

A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance  
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The Westernization of K-beauty: A Change  
in the Cosmetics World Order

Rita Almeida Coelho | Master's in Finance  
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A Project carried out on the Master in Finance Program, under the supervision of:

Miguel Marecos Duarte

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This thesis presents a comprehensive strategic and financial valuation of Amorepacific Corporation, set against structural transformations in the global Beauty and Personal Care industry. The analysis examines how evolving consumer preferences, digitalization, the rise of mass and masstige beauty, and increased pricing awareness are reshaping competitive dynamics across regions.

A driver-based, top-down revenue forecasting framework is developed to link external market trends: particularly in Skincare and E-commerce, to Amorepacific's market share evolution per market segment.

Besides the valuation using a Discounted Cash Flow approach with an Adjusted Present Value robustness check and a Relative Valuation benchmarking, this study also focuses on a deep financial analysis of the company, as well as on an examination of potential risks and downside scenarios and on ESG hazards that pose to be financially material to Beauty firms.

**Keywords:**

Amorepacific, Personal Care, E-commerce, Cosmetics, Skincare

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This report is part of the '*The Westernization of K-beauty*' report (annexed), developed by Rita Almeida Coelho and Mafalda Moreira and should be read as an integral part of it.

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# Introduction

This report provides a deep examination into the nature of the Beauty industry, navigating its several nuances, such as Artificial Intelligence, Social Media Trends and The Shift to Mass Beauty. The report allows the reader to understand the vision of Amorepacific, proceeding with clear examples of moves by the company to achieve its key strategic goals, especially in the Western World.

The global Beauty and Personal Care (BPC) industry has undergone profound structural transformation over the past decade, driven by evolving consumer preferences, digitalization, and shifting geographic demand patterns. Within this context, Amorepacific Corporation, a South Korea's leading beauty conglomerate, faces both significant growth opportunities and heightened competitive pressures as it seeks to rebalance its geographic exposure. Understanding how these long-term dynamics translate into future financial performance is therefore central to assessing the company's intrinsic value.

The sections of my pair aim to provide a comprehensive financial and strategic valuation of Amorepacific Corporation, with a particular focus on developing a robust, driver-based revenue forecasting framework that explicitly links external market trends on Skincare and E-commerce to the company's internal strategic positioning. The analysis adopts a Top-down approach, designed to capture how structural growth drivers within the BPC industry affect Amorepacific's competitive trajectory over time.

The revenue forecast model is constructed using data from Euromonitor International, used to size the global Beauty and Personal Care markets and to obtain detailed historical and forward-looking forecasts.

At the core of the model is a quantitative assessment of market share dynamics, whereby Amorepacific's future market share growth is determined by its relative exposure to these structural drivers.

The key parts of this section are the financial performance analysis of Amorepacific where we assess the company's revenue performance per region and evolving sales mix. Liquidity, solvency and return on capital are also assessed indicators to understand the financial position of the firm. In addition, an inspection on Return on Research & Development is conducted.

Lastly there is a note on ESG where material risks for Amorepacific are carefully considered, such as water management, ingredient sourcing and packaging quality. These topics are particularly fracturing for beauty players, so, in our analysis we assess Amorepacific over time and against its peers and Beauty top performers in sustainability.

# Financial Analysis

## Financial Performance

Sales growth fluctuated sharply across geographies, with overall core business performance contracting by 32% from 2016 to 2024. The closest domestic rival, LG H&H has also been seeing a decline in overall revenues over the past four years (-16% in total): not as sharp as AP's -20% decline for the same period. However, this trend has been reversing to growth, witnessed in 2024 (+5.78% vs. 2023) and in the first three quarters of 2025 (+4.1% vs. Q3 2024). Net revenue growth is driven by each geography in which AP has got, with South Korea being further segmented by price segments (*Graph 10*). This recently strengthened revenue performance has been driven particularly by Western markets: **North America**, which grew at a CAGR of 20% from 2021 to 2024 (achieving a record expansion of 79% in 2024 vs. 2023, becoming the biggest overseas market – surpassing China for the first time – and the second biggest selling region after South Korea); and **EMEA**, which has just more than doubled its regional sales (+163.2% in 2024 vs. 2023), although only still accounting for around 4% of global sales.

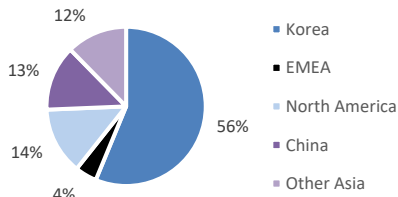
Notably, this escalation has massively outpaced the Beauty and Personal care market, reflecting the company's latest global rebalancing efforts for a market share expansion in the West.

**Domestically**, where AP runs second in market leadership, the firm has shown alternating growth and decline, but with the past few years exhibiting negative values (-56% from 2021 to 2024). The biggest contributor for this fall was the Premium segment, which suffered a decline of 40%, followed by Luxury, which took a downfall of 20% over the homologous time horizon.

For analytical purposes, Asia is segmented into Greater China and Other Asia, reflecting a relatively recent change in the company's disclosure framework. As a result, historical analysis relies primarily on insights derived from Investor Relations materials and earnings releases. Over the 2019-2024 period, Amorepacific's performance in **China** deteriorated sharply, with regional revenues declining by approximately 67%. Consistent with this trend, Euromonitor data indicate that the company's market share in China fell significantly, from 2.4% in 2019 to 0.8% in 2024. China, which once represented 76% of overseas revenues – compared with just 6% from Western markets in 2019 – has seen its relative importance erode materially. By 2024, this balance had reversed, with Western regions overtaking China, which now accounts for only 31% of overseas sales.

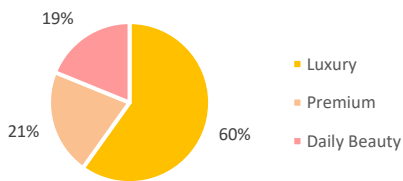
By contrast, **Other Asia** has shown a steadier and more resilient trajectory. Its

Revenue breakdown by geography (2024)



Graph 1 - Revenue breakdown by geography in 2024.

Korea Revenue breakdown (%) by price division 2024

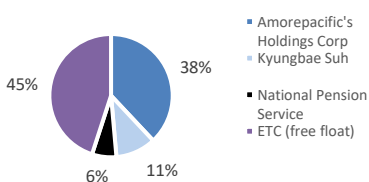


Graph 2 - South Korean revenue breakdown by price division in 2024.

Company Shares   Beauty and Personal Care market in South Korea % breakdown	
Company Name	2024
1 LG H&H Co Ltd	18%
2 AmorePacific Corp	15%
3 Estée Lauder Cos Inc	5%
4 L'Oréal Groupe	5%
5 Procter & Gamble Co, The	3%
6 Chanel SA	2%
7 Aekyung Group	2%
8 Clio Cosmetics Co Ltd	2%
9 Amway Corp	1%
10 Unilever Group	1%
11 LVMH Moët Hennessy Louis Vuitton SA	1%
12 CJ Olive Young Corp	1%
13 Tonymoly Co Ltd	1%
14 Kenvue Inc	1%
15 Atomy Co Ltd	1%
16 Puig SL	1%
17 It's Hanbul Co Ltd	1%
18 Gowoonsesang Cosmetics Co Ltd	1%
19 Shiseido Co Ltd	1%
20 Beiersdorf AG	1%

Table 1 - Top 20 companies in terms of market share in South Korea in 2024. Source: Euromonitor International.

Common Stock Shareholder status



Graph 3 - AP shareholder status in 2025. Source: Amorepacific webpage.

share of overseas revenues increased gradually from 18% in 2019 to 26% in 2023, reaching 29% in 2024, signalling a consistent rebalancing within the region. Although not abrupt, the upward trend is noticeable. In absolute terms, revenues in Other Asia rose from ₩373,822,409.32 thousand to ₩490,201,079.27 thousand over the period, representing an increase of approximately 31%. Taken together, these dynamics point to a structural shift within Asia, characterised by declining reliance on China and a progressively stronger contribution from other Asian markets.

