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Huons

4Q 2023 Business Performance

2024. 2. 14.



**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:

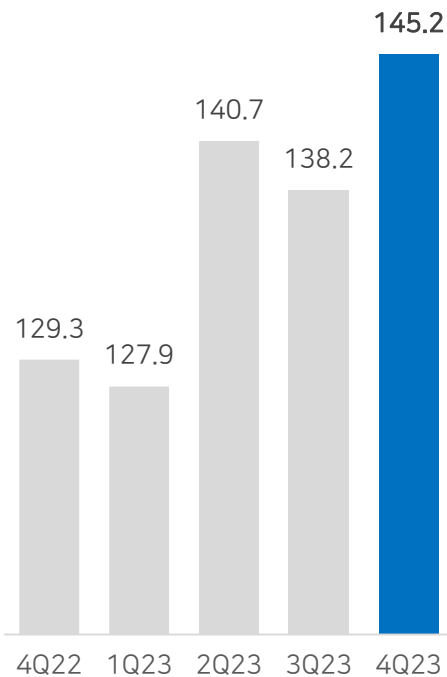
- Domestic or international financial market trends including fluctuation of foreign exchange rate or interest rate.
- Company’s very important strategic decision such as M&A
- Unexpected business environment change in the main industry
- Other internal and external change that can affect the company’s 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.

- Continued high growth in the ETC business
- Temporary increase in cost ratio due to initial operation of the second factory

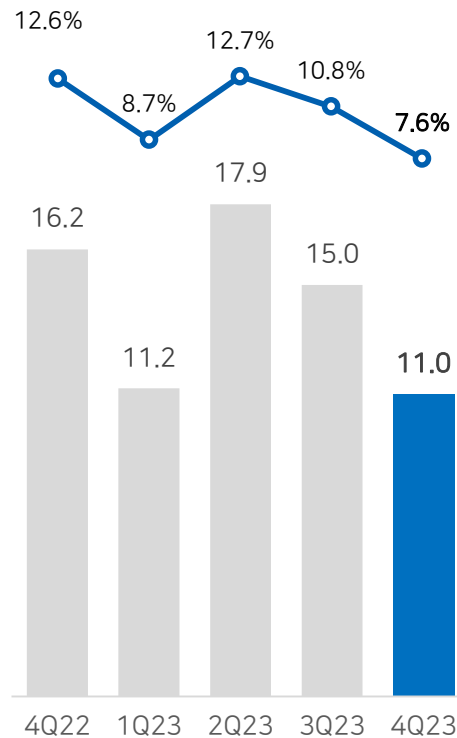
## Sales

[Unit: billion KRW]



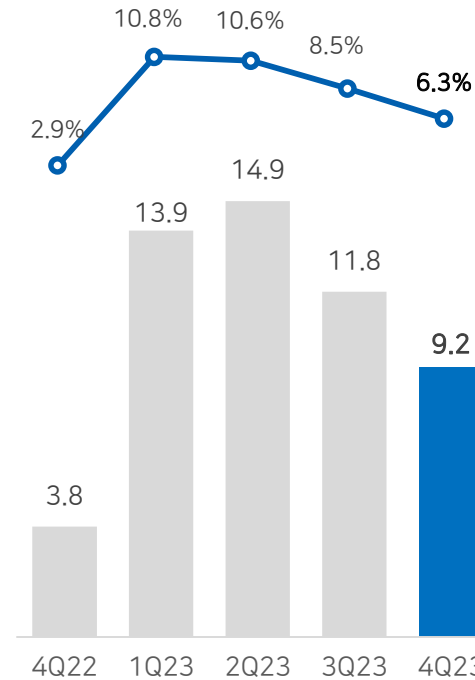
## Operating Profit

[Unit: billion KRW, %]



## Net Profit

[Unit: billion KRW, %]



### [Sales]

**145.2 bil KRW** (YoY ▲12.3%, QoQ ▲5.1%)

- ✓ Expanding export anesthetic business to North America, and 2% lidocaine market
- ✓ Increased demand for winter-related ETC

### [Operating Profit]

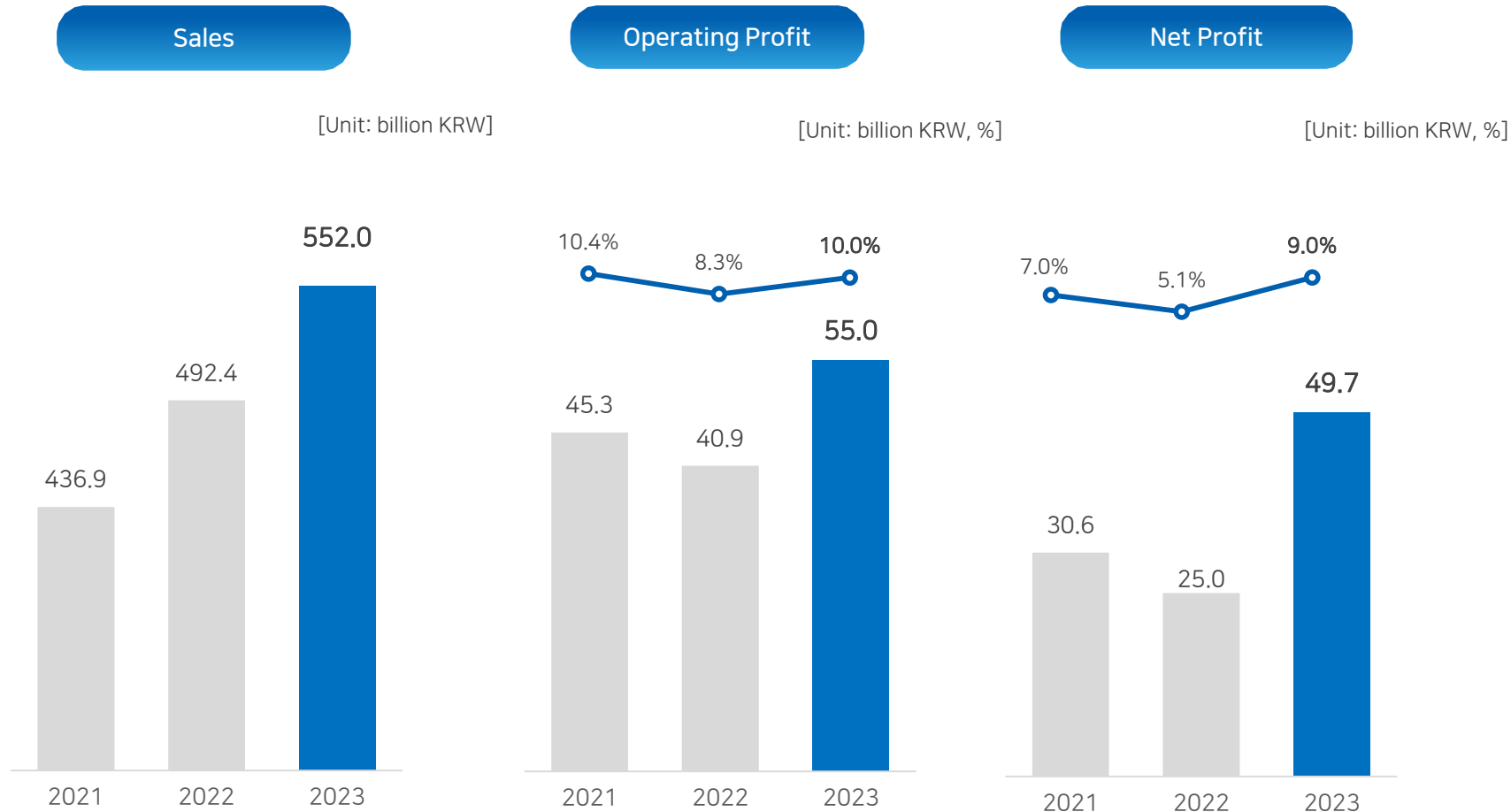
**11 bil KRW** (YoY ▼32.4%, QoQ ▼26.6%)

