

COSMAX 2021 3Q RESULTS



2021 3Q HIGHLIGHTS

Sales

395.0 KRW bn

▲ 23% YoY

Operating Profit

25.0 KRW bn

▲ 80% YoY

Sales
217.7 KRW bn

▲ 26% YoY

KOREA



Sales
147.3 KRW bn

▲ 38% YoY

EAST



Sales
35.8 KRW bn

▼ 28% YoY

WEST



Sales
15.6 KRW bn

▲ 60% YoY

SOUTHEAST ASIA



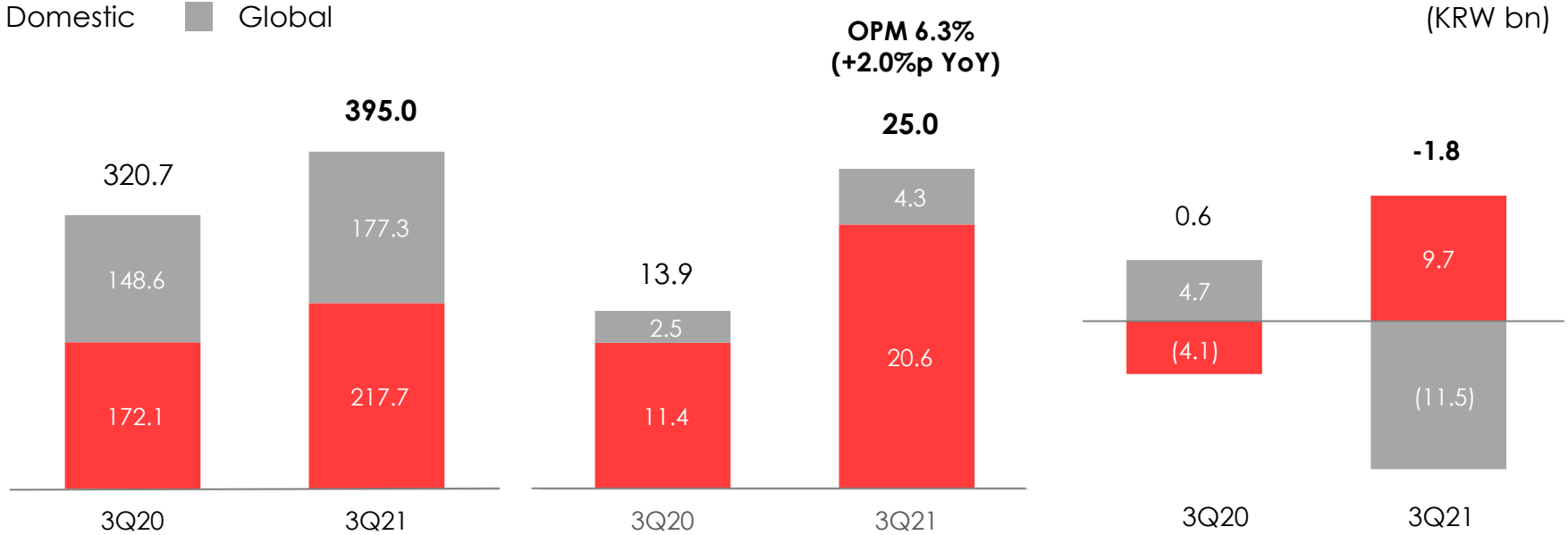
"The group achieved quarterly record-high sales and operating profit backed by outstanding performance of Domestic and China businesses. Trend-leading hit products accelerated sales growth in Korea. At the same time in China, we were able to carry on exceptional growth momentum in the market by continuously securing fast-growing online clients.

Nevertheless, it is unfortunate that the net profit turned to loss as we recognized the impairment of goodwill in our U.S. business. We have refined our vision and localization strategy by thoroughly analyzing the U.S. market. We will do our best to achieve mid-to long-term improvements in the U.S. business through continuous development of differentiated ODM products."

Kyung-soo Lee, Chairman

COSMAX CONSOLIDATED

■ Domestic ■ Global



Sales 395.0KRW bn

▲ 23% YoY

- Domestic sales outperformed the market thanks to high demand for exports and hit items of major clients.
- Continued solid growth in China due to notable performance of online clients & Singles' Day pre-orders.

