

# Q4 2022 Results

Feb 2023

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# Table of Contents

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Key Highlights	P. 4
Financial Summary	P. 5~9
Key Strategy	P. 10~14
Appendix	P. 15~19

# Key Highlights

## Q4 Results

FY 22 Revenue of 853.4B KRW, OP of 195.9BN KRW  
Q4 Revenue 122.7B KRW, OP 15.5BN KRW

- OP turned black after large inventory provisions in 3Q
- Recognized 11.7b sales deduction on Italian government 'Payback Law' retroactive application\*
- Non-Covid sales growth continued (22 +31%YoY, 21 +32%YoY)
- Non-Covid sales contribution expanded and exceeded Covid sales contribution for the first time\*\*  
(22 1Q 10.3% to 22 4Q 52.5%)

\* Retroactive application for 2015~2022

Reflected total estimated amount in 4Q / if excluded 4Q OPM 20%

\*\*Percentage of [Covid + Non-Covid reagent sales]

## Non-Covid Syndromic Sales Growth

**4Q Non-Covid syndromic sales growth: QoQ 23%, YoY 40%**  
High growth expected to continue under endemic phase

- RV syndromic (QoQ 46%, YoY 82%): Covid slowdown led to increased demand for RV syndromic tests
- GV syndromic (QoQ 20%, YoY 65%): Accelerated growth expected thanks to the transition to syndromic MDx tests from traditional diagnosis
- HPV (QoQ 20%, YoY 29%): Introduction of large scale HPV screening program and increased needs for women's healthcare
- Strong growth expected to continue after New Allplex HPV product global release (Oct 22)

## US Business Update

**Progress continues for local R&D infrastructure, clinical trials, approvals, production and distribution**

- 2022 4Q: Completion of local lab facility setup
- 2023 1H:
  - Syndromic respiratory clinical trials for FDA (4 products) (Approval request ~2Q)
  - FDA submission for RV and monkeypox products (RUO launch due to EUA policy change ~1Q)
  - FDA approval product development from local lab facility
  - RUO local production start (1Q)
- 2024: GMP production facility open and additional 2-3 FDA approval submissions

## Global Product Standardization

**Expansion of syndromic product line-up for AIOS**

→ Improve convenience, cost optimization and test reliability

**Insurance coverage expansion for syndromic tests in various countries provide opportunities for Seegene's global product standardization**

- Germany: Added insurance coverage for max 10-multiplex
- Luxemburg: Max 45% increase of insurance coverage for multiplex
- Belgium: Newly added insurance coverage for CT/NG multiplex

# Financial Summary

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Q4 Financials	P. 6
Sales by product	P. 7
System and Non-covid sales	P. 8
Summary B/S and C/F	P. 9

# 4Q Financials

(Unit: B KRW)	Q4'22	Q4'22**	Q3'22	QoQ	2022	2022**	2021	YoY
<b>Revenue</b>	<b>122.7</b>	<b>134.3</b>	<b>150.8</b>	<b>-19%</b>	<b>853.4</b>	<b>865.1</b>	<b>1370.8</b>	<b>-38%</b>
Cost of Good Sold	42.0	42.0	122.6		357.7	357.7	366.0	
(%)	34%	31%	81%		42%	41%	27%	
<b>Gross Profit</b>	<b>80.7</b>	<b>92.4</b>	<b>28.3</b>	<b>186%</b>	<b>495.7</b>	<b>507.4</b>	<b>1,004.8</b>	<b>-51%</b>
SG&A Exp.	45.5	45.5	41.1		205.0	205.0	262.6	
(%)	37%	34%	27%		24%	24%	19%	
R&D Exp.	19.7	19.7	19.4		94.7	94.7	75.5	
(%)	16%	15%	13%		11%	11%	6%	
<b>Operating Profit</b>	<b>15.5</b>	<b>27.2</b>	<b>-32.2</b>	<b>Trn Blk</b>	<b>195.9</b>	<b>207.6</b>	<b>666.7</b>	<b>-71%</b>
(%)	13%	20%	-21%		23%	24%	49%	
<b>Non-Operating Gain/Loss</b>	<b>-16.0</b>	<b>-15.9</b>	<b>13.9</b>	<b>Trn Blk</b>	<b>29.6</b>	<b>29.6</b>	<b>22.5</b>	<b>32%</b>
Currency Exchange Gains (Loss)	-19.2	-19.2	27.0		36.5	36.5	14.0	
Income/(Loss) from Affiliates	3.4	3.4	1.0		8.8	8.8	14.1	
Other Non-Operating Inc. (Exp.)	-0.2	-0.1	-14.1		-15.8	-15.7	-5.5	
<b>Pretax Income</b>	<b>-0.4</b>	<b>11.3</b>	<b>-18.3</b>	<b>98%</b>	<b>225.5</b>	<b>237.1</b>	<b>689.2</b>	<b>-67%</b>
(%)	-0.3%	8.4%	-12%		26%	27%	50%	
Income Tax Exp.	-0.8	-0.8	-7.1		45.6	45.6	151.6	
<b>Net Earnings</b>	<b>0.4</b>	<b>12.1</b>	<b>-11.3</b>	<b>Trn Blk</b>	<b>180.0</b>	<b>191.6</b>	<b>537.6</b>	<b>-67%</b>
(%)	0.4%	9.0%	-7%		21%	22%	39%	