From an operational standpoint, the company maintained rather stable gross margins, ranging between 75% and 72% from 2016 to 2024, reflecting strong pricing power and brand positioning despite cost fluctuations.

Historically, **Core EBIT margin** has fluctuated standing between 2 and 6% in the post-pandemic period. The fact that this margin is positive signals the company ability to generate earnings. The Cosmetics<sup>1</sup> division maintained higher margins, while the Daily Beauty segment reported smaller or even stagnant profitability, which tells us that core earnings remain reliant on the premium/luxury cosmetics line.

In terms of liquidity, AP's ratios demonstrate a sound financial position. In particular, 2024's **Quick Ratio** of 1.13, indicating that even without relying on the sale of its inventory, its most liquid current assets can fully cover its current liabilities. Moreover, in 2024 the firm required an average of 73 days to complete its **Cash Conversion Cycle**, 30 days less than its peers<sup>2</sup>, but up from 2021. The sharp increase in Amorepacific's cash conversion cycle following COVID-19 was initially driven by a pronounced decline in days payable outstanding (DPO). As post-pandemic uncertainty eased and DPO gradually reverted toward historical levels (above 100 days), deterioration in the other two components of the cash conversion cycle became more evident. This timing coincides with AP's expanding footprint in Western markets, which likely increased logistical lead times, as inventory shipped from Asian production hubs to US and European distribution centres requires longer transit and higher pipeline inventory. In addition, large Western retail partners, such as Ulta and Sephora, which possess significant bargaining power, might be able to impose less favourable payment terms for AP, further weighing on working capital dynamics.

AP's **Return on Equity** (ROE) in has shown improvement in recent years, becoming more in line with peer's average at above 10%. As ROE is higher than the estimated cost of equity of (5.99%), the company is generating value for

	Core EBIT Margin			
	2021	2022	2023	2024
Amorepacific	6%	4%	2%	4%
Peer average	10%	8%	10%	8%
Domestic	10%	9%	7%	7%
Cosmetics	8%	6%	3%	6%
Daily Beauty	0%	2%	-1%	-1%
Overseas	3%	0%	-3%	6%

Table 4 - Core EBIT margin for Amorepacific and peer's average (2021-2024).

	Quick Ratio			
	2021	2022	2023	2024
Amorepacific	132%	160%	192%	113%
Peer average	92%	107%	148%	122%

Table 5 - Quick Ratio for Amorepacific and peer's average (2021-2024).

Source: Annual reports.

	Cash Conversion Cycle (days)			
	2021	2022	2023	2024
Amorepacific	34	73	87	73
Peer average	72	68	66	104

Table 6 - Cash Conversion Cycle for Amorepacific and peer's average (2021-2024).

Source: Annual reports.

	Return on Equity			
	2021	2022	2023	2024
Amorepacific	4%	3%	4%	11%
Peer average	14%	13%	16%	12%

Table 8 - Return on Equity for Amorepacific and peer's average (2021-2024).

Source: Annual reports.

	2021	2022	2023	2024
Cash Conversion Cycle	34,41	72,76	87,15	73,41
Average Holding Period	132,12	111,60	124,60	159,61
Average Collection Period	22,40	25,46	29,52	36,81
Average Payable Period	120,11	64,30	66,97	123,01
Peer average	72,06	68,38	66,21	103,67

Table 7 - Detail on Cash Conversion Cycle's components for Amorepacific (2021-2024).

	Core ROIC			
	2021	2022	2023	2024
Amorepacific	6%	3%	1%	6%

Table 9 - Core ROIC for Amorepacific (2021-2024).

Source: Annual reports.

<sup>1</sup> In the company's reporting, 'Cosmetics' encompasses both the luxury and premium segments.

<sup>2</sup> The peers considered in this section (Financial Analysis) for comparative benchmarking are: Shiseido, APR Co. and LG H&H.

shareholders. Similarly, Core Return on Invested Capital (ROIC) has remained positive over the past four years, reinforcing the idea of value creation.

As for solvency, AP has maintained a strong net cash position between 2021 and 2023, as reflected by negative **Net Debt/EBITDA** ratios (Table 9). The sharp increase in the magnitude of the negative ratio in 2023 points to an even stronger liquidity buffer relative to earnings. In 2024, the ratio turned marginally positive, signalling a shift to a modest net debt position. However, leverage remains extremely low, confirming that solvency and debt repayment capacity are not a concern. Using the 2.29x U.S. Household & Personal Products industry average<sup>3</sup> as benchmark, Amorepacific's ratio compares very favourably to the industry norm.

	Net Debt to EBITDA			
	2021	2022	2023	2024
Amorepacific	-0.23x	-0.19x	-0.47x	0.04x

Table 10 - Net Debt to EBITDA for Amorepacific (2021-2024).

Source: Annual reports.

## Research and Development

To evaluate the performance of the Research and Development (R&D) function, the number of new R&D products introduced by Amorepacific was benchmarked against LG H&H, its closest domestic rival. Comparable data for other competitors was unavailable. Over the 2021-2024 period, Amorepacific demonstrated a clear upward trend: the company reported only 14 new products in 2021, but this figure rose substantially in subsequent years. In contrast, LG H&H's output remained significantly lower.

	Number of new R&D products/technologies				
	2021	2022	2023	2024	1H 2025
Amorepacific	14	36	37	25	30
LG H&H	8	17	10	12	8

Table 11 - Number of new R&D product or technology launches from 2021 to the first half of 2025.

To assess whether these R&D efforts are translating into economic value, a return on R&D costs was calculated by dividing gross profit by R&D expenses for Amorepacific and three selected peers – LG H&H, APR Co., and Shiseido – using a two-year lag<sup>4</sup>. Amorepacific recorded the lowest (but positive) return, generating ₩28.31 per unit of R&D spending in 2024. LG H&H achieved a considerably higher return of ₩140.43, while Shiseido posted ₩254.18. APR Co. delivered the strongest performance, with a return of ₩982.34 per unit of R&D expenditure.

	Return on R&D Costs			
	2021	2022	2023	2024
Amorepacific	₩36.32	₩31.41	₩24.25	₩28.31
LG H&H	₩193.94	₩117.95	₩146.64	₩140.43
APR Co			₩575.96	₩982.34
Shiseido	₩242.77	₩270.89	₩256.82	₩254.18

Table 12 - Return on Research and Development Costs

## Business Drivers and Forecast

### Revenues computation

For South Korea, we forecasted revenues using a top-down approach per sub-segment. For example, we multiplied the Luxury Beauty and Personal Care market

<sup>3</sup> Data retrieved from <https://fullratio.com/net-debt-to-ebitda-by-industry>

<sup>4</sup> According to Cosmetichroma. (2025, January 15). *Cosmetic product development.*, cosmetic product development typically takes 18 months to 2 years.

size by Amorepacific's market share of the Luxury BPC market in South Korea. We followed the same method for Premium and Daily Beauty.

For Overseas regions, we also used a top-down approach. For instance, we multiplied North America's BPC market size by Amorepacific's market share of the North American BPC market. Greater China, Other Asia and EMEA were estimated in a similar way.

For the market share assumptions, we based our estimations on an historical analysis to which we applied two factors that drove the market share evolution throughout the forecasted horizon. The drivers were Skin Care market size and Health and Beauty E-commerce market size projections. We used the market size projections from Euromonitor until 2029. From then onwards we applied slowing down annual growth rates, from 2030 until 2034, as we deemed the markets were reaching steadier state levels.

