

# COSMAX 2021 2Q RESULTS



Investor Relations

2021.08.11

# 2021 2Q HIGHLIGHTS

## Sales

430.4 KRW bn

▲ 13% YoY

## Operating Profit

43.9 KRW bn

▲ 68% YoY

Sales  
230.0 KRW bn

▲ 10% YoY

KOREA



Sales  
171.4 KRW bn

▲ 33% YoY

EAST



Sales  
34.0 KRW bn

▼ 12% YoY

WEST



Sales  
14.6 KRW bn

▼ 5% YoY

SOUTHEAST ASIA



"Dear Shareholders,

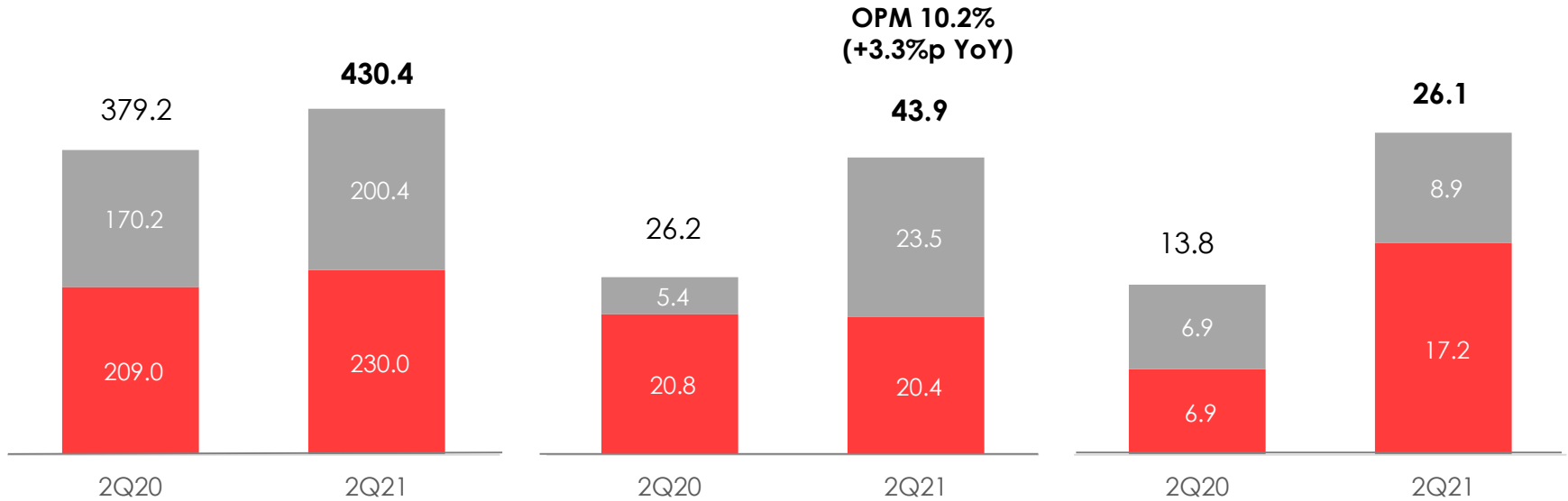
Alongside domestic sales turnaround and strong performance from China, we achieved solid growth in both sales and operating profit. High demand from the domestic clients due to their increased exports toward China and Japan had positively impacted our domestic sales. The strong growth momentum for the China business continued, backed by the online clients' outstanding performance at the 6.18 event. We will continue to do our best to prepare for the future by actively responding to the market's changing trends and the clients' demands."

Kyung-soo Lee, Chairman

# COSMAX CONSOLIDATED

■ Domestic ■ Global

(KRW bn)



Sales 430.4 KRW bn

▲ 13% YoY

- Domestic sales growth turned positive thanks to high demand for increased exports of major clients.
- China sales rose at a solid pace backed by strong performance of online clients & 6.18 event effect.

