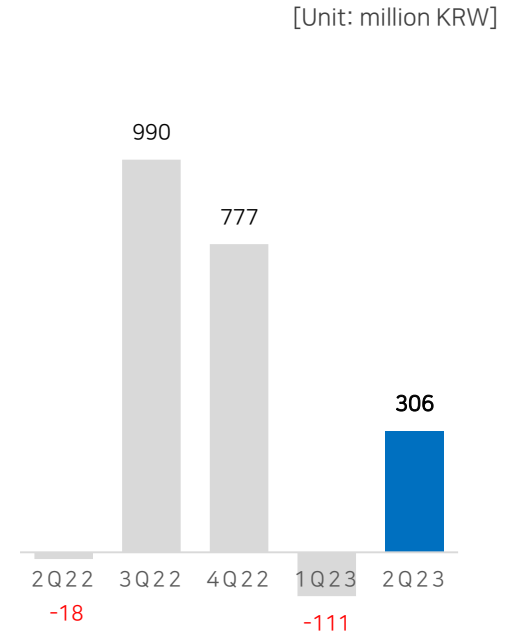
op 0.3 bil KRW (Turn a profit)

- Lower fixed costs due to increased plant utilization (Improvement of cost ratio and efficiency of SG&A expenses)

Sales



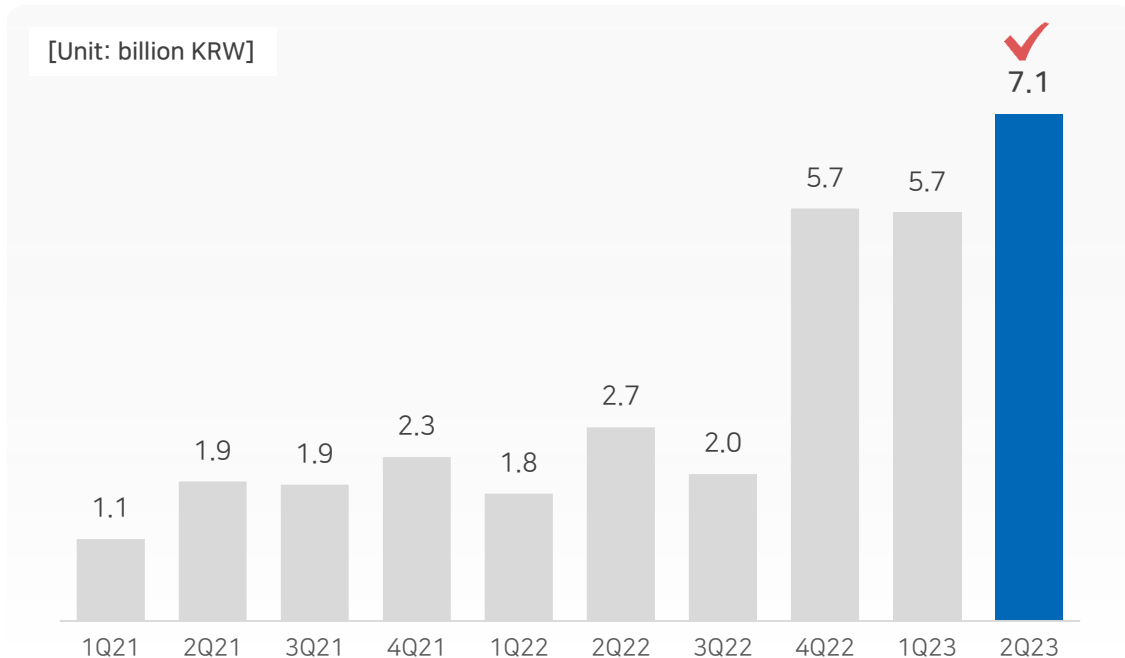
Operating Profit



Injections, Largest export record to North America

- Sales in the first half of the year recorded **12.7 bil KRW**, exceeding last year's performance (YoY ▲185%)
- Expansion of pharmaceutical lineup for export to strengthen competitiveness in North America
 - Approval of 2% Lidocaine (Vial) FDA ANDA / Obtaining supply permission for 1% Lidocaine (vial, ample) to Canada

[Trends in the export of injections to the U.S.]