### [Net Profit]

**9.2 bil KRW** (YoY ▲144.4%, QoQ ▼21.9%)

- ✓ Increase in inventory reserve
- ✓ Increase in one-time costs such as labor costs

- Achieved record high sales and profits due to high growth in export pharmaceuticals



**[Sales]**

**552 bil KRW (YoY ▲12.1%)**

- ✓ Increased exports of injectables
- ✓ Expanding market of wellbeing drugs and eye drops.

**[Operating Profit]**

**55 bil KRW (YoY ▲34.6%)**

**[Net Profit]**

**49.7 bil KRW (YoY ▲119.9%)**

- ✓ Increase in initial operation costs of 2<sup>nd</sup> factory
- ✓ Efficient SG&A expense management
- ✓ Increase in financial asset valuation gains

- 4Q Cost of sales **74.3 bil KRW** (YoY ▲25.1%, QoQ ▲9.6%) / SG&A expenses **60 bil KRW** (YoY ▲11.7%, QoQ ▲8.2%)
  - ✓ Increased initial operating costs for the eye drops line at 2<sup>nd</sup> factory, inventory valuation loss, one-time costs such as performance bonus payments
  - ✓ Stabilization of SG&A ratio through efficient management of marketing expenses (advertising, commissions)

## Costs (Quarterly)

[Unit: billion KRW, %]

Classification	4Q22		1Q23		2Q23		3Q23		4Q23		YoY	QoQ
Sales	129.3		127.9		140.7		138.2		<b>145.2</b>		+12.3%	+5.1%
Costs of sales	59.4	46%	59.1	46%	65.7	47%	67.8	49%	<b>74.3</b>	<b>51%</b>	+25.1%	+9.6%
<b>SG&amp;A expenses</b>	53.7	42%	57.6	45%	57.1	41%	55.4	40%	<b>60.0</b>	<b>41%</b>	<b>+11.7%</b>	<b>+8.2%</b>
Personal expense	7.8	6%	8.1	6%	7.8	6%	7.7	6%	<b>8.9</b>	<b>6%</b>	+15.1%	+15.3%
Advertising	4.5	4%	6.0	5%	6.2	4%	4.9	4%	<b>5.7</b>	<b>4%</b>	+27.7%	+16.5%
commissions	11.0	9%	12.3	10%	12.6	9%	11.0	8%	<b>12.8</b>	<b>9%</b>	+16.4%	+16.8%
R&D	8.7	7%	8.2	6%	7.3	5%	9.2	7%	<b>8.1</b>	<b>6%</b>	-5.9%	-11.9%
Others	21.8	17%	23.0	18%	23.1	16%	22.5	16%	<b>24.4</b>	<b>17%</b>	+11.9%	+8.0%