\*\* Excluding 4Q Italian government payback amount

## [2022 4Q]

- Revenue 122.7B KRW (QoQ  $\Delta$  19% & YoY  $\Delta$  70%)
  - Non-Covid product revenue growth  $\Delta$  23% QoQ  $\Delta$  40% YoY
  - Non-Covid product revenue portion\* 4Q 52.5% (vs. 4Q Covid product revenue portion 47.5%)
  - Non-covid revenue exceeded Covid Sales in 4Q
  - Revenue dropped due to Covid endemic transition
- COGS/Sales 34% (QoQ  $\Delta$  47%p & YoY  $\Delta$  9%p)
  - COGS/Sales returned to normalized level
  - COGS/Sales rose to 81% in 3Q due to inventory provision
- Operating Profit 15.5B KRW, OPM 13%
  - Turned black in 4Q
  - OPM 20% if 4Q Italian government payback amount excluded

## [2022 4Q]

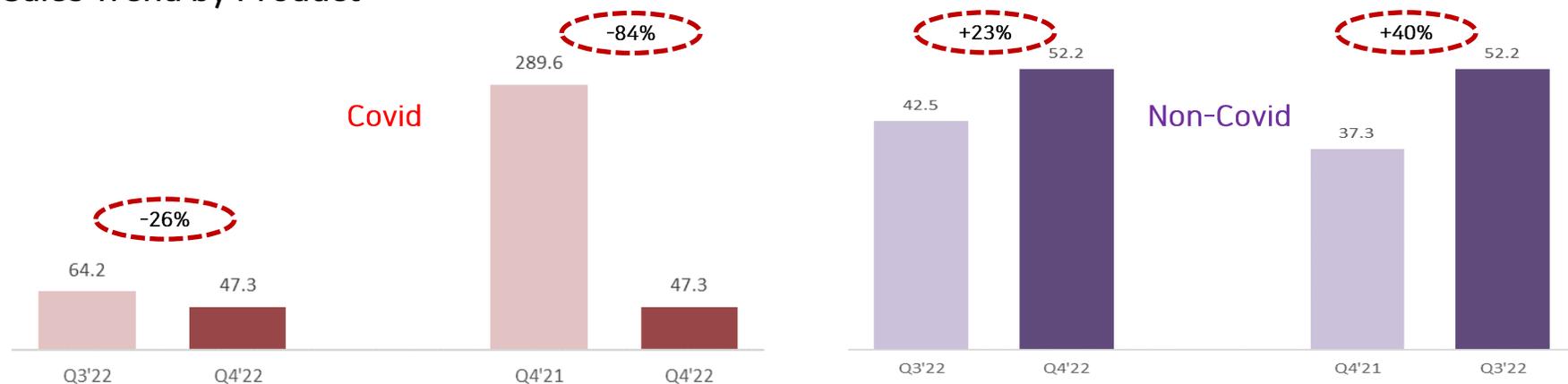
- Revenue 853.4B (YoY  $\Delta$  38%)
  - Non-Covid revenue (2022  $\Delta$  31% YoY)
  - Reflected one-off 78.8B KRW (3Q 68.1B KRW, 4Q 11.7B KRW)

