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Huons

Investor Relations

4Q. 2024.



Huons

Disclaimer

Information in this book, including business performance and financial statements, is written following Korean-International Financial Reporting Standards(K-IFRS).

This book contains “forward-looking statements” about future events. It includes management’s expectations of future events and financial performance, and words such as ‘anticipation’, ‘forecast’, ‘plan’, ‘expectation’, and ‘(E)’.

A “forecast” can mean uncertain factors which can affect the company either positively or adversely, 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 change in business environment of the company’s core industry
- Other internal or external change that may affect the company’s management and finance

The information in this book is written as of the date hereof and are subject to known and unknown risks and uncertainties that could cause actual results, conditions, and events to differ materially and adversely from those anticipated. It can be changed without any prior notice in the future.

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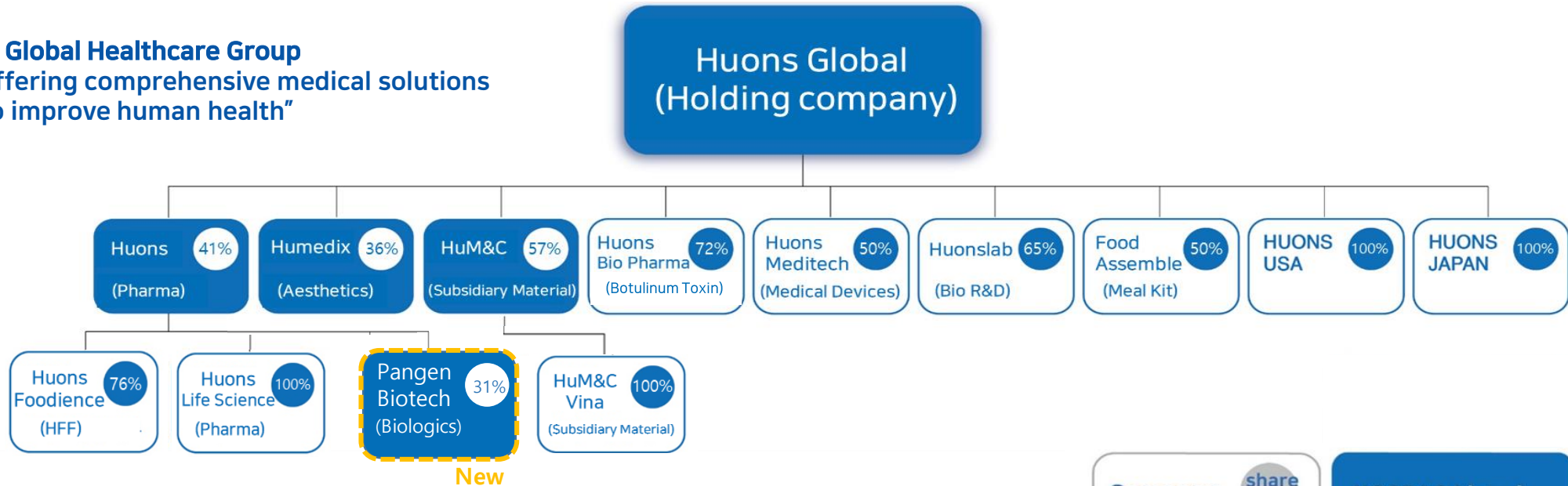
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Company Name	○ HUONS CO., LTD.
CEO	○ Soo-young Song
Foundation	○ July 1965 (Spin-off in May 2016)
Business Category	○ Pharmaceuticals, Biotechnology, and Health Functional Food
Homepage	○ www.huons.com



"A Global Healthcare Group offering comprehensive medical solutions to improve human health"