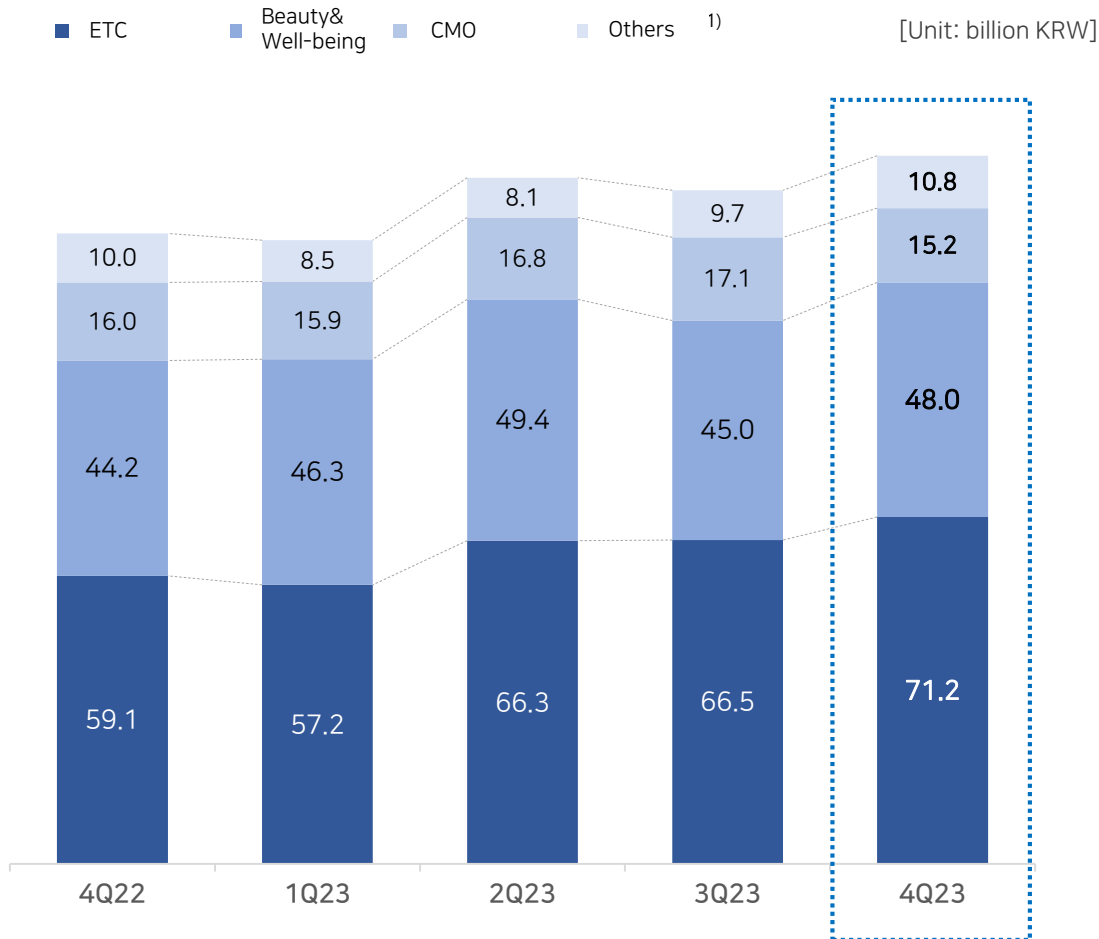
## Costs (Yearly)

[Unit: billion KRW, %]

Classification	2022		2023		YoY
Sales	492.4		<b>552.0</b>		+12.1%
Costs of sales	224.4	46%	<b>266.9</b>	<b>48%</b>	+18.9%
<b>SG&amp;A expenses</b>	227.1	46%	<b>230.1</b>	<b>42%</b>	<b>+1.3%</b>
Personal expense	31.6	6%	32.6	6%	+3.1%
Advertising	21.3	4%	23.0	4%	+7.9%
commissions	44.4	9%	48.7	9%	+9.7%
R&D	36.5	7%	32.9	6%	-9.8%
Others	93.4	19%	93.0	17%	-0.4%

※ "%" is % of Sales

### Sales by Business Divisions



### 4Q Earnings Review

[ETC] 4Q sales **71.2 bil KRW** (YoY ▲20.4%, QoQ ▲7.1%)

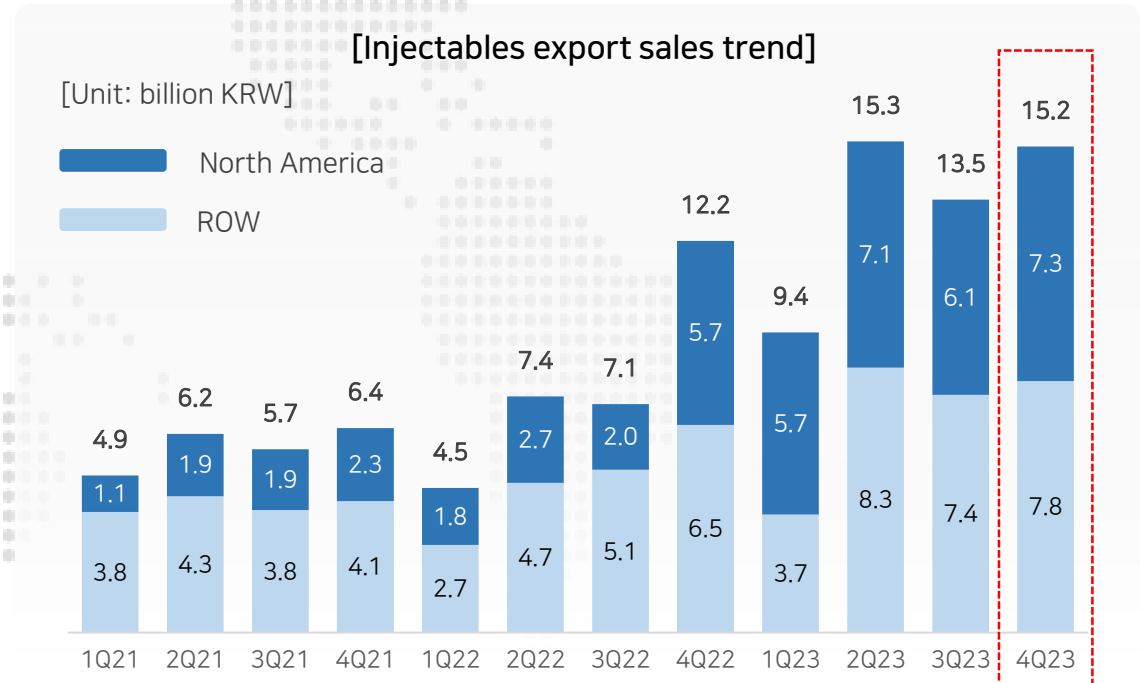
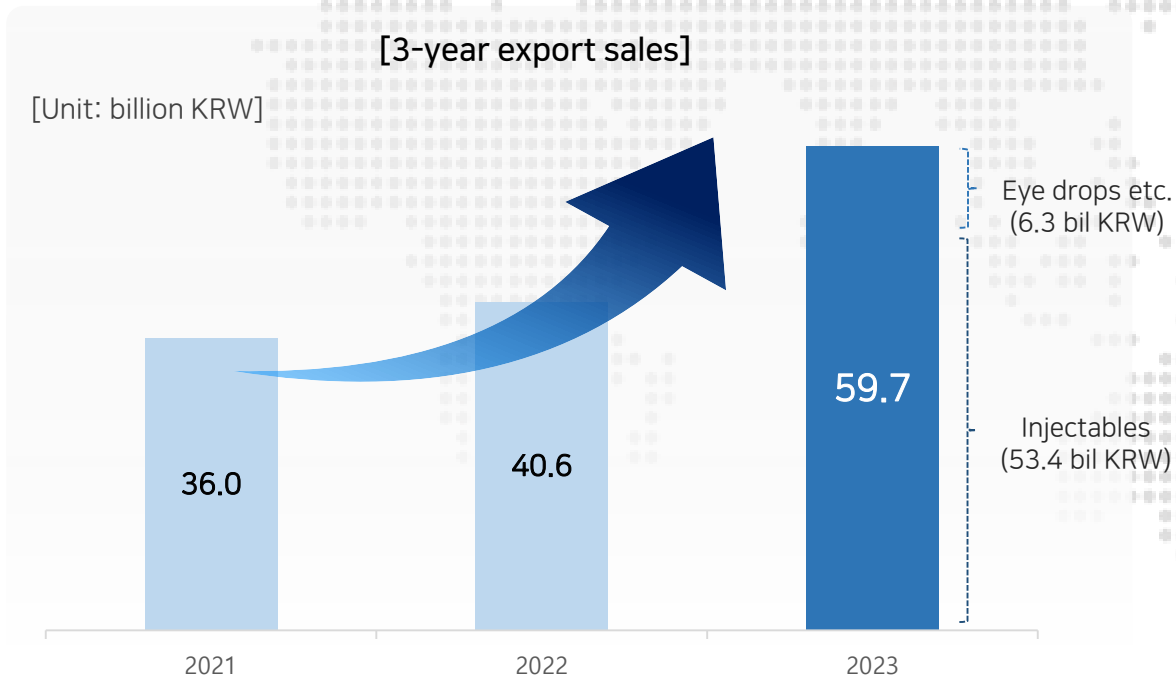
[Beauty·Well-being] 4Q sales **480 bil KRW** (YoY ▲8.8%, QoQ ▲6.8%)

