# COMPANY UPDATE

2026. 8. 4

Finance/Consumer Goods Team

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# Handsome (020000)

## 2Q review: Misses consensus as clears inventory

- Handsome reported a 2Q operating profit of KRW4.6b, missing consensus of KRW11.5b by 60% due to aggressive inventory clearance.
- Further gross margin pressure, however, should be limited, given ongoing carryover inventory reduction and a recovering retail market.
- Expansion of new brands, such as “SKIMS”, in 2H will likely contribute modestly to revenue growth.

### WHAT’S THE STORY?

**2Q operating profit misses consensus by 60%:** Handsome reported 2Q sales of KRW363.2b (up 7% y-y) and operating profit of KRW4.6b (up 525% y-y). While revenue met consensus, operating profit significantly undershot consensus of KRW11.5b. The shortfall was primarily due to an aggressive clearance of carryover inventory from prior years, which was brought forward into this quarter (vs 2H26, originally planned), resulting in a y-y decline in gross margin of 0.9%pts from 54.7% in 2Q25 to 53.8%. Excluding the impact of this aggressive discounting of carryover inventory, gross margin would have increased by 0.5%pts.

**Further gross margin erosion to be limited:** The company had aggressively expanded its presence in Korea between 2022 and 2023, introducing approximately eight overseas brands (now accounting for 47% of its 17 active brands). However, weak domestic consumption in 2023–2024 led to the accumulation of inventory older than two years. That said, additional gross margin erosion should be minimal in the near term, due to: 1) The company has been steadily reducing inventory since 2024, suggesting a significant portion of carryover stock has already been cleared; 2) The share of full-price sales increased by 10%pts y-y in 2Q26, led by the growth of the downstream retail market—indicative of stronger demand for new products and smoother inventory turnover;3) The company front-loaded 2H inventory for discounting in 2Q.

**Potential for revenue growth through global MZ-targeted brand acquisitions:** Meanwhile, the company secured exclusive distribution rights in Korea for Kim Kardashian’s brand “SKIMS,” with plans to open a flagship store at Dosan Park by year-end and expand into department stores nationwide next year. Additionally, the company is considering the introduction of one or two more popular international brands, which could contribute meaningfully to future revenue growth.

### AT A GLANCE

**Not Rated**

| | |
|---|---|
| Target price | n/a |
| Current price | KRW17,460 |
| Market Cap | KRW374.99b/USD262.27m |
| Shares (float) | 21,476,994 (57.7%) |
| 52-week high/low | KRW27,950/KRW14,350 |
| Avg daily trading value (60-day) | KRW2.9b/ USD2.0m |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Handsome (%) | -18.6 | -3.8 | 11.1 |
| Vs Kospi (%pts) | 5.2 | -18.7 | -44.6 |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 5 |
| Target price | 36,200 |
| Recommendation | 4.0 |

