

# Q3 2022 Results

Nov 2022

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# Key Highlights

## Q3 Results

**FY Q3 Cumulative Revenue of 730.7BN KRW, OP of 180.4BN KRW**  
**Q3 Revenue 150.8B KRW, OP -32.2BN KRW**

- Incurred inventory provisions (68.1BN KRW) due to unused inventories and a rapid slowdown in covid-related sales
- Ex-inventory provision OP is 35.9BN KRW (OPM 24%)
- QoQ sales increased thanks to Non-Covid sales growth (17% ↑)
  - Non-Covid sales increased QoQ +12% and YoY +22%
  - Covid sales recorded QoQ growth as well
- Reflection of inventory provisions to minimize earnings risks from inventories in coming quarters

## AIOS : All in One System

### Fully Automated PCR Solution "AIOS"

- Incorporates Seegene's broad menu of MDx for syndromic testing including RV, HPV, STI and GI
  - Over 30 compatible assays
- Full automation from extraction to PCR set up, gene amplification and results analysis
- Addresses needs of small & mid sized labs and hospitals with its compact size
  - Anticipate synergies with In-life PCR Business

## Expansion of In-Life PCR

**In-Life PCR campaign expands to Italy after introduction in Vietnam and Mongolia**

- Italy: First private sector-driven Preventive Medicine service based on Seegene's syndromic tests. Extending marketing to Covid, STI/HPV, GI products and expanding regions too
- Mongolia : Targeting cross-boarder truckers in mining companies for pandemic prevention via Covid and RV tests.

**Discussing expanding Global In-life PCR Business to Slovenia, Ireland and South Africa**

## Implementing US Business

**Build-out of infrastructure for local development, clinical trials, approvals, production and distribution**

- **FY 2022**
  - Appointed CEO, Head of Medical affairs, R&D and QA/RA
  - Setting up a lab and production facility
- **FY 2023**
  - FDA submission for RV and monkeypox products
- **FY 2024**
  - GMP production facility setup and additional 2-3 FDA approval submissions

# Financial Summary

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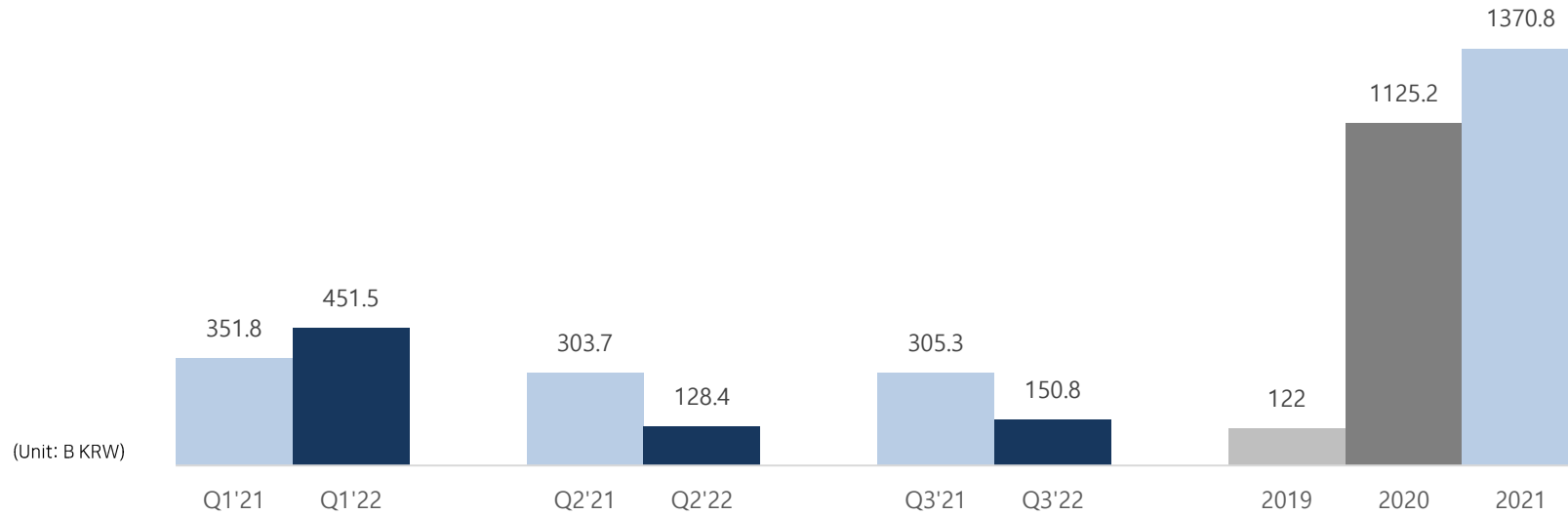
# Q3 Financials