[CMO] 4Q sales **152 bil KRW** (YoY ▼4.8%, QoQ ▼10.7%)

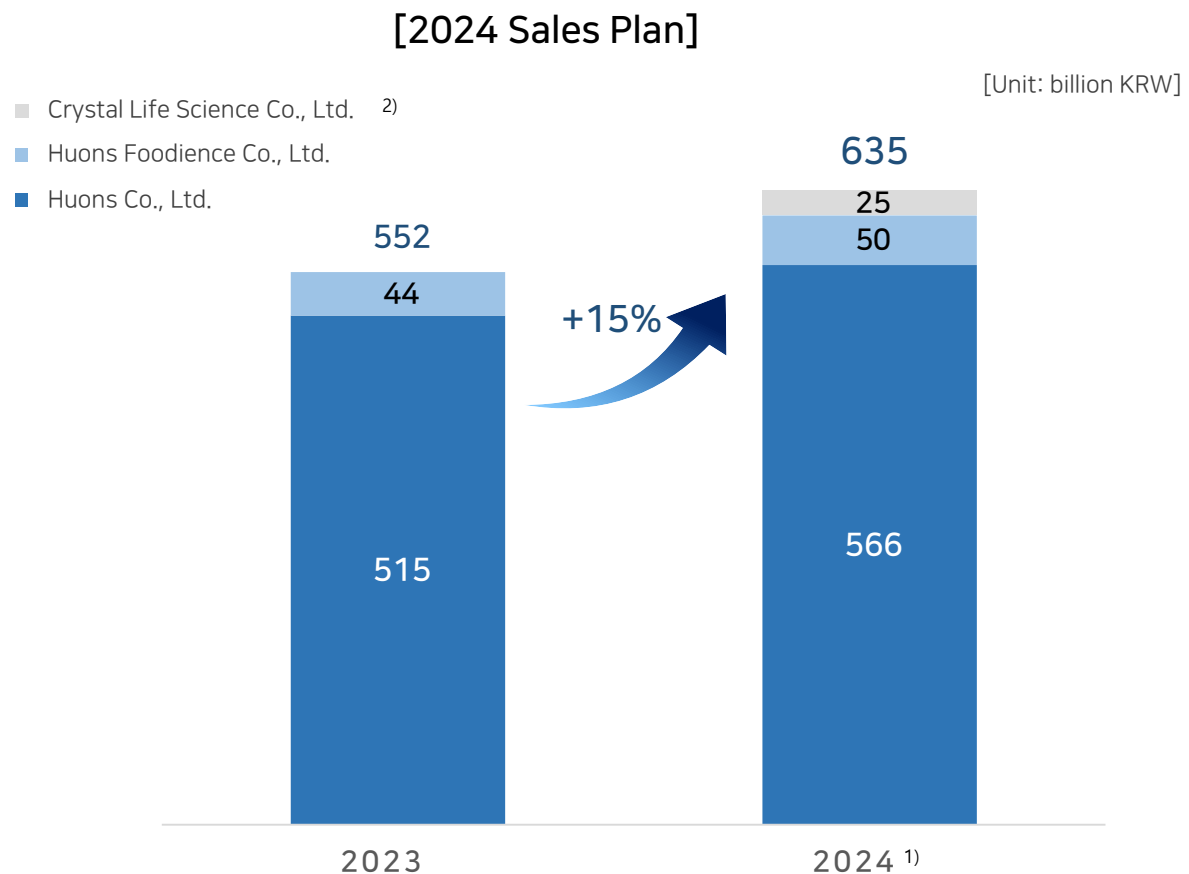
- **Highest quarterly ETS sales**
  - Steady sales growth of chronic disease(circulatory, metabolic) ETC
  - Increased sales of winter-related ETC (NSAIDs, antibiotics, respiratory)
- **Expansion of pharmaceutical exports (4Q export sales 15.5 bil KRW, YoY ▲19.1% QoQ ▲6.3%)**
  - Export sales of injectables to North America: 7.4 bil KRW (first export to Canada)
  - Exports of injectable drugs continue to expand to Japan, the Middle East, and South America etc.
- **Profitability-focused portfolio improvement**
  - Increase in eye drops CMO sales : production at full CAPA at 1<sup>st</sup> factory + start of operation at 2<sup>nd</sup> factory
  - Stable sales of HFF, despite decreased number of home shopping broadcasts (Menolacto sales 9.4 bil KRW)