# Sales by Product

## Non-Covid growth continues

(Unit: KRW Billion)	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
<b>Reagent</b>	<b>376.7</b>	<b>282.5</b>	<b>246.6</b>	<b>257.1</b>	<b>357.2</b>	<b>372.9</b>	<b>105.6</b>	<b>115.5</b>	<b>108.2</b>
- COVID	308.2	224.8	198.8	195.6	289.6	321.2	59.3	64.2	47.3
- Non-COVID	26.7	25.9	27.3	34.9	37.3	31.4	38.1	42.5	52.2
RV	8.1	7.2	5.1	7.8	8.9	4.9	11.4	11.1	16.2
STI	8.6	7.5	8.5	10.2	11.3	11.7	11.0	11.9	11.6
GI	4.0	4.3	5.6	6.8	6.3	6.0	6.6	8.7	10.4
HPV	3.1	3.5	4	4.2	5.1	4.7	5.1	5.5	6.6
ETC	2.9	3.4	4.1	5.9	5.7	4.1	4.0	5.3	7.4
- Extraction	41.8	31.8	20.5	26.6	30.3	20.3	8.2	8.8	8.7
Equipment and ETC	65	69.3	57.1	48.2	52.8	78.6	22.9	35.3	26.1
<b>Total</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>	<b>134.3</b>