| (Unit: B KRW)                   | Q3'22        | Q3 Excl. provisions | Q2'22        | Q3'21        | QoQ          | YoY          |
|---------------------------------|--------------|---------------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                  | <b>150.8</b> | <b>150.8</b>        | <b>128.4</b> | <b>305.3</b> | <b>17%</b>   | <b>-51%</b>  |
| Cost of Good Sold               | 122.6        | 54.5                | 40.4         | 98.9         |              |              |
| (%)                             | 81%          | 36%                 | 31%          | 32%          |              |              |
| <b>Gross Profit</b>             | <b>28.3</b>  | <b>96.3</b>         | <b>88.0</b>  | <b>206.4</b> | <b>-68%</b>  | <b>-86%</b>  |
| SG&A Exp.                       | 41.1         | 41.1                | 49.0         | 57.6         |              |              |
| (%)                             | 27%          | 27%                 | 38%          | 19%          |              |              |
| R&D Exp.                        | 19.4         | 19.4                | 26.0         | 20.2         |              |              |
| (%)                             | 13%          | 13%                 | 20%          | 7%           |              |              |
| <b>Operating Profit</b>         | <b>-32.2</b> | <b>35.9</b>         | <b>13.0</b>  | <b>128.6</b> | <b>-348%</b> | <b>-125%</b> |
| (%)                             | -21%         | 24%                 | 10%          | 42%          |              |              |
| <b>Non-Operating Gain/Loss</b>  | <b>13.9</b>  | <b>13.9</b>         | <b>14.2</b>  | <b>14.0</b>  | <b>-2%</b>   | <b>0%</b>    |
| Currency Exchange Gains (Loss)  | 27.0         | 27.0                | 15.8         | 7.9          |              |              |
| Income/(Loss) from Affiliates   | 1.0          | 1.0                 | 0.1          | 5.3          |              |              |
| Other Non-Operating Inc. (Exp.) | -14.1        | -14.1               | -1.7         | 0.8          |              |              |
| <b>Pretax Income</b>            | <b>-18.3</b> | <b>49.8</b>         | <b>27.2</b>  | <b>142.6</b> | <b>-167%</b> | <b>-113%</b> |
| (%)                             | -12%         | 33%                 | 21%          | 47%          |              |              |
| Income Tax Exp.                 | -7.1         | 11.6                | 2.1          | 49.3         |              |              |
| <b>Net Earnings</b>             | <b>-11.3</b> | <b>38.2</b>         | <b>25.1</b>  | <b>93.2</b>  | <b>-145%</b> | <b>-112%</b> |
| (%)                             | -7%          | 25%                 | 20%          | 31%          |              |              |

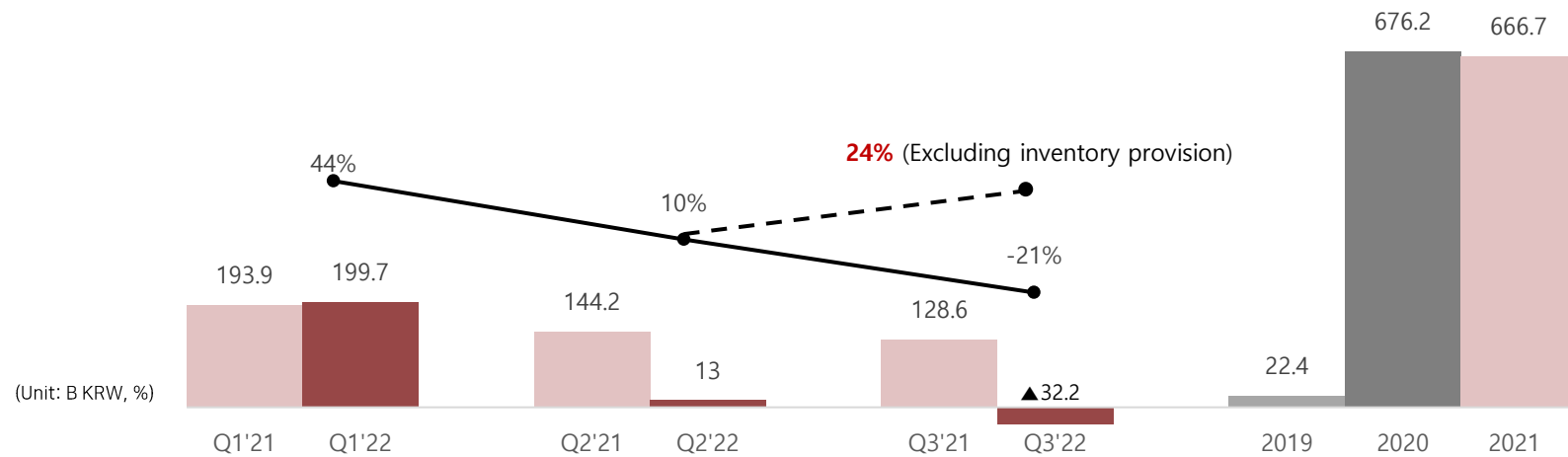
- Revenue 150.8B KRW (QoQ +17% & YoY  $\Delta$ 51%)
  - Sales slid due to declining covid daily counts, changes in covid prevention regime
  - Non-covid sales grew 12% QoQ, 22% YoY
- COGS/Sales 81% (QoQ +50%p & YoY +49%p)
  - Recognized one-off inventory provision of 68.1B KRW
- Operating Profit  $\Delta$ 32.2B KRW (OP Excl. inventory provision 35.9B KRW, OPM 24%)
  - Excluding inventory provisions, Operating profit grew YoY -72%, QoQ +175%
  - Exercising cost management but will continue strategic investments for long-term growth
- Net Profit  $\Delta$ 11.3B KRW
  - Forex gains of 27B KRW during quarter due to exchange rate movement