**2023 Huons export sales 59.7 bil KRW (YoY ▲47%)**

- 2023 Expanding exports of injectables
  - North America 26.2 bil KRW (YoY ▲113%), ROW 27.2 bil KRW (YoY ▲43%)
- 2024 Strategy to expand export items and countries
  - North America: 2% lidocaine anesthetic, CMC eye drops, and HFF market entry
  - Rest of the World: plan to newly approve injectables in Europe and Middle East based on FDA ANDA injectables



**| 2024 Huons target Sales 635.3 bil KRW (YoY ▲ 15%)**



## Main Business Strategies

### Huons

- Accelerating pharmaceutical export sales growth & Promoting product registration in global strategic markets
- Continued growth in the domestic market by fostering the company's mega brands

### Huons Foodience

- HFF export business expansion
- Development of exclusive HFF of individually approved materials

### Crystal Life Science

- Turn to surplus in the first year of incorporation of a subsidiary
- Securing a Tablet/Capsule drugs production line and plan to expand its pharmaceutical business including CMO

1) Based on our business plan, and may differ from actual performance. The difference between the consolidated sales forecast and the total sales plan of each company is due to consolidation adjustments such as internal transactions

2) 2024 newly incorporated subsidiary subject to consolidation



**Year-end Cash Dividend 330 KRW per share,  
Annual cumulative Cash Dividend of 630 KRW per share**

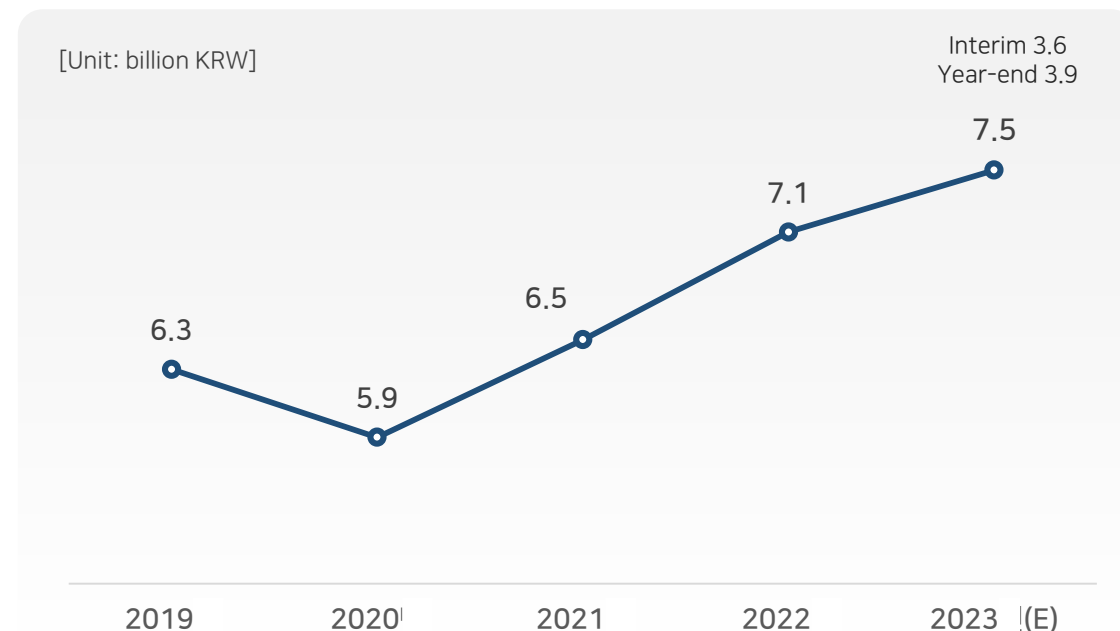
- Implementation of a transparent and active shareholder return policy to enhance corporate value

[FY23 Year-end Dividend]

Dividend Type	Cash Dividend
<b>Dividend per Share</b>	<b>330 KRW</b>
Dividend Ratio to Market Value <sup>1)</sup>	0.95%
Total Dividend Amount	3,918,269,850 KRW
Dividend Record Date	2024-04-01
Scheduled Dividend Payment Date	2024-04-19

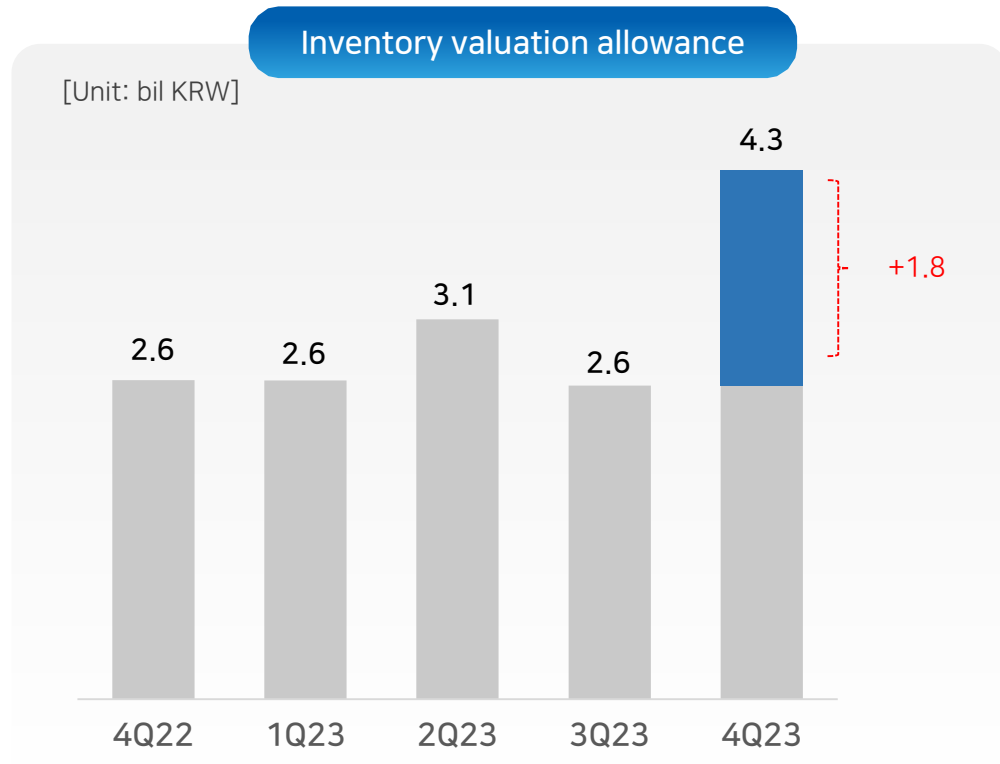
\* Dividends will be finally approved by the general shareholders' meeting