## Sales Trend by Product

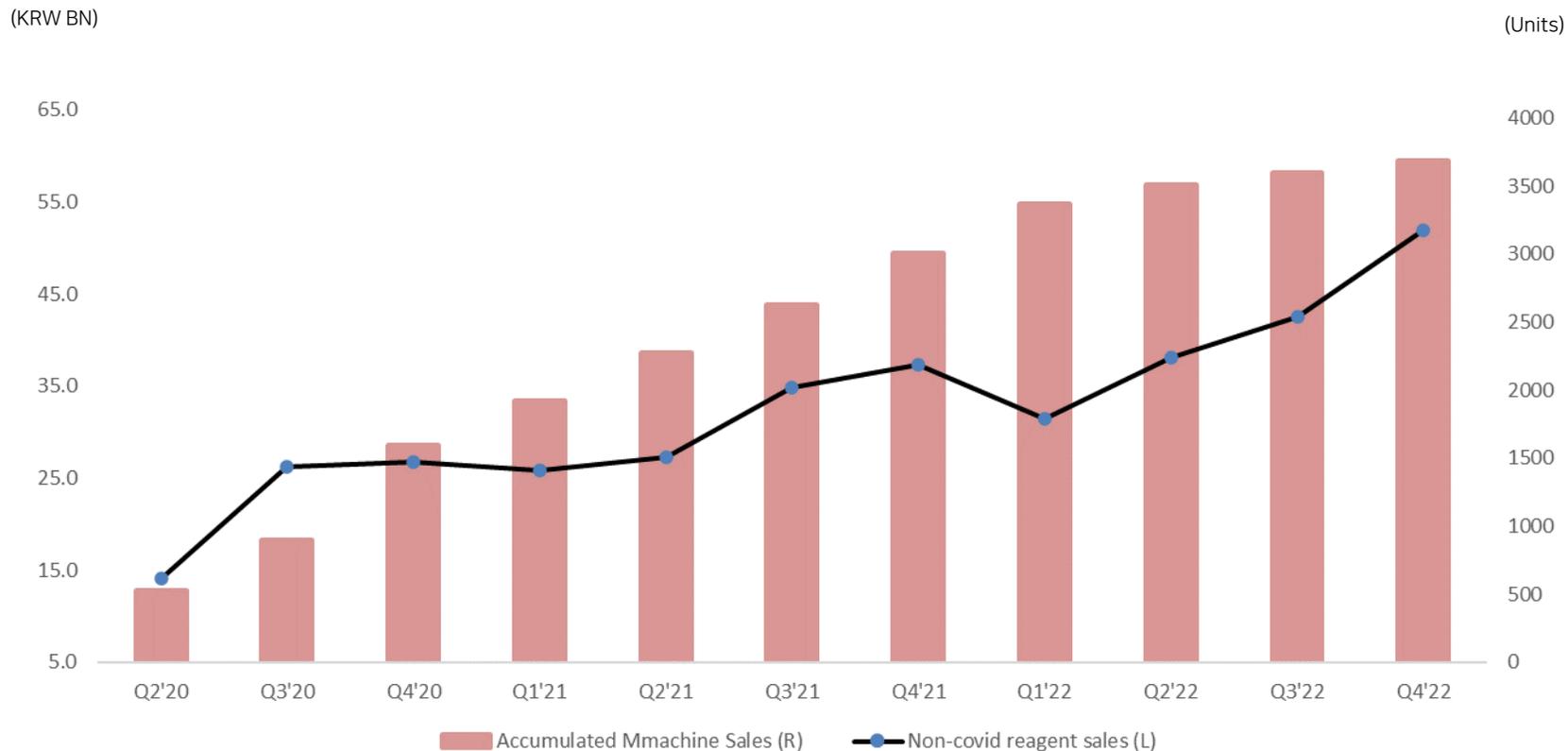


# PCR Equipment and Non-Covid Reagent Sales Trend

## Highlights

- 2022 Non-Covid product sales increased +31% YoY while 4Q sales increased + 40% YoY
- 2022 Non-Covid product sales grew +12~+23% QoQ every quarter while 4Q increased +23%
- Non-Covid sales growth accelerated thanks to accumulated PCR equipment sales
- Expect to outpace current market growth (molecular diagnosis +16.2%, infectious diagnosis +20.3%)

(Source: Frost & Sullivan)



# Summary B/S and C/F

(Unit: B KRW )

Category	2022	2021
<b>Assets</b>	<b>1388.3</b>	<b>1489.7</b>
· Cash and equivalents	521.3	432.1
· Account/other receivables	112.1	340.3
· Inventory	158.2	214.5
· Accounts receivable long-term	29.9	28.9
· Gross PP&E	257.9	237.9
· Other Assets	308.9	235.9
<b>Liabilities</b>	<b>240.5</b>	<b>406.1</b>
· Account/other payables	45.2	101.5
· Short-term borrowings	39.5	39.5
· Curr. Port. Of LT Debt	41.0	1.3
· Income taxes payable	4.2	97.4
· Long-term debt	2.2	43.1
· Other Liabilities	108.4	123.3
<b>Equity</b>	<b>1147.8</b>	<b>1083.6</b>
· Common stock	26.1	26.1
· Additional paid in capital	-41.3	26.7
· Retained earnings	1160.5	1028.6
· Minority interest	2.5	2.2
<b>Total Liabilities and Equity</b>	<b>1388.3</b>	<b>1489.7</b>

(Unit: B KRW)

Category	2022	2021
<b>Beginning Cash Balance</b>	<b>432.1</b>	<b>308.1</b>
Cashflow From Operations	<b>308.3</b>	<b>334.0</b>
· Net Income	180.0	537.6
· Change in Net Capital Mngt	76.9	(185.1)
· Income Tax Paid	(160.2)	(226.6)
· Others	211.6	208.2
Cashflow From Investments	<b>(93.3)</b>	<b>(102.7)</b>
· Sale (Purchase) of PP&E	(62.7)	(59.8)
· Sale (Purchase) of Intangible As	(9.2)	(4.5)
· Others	(21.4)	(38.4)
Cashflow From Finance	<b>(144.5)</b>	<b>(110.3)</b>
· Dividends Paid	(51.1)	(70.0)
· Lease Redemption	(20.2)	(10.6)
· Change in leasehold deposit	(1.4)	(1.7)
· Others	(71.8)	(28.1)
FX effect	18.7	3.0
Net Change in Cash	<b>89.2</b>	<b>124.0</b>
<b>Ending Cash Balance</b>	<b>521.3</b>	<b>432.1</b>

# Key Strategy

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Seegene's World-Class Syndromic Tests