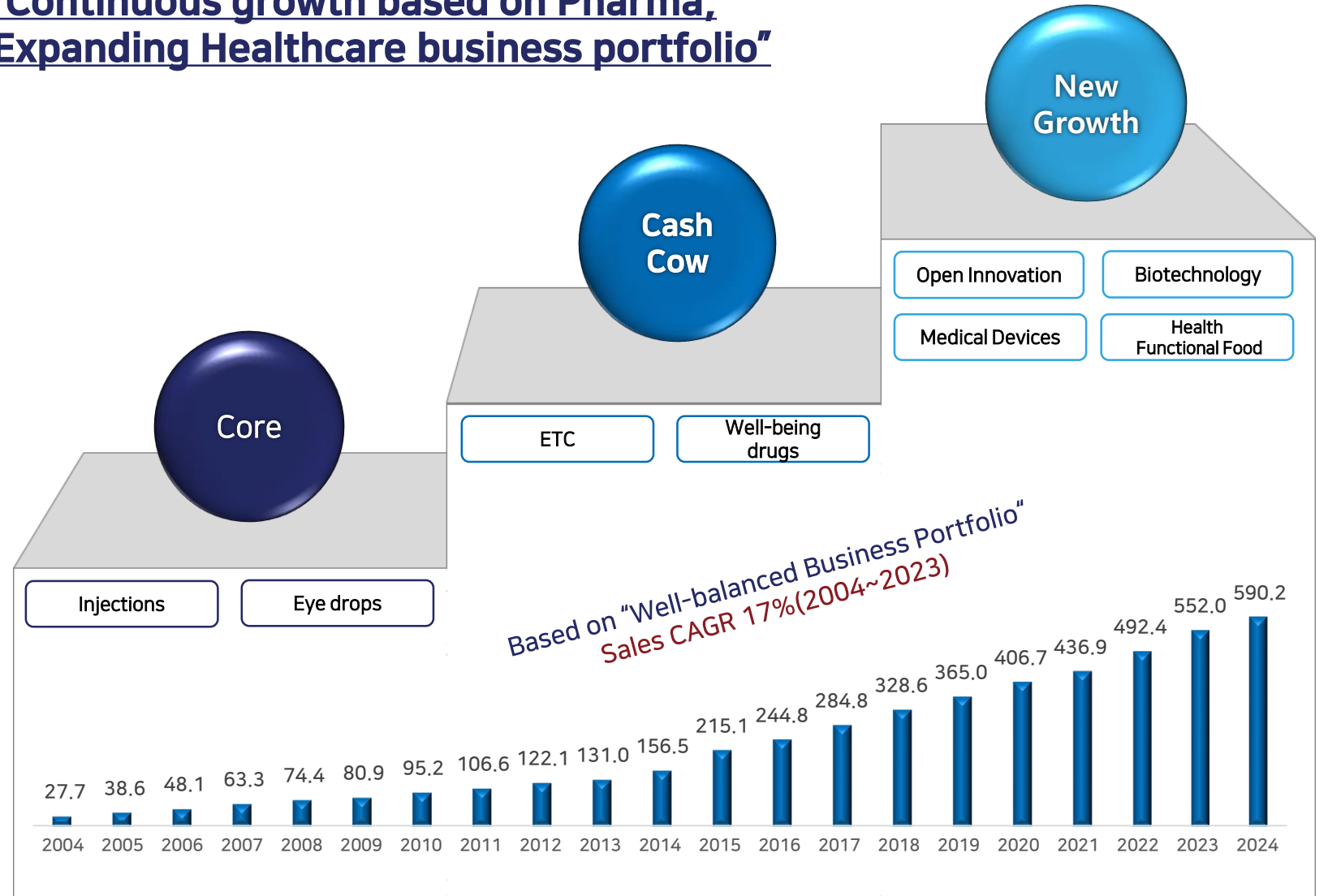
Company share ratio **KOSDAQ Listed**

※ Based on common stock, as of Dec 31, 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 Probiotics for Menopausal Women)
- 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 Sciences
(formerly Crystal Life Sciences)
- 2024 Opening of Dong-am R&D Center
Acquisition of Pangen Biotech Inc.

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

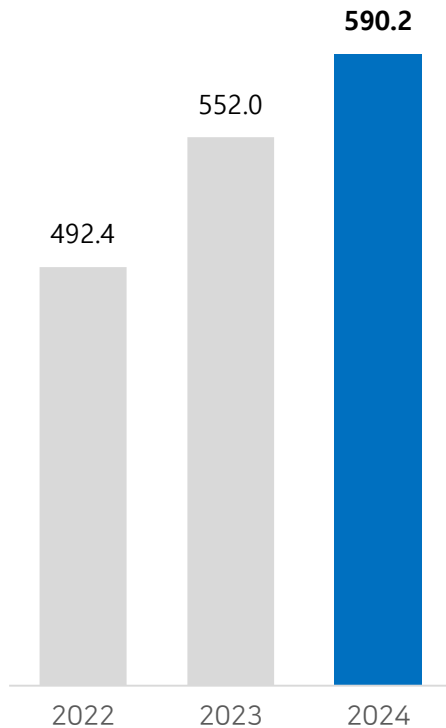


(unit : billion KRW, including earnings before spin-off, consolidated-basis since 2017)

- Stable sales growth centered on domestic ETC and CMO
- Decline in operating profit due to higher cost ratio and underperformance of subsidiaries

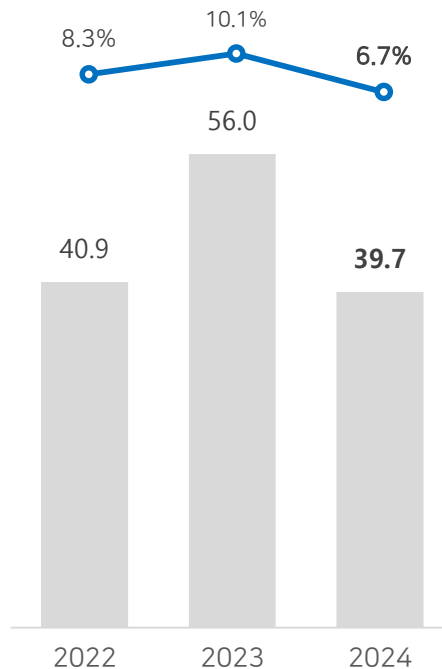
Sales

[Unit: billion KRW]



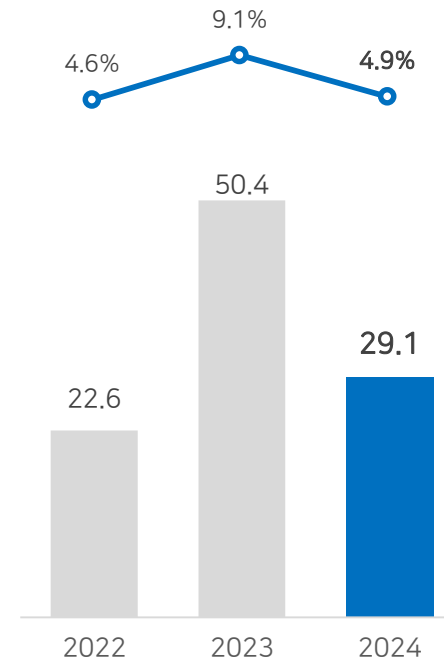
Operating Profit

[Unit: billion KRW, %]



Net Profit

[Unit: billion KRW, %]



[Sales]

590.2 bil KRW (YoY ▲6.9%)

- ✓ Sustained growth of domestic ETC and CMO
- ✓ Increased eye drop CMO and medical device sales from new 2nd factory
- ✓ A drop in injection exports and Health Functional Food

[Operating Profit]

39.7 bil KRW (YoY ▼29.1%)

- ✓ Increased cost ratio due to 2nd factory costs and sales mix (Decline in injection exports to the U.S., along with increased medical device sales)
- ✓ Operating loss of subsidiary companies of 4 billion KRW

[Net Profit]

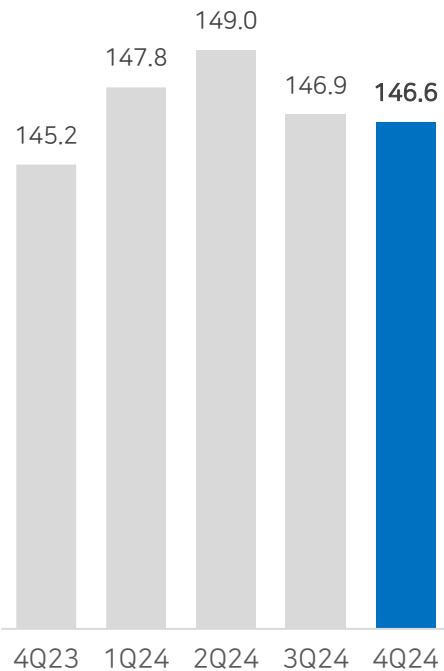
29.1 bil KRW (YoY ▼42.3%)