[Total Annual Dividends]



# APPENDIX

- **4Q Inventory valuation allowance<sup>1)</sup> : 1.8 bil KRW**
  - Impact of starting operation of 2<sup>nd</sup> factory(low initial operation rate)
  - Disposal of some inventory assets



### Inventory valuation allowance

[Unit: million KRW]

Classification	3Q23	4Q23	Amount Increased/Decreased
Product	716	989	+273
Goods	1,188	793	-394
WIP	459	2,195	+1,736
Raw materials	40	317	+277
Sub materials	168	47	-121

• **Company Profile**

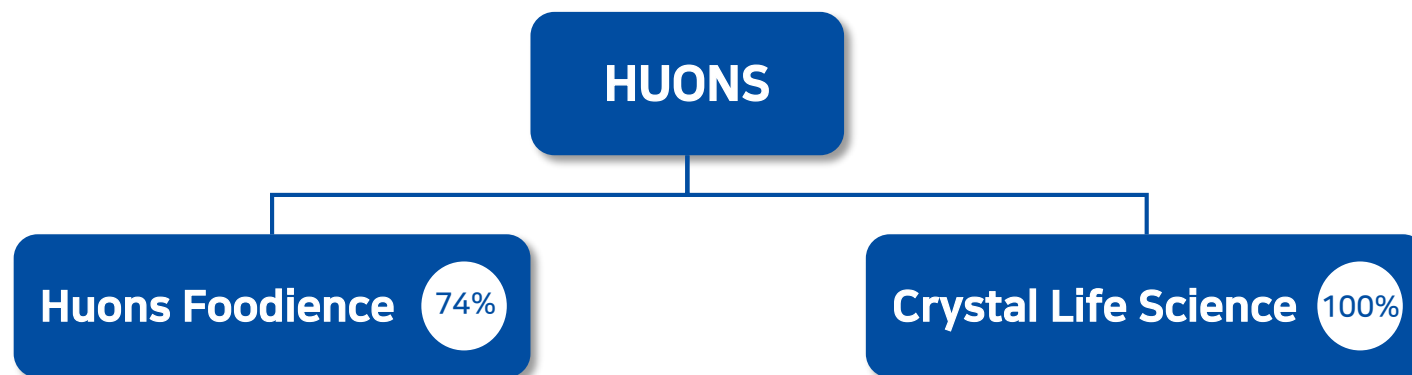
[Base Date: 2023.12.31]

Classification	Contents
Company Name	Crystal Life Science CO., Ltd.
CEO	민병복
Foundation	Nov. 2015 (Incorporation of subsidiary in Dec. 2023)
Location	70, Osong Life 6-ro, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do
Business Category	Pharmaceuticals
Issued Capital	7,224,120,000 KRW

• **Financial Status**

[Unit: million KRW]

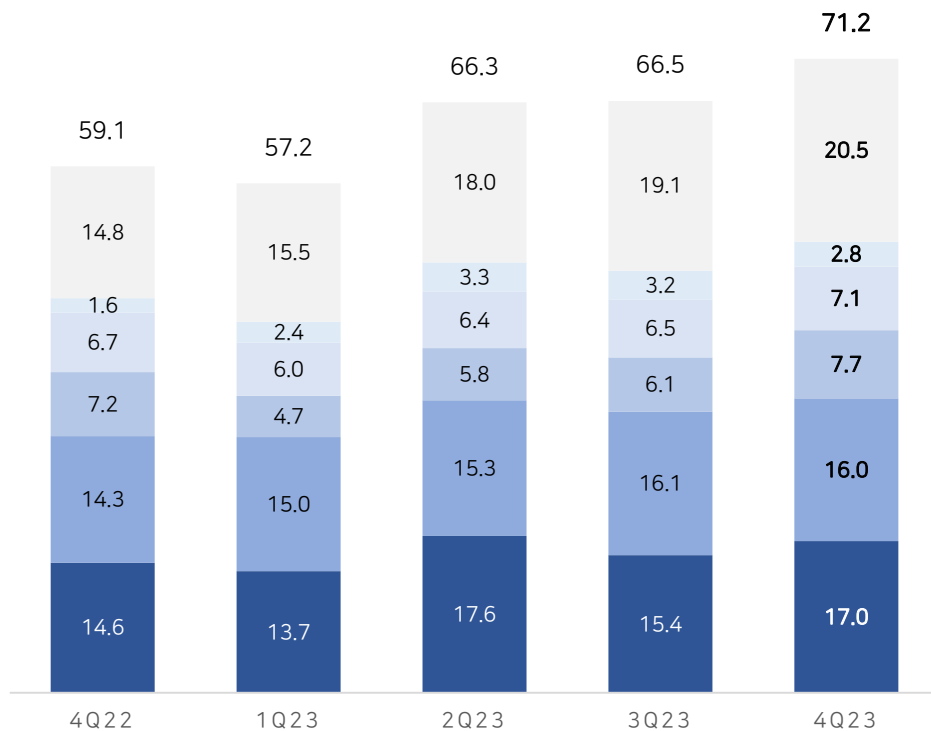
Classification	2021	2022	2023(E)
Assets	33,634	28,537	18,647
Liabilities	43,337	42,326	28,566
Equity	(9,703)	(13,789)	(9,919)
Sales	16,470	16,002	20,270
Operating Loss	(1,534)	(2,852)	(801)



## ETC

4Q Sales **71.2 bil KRW** (YoY ▲20.4%, QoQ ▲7.1%)