OP 25.0 KRW bn

▲ 80% YoY

- Operating leverage effect driven by robust top-line growth.
- Regional mix change led to margin improvement.
 - Domestic & China sales contribution : 3Q20 87% → 3Q21 92%

NP -1.8 KRW bn

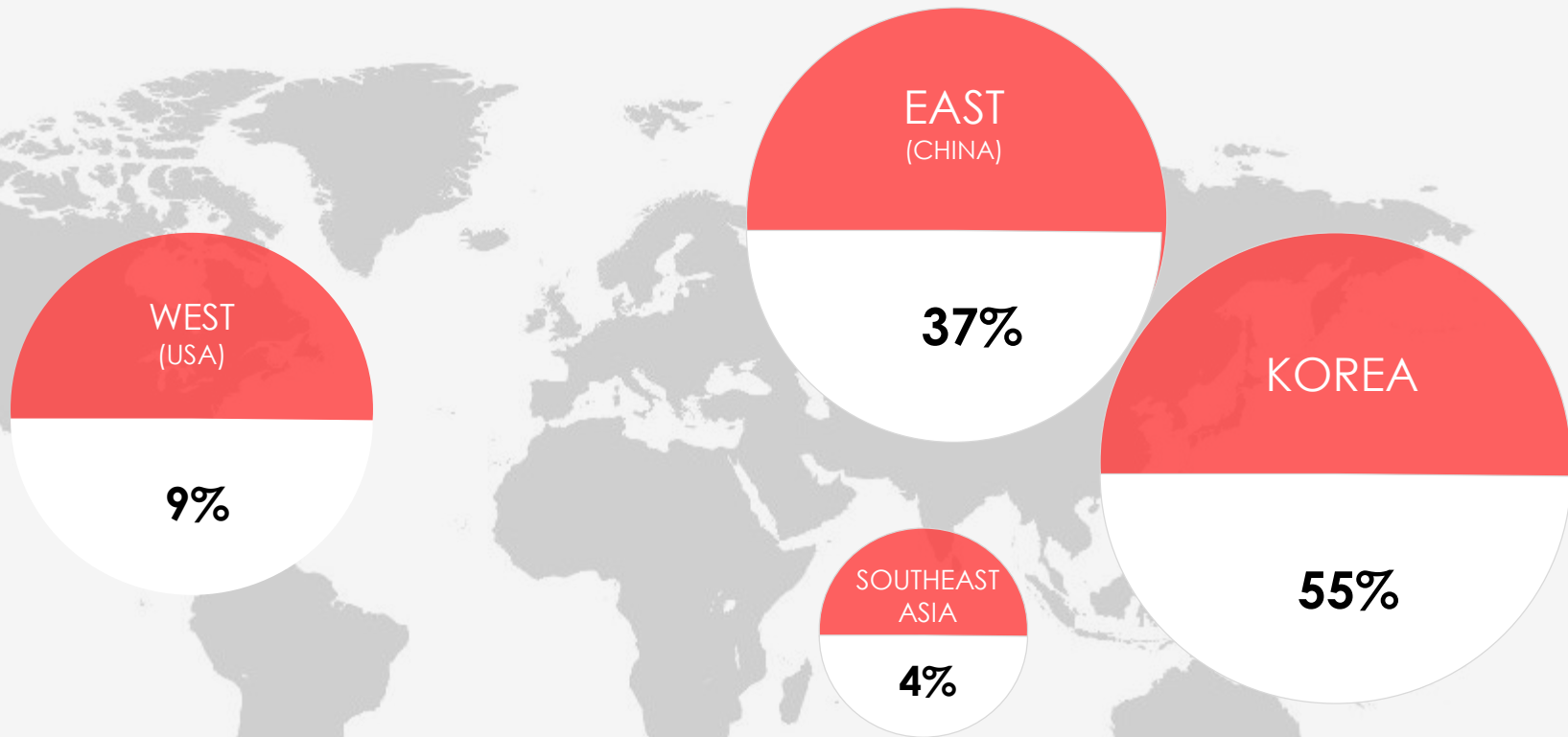
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[Controlling shareholder NP : 11.2 KRW bn]

- COSMAX WEST recognized 15.7 KRW bn for impairment of goodwill, due to continuous sluggish performance of the Nu-world subsidiary.