- ✓ Impairment loss of 6 billion KRW on investments of stakes in subsidiary and affiliated companies

- Continued growth in domestic ETC and CMO sales and recovery in injection exports due to winter flu epidemic
- Improved operating profit driven by better sales mix and SG&A cost control

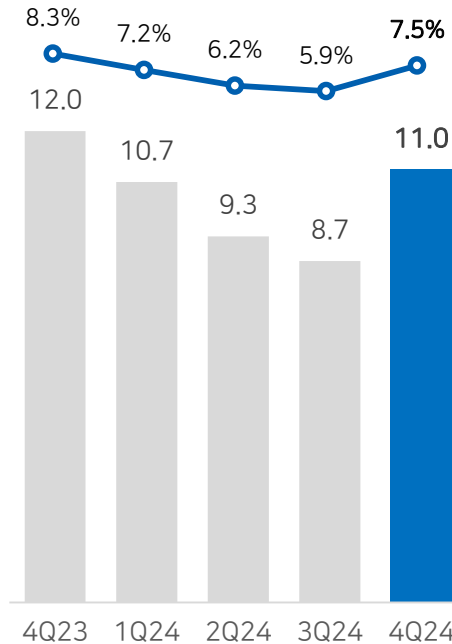
Sales

[Unit: billion KRW]



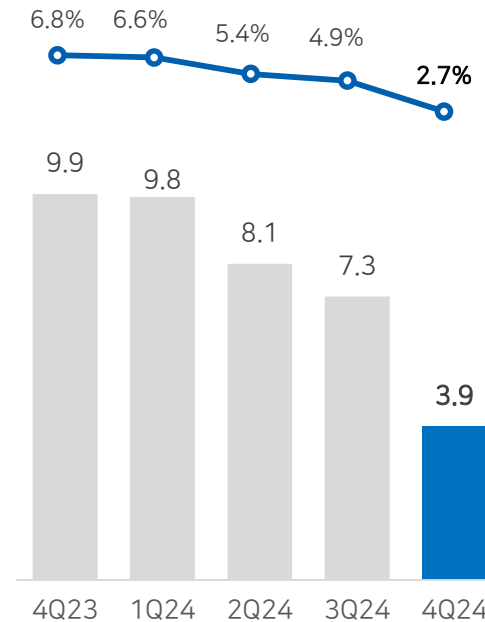
Operating Profit

[Unit: billion KRW, %]



Net Profit

[Unit: billion KRW, %]



[Sales]

146.6 bil KRW (YoY ▲1.0%, QoQ ▼0.2%)

[Operating Profit]

11.0 bil KRW (YoY ▼8.1%, QoQ ▲26.8%)

[Net Profit]

3.9 bil KRW (YoY ▼60.3%, QoQ ▼45.9%)

- 4Q Cost of sales **77.0 bil KRW** (YoY ▲2.0%, QoQ ▼0.7%) / SG&A **58.7 bil KRW** (YoY ▼1.3%, QoQ ▼0.9%)
 - ✓ Cost Rate: Climbing higher year-on-year due to changes in 2nd factory costs and sales mix, improved compared to the 3Q
 - ✓ SG&A: Maintaining a reduced ratio of SG&A such as advertising and commissions through cost management

Quarterly Cost Analysis

[Unit: billion KRW, %]

	4Q23		3Q23		2Q24		1Q24		4Q24		YoY	QoQ
Sales	145.2		147.8		149.0		146.9		146.6		+1.0%	-0.2%
Costs of sales	73.3	50.4%	73.2	49.6%	76.6	51.4%	78.2	53.2%	77.0	52.5%	+2.0%p	-0.7%p
SG&A Expenses	60.0	41.3%	63.8	43.2%	63.0	42.3%	60.0	40.9%	58.7	40.0%	-1.3%p	-0.9%p
Labor	8.9	6.1%	8.8	6.0%	8.6	5.8%	8.4	5.7%	8.3	5.6%	-7.4%	-2.2%
Advertising	5.7	4.0%	5.6	3.8%	4.4	2.9%	3.7	2.5%	3.8	2.6%	-33.6%	+3.3%
Commissions	12.8	8.8%	14.2	9.6%	11.1	7.5%	11.4	7.8%	11.1	7.6%	-13.3%	-3.0%
R&D	8.1	5.6%	7.3	5.0%	8.9	6.0%	9.0	6.1%	9.6	6.5%	+17.9%	+6.4%
Others	24.4	16.8%	27.9	18.9%	30.0	20.1%	27.4	18.7%	25.9	17.6%	+6.2%	-5.6%