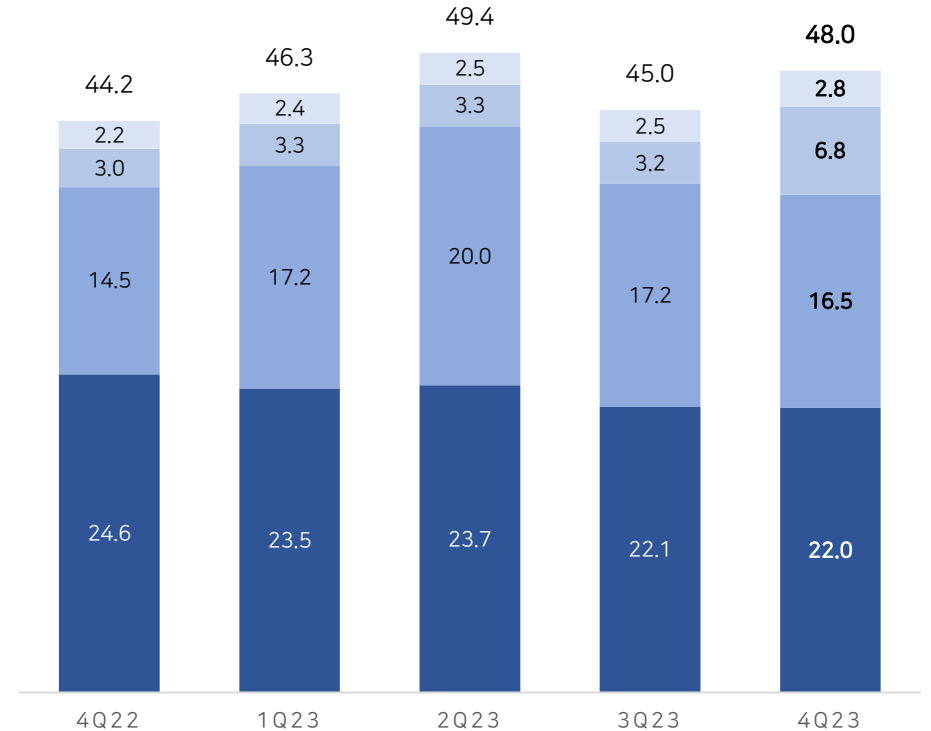
■ Anesthetic ■ Circulatory ■ Metabolic ■ Digestive ■ Eye drops ■ Others [Unit: billion KRW]



## Beauty·Well-being

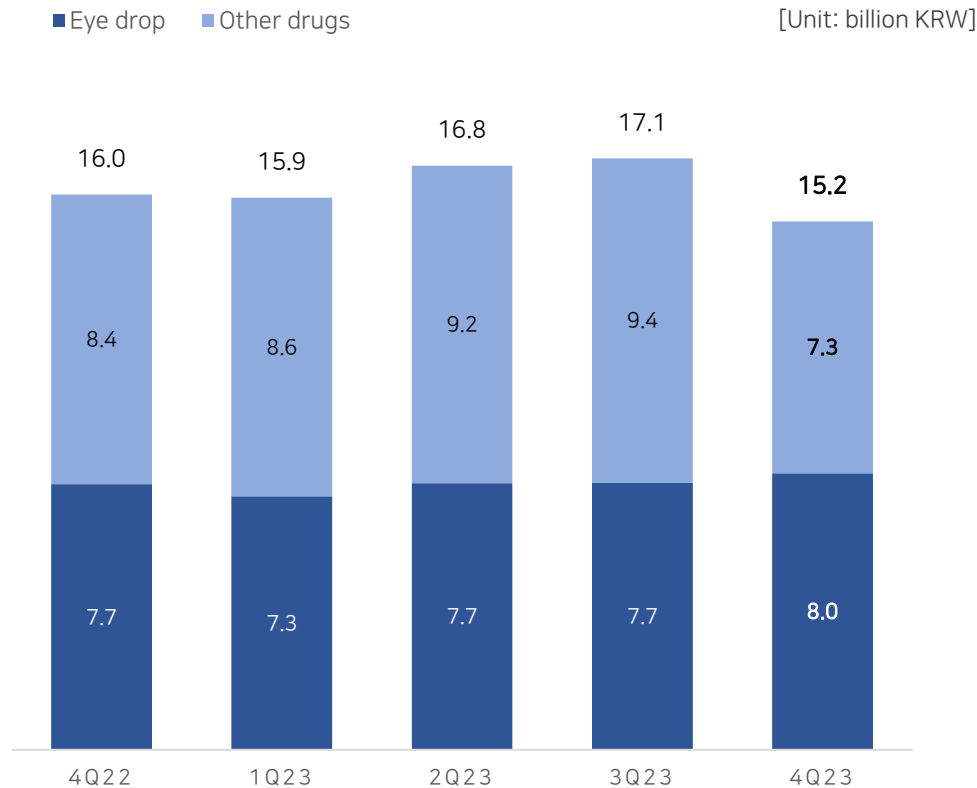
4Q Sales **48.0 bil KRW** (YoY ▲8.8%, QoQ ▲6.8%)

■ Wellbeing·Obesity·Pain ■ HFF ■ Medical Device ■ Others [Unit: billion KRW]



**CMO**

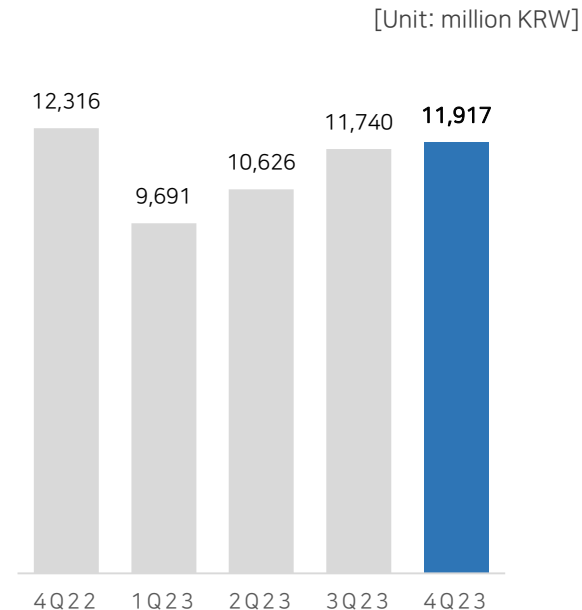
4Q Sales **15.2 bil KRW** (YoY ▼4.8%, QoQ ▼10.7%)