P. 11

Global Standardization of Seegene Syndromic Diagnostics

P. 12

US Business Strategy

P. 13

2022 ESG achievements

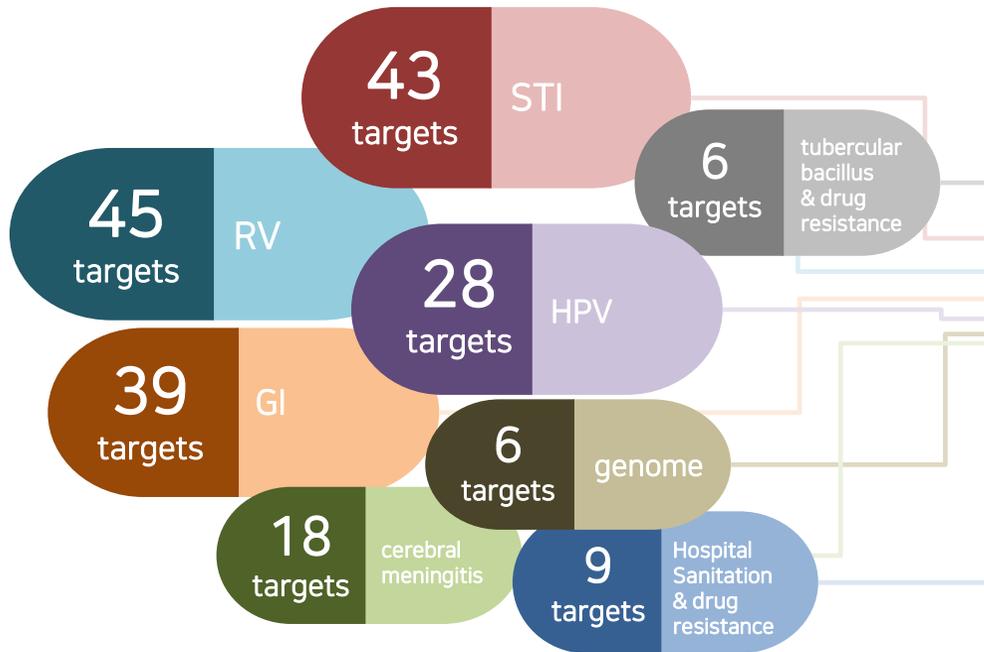
P. 14

# Seegene's World-Class Syndromic Tests

- Saves cost and improves test quality through simultaneous test targeting multiple causative organisms
- Syndromic molecular diagnostics products: Offers syndromic product package based on various patent technologies. ▶ Effective patient management and total testing cost optimization
- All-in-One MDx system: Various patented technologies applied to Seegene's unrivaled automated MDx system  
▶ Syndromic products expected to improve user convenience and test quality

## Seegene syndromic molecular diagnostics

Anyplex products incorporate 16 patents / recently released Allplex and Allplex 3CT incorporate 16 and 19 patents securing Seegene's unrivaled market position for syndromic products



## Seegene automated all-in-One molecular diagnostics system

STARlet-AIOS: With one equipment, AIOS can perform 37 syndromic tests (36 patents)



# Seegene Global Standardization Strategy for Syndromic MDx

- Accelerating market penetration with Seegene's syndromic test based on multiplex technology to cope with global trend
- Insurance coverage expansion for molecular tests due to clear benefits
- Multiplex insurance coverage expands in EU (max 10-multiplex)
- ▶ Optimal timing to leverage positive environment and push ahead global standardization strategy

## Korea (Since pre-COVID pandemic)

- Multiplex coverage expansion since early 2010
- Reimbursement for max 10-multiplex

## Australia (Since pre-COVID pandemic)

- Focused on multiplex diagnosis before Covid pandemic
- Multiplex reimbursement for 13+ RV pathogens

## Germany (Established after COVID pandemic July '22)

- Reimbursement for max 10-multiplex

## Luxemburg (Established after COVID pandemic)

- Multiplex test coverage max +45%

## Belgium (Established after COVID pandemic)

- Despite conservative insurance coverage, introduced multiplex reimbursement for CT/NG (progressive expansion expected)

# US Business Strategy

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- Progress continues for local R&D infrastructure, clinical trials, approvals, production and distribution

## Market Opportunity

- 2022 US molecular diagnosis market size estimated at \$11.7B (Grandview Research, 2021)
- Expect high growth of syndromic products thanks to transition from traditional and existing molecular diagnosis

## Local R&D & Production Strategy

- '23 1Q: local RUO production starts
- '23 FDA approval application for respiratory product
- Development of 3 to 4 additional products for FDA clearance/approval : Targeting 3 or more new products per year
- Start of GMP production facility construction (targeting '24 1H)