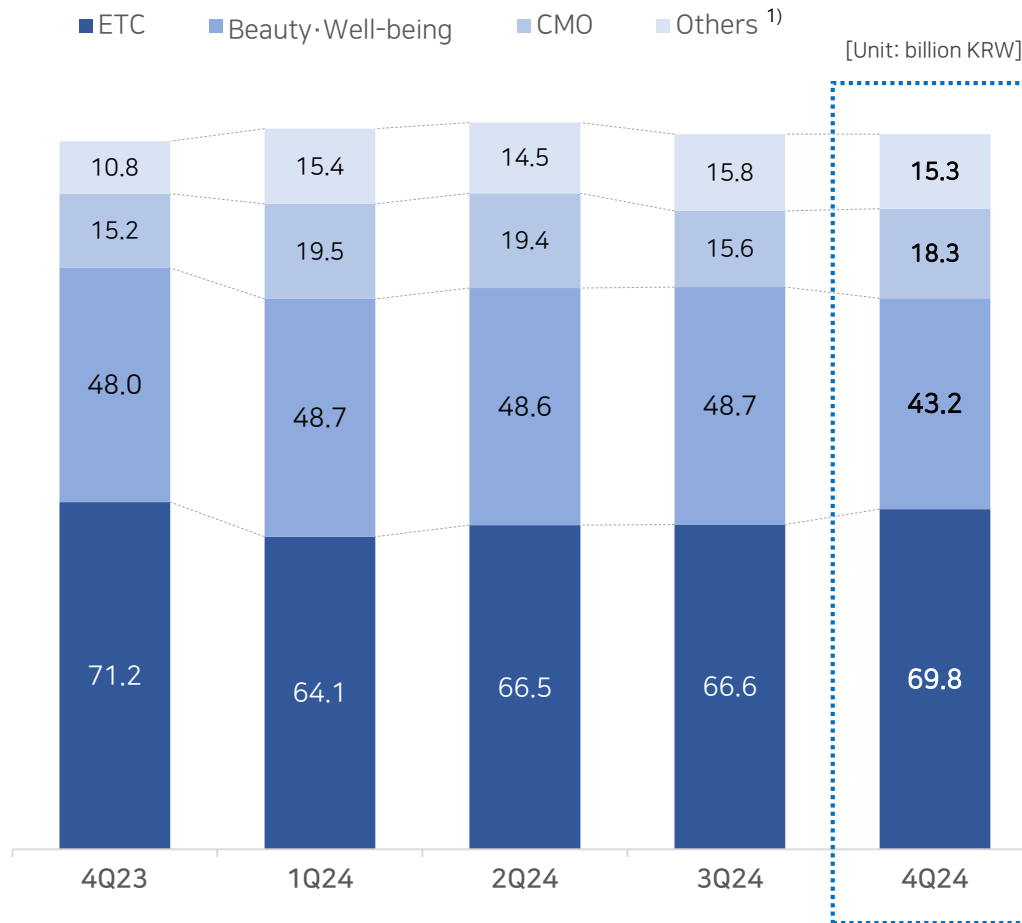
※ '%' is % of Sales

Annual Cost Analysis

[Unit: billion KRW, %]

	2023		2024		YoY
Sales	552.0		590.2		+6.9%
Costs of sales	265.9	48.2%	305.0	51.7%	+3.5%p
SG&A Expenses	230.1	41.7%	245.5	41.6%	-0.1%p
Labor	32.6	5.9%	34.2	5.8%	+4.8%
Advertising	23.0	4.2%	17.5	3.0%	-23.9%
Commissions	48.7	8.8%	47.9	8.1%	-1.6%
R&D	32.9	6.0%	34.9	5.9%	+6.0%
Others	93.0	16.8%	111.1	18.8%	+19.5%

Sales by Business Divisions



4Q Earnings Review

[ETC] 4Q Sales **69.8 bil KRW** (YoY ▼2.0%, QoQ ▲4.8%)

- Exports : Injection exports recovered to 12.5 bil KRW (QoQ +73%) in Q4 (U.S. 3.2 bil KRW, Other countries 9.3 bil KRW, expanded exports to Japan, Iraq, Vietnam, etc.)
- Domestic :Stable growth of ETC (Circulatory/ Metabolic, Digestive, Respiratory)

[Beauty & Well-being] 4Q Sales **43.2 bil KRW** (YoY ▼10.0%, QoQ ▼11.3%)

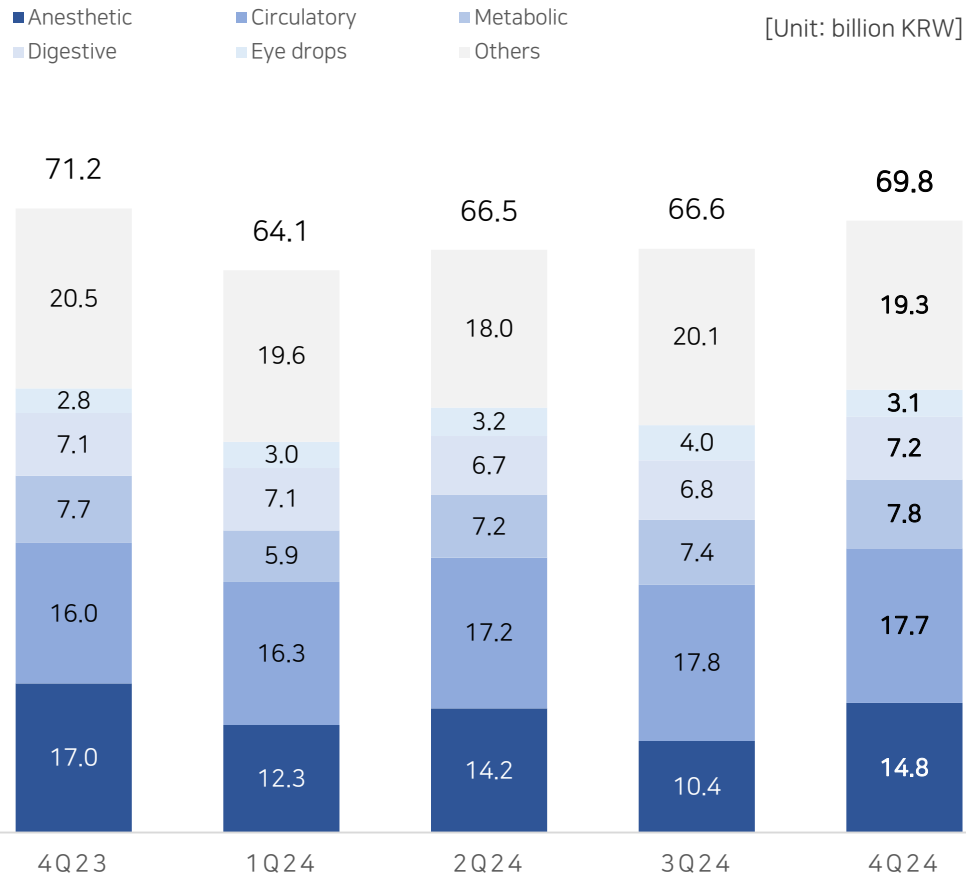
- Decrease in HFF sales (cost management and change in sales channels)
- In 2Q25, HFF business division will be merged into Huons Foodience
→ Expected to improve operational efficiency and financial performance

[CMO] 4Q Sales **18.3 bil KRW** (YoY ▲20.3%, QoQ ▲17.7%)