# Sales and OP Trend

## Sales Trend



## OP and OPM Trend

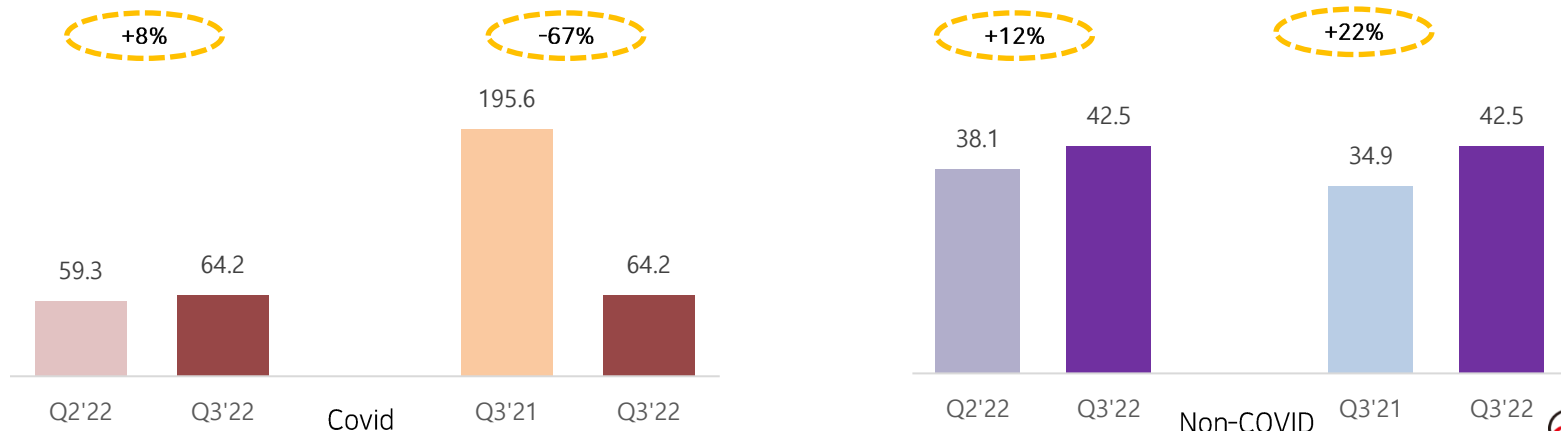


# Sales by Product

Non-Covid growth continues

| (Unit: KRW Billion) | Q3'20        | Q4'20        | Q1'21        | Q2'21        | Q3'21        | Q4'21        | Q1'22        | Q2'22        | Q3'22        |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Reagent</b>      | 283.2        | 376.7        | 282.5        | 246.6        | 257.1        | 357.2        | 372.9        | 105.6        | 115.5        |
| - COVID             | 219.6        | 308.2        | 224.8        | 198.8        | 195.6        | 289.6        | 321.2        | 59.3         | 64.2         |
| - Non-COVID         | 26.2         | 26.7         | 25.9         | 27.3         | 34.9         | 37.3         | 31.4         | 38.1         | 42.5         |
| RV                  | 8.7          | 8.1          | 7.2          | 5.1          | 7.8          | 8.9          | 4.9          | 11.4         | 11.1         |
| STI                 | 7.5          | 8.6          | 7.5          | 8.5          | 10.2         | 11.3         | 11.7         | 11.0         | 11.9         |
| GI                  | 4.1          | 4.0          | 4.3          | 5.6          | 6.8          | 6.3          | 6.0          | 6.6          | 8.7          |
| HPV                 | 2.8          | 3.1          | 3.5          | 4            | 4.2          | 5.1          | 4.7          | 5.1          | 5.5          |
| etc.                | 3.1          | 2.9          | 3.4          | 4.1          | 5.9          | 5.7          | 4.1          | 4.0          | 5.3          |
| - Extraction        | 37.4         | 41.8         | 31.8         | 20.5         | 26.6         | 30.3         | 20.3         | 8.2          | 8.8          |
| Equipment etc.      | 43.6         | 65           | 69.3         | 57.1         | 48.2         | 52.8         | 78.6         | 22.9         | 35.3         |
| <b>Total</b>        | <b>326.9</b> | <b>441.7</b> | <b>351.8</b> | <b>303.7</b> | <b>305.3</b> | <b>410.0</b> | <b>451.5</b> | <b>128.4</b> | <b>150.8</b> |