OP 43.9 KRW bn

▲ 68% YoY

- Despite the high comparison base in Korea, robust top-line growth led to operating leverage effect.
- Regional mix change benefited the profitability. - China sales contribution: 2Q20 34% → 2Q21 40%

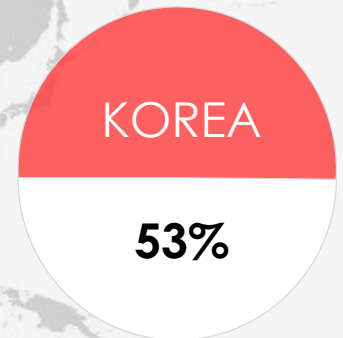
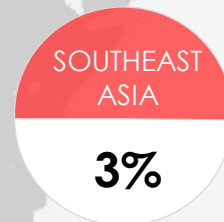
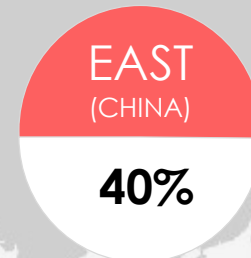
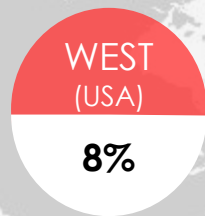
NP 26.1 KRW bn

▲ 89% YoY

- Leverage effect led by sales and operating profit growth.
- Compared to 2Q20, losses from foreign currency translation decreased by 4.1 KRW bn, due to changes in USD exchange rate.

\* Consolidation adjustments not reflected

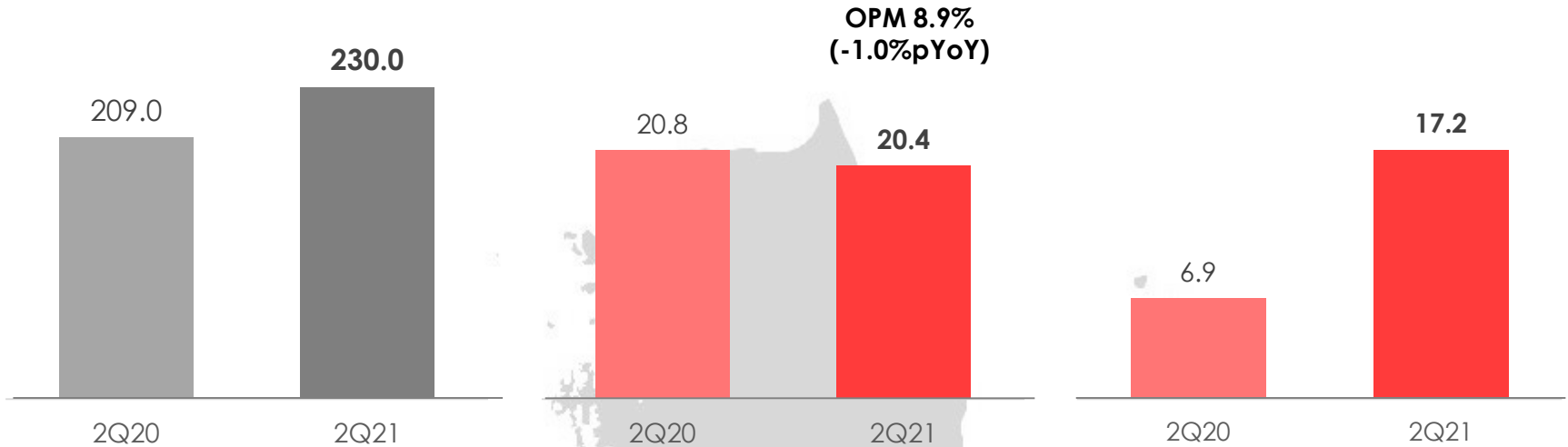
# 2021 2Q SALES BY REGION



\* Consolidation adjustments not reflected

# COSMAX KOREA

(KRW bn)



Sales 230.0 KRW bn

▲ 10% YoY

- Top clients' increased exports toward China & Japan drove up the sales.
- Excluding the hand sanitizer sales base (2Q20 13.6 KRW bn), like-for-like sales increased +19% YoY.
- Color category growth picked-up.  
- Skin care +6% YoY, Color +17% YoY

OP 20.4 KRW bn

▼ 2% YoY

- OPM fell YoY, due to unfavorable product mix change  
color category↑ & skin care category↓
- Despite the plunge in hand sanitizer sales, operating leverage followed by sales growth mitigated the negative impact on profit.

