



# Acquisition of Additional Stake of COSRX

October 31, 2023

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# 1. Executive Summary

Accelerate the execution of Amorepacific's 'Global Rebalancing' strategy with COSRX brand's competitive edge and solid growth potential

## Contract Overview

- Amorepacific has decided to exercise a call option to acquire additional stake of COSRX and signed a SPA (Share Purchase Agreement) on October 30, 2023
- Amorepacific will invest 755.1 billion KRW to acquire 288,000 shares of COSRX, with two transactions

	1 <sup>st</sup> Additional Acquisition (April 30, 2024)	2 <sup>nd</sup> Additional Acquisition (April 30, 2025)
Number of shares to be acquired	240,000	48,000
Acquisition cost (billion KRW)	608.0	147.1
Acquiring Shareholding Ratio	47.1%	9.3%
Shareholding ratio after acquisition <sup>1)</sup>	84.8%	93.2%
Total number of shares issued <sup>2)</sup>	509,500	515,000

1) Shareholding ratio after acquisition includes the existing 192,000 shares acquired on September 17, 2021

2) Total number of shares issued include treasury shares (20,000) and stock options (9,500 as of April 30, 2024, and 15,000 as of April 30, 2025)

## Valuation/Financial Impact

### • Valuation

- ① Applied multiple of 18x EBITDA based on the annual performance for each year 2022, 2023, and 2024
  - ② Applied a 1.5 trillion KRW cap on the Annual Equity Value\*, and then derived the price per share for each year
  - ③ Derived the final acquisition cost by adding up the value of each year's number of shares subject to acquire, based on the Annual Equity Value\*
- Resulted in the reduction of actual EV/EBITDA multiple

\* Equity Value: Enterprise Value (based on each annual EBITDA multiple) - Net Debt

### • Financial impact post transaction

- COSRX will be consolidated into Amorepacific from May 1, 2024, the day after the 1<sup>st</sup> transaction is completed

# 2. COSRX's Key Growth Drivers and Outlook

## Key Growth Drivers

### Competitive Products

- Key functional skincare products drove overall sales growth
  - Strong performance of 'Advanced Snail' and 'The RX' line
- Continued steady sales growth from 'Full Fit Propolis', 'Acne Patch' and 'Low pH Cleanser'

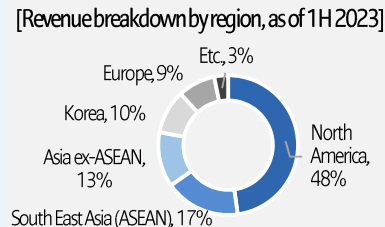


### Digital Capabilities

- Maintained sales growth momentum with successful penetration into major e-commerce platforms including Amazon(N.America), Shopee(ASEAN), and Qoo10(Japan)
- Recognized competencies in digital marketing, especially in generating marketing content that strengthens customer engagement
  - The viral Snail Tik Tok challenge, which started since January 2022, recorded 2.1 bn cumulative views (as of 1H 2023)

### Diversified Regional Portfolio

- Posted solid growth based on diversified regional portfolio
  - Overseas revenue accounts for 90%
  - North America (+161%) and ASEAN(+162%) drove overall revenue growth(+134%)



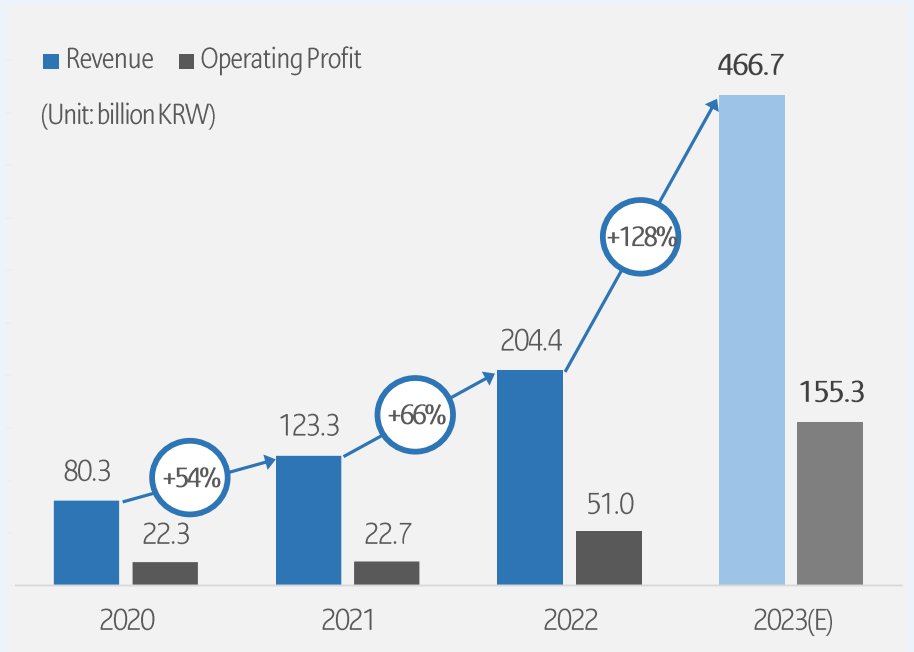
## Performance Outlook

### Recent Performance

- Recorded CAGR of over 60% revenue growth in the last 3 years (2020-2022)
- Posted revenue growth of 134% and operating profit growth of 289%, and achieved operating profit margin of 38% in 1H 2023

### Outlook

- Revenue is expected to increase by 128% in 2023 and double digit in 2024
- Operating Profit Margin is projected to exceed 30%



\* As a note, it is suggested to use this material only as a reference, as statements other than historical facts are forward-looking statements that reflect COSRX's plans and expectations in this document. These forward-looking statements involve risks, uncertainties and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

# 3. COSRX Financial Summary

## Income Statement

(Unit: KRWMn)

	2021	2022	2023. 1H
<b>Revenue</b>	<b>123,348</b>	<b>204,354</b>	<b>190,229</b>
Cost of sales	50,352	58,003	51,976
Gross Profit	72,996	146,352	138,253
SG&A Expenses	50,335	95,345	66,517
<b>Operating Profit</b>	<b>22,661</b>	<b>51,006</b>	<b>71,736</b>
Non-Operating Profit/Expense	881	-1,432	2,924
Profit Before Tax	23,542	49,575	74,660
<b>Consolidated Net Income</b>	<b>17,950</b>	<b>36,818</b>	<b>58,779</b>

## Statement of Financial Position

(Unit: KRWMn)

	2021.12	2022.12	2023.06
<b>Assets</b>	<b>67,239</b>	<b>120,298</b>	<b>224,714</b>
Current Assets	59,457	114,684	218,189
Cash and Cash Equivalents and Short-term Financial Assets <sup>1)</sup>	37,728	74,384	124,594
Inventories	14,425	27,395	69,140
Non-current Assets	7,783	5,614	6,524
Property, Plant and Equipment	1,397	938	1,091
Intangible Assets	2,593	2,268	1,980
<b>Liabilities</b>	<b>13,824</b>	<b>25,011</b>	<b>68,870</b>
Current Liabilities	12,650	23,397	67,023
Non-current Liabilities	1,174	1,614	1,848
<b>Equity</b>	<b>53,416</b>	<b>95,287</b>	<b>155,843</b>
Capital Stock	50	50	51
Retained Earnings	51,626	88,445	147,224

1) Cash and Cash Equivalents and Short-term Financial Assets: Cash and cash equivalents, Short-term financial instruments, Trading securities