## 🌸 Sales Trend by Product

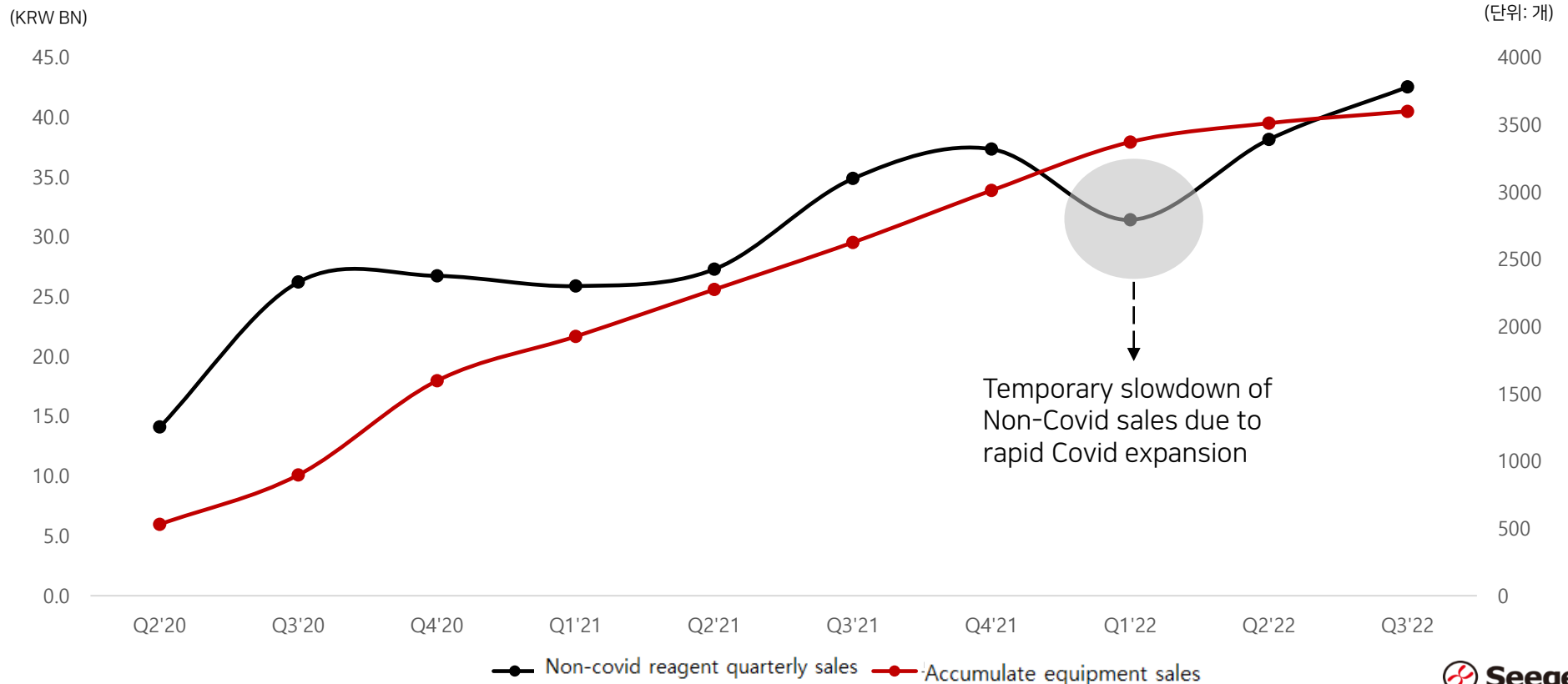




# PCR Equipment and Non-Covid Reagent Sales Trend

## 🌀 Highlights

- CFX96: PCR equipment supplied by Bio-rad
- SG Viewer software provides integration to customized equipment
- Sales growth continues thanks to accumulated PCR equipment sales



# Summary B/S and C/F

(Unit: B KRW )

| Category                            | Q3'22         | Q2'22         | Q3'21         |
|-------------------------------------|---------------|---------------|---------------|
| <b>Asset</b>                        | <b>1431.8</b> | <b>1504.9</b> | <b>1267.9</b> |
| · Cash and equivalents              | 547.1         | 463.0         | 383.9         |
| · Account/other receivables         | 130.1         | 118.6         | 208.7         |
| · Inventory                         | 157.7         | 226.7         | 250.7         |
| · Accounts receivable long-term     | 30.7          | 30.6          | 23.2          |
| · Gross PP&E                        | 259.5         | 265.6         | 221.9         |
| · Other Assets                      | 306.7         | 400.4         | 179.5         |
| <b>Liabilities</b>                  | <b>248.0</b>  | <b>305.5</b>  | <b>337.7</b>  |
| · Account/other payables            | 47.2          | 52.6          | 76.2          |
| · Short-term borrowings             | 35.0          | 39.5          | 39.5          |
| · Curr. Port. Of LT Debt            | 41.1          | 1.2           | 1.0           |
| · Income taxes payable              | 18.2          | 61.0          | 108.7         |
| · Long-term debt                    | 2.5           | 42.6          | 43.7          |
| · Other Liabilities                 | 104.0         | 108.7         | 68.6          |
| <b>Equity</b>                       | <b>1183.8</b> | <b>1199.4</b> | <b>930.2</b>  |
| · Common stock                      | 26.1          | 26.1          | 26.1          |
| · Additional paid in capital        | -88.5         | -17.9         | 28.0          |
| · Retained earnings                 | 1169.2        | 1188.6        | 873.6         |
| · Minority interest                 | 2.5           | 2.6           | 2.5           |
| <b>Total Liabilities and Equity</b> | <b>1431.8</b> | <b>1504.9</b> | <b>1267.9</b> |