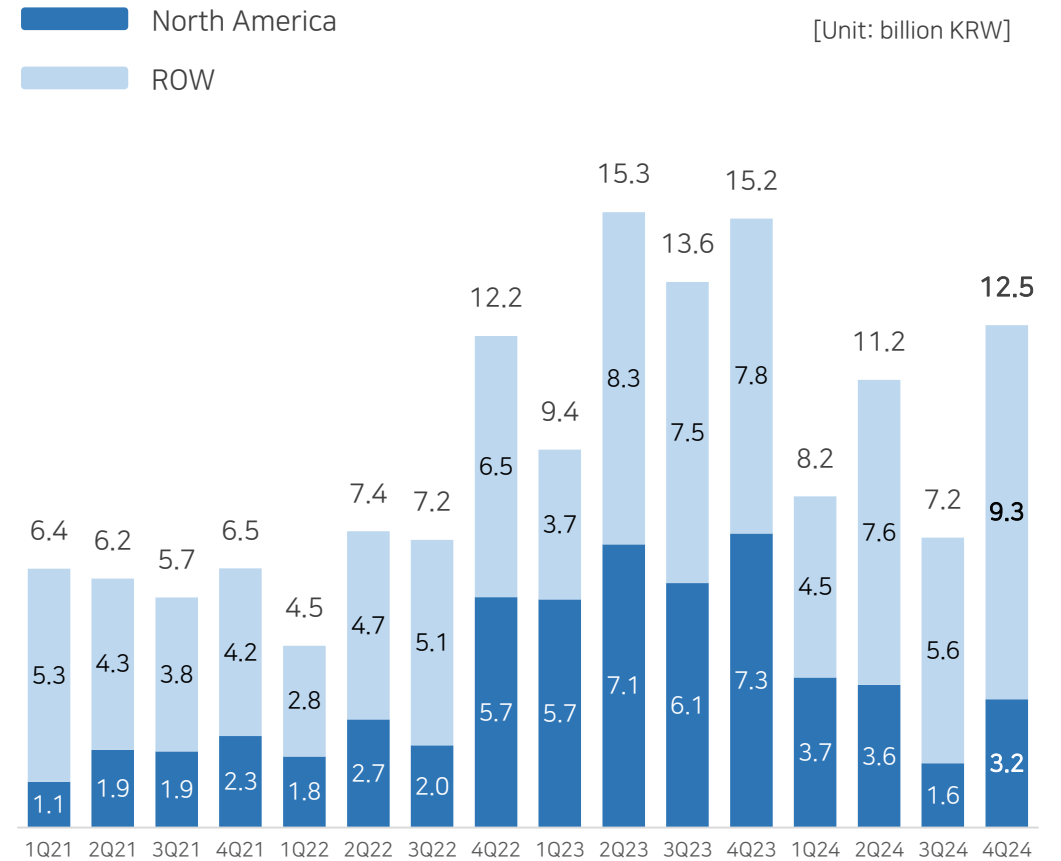
- Increased CMO sales for injectable treatments amid flu outbreak

ETC

4Q Sales **69.8 bil KRW** (YoY ▼2.0%, QoQ ▲4.8%)



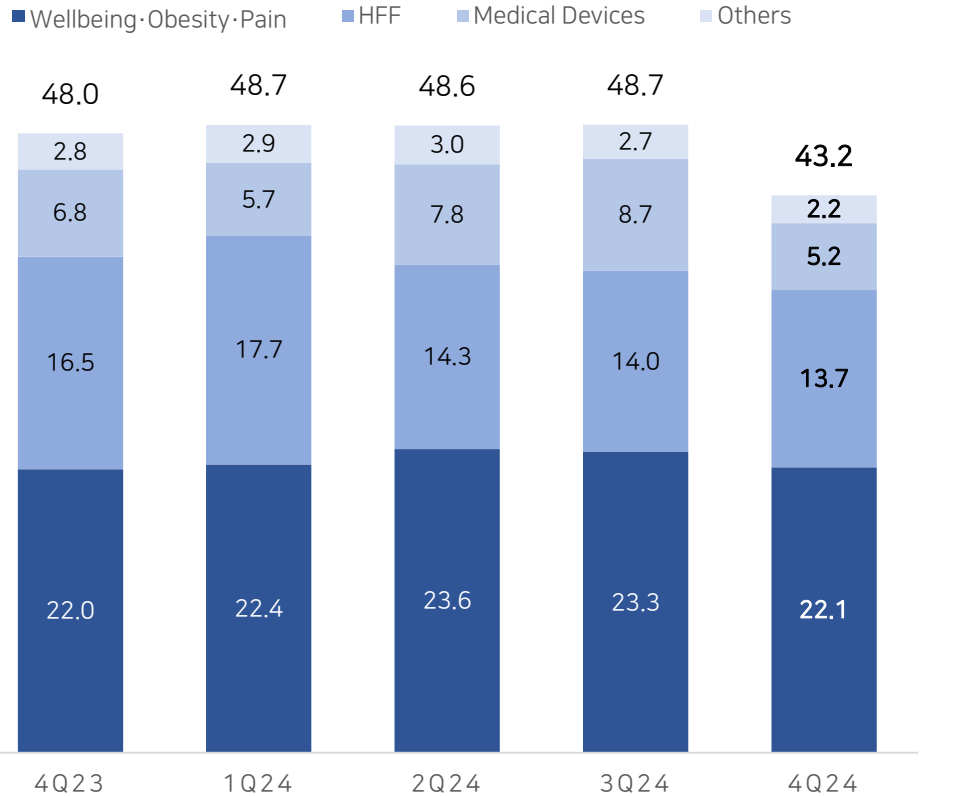
[Injection export sales trend]



Beauty & Well-being

4Q Sales **43.2 bil KRW** (YoY ▼10.0%, QoQ ▼11.3%)