The effect generated by these two factors is proportionally adjusted by an *Index* that measures the concentration of Skin Care and E-commerce sales within AP relative to their concentration in the overall markets. This *Index* either amplifies or attenuates the gap between the growth trajectories of the selected drivers and those of the corresponding baseline markets (the *Growth Differential*). The rationale for this indexation is AP's significant exposure to skincare: the category represents roughly 60% of AP's total revenue, whereas skincare accounts for only about 40%<sup>5</sup> of global beauty retail sales. Given this disproportionate weighting in AP's product mix, we deemed essential to explicitly reflect this overexposure in our modelling. We extended the same logic to e-commerce, not only for consistency across drivers but also due to the online channel's «importance in acquiring new customers and marketing brands», as personally shared by AP's Investor Relations Team. They also shared that the percentage of online sales across all regions is around 30%. That compares to 25.1%<sup>6</sup> in the global BPC market.

Total Core Revenues were forecasted to grow at a CAGR of 3% from 2025 to 2034. 2024's revenues amounted to a total of ₩3,831,341,703.35 thousand and are expected to reach a value of ₩5,177,850,077.78 thousand in 2034.

$$\text{Total Factor Effect} = 1 + G_{\text{Diff,Factor}} * (\text{Factor Index} - 1)$$

$$\text{Skin Care Index} = \frac{\% \text{ Company Skin Care Sales}}{\% \text{ BPC Market Skin Care Sales}}$$

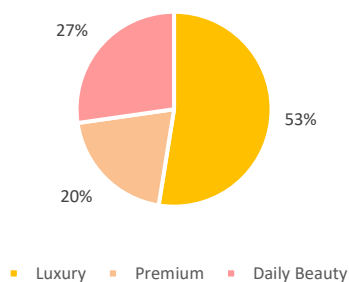
$$\text{E-comm Index} = \frac{\% \text{ Company E-comm Sales}}{\% \text{ BPC Market E-comm Sales}}$$

$$\text{Growth Differential}$$

$$G_{\text{Diff,Skincare}} = \text{Growth}_{\text{skincare}} - \text{Growth}_{\text{BPC}}$$

$$G_{\text{Diff,E-comm}} = \text{Growth}_{\text{E-comm}} - \text{Growth}_{\text{BPC}}$$

Base Scenario Korea Revenue breakdown (%) by price division 2034



Graph 12- South Korea Revenues Breakdown 2034

## 2025 forecast

Given that the company has released earnings for only the first three quarters of 2025, Q4 had to be estimated. Our approach was to calculate the revenue growth from each 2024 quarter earnings to its corresponding 2025 quarter. We then took

<sup>5</sup> As mentioned in section 'Skin Care' in Industry and Competitive Landscape.

<sup>6</sup> As mentioned in section 'Retail Channels & Beauty E-Commerce' in Industry and Competitive Landscape.

the average of these three growth rates and applied it to estimate revenue growth from Q4 2024 to Q4 2025. This method was applied uniformly across all regions.

Revenues	CAGR 2024-2034
Total	3%
Korea	3%
Luxury	3%
Premium	4%
Daily Beauty	2%
North America	5%
	-1%
Other Asia	4%
EMEA	6%

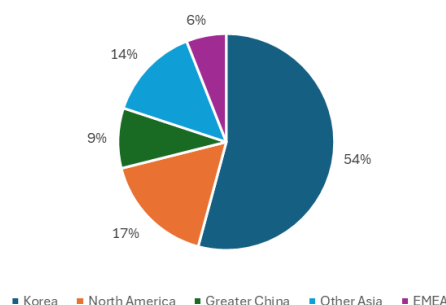
Table 13- AP's Revenues CAGRs (2024-2034).

## Domestic Market (South Korea)

Amorepacific's South Korean operations are modelled around the company's three core product segments: Luxury, Premium, and Daily Beauty. Accordingly, the South Korean Total Addressable Market (TAM) is defined as the combined size of the Luxury, Premium, and (Daily Beauty) Mass<sup>7</sup> Beauty and Personal Care markets, as reported by Euromonitor.

Within the overall **BPC** market, both Luxury and Daily Beauty are expected to grow at a CAGR of 3%, while Premium is projected to expand at a 4% CAGR, before both gradually stabilising at around 2% from 2030 onwards. Based on these assumptions, market sizes are projected to reach ₩5,816,178,576.56 thousand for Luxury, ₩11,423,158,814.60 thousand for Premium, and ₩11,315,252,534.80 thousand for Daily Beauty by 2034. Focusing specifically on **skincare**, Premium skincare is expected to grow at a 2% CAGR, a trajectory that is also assumed for Luxury skincare, while Daily Beauty skincare is projected to grow faster, at a 3% CAGR. Due to the absence of product-level data for e-commerce, all three segments are assumed to grow in line with the South Korean Health and Beauty **e-commerce** market, at a 4% CAGR between 2025 and 2030, moderating to 3% thereafter. Under these assumptions, Luxury **revenues** are projected to grow at 3% annually, reaching ₩1,673,931,513.88 thousand by 2034. While Luxury remains the largest domestic segment, its share of South Korean revenues is expected to decline from 60% in 2024 to 53% in 2034. Premium revenues are forecast to grow at a 4% CAGR, reaching ₩639,583,267.53 thousand by 2034 and accounting for 20% of domestic sales, slightly down from 21% in 2024. Daily Beauty revenues are projected to grow at approximately 2% per year, amounting to ₩492,091,818.44 thousand by 2034, increasing their share of domestic sales from 19% in 2024 to 27% in 2034.

Base Scenario Revenues breakdown (%) 2034



Graph 13- Revenues Breakdown 2034

Overall, South Korea remains Amorepacific's largest market, representing approximately 54% of total sales by 2034, down from 56% in 2024. This gradual decline in domestic concentration is consistent with the company's strategic objective of increasing the contribution of overseas markets and building a more balanced global revenue portfolio.

<sup>7</sup> The Daily Beauty segment is also known as Mass Beauty.

## North America

According to Euromonitor, the North American **skincare** market is projected to grow at a 4% CAGR, while beauty **E-commerce** is projected to expand at 5%, with the overall **BPC** market growing at a 4% CAGR, reaching ₩279,277,569,428.00 thousand in 2034. In our model, we assume that the estimated 2025 market share of 0.38% remains stable through 2027. Thereafter, influenced by the identified growth drivers, AP's market share is expected to gradually normalise, stabilising at approximately 0.3% by 2034, slightly above the 0.28% recorded in 2024. As a result, **revenues** are forecast to grow at a 5% CAGR, with stronger growth in the near term followed by a gradual deceleration over time, reaching ₩875,254,697.68 thousand by 2034. This implies that North America would represent approximately 17% of the company's total sales mix in 2034, up from 14% in 2024, when regional revenues amounted to ₩524,600,000.00 thousand, highlighting the region's increasing weight within AP's geographic revenue composition and the ongoing westernisation of K-beauty demand.

BPC	CAGR 2024-2034
Korea	3%
Luxury	3%
Premium	4%
Daily Beauty	3%
North America	4%
Greater China	2%
Other Asia	6%
EMEA	6%

Table 14 - Beauty and Personal Care market size CAGR (2024-2034).

## Greater China

According to Euromonitor, the Chinese **skincare** market is expected to grow at a 2% CAGR, while beauty **e-commerce** is projected to expand at 6%, resulting in overall **BPC** market growth of 2% CAGR, totalling ₩129,047,459,246.39 thousand by 2034. In our model, AP's estimated 2025 market share of 0.51%, after accounting for the identified drivers, is expected to dwindle, stabilising at approximately 0.36% by 2034, well below the 0.80% recorded in 2024. This trajectory is consistent with the company's sustained market share erosion in China over recent years<sup>8</sup>.