(Unit: B KRW)

| Category                               | Q3'22          | Q2'22          | Q3'21         |
|--|----------------|----------------|---------------|
| <b>Beginning Cash Balance</b>          | <b>463.0</b>   | <b>581.9</b>   | <b>264.0</b>  |
| <b>Cashflow From Operations</b>        | <b>(8.8)</b>   | <b>22.6</b>    | <b>182.3</b>  |
| · Net Income                           | (11.3)         | 25.1           | 93.2          |
| · Change in Net Capital Mngt           | (10.9)         | 36.5           | 42.2          |
| · Income Tax Paid                      | (56.1)         | (47.6)         | (6.9)         |
| · Others                               | 69.6           | 8.6            | 53.8          |
| <b>Cashflow From Investments</b>       | <b>(259.8)</b> | <b>(62.0)</b>  | <b>(27.1)</b> |
| · Sale (Purchse) of PP&E               | (8.6)          | (21.1)         | (17.6)        |
| · Sale (Purchase) of Intangible Assets | (4.4)          | (2.1)          | (0.2)         |
| · Others                               | (246.8)        | (38.8)         | (9.3)         |
| <b>Cashflow From Finance</b>           | <b>(19.5)</b>  | <b>(86.6)</b>  | <b>(37.8)</b> |
| · Dividends Paid                       | (10.1)         | (30.9)         | (20.7)        |
| · Lease Redemption                     | (4.6)          | (4.3)          | (1.5)         |
| · Change in leasehold deposit          | (0.0)          | (1.4)          | 0.0           |
| · Others                               | (4.8)          | (49.9)         | (15.6)        |
| <b>Net Change in Cash</b>              | <b>(274.1)</b> | <b>(119.0)</b> | <b>120.0</b>  |
| <b>Ending Cash Balance</b>             | <b>188.9</b>   | <b>463.0</b>   | <b>383.9</b>  |

# Key Strategy

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Full Automation Solution: AIOS

P. 12

Enhancing Syndromic Testing Competitiveness

P. 13

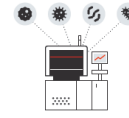
In-Life PCR

P. 14

Solidifying US Business

P. 15

# Competitive edge of AIOS



- With one equipment, AIOS can perform 35 syndromic tests (165 targets) and cover all Seegene products (124+)
- Will expand M/S by lowering setup cost not only for large hospitals but also commercial labs and small-medium sized hospitals. (Existing Starlet and CFX96 clients only need to add main module)

## Reasonable price

Full automation at **low cost**

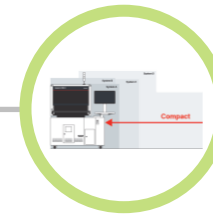
- ✓ Reasonable price against other competitors
- ✓ **Upgradable** with existing legacy system



## Efficient space usage

Applicable to various facilities from small testing rooms to large size hospitals

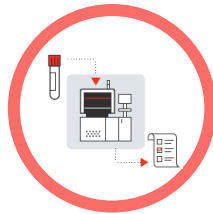
- ✓ Compact size vs. competitors:
  - only takes up 30~50%
  - **3X** more space efficiency



## Convenient management

**Easy to run** and **maintain**

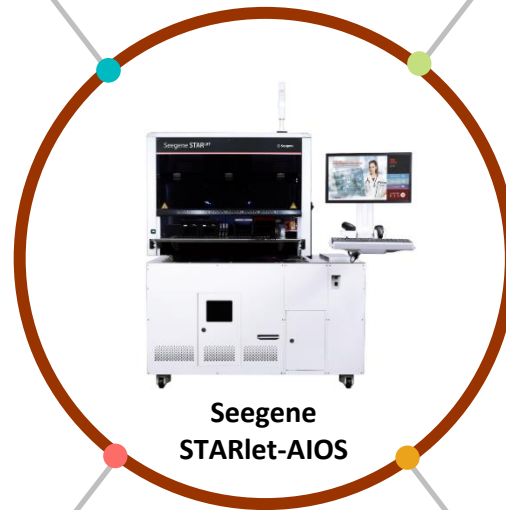
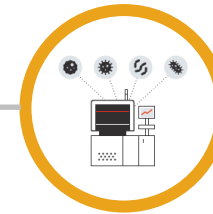
- ✓ Offers automated test process from nucleic acid extraction to result analysis
- ✓ **Minimizes test errors** due to hand-on time contamination or user mistakes



## High Utilization

Can fully leverage all Seegene's Syndromic products

- ✓ **Can detect various pathogens** using Seegene's syndromic test
  - ※ others: only 1~3 target
- ✓ Can utilize existing legacy system to use **all current and future Seegene's products**
  - ※ AIOS: currently 35 products and more in the future / other only 4 ~14



Seegene  
STARlet-AIOS

# Enhancing Syndromic Test Competitiveness

Syndromic test to screen 19 different respiratory virus types with a single reagent → Endemic Solution