NP 17.2 KRW bn

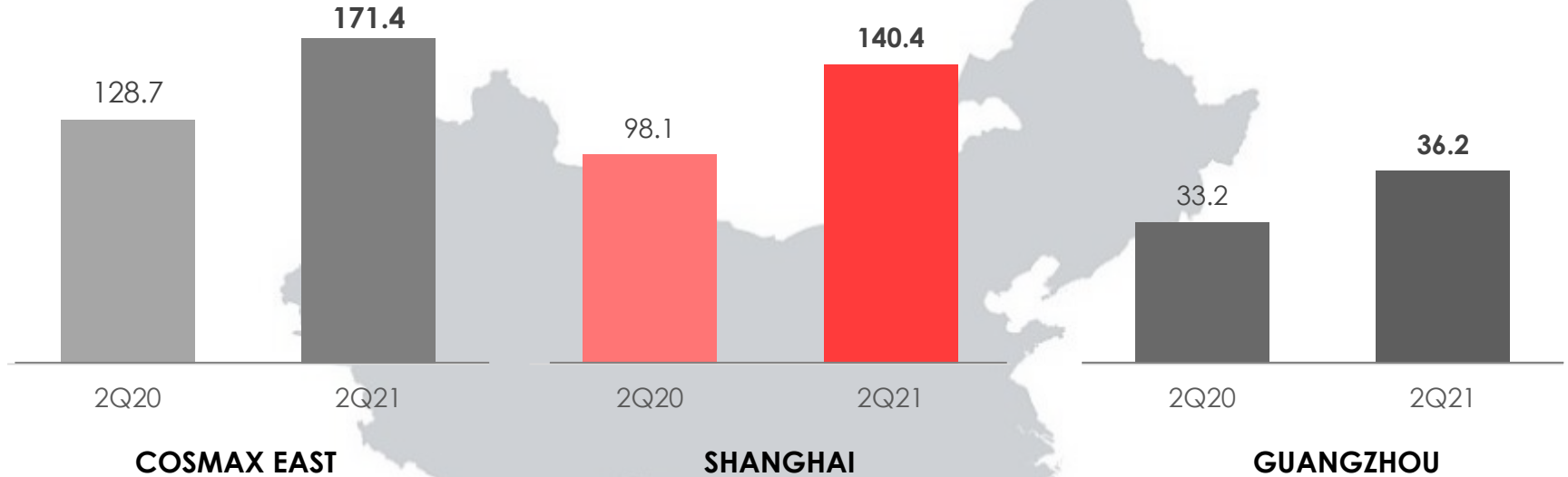
▲ 147% YoY

- Impairment losses on investments in COSMAX WEST (5.3 KRW bn) that occurred 2Q20 were removed.
- Losses from foreign currency translation decreased by 2.1 KRW bn, due to changes in USD exchange rate.

# COSMAX EAST

## Sales

(KRW bn)



Sales 171.4 KRW bn

▲ 33% YoY

- Outperformed the market with significant sales growth backed by strong growth from color category products & online clients.
- Continued solid growth momentum by continuously introducing new products that met the market trend

Sales 140.4 KRW bn

▲ 43% YoY

- Recorded sharp sales growth backed by high demand for color category products (+110% YoY) & 6.18 event effect.
- Strong performance from online clients led continuous sales growth - Online sales +91% YoY