E-commerce	CAGR 2024-2034
Korea	4%
Luxury	4%
Premium	4%
Daily Beauty	4%
North America	5%
Greater China	6%
Other Asia	11%
EMEA	7%

Table 15 - E-commerce market size CAGR (2024-2034)

As a result, regional **revenues** are projected to grow at a -1% CAGR, with contraction throughout the whole period, reaching ₩464,341,789.52 thousand by 2034. Consequently, China's contribution to group revenues is expected to decline to around 9% by 2034, down from 13% in 2024, when Chinese revenues totalled ₩510,000,000.00 thousand. This reduction reflects weaker consumer demand amid China's economic slowdown, as well as the increasing difficulty faced by international brands (market leaders) in adapting to evolving local consumer preferences. Chinese consumers have become more selective and are increasingly favouring domestic, smaller in scale brands aligned with the "guochao" trend<sup>9</sup>. Their growth, although meaningful at the brand level, does not fully offset the slowdown caused by declining demand for multinational players. Together,

<sup>8</sup> See Industry and Competitive Landscape section.

<sup>9</sup> Reuters (2023). China's slowing beauty market: Big-brand discounts won't cut it. December 8, 2023

these dynamics drive a structural decline in China's weight within AP's geographic revenue mix, from its former position as the company's second-largest market to a materially smaller contribution by 2034.

## Other Asia

In Other Asia, Euromonitor predicts that the **BPC** market will grow at a 6% CAGR, expanding from ₩123,655,390,230.60 thousand (2024) to ₩216,062,315,424.58 thousand (2034). Within this, **skincare** growth is projected to be particularly strong at a 6% CAGR from 2024 to 2034, as the market expands from ₩48,734,332,057.9 thousand (2024) to ₩63,871,945,867.0 by 2034. Beauty **e-commerce** is expected to grow even faster, increasing at a CAGR of 11%. Against this setting, AP's **revenues** in Other Asia show to register sustained and resilient growth, rising by in 2025 and stabilizing gradually, showing a CAGR of 4% in the forecast period. Regional revenues are projected to increase from ₩473,900,000.00 thousand at the end of 2024 to ₩723,268,638.01 thousand in 2034. Market share falls, going from 0.4% in 2024 to 0.33% in the final year of the explicit horizon. Nevertheless, Other Asia's contribution to the group sales mix increases, from 12% in 2024 to 14% in 2034.

These projections are underpinned by the strong growth outlook of emerging beauty markets, such as Malaysia, the Philippines, Indonesia, Vietnam, Thailand, and India, all of which are expected to expand at rates above the global BPC average. Taken together, this reinforces the likelihood that AP will achieve one of its key strategic objectives: securing the next phase of growth momentum through deeper penetration of high growth emerging markets, leveraging structural trends rather than relying on material increases in market share.

Skin Care	CAGR 2024-2034
Korea	2%
Luxury	2%
Premium	2%
Daily Beauty	3%
North America	4%
Greater China	2%
Other Asia	6%
EMEA	5%

Table 16 - Skin Care market size CAGR (2024-2034).

## EMEA

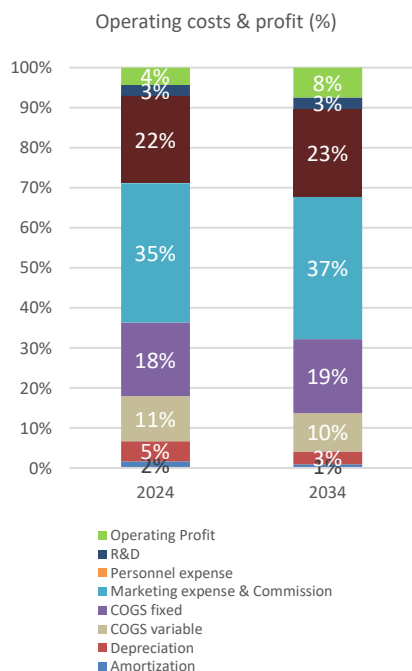
Revenues	CAGR 2024-2034
Total	2%
Korea	2%
Luxury	2%
Premium	2%
Daily Beauty	2%
North America	3%
Greater China	-2%
Other Asia	1%
EMEA	0%

Table 17- Revenues AP forecast CAGR per region (2024-2034).

Based on Euromonitor's datasets, **skincare** in EMEA is expected to expand at a 5% CAGR, while beauty **e-commerce** is forecast to grow at 7%, driving overall **BPC** market growth of 6% CAGR and reaching ₩473,725,636,351.03 thousand. In our framework, we assume that AP's estimated 2025 market share of 0.08% remains unchanged through 2027. Beyond this point, and reflecting the impact of the selected growth drivers, AP's share is modelled to gradually converge toward a steady-state level of approximately 0.065% by 2034. Under these assumptions, EMEA **revenues** are projected to move at a 6% CAGR, ultimately reaching ₩309,378,352.72 thousand by 2034. This trajectory would lift EMEA's contribution to roughly 6% of group sales by 2034, compared with 4% in 2024, when regional

revenues totalled ₩170,300,000.00 thousand, underscoring both the region's rising importance weight within AP's geographic mix composition and the continued westernisation of K-beauty across EMEA markets.

## Operating Assumptions



**Cost of Sales** is modelled by splitting it into two components: a variable and a fixed element. The variable component moves in line with revenues and includes all cost-of-sales items excluding employee benefits, namely direct materials and manufacturing overheads. The fixed component does not vary directly with sales volumes and corresponds entirely to employee benefits expenses.

For 2025, no distinction between variable and fixed COGS is applied due to the existence of quarterly data. Total cost of sales is therefore estimated as the sum of reported COGS for the first three quarters plus the average of those three quarterly values to proxy Q4. From 2026 onwards, the variable component is modelled as a percentage of revenues, using the 2025 ratio of 9.76% to reflect prevailing cost dynamics, including the potential impact of US tariffs. This ratio is conservatively rounded and assumed to stabilise at 10% for the remainder of the forecast period.

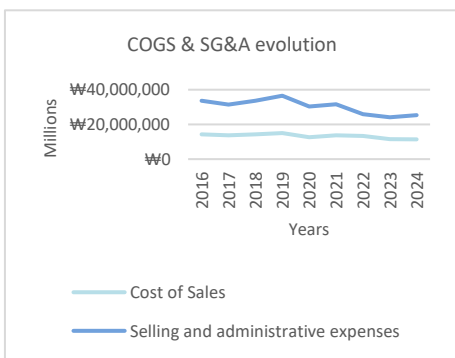
The fixed component of cost of sales is projected to grow in line with inflation, based on a weighted average of inflation rates across Amorepacific's selling geographies as reported by Euromonitor.

Amorepacific's **SG&A** expenses are also subsegmented: firstly, into a variable part and a fixed part. Based on discussions with Amorepacific's Investor Relations team, the variable component includes advertising and promotional spending, commissions, distribution and freight costs, as well as taxes and dues.

Although this category had been declining historically, the trend began to reverse in 2024, with a 5% year-on-year increase, and is expected to continue into 2025, supported by the growth observed in quarterly results driven by intensified marketing activity. Despite these movements, the category has remained relatively stable as a share of revenues, consistently fluctuating between 35% and 39% over the past 9 years. Given this stability, the model adopts the post-COVID average (2022–2024) as a representative baseline, corresponding to 36.05% of revenues. From 2028 onward, this ratio is assumed to increase modestly to 37.05% until 2034, reflecting the company's sustained investment in marketing and advertising to strengthen brand equity and support international expansion.

The fixed component of SG&A primarily comprises salaries, retirement contributions, and employee benefits, which declined at a -2% CAGR between

Graph 14 - Operating Costs & Profit in 2024 and 2034.



Graph 15 - COGS and SG&A evolution (2016-2024)

2016 and 2024. Amorepacific has disclosed to us that its workforce is structured such that approximately two-thirds of employees in Korea are office-based, covering functions such as sales operations, marketing, and product development, while the remaining one-third is engaged in manufacturing, logistics, and in-store sales. Outside Korea, the workforce is predominantly administrative, with limited in-store personnel, except in China, where a portion of employees is allocated to manufacturing operations.