* Consolidation adjustments not reflected

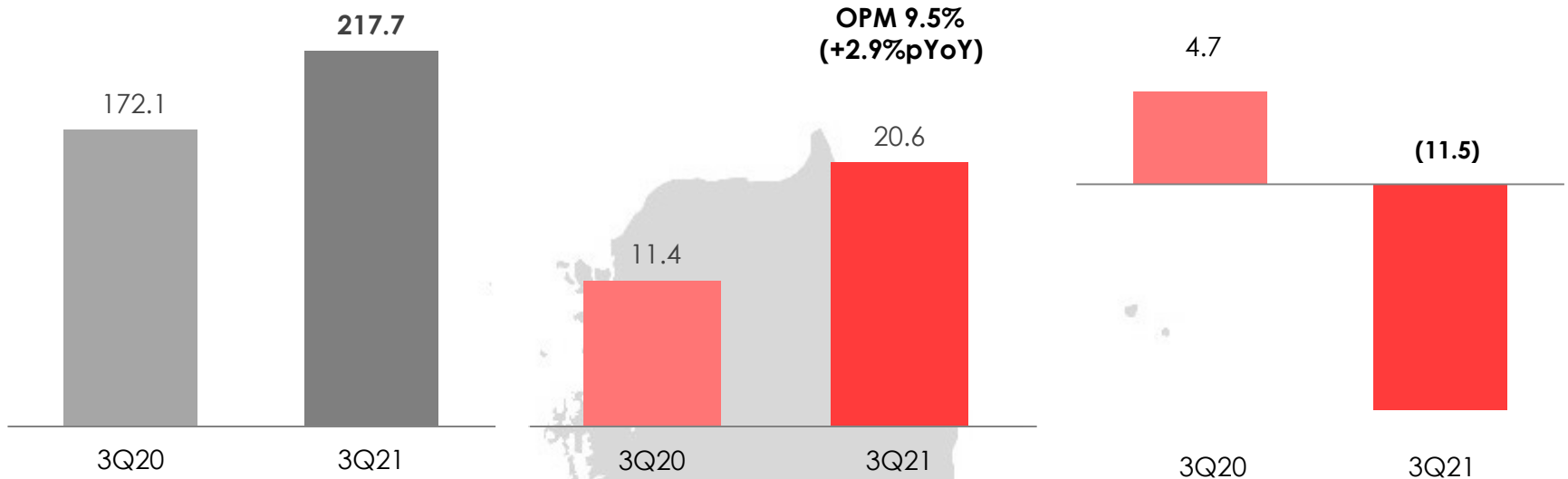
2021 3Q SALES BY REGION



* Consolidation adjustments not reflected

COSMAX KOREA

(KRW bn)



Sales 217.7 KRW bn

▲ 26% YoY

- Top clients' excellent performance boosted sales growth – hit item sales and exports toward China & Japan.
- Hand sanitizer sales base is reduced to 2.1 KRW bn in 3Q20.
- Solid sales growth of both color and skin care categories.
 - Skin care +19% YoY, Color +37% YoY

OP 20.6 KRW bn

▲ 81% YoY

- Profitability improved remarkably followed by expanding leverage effect from manufacturing to operations.
- Continued our efforts to reduce inventory disposal, increase productivity through automation, etc.