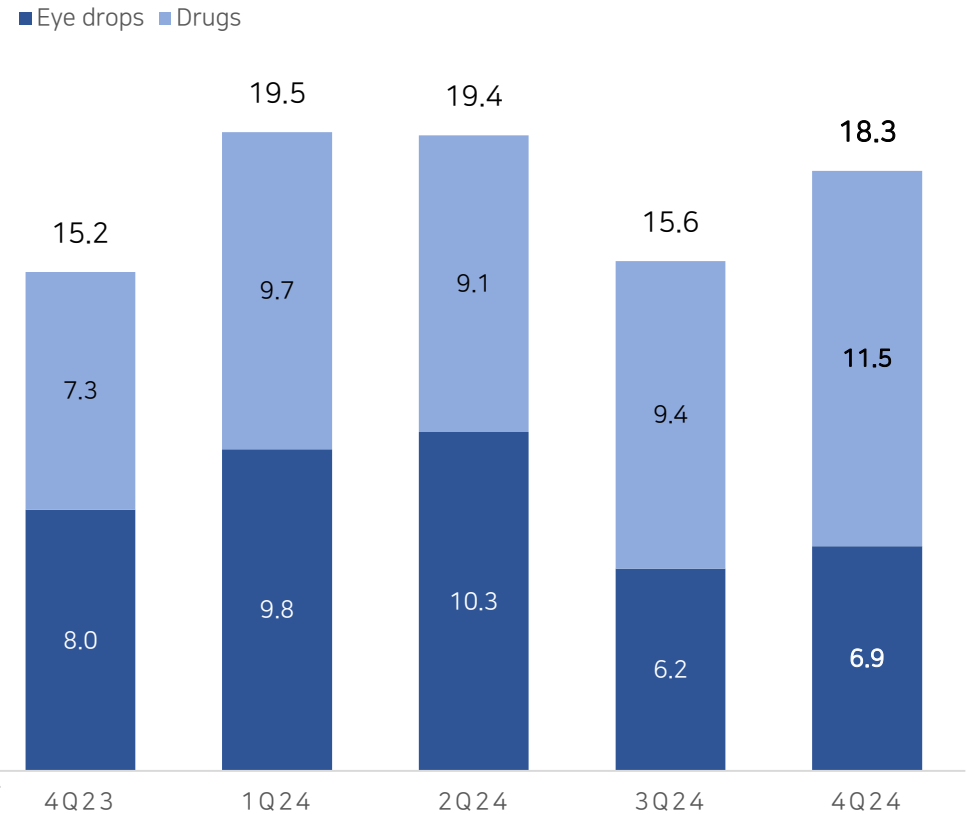
[Unit: billion KRW]



CMO

4Q Sales **18.3 bil KRW** (YoY ▲20.3%, QoQ ▲17.7%)

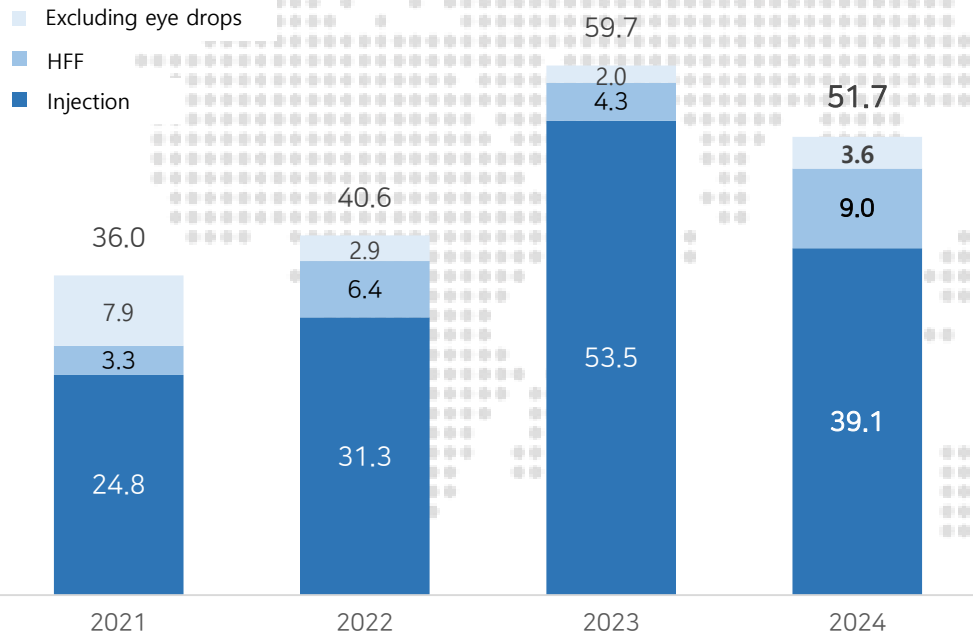
[Unit: billion KRW]



- Expansion of export countries and products to target overseas markets in 2025
 - ✓ U.S.: Ready to launch 20mL multi-dose lidocaine in 2H 2025, New registration of dental anesthetics in progress, Planning exports of CMC-based eye drop
 - ✓ ROW: Growth in exports to Iraq, Vietnam, etc., New registration of ANDA anesthetics in the Middle East

[Annual Export Trends]

[Unit: billion KRW, %]



Note: based on the consolidated financial statements

[Status of US FDA ANDA Approvals]

Year	Products	Formulation
Coming Soon	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