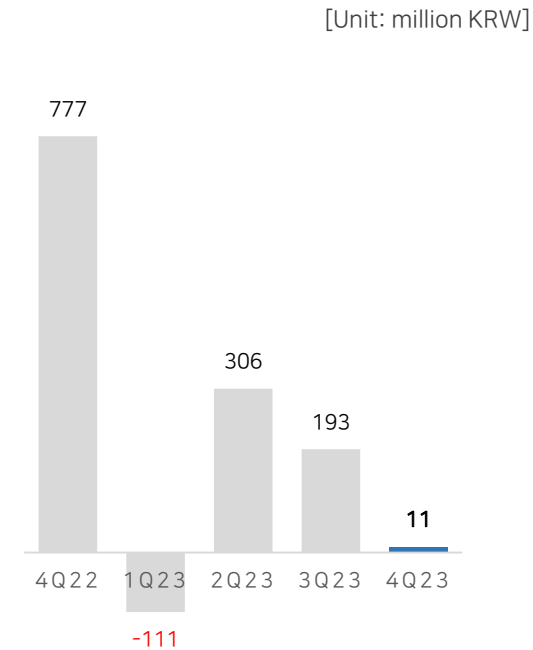
**hu Huons Foodience**

4Q Sales **11,917 mil KRW** (YoY ▼3.2%, QoQ ▲1.5%)  
 4Q Operating Profit **11 mil KRW** (YoY ▼98.6%, QoQ ▼94.2%)

**Sales**



**Operating Profit**



## Consolidated Statement of Financial Position

[Unit: million  
KRW]

Classification	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Assets</b>	<b>472,627</b>	<b>469,951</b>	<b>473,508</b>	<b>497,160</b>	<b>536,539</b>
<b>Current assets</b>	<b>247,015</b>	<b>239,345</b>	<b>239,357</b>	<b>257,749</b>	<b>270,313</b>
Cash etc.*	84,621	62,432	51,878	71,033	80,330
Accounts receivable	75,212	78,971	86,632	87,482	101,923
Inventory Asset	74,480	84,901	88,129	86,937	76,598
<b>Non-current assets</b>	<b>225,612</b>	<b>230,605</b>	<b>234,151</b>	<b>239,411</b>	<b>266,226</b>
<b>Liabilities</b>	<b>185,107</b>	<b>174,711</b>	<b>163,317</b>	<b>176,505</b>	<b>206,803</b>
<b>Current liabilities</b>	<b>103,453</b>	<b>94,414</b>	<b>83,510</b>	<b>97,197</b>	<b>133,795</b>
Accounts payable	16,615	19,199	16,961	15,179	13,741
Short-term borrowings			207	207	21,307
<b>Non-current liabilities</b>	<b>81,654</b>	<b>80,297</b>	<b>79,807</b>	<b>79,308</b>	<b>73,007</b>
Long-term borrowings	65,826	65,000	65,000	65,000	58,350
<b>Equity</b>	<b>287,520</b>	<b>295,240</b>	<b>310,191</b>	<b>320,655</b>	<b>329,737</b>
<b>Equity attributable to owners of parent</b>	<b>282,456</b>	<b>290,216</b>	<b>305,070</b>	<b>315,512</b>	<b>324,729</b>
Retained earnings	207,686	214,504	229,280	237,497	246,837
<b>Non-controlling interests</b>	<b>5,064</b>	<b>5,024</b>	<b>5,121</b>	<b>5,143</b>	<b>5,008</b>
<b>Stability Indicator</b>					
Current ratio	239%	254%	287%	265%	202%
Debt to equity ratio	64%	59%	53%	55%	63%
Borrowing ratio	23%	22%	21%	20%	24%
Net debt ratio	-7%	1%	4%	-2%	0%
Interest coverage ratio	1510%	1630%	3414%	2427%	1621%

## Financial Statements of Comprehensive Income

[Unit: million KRW]

Classification	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Sales</b>	<b>129,314</b>	<b>127,919</b>	<b>140,697</b>	<b>138,166</b>	<b>145,224</b>
Cost of sales	59,390	59,126	65,722	67,789	74,271
Gross profit	69,924	68,794	74,974	70,377	70,953
<b>SG&amp;A expenses</b>	<b>53,684</b>	<b>57,606</b>	<b>57,098</b>	<b>55,425</b>	<b>59,975</b>
<b>Operating Profit</b>	<b>16,240</b>	<b>11,187</b>	<b>17,876</b>	<b>14,952</b>	<b>10,978</b>
Gains/Losses on investments in associates	-554	17	149	243	-374
Other gains/losses	-85	6,241	487	-683	1,057
Profit before tax	15,601	17,446	18,512	14,512	11,660
Income tax expense	11,837	3,578	3,649	2,732	2,462
<b>Net Profit</b>	<b>3,764</b>	<b>13,869</b>	<b>14,863</b>	<b>11,780</b>	<b>9,198</b>
Profit, attributable to owners	3,777	13,916	14,776	11,766	9,340
Profit, attributable to non-controlling interests	-13	-47	87	14	-141
<b>A Profitability Indicator</b>					
<b>Operating profit ratio</b>	<b>12.6%</b>	<b>8.7%</b>	<b>12.7%</b>	<b>10.8%</b>	<b>7.6%</b>
<b>EBITDA Margin</b>	<b>15.9%</b>	<b>12.1%</b>	<b>15.8%</b>	<b>14.2%</b>	<b>11.0%</b>
Net profit ratio	2.9%	10.8%	10.6%	8.5%	6.3%
<b>ROE**</b>	<b>8.1%</b>	<b>9.8%</b>	<b>11.9%</b>	<b>14.7%</b>	<b>16.1%</b>
<b>Sales/Asset**</b>	<b>108%</b>	<b>111%</b>	<b>110%</b>	<b>111%</b>	<b>109%</b>
Leverage	164%	159%	153%	155%	163%

**Thank you**