NP -11.5 KRW bn

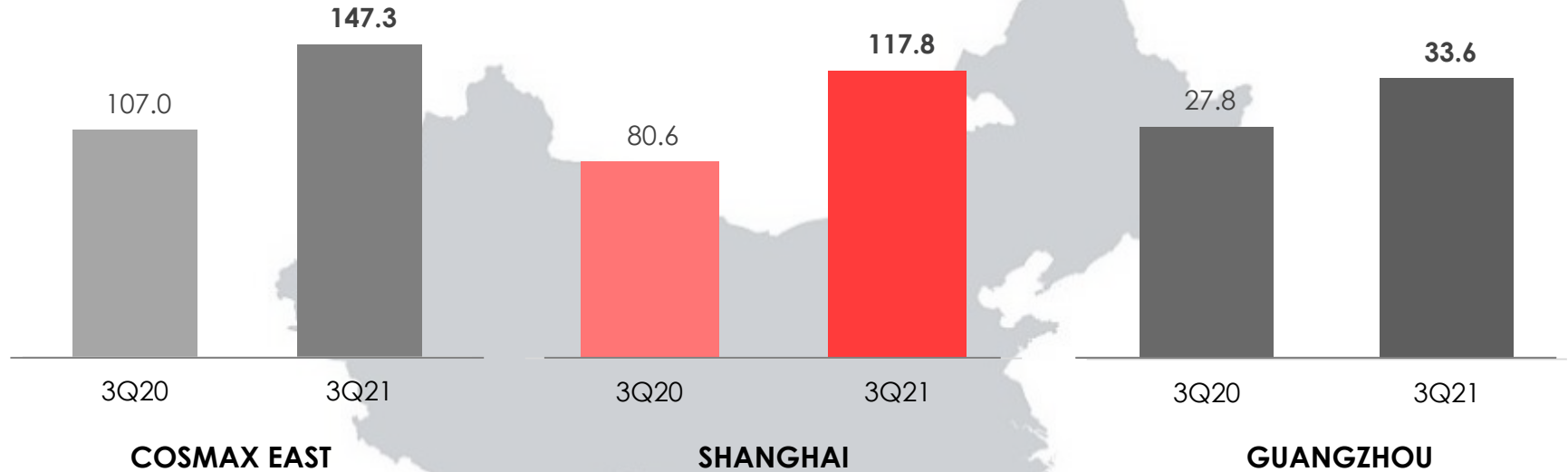
▼ Turn to red

- Recognized additional allowance for bad debt of the Nu-world subsidiary (41.6 KRW bn).
- G/L on foreign currency translation increased (16.1 KRW bn), due to currency effect.

COSMAX EAST

Sales

(KRW bn)



Sales 147.3 KRW bn

▲ 38% YoY

- Exceeded the market growth through increased Singles' Day pre-orders and online clients.
- Maintained solid growth momentum by consistently developing and introducing strategic products that met the market trend.

Sales 117.8 KRW bn

▲ 46% YoY

- Sales stepped up continuously due to increased orders from online clients & Singles' Day pre-orders.
 - Online sales +114% YoY
- Both skin care(essence & cleansing), and color(base & lip) category sales increased.

Sales 33.6 KRW bn

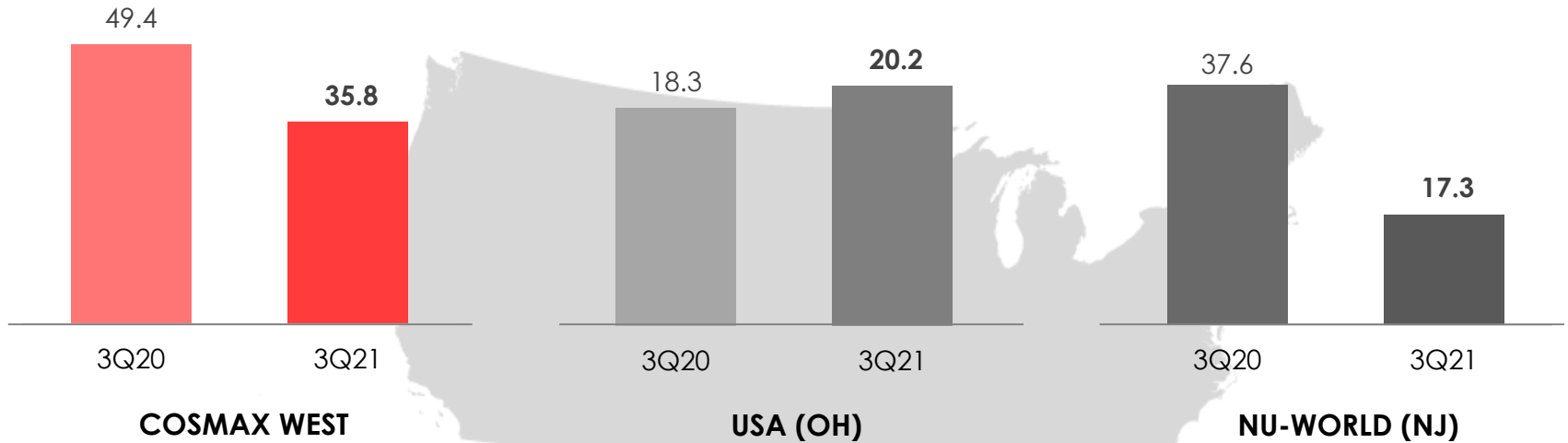
▲ 21% YoY

- Strong performance of Top 10 clients led sales growth (+32% YoY).
- Sales toward Yatsen recovered, in comparison to 2Q.
- Skin care-focused Top 2 client continued to grow at a solid pace.

COSMAX WEST

Sales

(KRW bn)



Sales 35.8 KRW bn

▼ 28% YoY

- Sales declined due to hand sanitizer high base effect and labor shortage issues.
- Despite the start of supply to long-term contract clients, labor shortage and supply chain issues put upward pressure on sales growth.

Sales 20.2 KRW bn

▲ 10% YoY

- Sales turned around alongside the gradual recovery in the skin care market.
- Mix changed to lower-priced products and raise in various expenses (raw material, labor cost, freight, etc.) widened the losses.