Sales 36.2 KRW bn

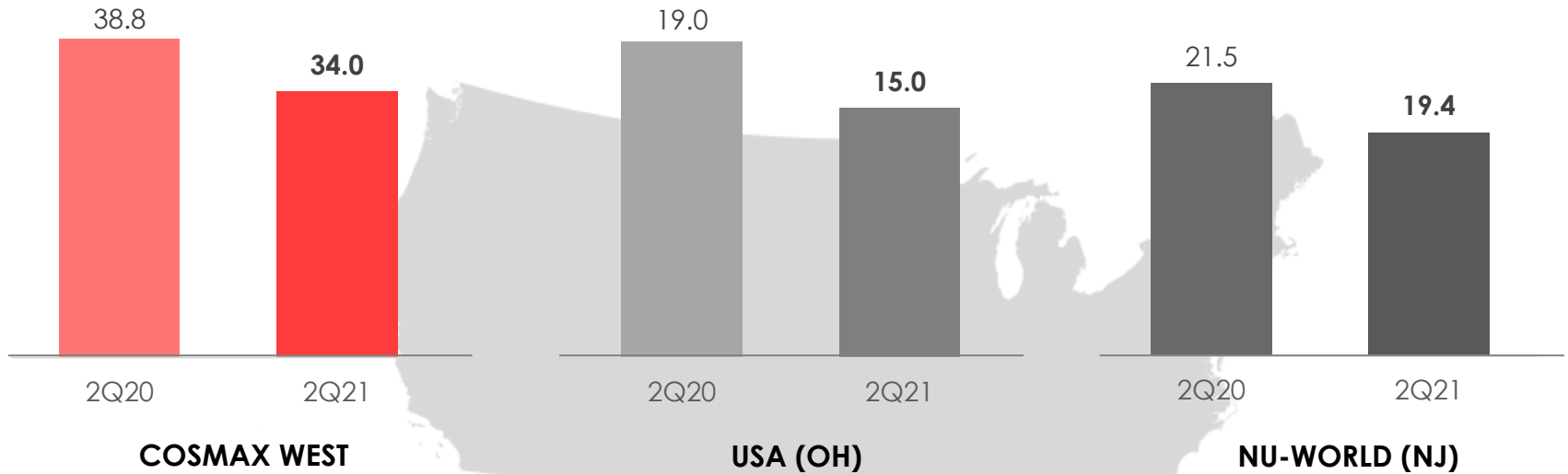
▲ 9% YoY

- Top 10 clients showed stable growth (+30% YoY).
- Sales growth slowed compared to 1Q21 alongside the weakened sales towards Yatsen.

# COSMAX WEST

## Sales

(KRW bn)



Sales 34.0 KRW bn

▼ 12% YoY

- Sales decreased on the back of manpower supply issues due to the US government subsidies and high base in 2Q20.
- Nu-World recognized one-off expenses of 5.3 KRW bn related to Hardcandy inventory sales.

Sales 15.0 KRW bn

▼ 21% YoY

- Sales decreased due to reduced internal transaction.
- Manpower supply issues caused delay in manufacturing of high asp products, which resulted in a mix changed to lower-priced products.

Sales 19.4 KRW bn

▼ 9% YoY

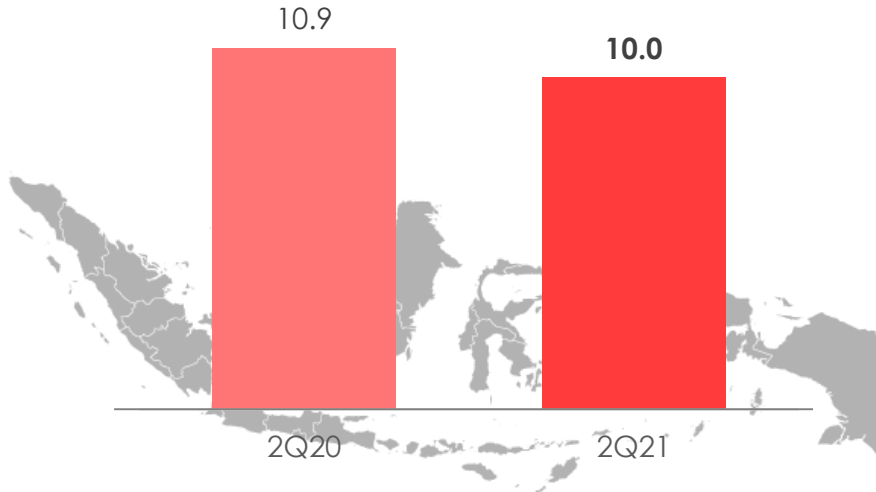
- Sales decreased due to high base in 2Q20 from hand sanitizer sales.
- Hardcandy brand's terms of contract have been modified to ODM in June.
- One-off expenses of 5.3 KRW bn related to Hardcandy inventory sales occurred.