Management has also indicated that, apart from exceptional restructuring initiatives, personnel expenses tend to change incrementally, not in step with production volume growth. Accordingly, personnel expenses are projected to grow in line with the average inflation rate<sup>10</sup> across the company's operating geographies, resulting in an assumed annual growth rate of approximately 4%.

**R&D** expenses are assumed to represent a constant 3% of revenues throughout the forecast period. This input is supported by the company's historical spending pattern and reinforced by management's guidance indicating an intention to maintain R&D investment around this level.

For **2025**, where Q4 figures are estimated by adding the first three quarters of SG&A to their quarterly average, SG&A is not disaggregated.

**Depreciation and amortisation** are also forecast independently, using distinct methodologies. Depreciation is projected as a percentage of Property, Plant and Equipment and Right-of-Use assets, based on the historical average depreciation rate observed over the analysed period. Given its stability, this rate is assumed to remain constant at 10%. Amortisation, in turn, is modelled as a percentage of intangible assets. Historically, this ratio fluctuated between 10% and 19% from 2016 to 2023. For the forecast period, the amortisation rate is set equal to the 2024 level of 3.6%, as this is the rate that already reflects the increased share of goodwill, which is not amortised, following the acquisition of COSRX.

**Operating profit margins** are projected to improve from approximately 10.9% in 2025 to a peak of around 12.8% in 2026, before gradually normalising over the forecast horizon and declining to approximately 7.8% by 2034, reflecting a more normalised cost structure as the business matures.

**Property, Plant and Equipment (PPE)** is forecast using growth rates, reflecting IR team's guidance that capital intensity is expected to continue declining, in line with the trend observed over the past five years. PPE is therefore modelled to contract at a -4.2% annual rate, corresponding to the average of the most recent historical growth rates. **Intangible assets** are also projected using growth rates. While historical growth has been negative overall, the series is distorted by two

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<sup>10</sup> From Euromonitor International.

significant outliers: 2022, which recorded a 77% increase following the acquisition of Tata Harper, and 2024, which saw a 421% increase driven by the acquisition of COSRX. Given the exceptional nature of these transactions, both years are excluded from the calculation of the forward-looking growth assumption. The projected growth rate is therefore set as the average of the remaining recent years, resulting in a -3.5% annual decline in intangible assets.

**Deferred tax assets** are classified as non-core assets because of their lack of direct involvement in the company's core operating cycle of generating revenues from cosmetics and beauty products. First, income taxes represent a non-operating outcome of financial performance, determined by statutory and regulatory frameworks rather than by strategic operating decisions. Second, the realization of DTAs is inherently uncertain and contingent, as acknowledged in Amorepacific's disclosures, which state that recognition depends on the probability of generating sufficient future taxable profits. This contingent nature stands in clear contrast to core operating assets whose realization is closely tied to ongoing business activity. So, although the historical trend shows some growth, deferred tax assets – as non-core assets – are projected to keep the same value of 2024 (which is at ₩50,941,924.79 thousand) throughout the whole forecast period. We take a similar stance to all non-core components of our reformulation.

**Core share of net profit in associates** represents another relevant item in AP's financial statements. Initially, this account comprised solely the contribution from Taiwan Amore Co., Ltd. In 2020, Rationale Group Pty Ltd was added as an associate, followed in 2021 by the acquisition of a 38.4% stake in COSRX, which introduced an additional contributor to this line item.

In May 2024, Amorepacific increased its ownership in COSRX to 93.2%, thereby reclassifying COSRX from an associate to a subsidiary. This change in accounting treatment explains the sharp decline in COSRX's contribution to the share of net profit in associates, which fell from ₩45,838,000 thousand in 2023 to ₩21,223,000 thousand in 2024, representing less than half of the prior-year level. Following this reclassification, COSRX's contribution to this account is projected to be zero going forward.

Under the updated associate structure, Taiwan Amore Co., Ltd. and Rationale Group Pty Ltd.'s are considered part of the core business, since their primary operations are in marketing and manufacturing of cosmetics, therefore they are forecast as a % of revenues.

Partner One value up 2 Private Equity Fund (Private Equity business) and Samkyung Costec Co., Ltd. (manufacturing of cosmetic ingredients) are reformulated as part of the **non-core** business, so their **share of profit value** is held constant, not varying with AP's sales.

## Risks

Amorepacific's growth strategy relies on the successful international expansion of its key brands, including Sulwhasoo, Laneige, and Aestura. Inadequate distribution or marketing efficiency, particularly in competitive markets such as North America and Europe, could hinder market share gains.

Supply chain and production concentration also present potential operational challenges. Amorepacific's manufacturing footprint remains largely in South Korea and China, exposing it to possible disruptions, tariffs, or logistical constraints.

The company also faces ongoing foreign exchange risk. Fluctuations in the Korean won can affect both cost and revenue structures, enhancing export competitiveness but increasing the cost of imported raw materials.

Also, the rise of C-beauty brands – that are increasingly improving product quality, investing heavily in R&D, and leveraging nationalistic sentiment – and the Chinese “*guochao*” trend impose other challenges already faced by the company that may hurt revenues even more in the future.

Finally, Amorepacific's international performance is increasingly influenced by the spillover effect of the US market, which has become a critical gateway for establishing global credibility in the beauty industry. Should consumer interest in K-beauty weaken in the United States, whether due to shifting trends, competitive pressures, or market saturation, the company could face a broader slowdown in Western markets. Because European retailers and consumers closely follow US beauty trends, a loss of momentum in the US would likely translate into softer demand and reduced brand traction across Europe, amplifying the impact on the company's overall international growth trajectory.

## ESG

### ESG against peers

To benchmark Amorepacific's environmental, social, and governance (ESG) performance, LG Household & Health Care (LG H&H) and L'Oréal are selected as main competitors. LG H&H is chosen as the closest peer due to its similar product portfolio, geographic focus, and business model within the Korean beauty industry. L'Oréal is selected as a global best-practice example in sustainability, given its consistent leadership in ESG rankings, international scale, and pioneering initiatives in resource efficiency, diversity, and packaging innovation. Amorepacific

is behind both competitors in overall ESG score, with a rating of 65 compared to LG H&H's 82 and L'Oréal's 85 as per S&P evaluations. In MSCI assessments, L'Oréal also earns the highest rating (AA), underlining its reputation for outstanding ESG management, while Amorepacific is rated A, similar to LG H&H, rated BBB. When evaluated through the Upright platform's net impact ratio, Amorepacific has a higher negative net impact (-43%) compared to LG H&H (-32%) and L'Oréal (-26%), suggesting there is further room for improvement in both environmental and socio-economic dimensions.

To see which ESG issues are most pressing for companies in Beauty sectors, we resorted to the MSCI ESG Industry Materiality Map to understand which ESG factors are most financially material to our company. For firms in the Consumer Staples industry and Personal Care sub-industry, the key issues are Packaging Material & Waste (E), Total Water consumption (E), Greenhouse Gas emissions (E), Raw Material Sourcing (E), Ratio of Female by Job group/managers (S) and number of reported ethics and anti-corruption violations (G).