Sales 17.3 KRW bn

▼ 54% YoY

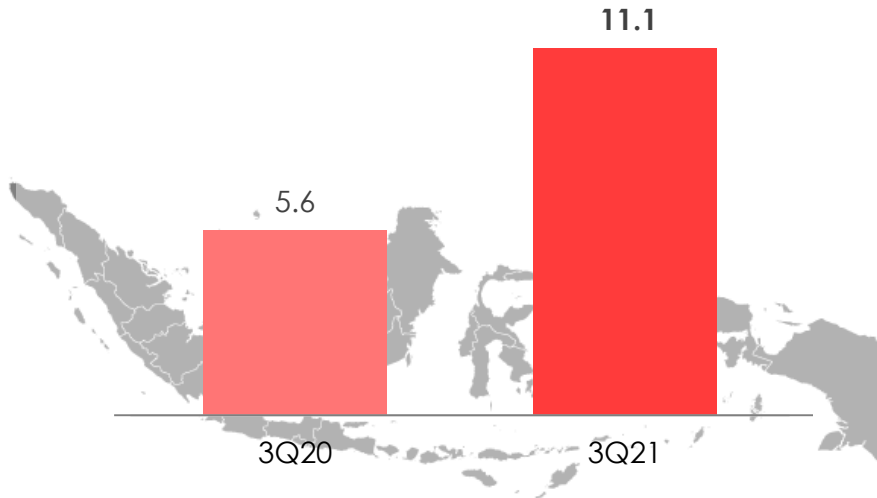
- Negative sales growth due to high base effect from hand sanitizer sales (11 KRW bn in 3Q20).
- Sluggish performance resulted in impairment of goodwill in COSMAX WEST (15.7 KRW bn).

COSMAX SOUTHEAST ASIA

INDONESIA

Sales

(KRW bn)



INDONESIA

Sales 11.1 KRW bn

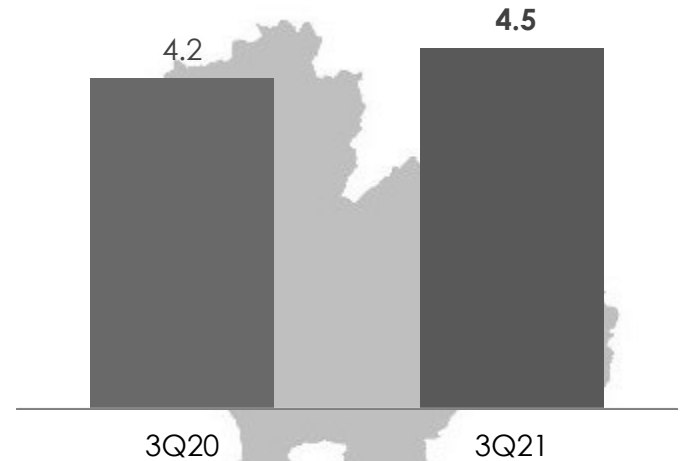
▲ 98% YoY

- Sales surged significantly with increased sales to local online clients.
 - Major client ranked No.1 among online local brands
 - Product development request & orders continue to rose
- Increased orders from Unilever led to sales growth.

THAILAND

Sales

(KRW bn)



THAILAND

Sales 4.5 KRW bn

▲ 9% YoY

- Sales showed good resilience against tough business environments thanks to major clients' skin care category and new products orders.
- Continuous focus on increasing new local clients and diversifying export country portfolio.

CONSOLIDATED FINANCIAL SUMMARY

Income Statement

(KRW bn)

	3Q21	3Q20
Sales	39.5	32.0
COGS	32.7	27.1
Gross Profit	6.8	4.9
SG & A Expenses	4.3	3.5
Operating Profit	2.5	1.4
Non-Operating Profit / Expense	(1.5)	(0.9)
Profit Before Tax	1.0	0.5
Tax	1.2	0.4
Net Income	(0.2)	0.1

Balance Sheet

(KRW bn)

	3Q21	2020
Current Asset	81.3	62.3
Cash and Cash Equivalents	18.3	10.3
Inventory	21.1	19.3
Non-Current Asset	60.6	56.6
Tangible Asset	45.7	43.7
Intangible Asset	5.0	5.7
Asset	141.9	118.9
Current Liability	75.2	71.8
Non-current Liability	20.8	19.9
Liability	96.0	91.7
Capital	0.6	0.5
Retained Earnings	23.3	17.4
Non-controlling Interest	(8.4)	(7.1)
Equity	45.9	27.2

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



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