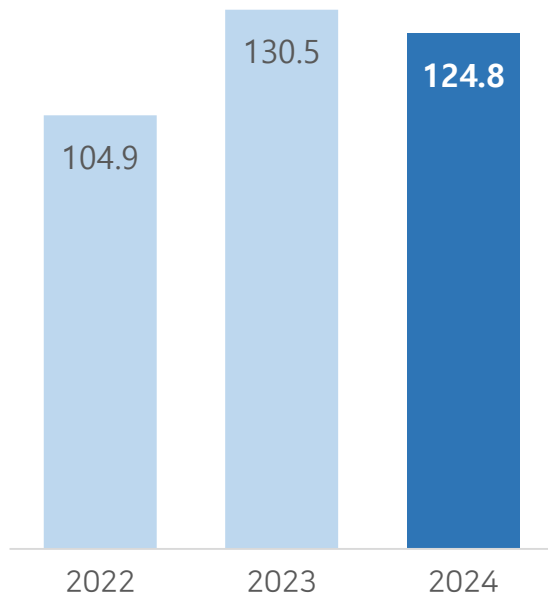


4. Business Status_Operation of new production line in 2nd factory

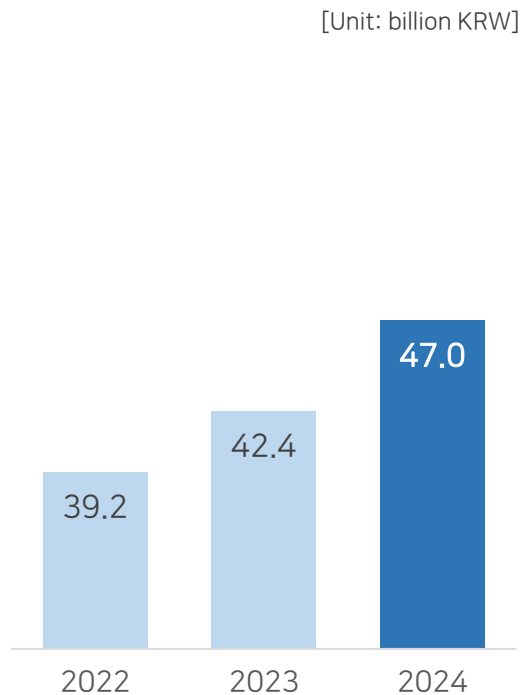
- Sales expansion of injection and eye drops due to operation of new production line in the 2nd factory
 - ✓ Injection : New vial and cartridge production lines to begin operation in H2 2024
 - ✓ Eye drop : Full-scale operation of single and multi-dose eye drop lines

Operation rate of the eye drop production lines

[Performance of Injection Production]



[Performance of Eye Drop Production]



(Unit: million units, billion KRW, %)

	Dosage Form	2024			
		CAPA	Output (unit : million)	Utilization Rate	Output (Unit : bil KRW)
1 st Factory	Injection	260	249	96%	124.8
	Ampoule	57	70	123%	43.2
	Vial	25	27	108%	36.5
	Cartridge	138	122	89%	34.7
	Plastic	40	30	75%	10.3
	Eye Drop	340	292	86%	40.5
	Oral Formulation	821	947	115%	175.2
2 nd Factory	Injection (Vial)	53	-	-	-
	Injection (Cartridge)	66	-	-	-
	Eye Drops	154	838	55%	6.5

Operation starts in H2 2024

Additional operation for multi eye drops

R&D Pipelines

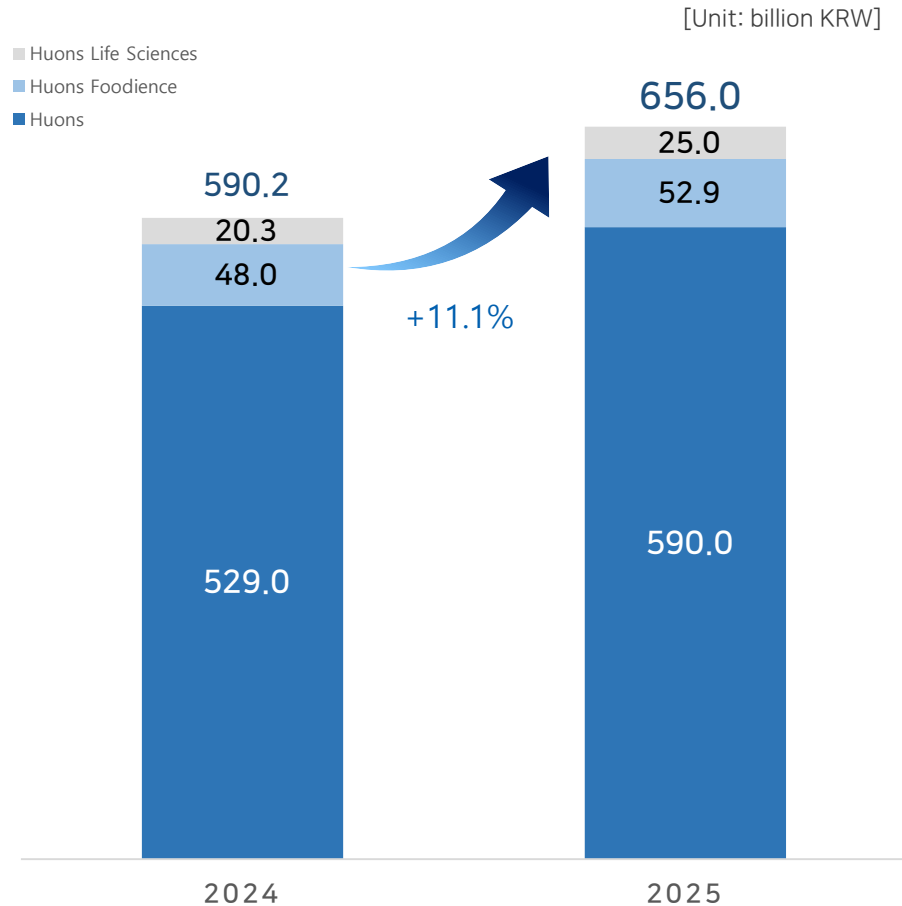
✓ Clinical trial for new treatment for dry eyes on track

NCP112 (HUC1-394) / New Chemical Entities	
Substance	NCP112 Heptameric peptide FPR2 (GPCR of Innate Immune Control Function) agonist
Development Stage	Phase 1 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 a FPR2 Selective peptide ligand, inhibits inflammatory reactions by activating FPR2 ✓ Restoring damaged cornea by suppressing conjunctivitis caused by dry eyes
Remarks	In-Licensing from Nova Cell Technology

Classification	Project Code	Indication	Development Stage	
Synthetic	NCE	HUC1-394	Dry eye	Phase 1
	IMD	HUC2-007	Dry eye	Phase 3 complete
		HUC3-431	High blood pressure, Hyperlipidemia	Phase 1
		HUC3-443	High blood pressure, Hyperlipidemia	Phase 1
		HUC2-363	Peptic ulcer	Phase 1
Natural	HFF	HUN2-497	Fatigue improvement, exercise performance	Human application test
		HUN2-465	Anti-obesity	Human application test
		HUN2-521	Female vaginal health	Human application test
		HUN2-575	Urinary health	Human application test

※ As of Dec 31, 2024. Projects in discovery and preclinical stage are not included.