## Sales & Marketing, Strategy

- Expansion of sales and marketing team ('22 +50%)
- New market penetration: [existing] Small and medium-sized labs  
→ [expansion] Public hospitals, Large commercial labs
- Strengthen activities for technical marketing:
  - Strengthen webinar, conference, seminar and research publishing activity
  - Launch of Scientific Advisory Board ('22.09): Discussion on IVD/RUO products roadmap and market penetration strategy for each products

# 2022 ESG Achievements

- Improved our ESG ratings awarded by the Korea Institute of Corporate Governance and Sustainability, building on our efforts to bolster the disclosure of non-financial information
- Established and operated the ESG Committee under the Board of Directors to drive ESG management on a continual basis

## [Publication of Sustainability Reports ]



- Published the Seegene Sustainability Report 2021
- Published the Seegene Sustainability Report 2020/

## [Improvement of ESG Ratings]



- Improved in overall rating by 1 level year-on-year.
- Improved in Environmental and Social ratings by 2 levels year-on-year

## [Establishment of the ESG Committee]



- Established the ESG Committee under the Board of Directors

# Appendix

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Snapshot	P. 16
IVD Market Outlook	P. 17
Sales by Region	P. 18
Key Ratios	P. 19

# [*appx.*] Snapshot

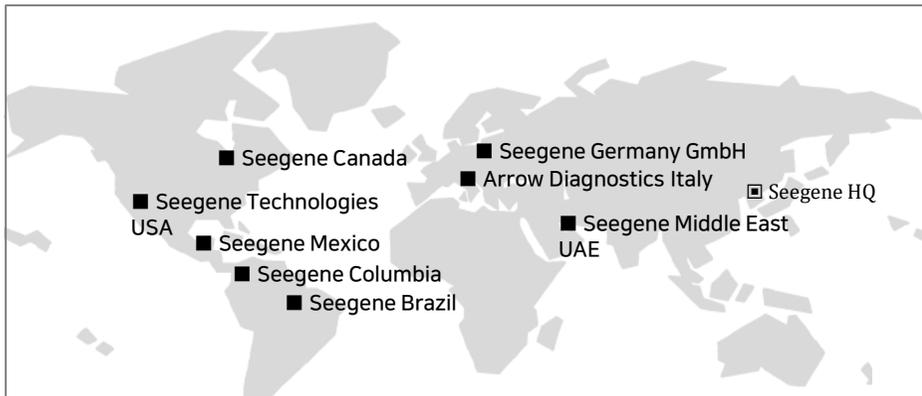
## ✧ Seegene Inc.

- 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: 1,016 (HQ, as of Dec. 2022)

## ✧ Global Network

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

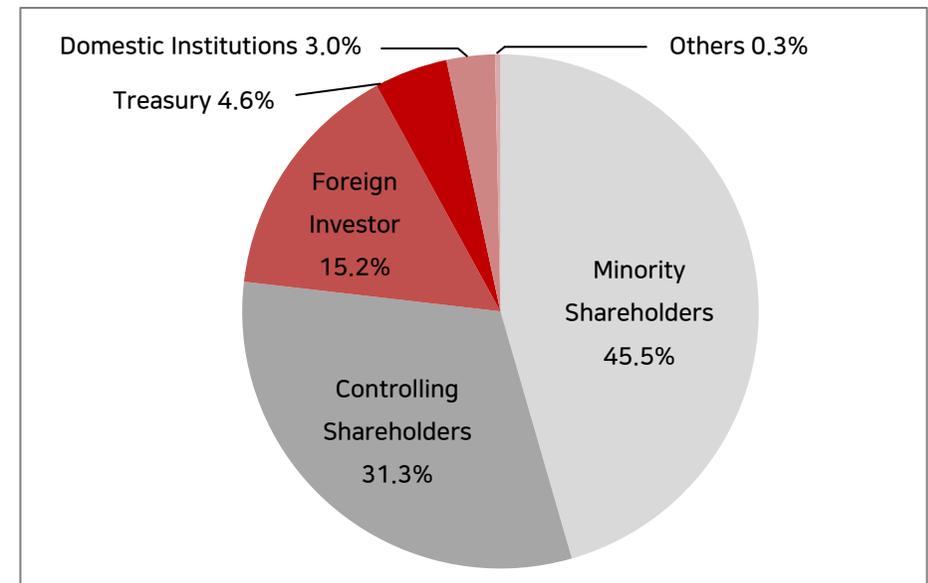
### Foreign Offices



## ✧ Stock Information

- Ticker: 096530 (KOSDAQ)
- Shares Outstanding: 52,225,994
- Par Value: 500 KRW
- Market Cap.: 1.42T KRW (As of Dec 2022)
- Avg. Daily Trading Volume: 10,009,092 Shr. (Recent 3 mon avg)
- 52 week High / Low: 57,000 / 25,300 KRW