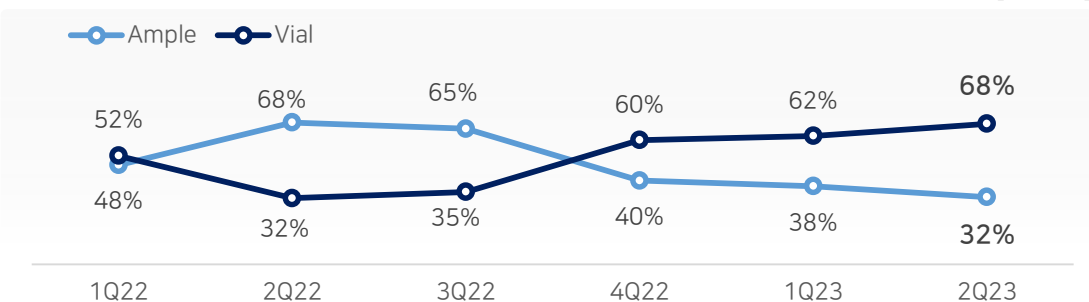
[Sales of products exported to the U.S.]

[Unit: million KRW]

	2021	2022	'22. 1H.	'23. 1H.	YoY
Lidocaine	5,721	9,919	2,777	11,713	▲322%
Bupivacaine	163	463	69	176	▲155%
Sodium Chloride	1,377	1,875	1,624	852	▼48%
Total	7,261	12,257	4,470	12,741	▲185%

[Percentage of U.S. exports by formulation]

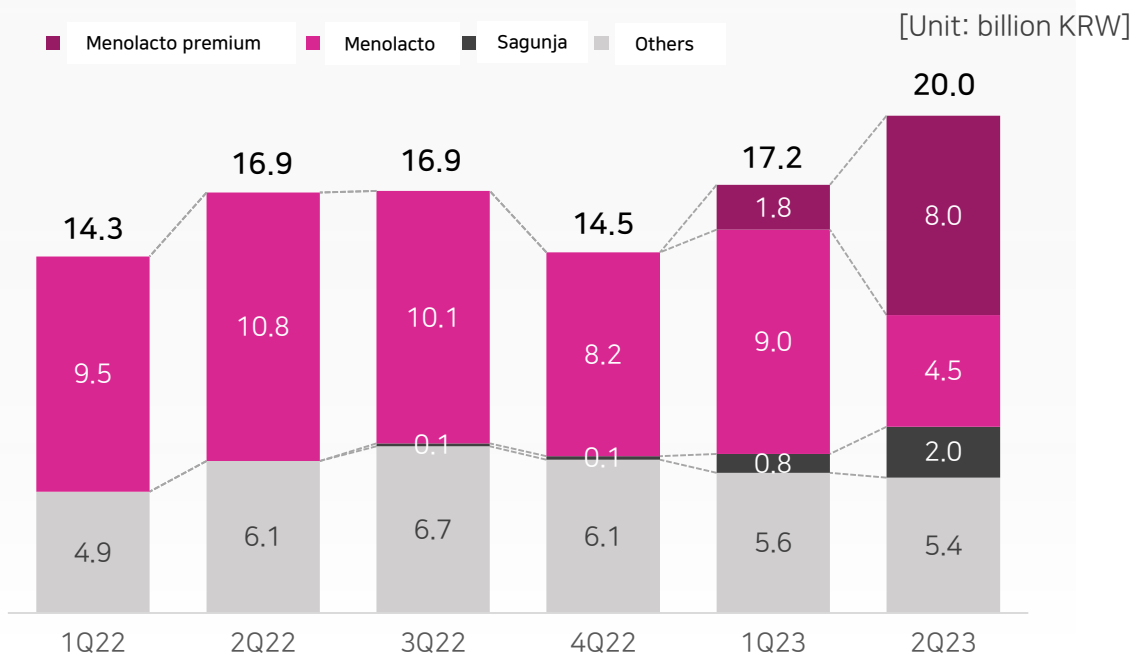
[Unit: %]