# COSMAX SOUTHEAST ASIA

## INDONESIA

### Sales

(KRW bn)



INDONESIA

Sales 10.0KRW bn

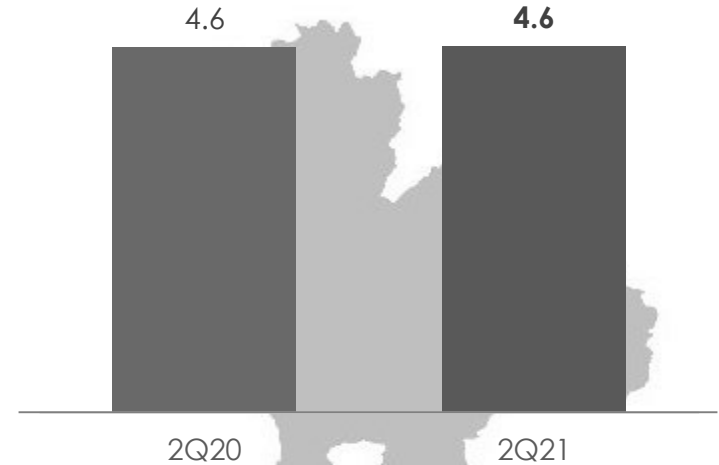
▼ 8% YoY

- On-going negative impact from Covid-19 caused slow recovery of offline channel-based customers, however, strong performance from online-based local customers mitigated the sales fall.
- Continuous focus on increasing new online clients.

## THAILAND

### Sales

(KRW bn)



THAILAND

Sales 4.6 KRW bn

▲ 1% YoY

- Due to Covid-19 3<sup>rd</sup> wave, clients delayed launching new products which resulted in a slowdown in sales growth.
- Sales toward Myanmar starting to rebound slowly.
- Continuous focus on increasing new local clients.

# CONSOLIDATED FINANCIAL SUMMARY

## Income Statement

(KRW bn)

	2Q21	2Q20
<b>Sales</b>	43.0	37.9
COGS	34.8	31.5
Gross Profit	8.3	6.4
SG & A Expenses	3.9	3.8
<b>Operating Profit</b>	4.4	2.6
Non-Operating Profit / Expense	(0.4)	(0.4)
<b>Profit Before Tax</b>	4.0	2.2
Tax	1.4	0.8
<b>Net Income</b>	2.6	1.4

## Balance Sheet

(KRW bn)

	2Q21	2020
Current Asset	78.9	62.3
Cash and Cash Equivalents	17.8	10.3
Inventory	19.8	19.3
Non-Current Asset	59.8	56.6
Tangible Asset	44.6	43.7
Intangible Asset	6.4	5.7
<b>Asset</b>	<b>138.7</b>	<b>118.9</b>
Current Liability	74.1	71.8
Non-current Liability	19.7	19.9
<b>Liability</b>	<b>93.8</b>	<b>91.7</b>
Capital	0.6	0.5
Retained Earnings	22.1	17.4
Non-controlling Interest	(6.7)	(7.1)
<b>Equity</b>	<b>44.9</b>	<b>27.2</b>

\* The above financial information is in accordance with K-IFRS standards



THE SCIENCE OF KOREAN BEAUTY