## ✧ Shareholder Structure

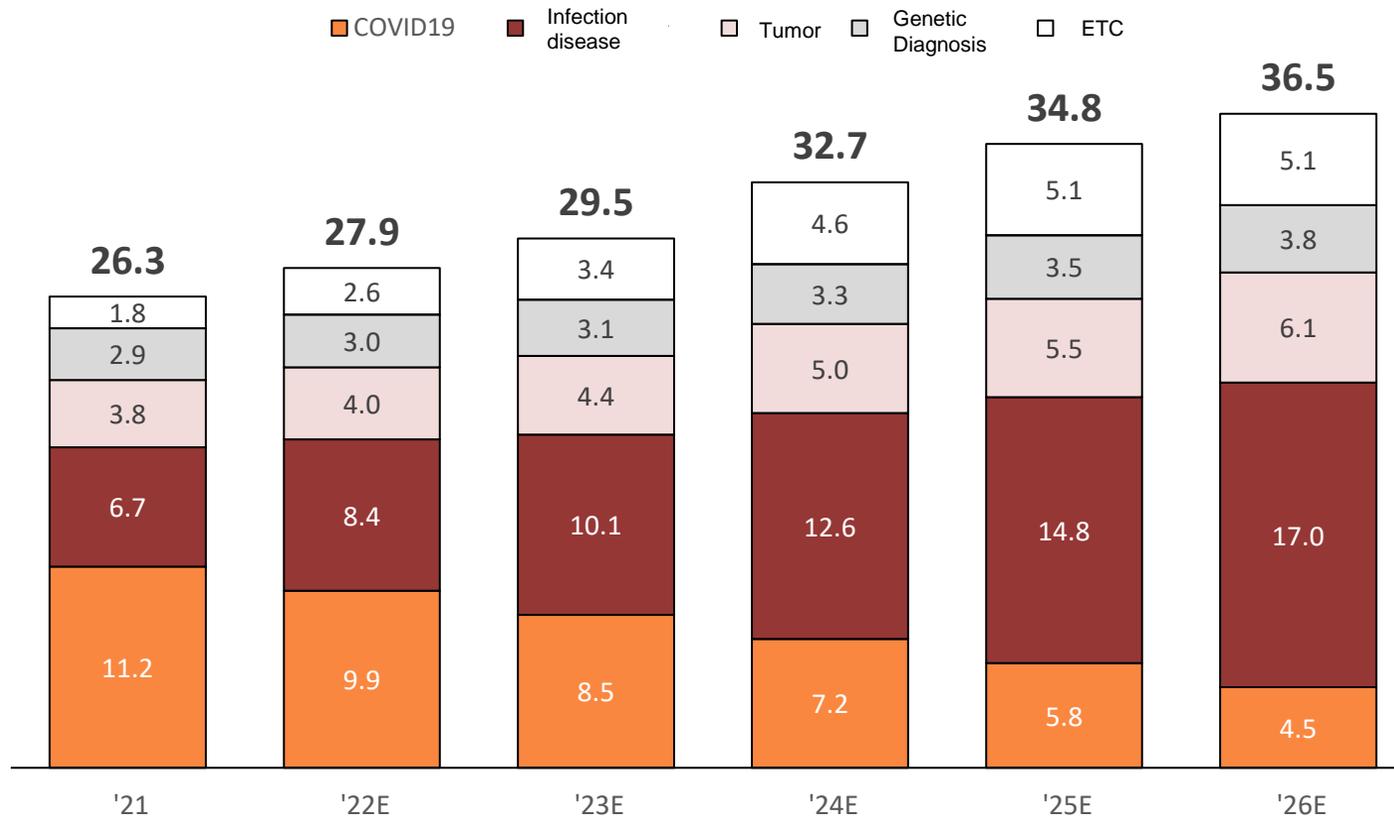


(As of Dec, '22)