2025 Target Consolidated Revenue : 656 bil KRW (YoY ▲ 11.1%)



Key Business Strategy

Huons

- ✓ FDA approval on new anesthetics & accelerate pharmaceutical export growth
- ✓ Revenue and profit growth driven by operation of new injection line at the 2nd factory and expansion of product portfolio

Huons Foodience

- ✓ Expanding sales of its brand 'Innerset'
- ✓ Expansion of HFF exports
- ✓ Spin-off and absorption merger with Huons' HFF division
→ Improvement of performance through management efficiency

Huons Life Sciences

- ✓ Improve profit margin through B2B CMO expansion and in-house conversion of production lines
- ✓ Sales growth driven by expansion of production equipment for solid dosage

Year-end Dividend : 330 KRW per share
2024 Accumulated Dividend : 630 KRW per share

- Mid- to long-term dividend policy : semi annual dividends (Interim & Year-end), 0~30% increase in dividend per share from previous business year
- Repurchase treasury shares worth 5.0 bil KRW (2 rounds)

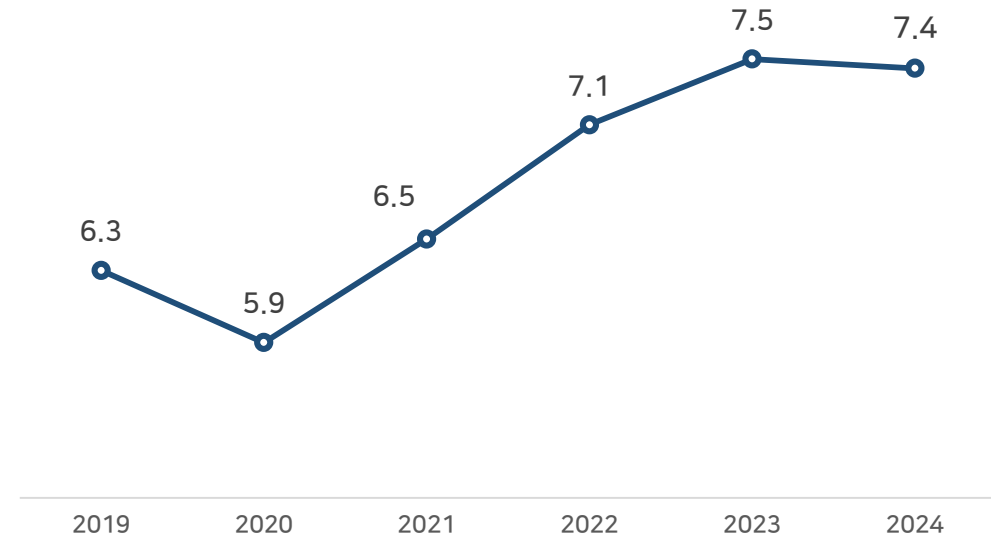
[2024 Year-end Dividend]

Type	Cash dividends
Dividend per share (KRW)	330
Total amount (KRW)	3,860,373,660
Base date	March 31, 2025
Due date of payment	April 24, 2025 (Within one month from the annual general shareholders' meeting)

[Total dividends by year]

[Unit: billion KRW]

Interim Dividend 35.5 bil KRW
 Year-end Dividend 38.6 bil KRW



Statement of Financial Position

[Unit: mil KRW]

Classification	4Q23	1Q24	2Q24	3Q24	4Q24
Assets	537,286	542,821	566,217	585,336	606,285
Current assets	271,322	262,033	260,999	252,823	256,909
Cash etc.*	80,330	67,876	60,426	64,717	68,874
Accounts receivable	101,923	95,079	96,951	89,559	95,322
Inventory Asset	76,598	81,541	87,041	82,186	76,253
Non-current assets	265,964	280,788	305,218	332,513	349,376
Property, plant and equipment	190,219	202,923	226,562	256,199	242,671
Liabilities	206,873	206,505	222,344	239,040	255,690
Current liabilities	133,866	130,571	145,276	149,323	153,496
Accounts payable	13,741	16,697	21,321	17,268	18,257
Short-term borrowings**	47,479	41,500	59,834	67,667	77,667
Non-current liabilities	73,007	75,934	77,068	89,716	102,195
Long-term borrowings	58,350	61,700	62,866	77,116	89,200
Equity	330,412	336,316	343,873	346,296	350,595
Equity attributable to owners of holding co.	325,404	331,379	339,336	341,656	345,971
Retained earnings	247,513	253,487	261,987	265,518	269,458
Non-controlling interests	5,008	4,936	4,537	4,640	4,624
Stability Indicator					
Current ratio	203%	201%	180%	169%	167%
Debt to equity ratio	63%	61%	65%	69%	73%
Borrowing ratio	32%	31%	36%	42%	48%
Net debt ratio	8%	11%	18%	23%	28%
Interest coverage ratio	1770%	1350%	1550%	1468%	882%

Statements of Comprehensive Income

[Unit: mil KRW]

Classification	4Q23	1Q24	2Q24	3Q24	4Q24
Sales	145,224	147,760	148,981	146,867	146,623
Cost of sales	73,262	73,248	76,630	78,172	76,961
Gross profit	71,962	74,512	72,351	68,695	69,662
SG&A expenses	59,975	63,820	63,042	60,012	58,651
Operating Profit	11,987	10,692	9,309	8,684	11,011
Gains/Losses on investments in associates	-404	119	233	364	127
Other gains/losses	1,057	1,567	948	-198	-4,817
Profit before tax	12,640	12,377	10,490	8,850	6,321
Income tax expense	2,766	2,573	2,401	1,593	2,397
Net Profit	9,874	9,804	8,089	7,257	3,924
Profit, attributable to owners	10,016	9,881	8,488	7,145	3,940
Profit, attributable to non-controlling interests	-142	-77	-399	112	-16
A Profitability Indicator					
Operating profit ratio	8.3%	7.2%	6.2%	5.9%	7.5%
EBITDA Margin	11.7%	10.8%	9.7%	9.3%	11.3%
Net profit ratio	6.8%	6.6%	5.4%	4.9%	2.7%
ROE***	16.3%	14.7%	12.1%	10.5%	8.5%
Turnover (Sales/Asset)***	109%	113%	112%	109%	103%
Leverage (Asset/Equity)	163%	161%	165%	169%	173%

Thank you