ESG	ESG score (S&P)	MSCI	Upright platform - net impact ratio
LG H&H	82/100	BBB	-32%
L'Oreal S.A.	85/100	AA	-26%
Amorepacific	65/100	A	-43%

## ESG Performance

In terms of environmental footprint, Amorepacific demonstrates higher water consumption and greenhouse gas emissions per output than its benchmarks. For example, total water usage and CO2 emissions remain consistently above LG H&H for comparable years. Packaging and waste metrics indicate that L'Oréal outpaces both Amorepacific and LG H&H in reducing virgin plastic use and increasing recycled or bio-based content in packaging, as reflected by higher percentages of sustainable materials. On social metrics, Amorepacific still lags L'Oréal in board diversity and equal pay outcomes. Governance data, such as the reported number of ethics and anti-corruption violations, suggest room for greater transparency and compliance, with Amorepacific performing better than LG H&H but not at L'Oréal's consistently low incident rate. (See Appendix 3)

## Potential Risks for Amorepacific

The relatively lower overall ESG score and higher negative net impact compared to LG H&H and L'Oréal suggest that Amorepacific may face challenges meeting increasingly stringent stakeholder expectations and regulatory standards

Environmental performance gaps pose further risks. Amorepacific's higher water consumption and greenhouse gas emissions compared to peers indicate potential cost exposure if environmental regulations tighten, especially in regions moving towards carbon pricing or water-use restrictions. Insufficient progress on packaging innovation and recycling may also result in regulatory fines, increased compliance costs, and loss of competitive edge as the industry transitions to more sustainable materials. On social and governance metrics, lagging diversity at the board level and variable pay equity can impede talent acquisition, employee engagement and innovation. Inadequate management of ethical standards and compliance – reflected in violation counts – heightens the risk of legal and regulatory penalties, as well as public scrutiny.

The heightened expectations for transparency in clean beauty, responsible sourcing, and gender diversity could expose the company to reputational risks if progress lags behind peers.

An MSCI research<sup>11</sup> on ESG's effect on stock prices stated that "ESG has affected the valuation and performance of companies both through their systematic risk profile (lower costs of capital and higher valuations) and their idiosyncratic risk profile (higher profitability and lower exposures to tail risk). ESG ratings have experienced a longer life than some factors (...) Classical factors such as momentum typically have persisted for a few months only. In contrast, the impact of ESG ratings on systematic and idiosyncratic risks lasted for several years during the study period." Given Amorepacific's relatively low ESG ratings and the growing evidence that ESG performance can materially influence long-term stock returns, it is reasonable to expect that the company will need to strengthen its sustainability practices to remain competitive and unlock valuation upside.

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<sup>11</sup> Giese, G. Has ESG affected stock performance? MSCI. Retrieved December 12, 2025

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# Appendix

## Financial Statements

### Free Cash Flow Map

In thousands	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Core Activities</b>										
Operating EBIT (+CR before taxes)	W456 948 698,89	W556 476 577,73	W562 242 375,75	W535 125 793,19	W555 337 085,16	W538 030 201,79	W511 668 101,39	W481 539 557,48	W446 595 726,31	W402 378 212,55
Notional Taxes	W109 667 687,73	W133 554 378,66	W134 938 170,18	W128 430 190,37	W133 280 900,44	W129 127 248,43	W122 800 344,33	W115 569 493,79	W107 182 974,31	W96 570 771,01
Tax Adjustments	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00
Share of Profit from Associates	W2 407 141,98	W2 501 295,38	W2 589 309,21	W2 681 238,02	W2 777 402,37	W2 825 423,75	W2 866 130,42	W2 904 957,79	W2 940 791,41	W2 968 606,71
<b>NOPAT (=Core Result)</b>	<b>W344 873 869,18</b>	<b>W420 420 903,70</b>	<b>W424 714 896,37</b>	<b>W404 014 364,80</b>	<b>W419 278 782,36</b>	<b>W406 077 529,61</b>	<b>W386 001 626,64</b>	<b>W363 065 105,89</b>	<b>W336 471 960,59</b>	<b>W302 838 834,83</b>
(+) Depreciation	W234 137 279,73	W224 368 207,43	W215 006 736,92	W206 035 861,55	W197 439 284,23	W189 201 387,88	W181 307 207,00	W179 181 616,72	W177 080 946,22	W175 004 903,33
(+) Amortization	W60 924 198,01	W58 781 501,36	W56 714 163,09	W54 719 532,85	W52 795 053,52	W50 938 257,89	W49 146 765,54	W48 892 682,73	W48 639 913,49	W48 388 451,04
Change in Provisions	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00
Decrease in cash and cash equivalents arising from foreign currency translation	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00
<b>Gross Cash Flows</b>	<b>W639 935 346,92</b>	<b>W703 570 612,49</b>	<b>W696 435 796,38</b>	<b>W664 769 759,20</b>	<b>W669 513 120,11</b>	<b>W646 217 175,39</b>	<b>W616 455 599,18</b>	<b>W591 139 405,35</b>	<b>W562 192 820,29</b>	<b>W526 232 189,19</b>
Change in NWC	W216 233 160,08	W14 114 939,58	W12 395 742,70	W6 444 321,72	W52 215 669,26	W5 098 048,52	W3 972 332,64	W65 768 593,35	W2 290 085,30	W1 267 160,47
(NWC)	W360 897 275,76	W375 012 215,34	W387 407 958,04	W393 552 279,76	W341 336 610,50	W346 434 659,02	W350 406 991,65	W284 638 398,30	W286 928 483,59	W288 195 644,06
CAPEX	W131 126 479,50	W125 645 795,74	W120 394 124,07	W115 361 897,40	W110 539 948,19	W105 919 491,85	W101 492 110,68	W199 763 513,55	W197 695 199,71	W195 649 719,39
Change in Other assets net of liabilities	W26 267 710,70	W8 646 350,76	W8 082 533,13	W8 442 054,92	W8 831 013,25	W4 409 900,64	W3 738 166,88	W3 565 584,56	W3 290 658,53	W2 554 312,27
<b>UFCF Core</b>	<b>W751 309 738,19</b>	<b>W572 456 227,94</b>	<b>W571 728 462,73</b>	<b>W551 705 594,99</b>	<b>W620 019 854,42</b>	<b>W539 609 535,66</b>	<b>W514 729 322,75</b>	<b>W460 710 069,71</b>	<b>W365 498 193,82</b>	<b>W331 869 621,60</b>
<b>Non Core Activities</b>										
Non Operating EBIT	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15	W31 574 180,15
Notional Taxes of Non operating EBIT	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24	W7 577 803,24
Profit of investment in associates (non-core)	W14 250,00	W14 250,00	W14 250,00	W14 250,00	W14 250,00	W14 250,00	W14 250,00	W14 250,00	W14 250,00	W14 250,00
<b>NOPAT (=Non Core Result)</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>
Change in Non Core IC	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00
<b>UFCF Non Core</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>	<b>W23 982 126,91</b>
<b>UFCF</b>	<b>W775 291 865,10</b>	<b>W596 438 354,85</b>	<b>W595 710 589,64</b>	<b>W575 687 721,91</b>	<b>W644 001 981,33</b>	<b>W563 591 662,57</b>	<b>W538 711 449,66</b>	<b>W484 692 196,62</b>	<b>W389 480 320,73</b>	<b>W355 851 748,51</b>
Tax Shields (DCF)	W3 448 514,94	W3 450 046,75	W3 451 651,95	W3 452 852,78	W3 455 832,44	W3 456 980,94	W3 457 576,40	W3 456 857,62	W3 453 716,72	W3 662 165,79
<b>Levered FCF Firm</b>	<b>W778 740 380,04</b>	<b>W599 888 401,60</b>	<b>W599 162 241,59</b>	<b>W579 140 574,69</b>	<b>W647 457 813,77</b>	<b>W567 048 643,51</b>	<b>W542 189 026,06</b>	<b>W488 149 054,24</b>	<b>W392 934 037,45</b>	<b>W359 513 914,30</b>
<b>Financing Activities</b>										
Finance Interest	W14 368 812,24	W14 375 194,78	W14 381 883,11	W14 386 886,59	W14 399 301,83	W14 404 087,25	W14 406 568,31	W14 403 573,41	W14 390 486,33	W15 259 024,12
Change in Net Debt	W5 954 965,04	W1 776 337,64	W1 184 786,19	W1 38 236,62	W343 009,82	W132 212,16	W68 547,18	W62 743,64	W361 571,49	W23 996 071,20
CashFlow to Debtholders	W8 413 847,20	W14 551 532,41	W14 566 669,31	W14 525 123,20	W14 742 311,65	W14 536 299,41	W14 475 115,49	W14 320 829,77	W14 028 914,84	W39 255 095,32
CashFlow to Shareholders	W770 326 532,84	W585 336 869,18	W584 595 572,28	W564 615 451,48	W632 715 502,12	W552 512 344,10	W527 693 910,57	W473 828 224,47	W378 905 122,61	W320 258 818,98