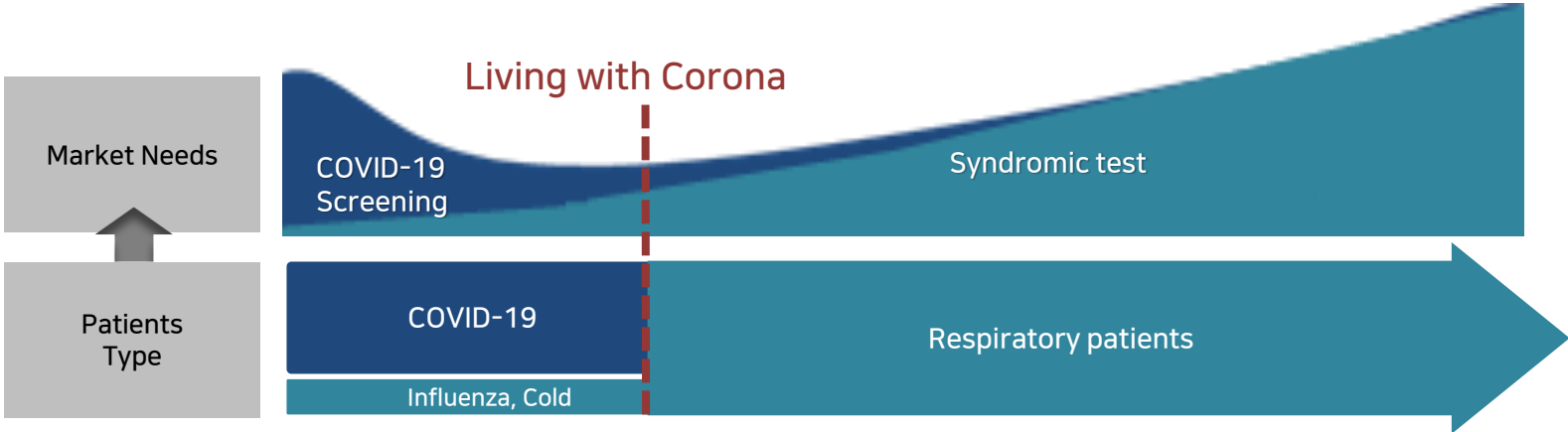


**SARS-CoV-2 targets**

N/S gene  
RdRP gene

**18 Respiratory targets**

Flu A  
Flu B  
RSV A/B  
MPV  
AdV A/B/C/D/E/F  
HRV A/B/C  
PIV 1/2/3/4

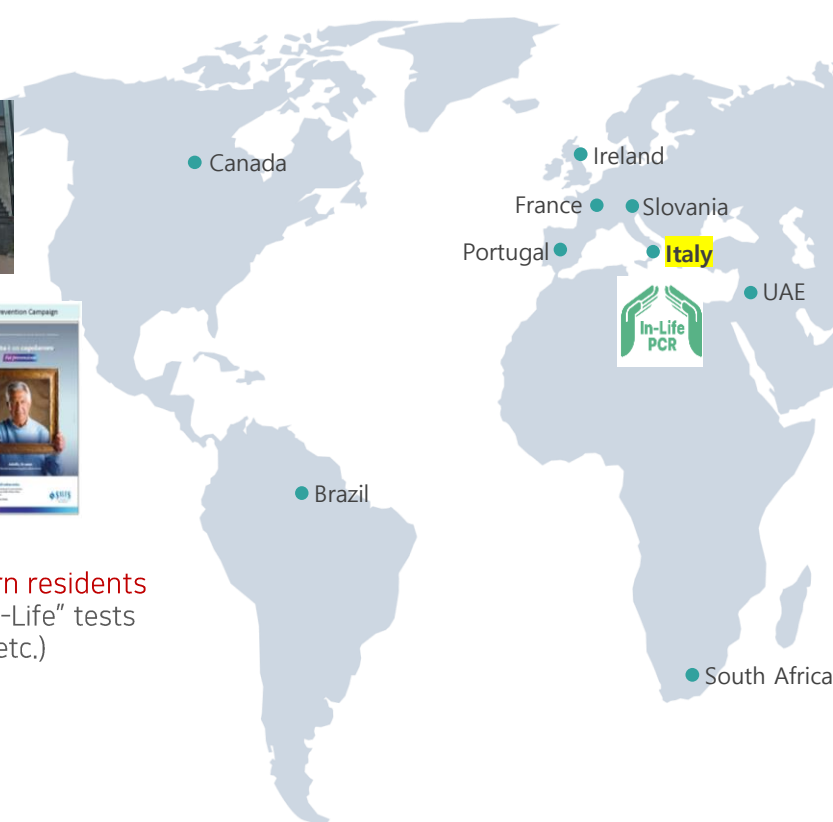


# In-Life PCR

Preparing and executing more than 10 global “In-Life” diagnosis projects to promote regular molecular diagnosis testing