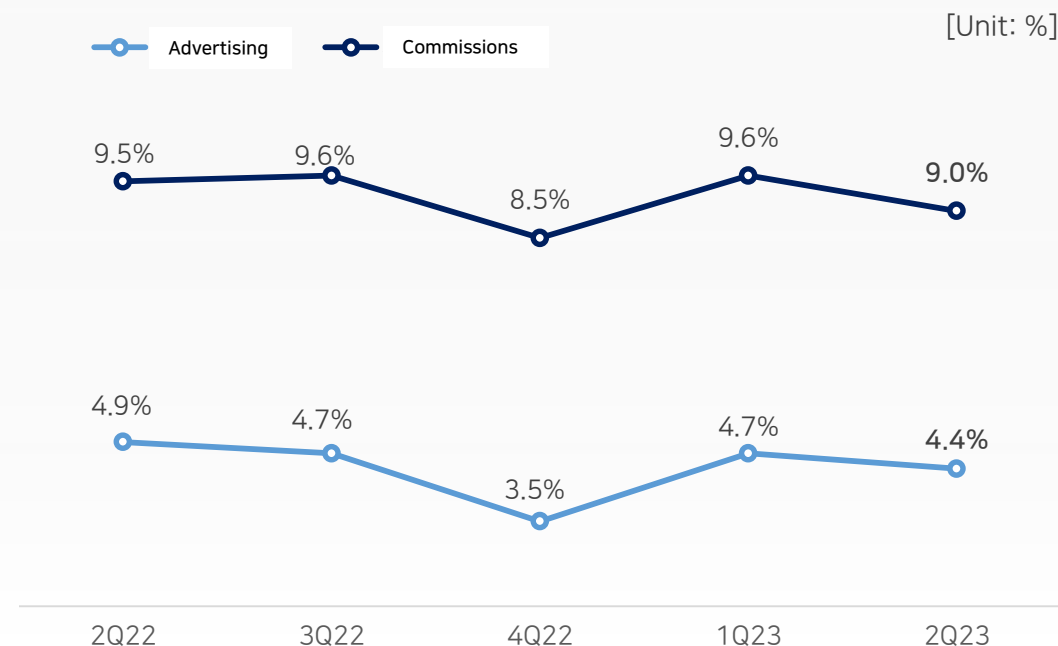
HFF, The positive effects of new products

- 'Menolacto¹⁾' recorded **12.5 bil KRW** in quarterly sales, breaking record sales / 'Sagunja²⁾' reached **2 bil KRW** in quarterly revenue since launch
- Cost efficiency by **diversifying sales channels** with new product launches

[HFF sales trend]



[Major cost trends compared to sales]



1) Health functional food that relieves menopausal production containing 'lactobacillus acidophilus YT1 (Individual certified raw materials)'

2) Health function food that contains 'Powder extracted from Sagunja (Individual certified raw materials)' to improve male prostate function

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

The capacity to produce medicines

[Unit: A thousand, million KRW]

Texture ¹⁾		Annual production capacity ²⁾			Previous year's production capacity		Expansion line operation time
		The present	After the expansion	An increase in quantity	Production quantity	Sales	
Injections	Ample	57,000	57,000	-	58,000	33,201	-
	vial	26,000	79,000	+204%	30,000	33,767	2H25
	Cartridge	135,000	201,000	+49%	98,000	28,264	2H25
	Plastic	28,000	28,000	-	27,000	9,674	-
	Eye drops	355,000	525,000	+48%	331,000	39,176	4Q23
Refining		592,000	592,000	-	702,000	114,331	-

1) No capsules, liquides, etc. are listed.

2) It can vary depending on factors such as the number of working days and average working hours per day.