### Forecasted Balance Sheet

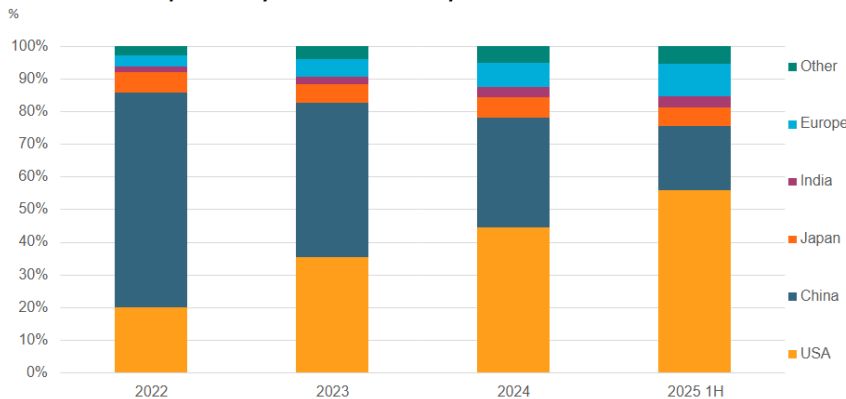
In thousands	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Core Business</b>										
Operating Cash	W83 970 973,98	W87 255 414,94	W90 325 681,65	W93 532 517,90	W96 887 105,57	W98 562 269,89	W99 982 266,46	W101 336 705,15	W102 586 709,22	W103 557 001,56
Trade Receivables	W351 909 746,70	W365 674 345,75	W378 541 372,63	W384 380 210,53	W331 805 156,05	W337 542 020,16	W342 405 022,12	W277 634 808,62	W281 059 477,32	W283 717 812,48
Inventories	W311 492 013,40	W323 680 688,55	W338 392 800,28	W350 445 435,43	W362 887 937,16	W372 500 542,50	W382 099 380,92	W391 873 327,52	W401 779 246,83	W411 589 120,43
Property, Plant and Equipment & Right of Use Assets	W2 332 217 945,61	W2 234 909 196,88	W2 141 660 528,63	W2 052 302 539,32	W1 966 672 895,44	W1 884 616 036,65	W1 805 982 893,16	W1 784 810 101,71	W1 763 885 533,59	W1 743 206 278,71
Intangible Assets	W1 711 554 505,87	W1 651 359 341,55	W1 593 281 233,86	W1 537 245 726,17	W1 483 180 980,49	W1 431 017 685,35	W1 380 688 966,98	W1 373 550 972,53	W1 366 449 880,65	W1 359 385 500,55
Investment in Associate	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67	W4 439 500,67
Trade and Other Payables	W386 475 458,32	W401 598 233,90	W419 851 896,53	W434 805 884,10	W450 243 588,28	W462 170 173,54	W474 079 677,85	W486 206 442,99	W498 496 949,78	W510 668 290,41
Other assets net of other liabilities	W221 055 120,97	W229 701 471,73	W237 784 004,85	W246 226 059,77	W255 057 073,02	W259 466 973,65	W263 205 140,53	W266 770 725,09	W270 061 383,63	W272 615 695,89
<b>Total Core Invested Capital</b>	<b>W4 183 614 606,27</b>	<b>W4 031 579 282,04</b>	<b>W3 884 565 715,67</b>	<b>W3 736 874 485,48</b>	<b>W3 536 133 413,41</b>	<b>W3 402 601 407,37</b>	<b>W3 273 873 711,25</b>	<b>W3 176 228 747,44</b>	<b>W3 147 202 514,21</b>	<b>W3 118 171 727,43</b>
<b>Non Core Business</b>										
<b>Assets</b>										
Investment Property	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64	W594 687 077,64
Investment in Associate	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00	W1 380 000,00
Other receivables	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73	W115 370 480,73
Financial Assets	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45	W298 515 523,45
Deferred tax assets	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79	W50 941 924,79
Current tax assets	W863 754,25	W863 754,25	W863 754,25	W863 754,25	W863 754,25	W863 754,25	W863 754,25	W863 754,25	W863 754,25	W863 754,25
Net defined benefit assets	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26	W75 350 672,26
Non-current assets held for sale	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00	W0,00
<b>Liabilities</b>										
Deferred tax liabilities	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12	W235 817 308,12
Provisions	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28	W89 869 862,28
Net defined benefit liabilities	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13	W6 255 776,13
Current tax liabilities	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81	W55 008 652,81
<b>Total Non-core invested capital</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>	<b>W750 157 833,78</b>
<b>Total invested capital</b>	<b>W4 933 772 440,06</b>	<b>W4 781 737 115,82</b>	<b>W4 634 723 549,45</b>	<b>W4 487 032 319,26</b>	<b>W4 286 291 247,20</b>	<b>W4 152 759 241,15</b>	<b>W4 024 031 545,04</b>	<b>W3 926 386 581,22</b>	<b>W3 897 360 347,99</b>	<b>W3 868 329 561,21</b>
<b>Financing Business</b>										
<b>Assets</b>										
Excess Cash	W421 578 232,47									