# [*appx.*] Molecular Diagnosis Market Outlook

- Molecular diagnosis lead IVD market growth since 2020 (categorized by technology)
- Excluding COVID-19 effect, molecular diagnosis expect to grow at **CAGR 16.2%** and infectious disease at **CAGR 20.5%** from 2021 to 2026

**Global MDx Market Growth – by Application (unit: Billion USD)**



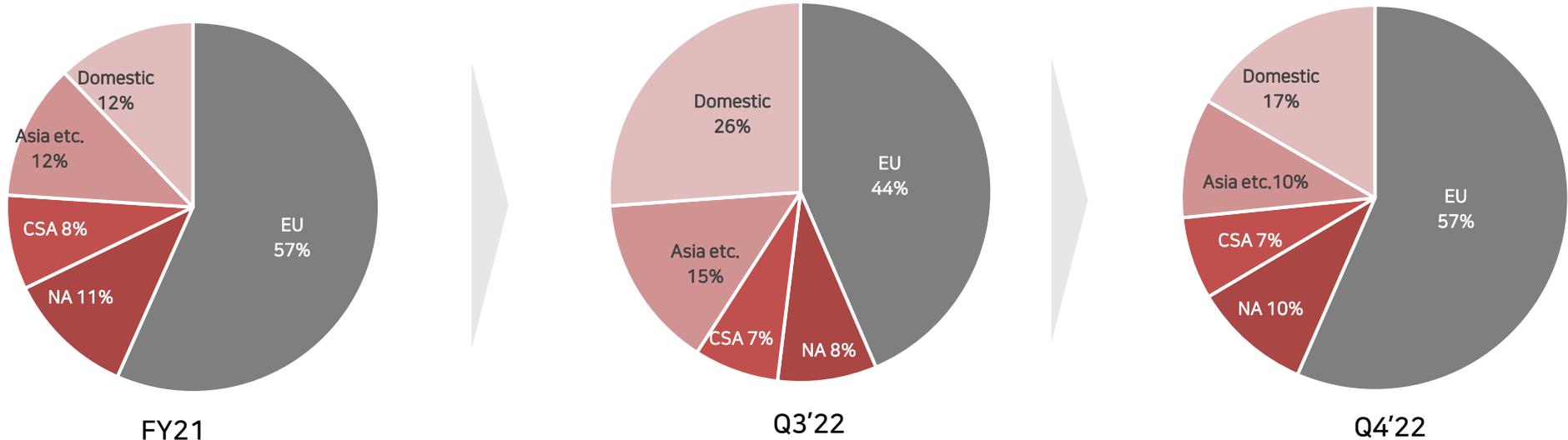
Source: Frost & Sullivan, Press Research

# [*appx.*] Sales by Region

## 🌀 Sales by Region

(Unit: KRW B)	Q3'21	Q4'21	FY2021	Q1'22	Q2'22	Q3'22	Q4'22	QoQ	YoY
Europe	154.0	252.6	776.4	196.3	70.8	65.7	75.9	16%	-70%
North America	26.9	39.9	153.0	33.9	12.1	12.6	13.3	5%	-67%
Central-South America	28.9	15.7	113.0	57.2	12.6	10.8	9.3	-14%	-41%
Asia etc.	52.5	34.7	162.6	39.0	24.8	22.3	13.5	-39%	-61%
Domestic	43.0	67.1	165.9	125.0	8.2	39.4	22.3	-43%	-67%
<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>	<b>134.3</b>	-11%	-67%

## 🌀 Sales by Region



# [*appx.*] Key Ratios

Profitability Ratios	2022	2021
OPM	23.0%	48.6%
Net Profit Margin	21.1%	39.2%
ROE	15.7%	49.6%
Profitability (Net Profit/Sales)	0.21	0.39
Asset Turnover (Sales/Asset)	0.61	0.92
Leverage (Asset/Equity)	1.21	1.37

Liquidity Ratios	2022	2021
Current Ratio (Current Asset/Current Liabilities)	531.5%	367.4%
Debt Ratio (Total Debt/Equity)	21.0%	37.5%
Borrowing Ratio (IBD*/Equity)	7.2%	7.7%
Inventory Turnover**	4.6	7.8

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