**[Italy]** For Southern/Northern residents  
Preventive and voluntary “In-Life” tests  
(COVID, STI, GI, HPV, etc.)



**[Mongolia]** For mining workers  
Preventive and regularly “In-Life” tests (COVID)

**Mongolia** **Korea**



**[Vietnam]** For more than 200K taxi drivers  
Preventive and regularly “In-Life” tests  
(Flu/RSV/COVID)



# Implementing US Business

## US Market Entry to see Accelerated Development and Local Production Setup

1. Secure FDA approvable IVD equipment through launch of Biolad's new equipment (CFX Opus)

2. Partnership with Bio-rad in June 2021 to leverage US sales distribution channel

"In molecular diagnostics, the firm sees digital PCR diagnostics as a \$6 billion opportunity and the multiplex syndromic PCR tests it is developing [in collaboration with Seegene](#) as a \$2 billion (growing at 8%+) opportunity." – Bio-Rad Investor Day 2022 Presentation

3. Build-up of FDA approval-readiness at HQ

- Adaptation to new equipment (CFX Opus) and systems to meet FDA standards (July 2021~Sep 2022)
- Established US R&D center

4. Key hirings for localization:

- Head of US office (March 2022)/Head of Medical affair(March 2022)/QRA head (July 2022)/Head of Research (Aug 2022) /Marketing (Aug 2022)
- Opened R&D center and production facility (Sep 2022); Targeting 2 to 3 FDA submissions next year

- ❖ Localization of production and development to accelerate FDA approval and proactively cope with changes in US government policy
- ❖ To overcome trade-related hurdles via US market-specific product development and local production (Including government-funded large-scale bidding market)

# Appendix

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Snapshot P. 17

IVD Market Outlook P. 18

Sales by Region P. 19

Key Ratios P. 20



# [*appx.*] Snapshot

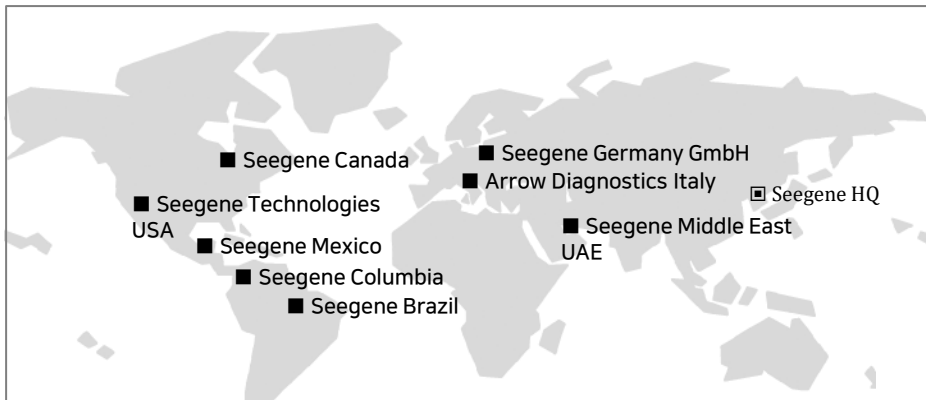
## ✧ Seegene Inc.

- CEO/CTO: Dr. Jong-Yoon Chun
- Established: Sept. 15, 2000 / Listed : Sept. 10, 2010
- Mission: Global Adoption of MDx to Daily Life
- Number of Employees: 1,053 (HQ, as of Sept. 2022)

## ✧ Global Network

- 8 Foreign Subsidiaries (Employees: 235)  
Italy, UAE, US, Canada, Germany, Mexico, Brazil, Colombia
- Over 100 distributors worldwide

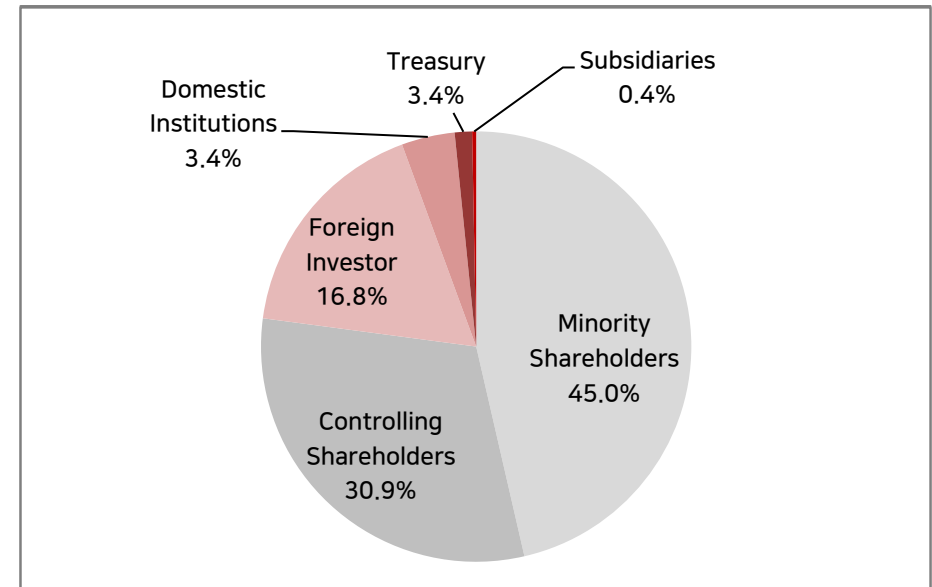
### Foreign Offices



## ✧ Stock Information

- Ticker: 096530 (KOSDAQ)
- Shares Outstanding: 52,225,994
- Par Value: 500 KRW
- Market Cap.: 1.55T KRW (As of June 2022)
- Avg. Daily Trading Volume: 17,226,178 Shr. (Recent 3 mon avg)
- 52 week High / Low: 83,900 / 25,300 KRW