# Forecasted Income Statement

in thousands		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Core Business</b>											
Revenue Korea		₩2 217 160 656,17	₩2 261 516 034,54	₩2 339 220 219,31	₩2 417 777 339,64	₩2 502 119 952,35	₩2 570 361 819,44	₩2 629 011 874,28	₩2 689 202 474,03	₩2 750 844 886,46	₩2 805 606 599,86
	Luxury		₩1 344 607 059,97	₩1 393 265 910,40	₩1 443 093 314,25	₩1 499 499 038,59	₩1 555 702 722,49	₩1 586 866 344,77	₩1 618 361 873,64	₩1 650 179 190,94	₩1 673 931 513,88
	Premium		₩483 123 379,48	₩497 618 546,51	₩511 914 183,51	₩525 435 436,23	₩534 443 025,82	₩558 962 001,71	₩584 622 882,85	₩611 478 360,22	₩639 583 267,53
	Daily Beauty		₩433 785 595,09	₩448 335 762,40	₩462 769 841,88	₩477 185 477,53	₩480 216 071,13	₩483 183 527,80	₩486 217 717,54	₩489 187 335,30	₩492 091 818,44
Revenue North America		₩670 882 117,95	₩768 025 609,52	₩797 868 167,29	₩829 845 231,54	₩840 825 088,07	₩847 783 858,22	₩854 809 846,53	₩861 644 857,77	₩868 554 128,10	₩875 254 697,68
Revenue Asia		₩1 077 683 493,62	₩1 087 613 875,48	₩1 116 300 323,21	₩1 151 270 562,30	₩1 206 980 648,20	₩1 211 418 890,12	₩1 212 785 580,90	₩1 209 737 710,78	₩1 201 764 915,10	₩1 187 610 427,54
	Greater China	₩539 178 180,49	₩525 283 581,50	₩517 708 890,52	₩512 680 325,88	₩516 350 208,05	₩504 528 061,29	₩493 330 111,62	₩484 127 105,02	₩474 263 318,91	₩464 341 789,52
	Other Asia	₩538 505 313,13	₩562 330 293,98	₩598 591 432,68	₩638 590 236,42	₩690 630 440,15	₩706 890 828,84	₩719 455 469,28	₩725 610 605,75	₩727 501 596,19	₩723 268 638,01
Revenue Europe and other		₩232 822 431,15	₩245 615 227,60	₩262 895 372,80	₩277 732 761,28	₩294 429 589,70	₩298 548 926,58	₩302 506 021,26	₩306 250 214,83	₩308 171 531,50	₩309 378 352,72
<b>Core Revenues</b>		<b>₩4 198 548 698,89</b>	<b>₩4 362 770 747,15</b>	<b>₩4 516 284 082,61</b>	<b>₩4 676 625 894,76</b>	<b>₩4 844 355 278,32</b>	<b>₩4 928 113 494,36</b>	<b>₩4 999 113 322,96</b>	<b>₩5 066 835 257,40</b>	<b>₩5 129 335 461,15</b>	<b>₩5 177 850 077,78</b>
Cost of sales		-₩1 146 800 000,00	-₩1 191 674 256,98	-₩1 245 838 887,25	-₩1 290 212 294,59	-₩1 336 021 048,48	-₩1 371 411 155,87	-₩1 406 750 578,47	-₩1 442 734 685,54	-₩1 479 204 667,98	-₩1 515 321 045,19
<b>Gross Profit</b>		<b>₩3 051 748 698,89</b>	<b>₩3 171 096 490,17</b>	<b>₩3 270 445 195,35</b>	<b>₩3 386 413 600,16</b>	<b>₩3 508 334 229,84</b>	<b>₩3 556 702 338,49</b>	<b>₩3 592 362 744,49</b>	<b>₩3 624 100 571,87</b>	<b>₩3 650 130 793,17</b>	<b>₩3 662 529 032,59</b>
SG&A		-₩2 468 843 539,03	-₩2 483 736 790,02	-₩2 572 714 297,12	-₩2 710 989 030,13	-₩2 807 666 486,33	-₩2 870 828 731,86	-₩2 930 721 243,41	-₩2 990 555 956,67	-₩3 049 655 003,02	-₩3 104 815 317,71
R&D		-₩125 956 460,97	-₩130 883 122,41	-₩135 488 522,48	-₩140 298 776,84	-₩145 330 658,35	-₩147 843 404,83	-₩149 973 399,69	-₩152 005 057,72	-₩153 880 063,83	-₩155 335 502,33
<b>Core Result Before taxes</b>		<b>₩456 948 698,89</b>	<b>₩556 476 577,73</b>	<b>₩562 242 375,75</b>	<b>₩535 125 793,19</b>	<b>₩555 337 085,16</b>	<b>₩538 030 201,79</b>	<b>₩511 668 101,39</b>	<b>₩481 539 557,48</b>	<b>₩446 595 726,31</b>	<b>₩402 378 212,55</b>
Statutory taxes		-₩109 667 687,73	-₩133 554 378,66	-₩134 938 170,18	-₩128 430 190,37	-₩133 280 900,44	-₩129 127 248,43	-₩122 800 344,33	-₩115 569 493,79	-₩107 182 974,31	-₩96 570 771,01
Tax adjustments		₩0,00	₩0,00	₩0,00	₩0,00	₩0,00	₩0,00	₩0,00	₩0,00	₩0,00	₩0,00
Profit of investment in associates (core)		-₩2 407 141,98	-₩2 501 295,38	-₩2 589 309,21	-₩2 681 238,02	-₩2 777 402,37	-₩2 825 423,75	-₩2 866 130,42	-₩2 904 957,79	-₩2 940 791,41	-₩2 968 606,71
<b>Total Core Result</b>		<b>₩344 873 869,18</b>	<b>₩420 420 903,70</b>	<b>₩424 714 896,37</b>	<b>₩404 014 364,80</b>	<b>₩419 278 782,36</b>	<b>₩406 077 529,61</b>	<b>₩386 001 626,64</b>	<b>₩363 065 105,89</b>	<b>₩336 471 960,59</b>	<b>₩302 838 834,83</b>
<b>Non-core Business</b>											
Finance income		₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43	₩14 207 186,43
other non-operating losses, net		-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13	-₩36 402 002,13
Other revenues		₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84	₩53 768 995,84
<b>Non-core result before taxes</b>		<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>	<b>₩31 574 180,15</b>
Statutory taxes		-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24	-₩7 577 803,24
Profit of investment in associates (non-core)		-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00	-₩14 250,00
OCI		-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00	-₩8 113 411,00
<b>Total Non-core Result</b>		<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>	<b>₩15 868 715,91</b>
<b>Financial Business</b>											
Finance costs		-₩14 368 812,24	-₩14 375 194,78	-₩14 381 883,11	-₩14 386 886,59	-₩14 399 301,83	-₩14 404 087,25	-₩14 406 568,31	-₩14 403 573,41	-₩14 390 486,33	-₩15 259 024,12
Statutory Taxes		₩3 448 514,94	₩3 450 046,75	₩3 451 651,95	₩3 452 852,78	₩3 455 832,44	₩3 456 980,94	₩3 457 576,40	₩3 456 857,62	₩3 453 716,72	₩3 662 165,79
<b>Financial Result</b>		<b>-₩10 920 297,30</b>	<b>-₩10 925 148,03</b>	<b>-₩10 930 231,17</b>	<b>-₩10 934 033,81</b>	<b>-₩10 943 469,39</b>	<b>-₩10 947 106,31</b>	<b>-₩10 948 991,92</b>	<b>-₩10 946 715,79</b>	<b>-₩10 936 769,61</b>	<b>-₩11 596 858,33</b>
<b>Total Comprehensive Income</b>		<b>₩349 822 287,79</b>	<b>₩425 364 471,58</b>	<b>₩429 653 381,11</b>	<b>₩408 949 046,91</b>	<b>₩424 204 028,88</b>	<b>₩410 999 139,21</b>	<b>₩390 921 350,63</b>	<b>₩367 987 106,02</b>	<b>₩341 403 906,89</b>	<b>₩307 110 692,40</b>
<b>Total Net Income</b>		<b>₩357 935 698,79</b>	<b>₩433 477 882,58</b>	<b>₩437 766 792,11</b>	<b>₩417 062 457,91</b>	<b>₩432 317 439,88</b>	<b>₩419 112 550,21</b>	<b>₩399 034 761,63</b>	<b>₩376 100 517,02</b>	<b>₩349 517 317,89</b>	<b>₩315 224 103,40</b>

## • Appendix 1

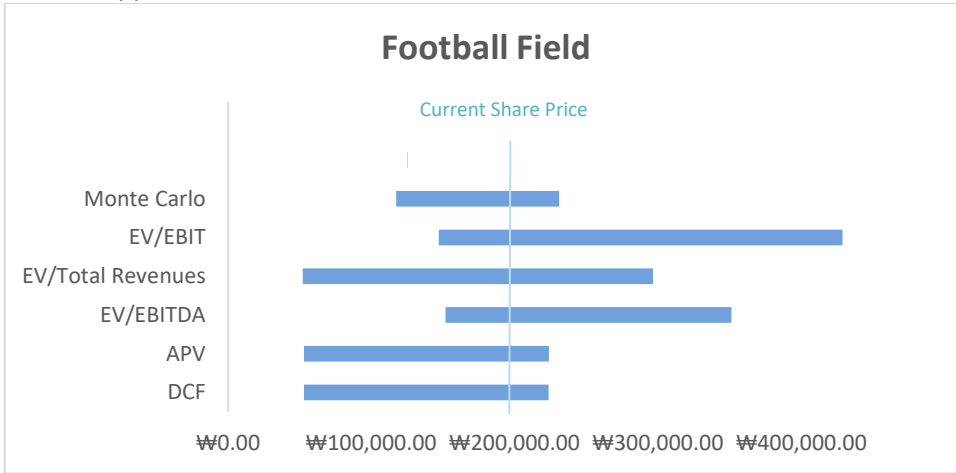
### Online Sales Composition by Market of K-Beauty Brands



Source: Euromonitor E-Commerce system, selected online retailers in 14 countries.  
 Note: Only the sales of brands ranked within the top 300 brands of skin care, sun care and colour cosmetics in that country (based on the 2024 annual sales) are included.



- Appendix 2: Football Field – Share Price



- Appendix 3: ESG metrics