Calculation method :

Calculation of application of production time and operational days
(Base date: '23.06.30)

[Unit: A thousand]

Texture ¹⁾		Unit	Daily production	Average number of working days per month	Annual production capacity ²⁾
Injections	Ample	Ample	265	18	57,000
	Vial	Vial	120	18	26,000
	Cartridge	Ct	600	19	135,000
	Plastic	Pe	124	19	28,000
Eye drops		Pe	1,127	26	355,000
Refining		T	2,574	19	592,000

Operating rate for the current business year

[Unit : A thousand]

Texture ¹⁾	Annual production capacity	Actual production (The first half of year)	Average operation rate ²⁾ (Annual calculation)
Injections	246,000	127,536	103.7%
Eye drops	355,000	179,407	101.1%
Refining, Capsule preparation	592,000	730,388	122.1%

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)

[Interim dividend of the year]

Dividend in Distribution	Cash Dividend
Dividend per share(KRW)	300
Dividend Ratio to Market Value ¹⁾	0.95%
Total Dividend Amount (KRW)	3,548,828,700
Dividend Record Date	2023.06.30
Date Of Board Of Directors Resolution(Decision Date)	2023. 08. 08
Scheduled Dividend Payment Date	2023. 08.25

[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)

1) '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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> - CEO of Deloitte Consulting Japan - BS, Industrial Engineering, Hanyang Univ. </div>	<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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> - ETC Unit Head of Boryung Pharma. - MS, Pharmacy, JoongAng Univ. </div>	<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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> - SK Chemicals - BS, Chemical education, Chungbuk National Univ. </div>	<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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> - Chairman of KPBMA - IBM Korea - MS, Project Mgt., Hanyang Univ. </div>
<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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> - Chair professor of Hanyang Univ. - Outside director of KAIT - 13th President of Hanyang Univ. </div>	<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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> -Chief expert member of Yoon & Yang Secretary of Fair Trade Commission BS, Civil Engineering, MyungJI Univ. </div>	<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> <div style="background-color: #f0f0f0; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> - President of KFRI - Ph.D, Food and Microbiology, Youngnam Univ. </div>	

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	2Q22	3Q22	4Q22	1Q23	2Q23
Assets	471,288	467,951	472,627	469,951	473,508
Current assets	255,142	249,634	247,015	239,345	239,357
Non-current assets	216,146	218,317	225,612	230,605	234,151
Liabilities	191,058	184,282	185,107	174,711	163,317
Current liabilities	139,691	118,241	103,453	94,414	83,510
Non-current liabilities	51,368	66,041	81,654	80,297	79,807
Equity	280,230	283,669	287,520	295,240	310,191
Equity attributable to owners of parent	275,492	278,604	282,456	290,216	305,070
Issued capital	5,968	5,968	5,968	5,968	5,968
Capital surplus	71,886	71,882	69,784	69,784	69,824
Capital adjustments	-5,398	-4,809	-2,108	-1,507	-1,152
Other comprehensive income accumulated	1,454	1,654	1,127	1,467	1,151
Retained earnings	201,582	203,909	207,686	214,504	229,280
Non-controlling interests	4,738	5,065	5,064	5,024	5,121
Total equity and liabilities	471,288	467,951	472,627	469,951	473,508

Financial Statements of Comprehensive Income

[Unit: million KRW]

Classification	2Q22	3Q22	4Q22	1Q23	2Q23
Sales	124,074	123,129	129,314	127,919	140,697
Cost of sales	57,078	57,633	59,390	59,126	65,722
Gross profit	66,995	65,496	69,924	68,794	74,974
SG&A expenses	56,125	63,471	53,684	57,606	57,098
Operating Profit	10,870	2,025	16,240	11,187	17,876
Gains/Losses on investments in associates	281	176	-554	17	149
Other gains/losses	-1,761	2,100	-85	6,241	487
Profit before tax	9,390	4,301	15,601	17,446	18,512
Income tax expense	1,892	1,672	11,837	3,578	3,649
Net Profit	7,498	2,629	3,764	13,869	14,863
Profit, attributable to owners	7,612	2,327	3,777	13,916	14,776
Profit, attributable to non-controlling interests	-114	301	-13	-47	87

Thank you