## ✧ Shareholder Structure



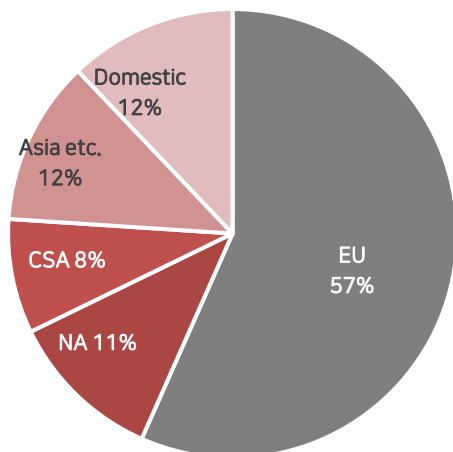
(As of Mar, '22)

# [*appx.*] Sales by Region

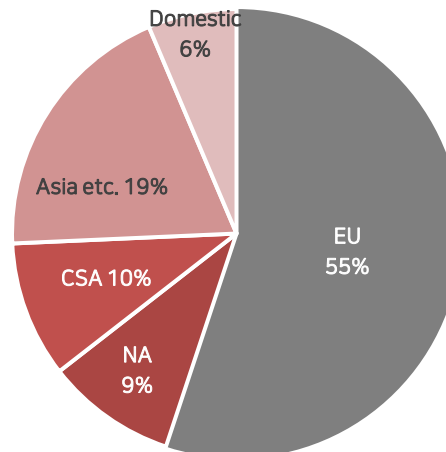
## ✦ Sales by Region

| (Unit: KRW B)         | Q3'21        | Q4'21        | FY2021         | Q1'22        | Q2'22        | Q3'22        | QoQ  | YoY  |
|-----------------------|--------------|--------------|----------------|--------------|--------------|--------------|------|------|
| Europe                | 154.0        | 252.6        | 776.4          | 196.3        | 70.8         | 65.7         | -7%  | -57% |
| North America         | 26.9         | 39.9         | 153.0          | 33.9         | 12.1         | 12.6         | 5%   | -53% |
| Central-South America | 28.9         | 15.7         | 113.0          | 57.2         | 12.6         | 10.8         | -14% | -63% |
| Asia etc.             | 52.5         | 34.7         | 162.6          | 39.0         | 24.8         | 22.3         | -10% | -58% |
| Domestic              | 43.0         | 67.1         | 165.9          | 125.0        | 8.2          | 39.4         | 381% | -8%  |
| <b>Total</b>          | <b>305.3</b> | <b>410.0</b> | <b>1,370.8</b> | <b>451.5</b> | <b>128.4</b> | <b>150.8</b> | 17%  | -51% |

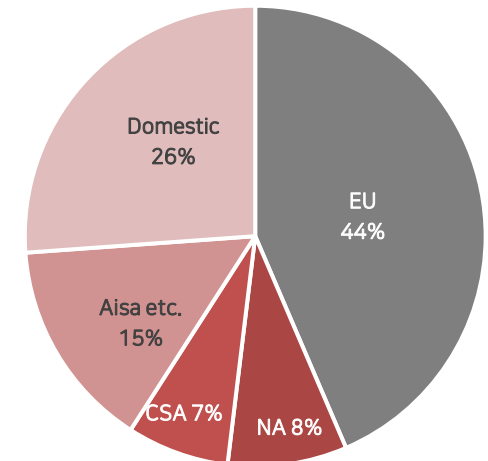
## ✦ Sales by Region



FY21



Q2'22



Q3'22

# [*appx.*] Key Ratios

|                                  | Q3'22    | Q2'22 |
|----------------------------------|----------|-------|
| Operating Profit Margin          | ▲ 21.32% | 10.1% |
| Net Profit Margin                | ▲ 7.4%   | 20.0% |
| ROE                              | ▲ 3.7%   | 8.2%  |
| Profitability (Net Profit/Sales) | -0.07    | 0.20  |
| Asset Turnover (Sales/Asset)     | 0.39     | 0.32  |
| Leverage (Asset/Equity)          | 1.29     | 1.31  |

|   | Q3'22  | Q2'22  |
|---|--------|--------|
| Current Ratio (Current Asset/Current Liabilities) | 550.5% | 554.0% |
| Debt Ratio (Total Debt/Equity)                    | 21.0%  | 25.5%  |
| Borrowing Ratio (IBD*/Equity)                     | 6.6%   | 6.9%   |
| Inventory Turnover**                              | 3.6X   | 2.5x   |

\* Interest Bearing Debt: Short-term Borrowings + Curr. Port. Of LT Debt + Long-Term Debt

\*\* Inventory Turnover : [Annualized Sales ÷ {(Beg. Inv + End. Inv) ÷ 2}]