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

Samsung Securities

**Handsome: Earnings**

| (KRWb) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26P |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 394 | 342 | 314 | 436 | 380 | 338 | 310 | 464 | 410 | 363 |
| In-house brand | 302 | 244 | 203 | 343 | 279 | 236 | 217 | 345 | 304 | 249 |
| Imported brand | 88 | 94 | 108 | 90 | 98 | 99 | 90 | 116 | 104 | 112 |
| Other | 3 | 3 | 2 | 3 | 3 | 3 | 2 | 3 | 3 | 3 |
| Offline | 304 | 269 | 242 | 331 | 293 | 263 | 238 | 369 | 320 | 286 |
| Online | 88 | 72 | 72 | 86 | 86 | 74 | 71 | 93 | 89 | 76 |
| Other | 2 | 1 | 1 | 19 | 1 | 1 | 1 | 1 | 1 | 1 |
| Gross profit | 239 | 192 | 184 | 239 | 224 | 185 | 178 | 254 | 243 | 195 |
| Operating profit | 32 | 4 | 6 | 21 | 22 | 1 | 2 | 27 | 37 | 5 |
| Pre-tax profit | 30 | 3 | 7 | 17 | 22 | 3 | 4 | 27 | 36 | 5 |
| Net profit | 24 | 2 | 5 | 13 | 18 | 2 | 2 | 24 | 27 | 3 |
| Margin (%) | | | | | | | | | | |
| Gross profit | 60.8 | 56.1 | 58.6 | 54.8 | 58.8 | 54.7 | 57.4 | 54.7 | 59.3 | 53.8 |
| Operating profit | 8.2 | 1.2 | 1.9 | 4.8 | 5.7 | 0.2 | 0.8 | 5.9 | 8.9 | 1.3 |
| Pre-tax profit | 7.7 | 0.8 | 2.3 | 3.9 | 5.7 | 0.9 | 1.3 | 5.7 | 8.7 | 1.3 |
| Net profit | 6.0 | 0.5 | 1.6 | 3.0 | 4.8 | 0.7 | 0.6 | 5.1 | 6.7 | 0.9 |
| Chg (% y-y) | | | | | | | | | | |
| Sales | (3.0) | (1.2) | (3.0) | (3.8) | (3.4) | (1.1) | (1.5) | 6.4 | 7.9 | 7.4 |
| In-house brand | (3.7) | (2.8) | (14.0) | (1.3) | (7.6) | (3.3) | 6.9 | 0.6 | 8.7 | 5.5 |
| Imported brand | (2.0) | 1.7 | 25.7 | (12.4) | 11.6 | 5.1 | (17.0) | 28.7 | 6.0 | 12.8 |
| Other | 68.3 | 76.6 | 87.5 | (1.4) | (13.4) | (8.6) | (13.3) | 3.5 | (10.4) | (17.2) |
| Offline | (4.7) | (2.8) | (4.9) | (9.4) | (3.6) | (2.1) | (1.3) | 11.4 | 9.3 | 8.8 |
| Online | 2.5 | 4.8 | 3.3 | (1.3) | (1.6) | 3.2 | (1.5) | 8.6 | 3.1 | 2.5 |
| Other | 61.6 | 31.8 | 45.4 | 6,448.2 | (42.0) | (25.8) | (34.3) | (92.5) | 7.9 | 7.4 |
| Gross profit | (7.5) | (2.9) | (5.2) | (7.2) | (6.5) | (3.6) | (3.4) | 6.2 | 8.9 | 5.6 |
| Operating profit | (40.2) | (29.5) | (31.4) | (33.8) | (32.9) | (82.0) | (59.0) | 30.1 | 67.7 | 524.9 |
| Pre-tax profit | (47.3) | (39.8) | 6.0 | (47.7) | (27.8) | 21.4 | (42.4) | 57.5 | 64.5 | 46.4 |
| Net profit | (46.5) | (80.5) | (8.9) | (42.6) | (22.4) | 45.7 | (63.2) | 81.5 | 49.0 | 34.7 |

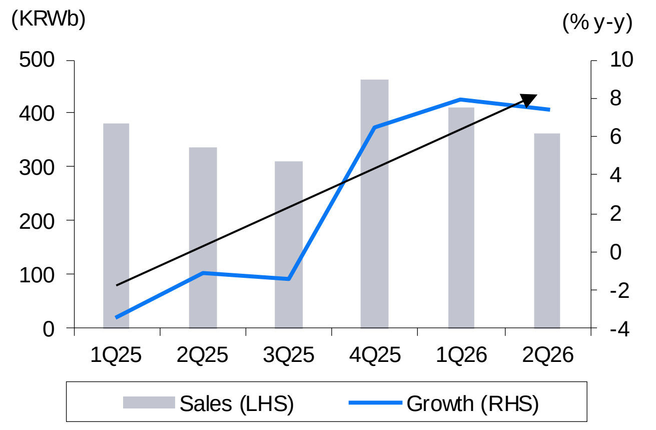
Source: Company data, Samsung Securities

**Handsome: Earnings**

| (KRWb) | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Sales | 1,299 | 1,260 | 1,196 | 1,387 | 1,542 | 1,529 | 1,485 | 1,492 |
| In-house brand | 799 | 830 | 855 | 1,011 | 1,179 | 1,149 | 1,092 | 1,078 |
| ASP ('000) | 261 | 268 | 250 | 251 | 262 | 269 | 270 | 265 |
| Imported brand | 497 | 427 | 337 | 371 | 358 | 372 | 381 | 403 |
| ASP ('000) | 305 | 347 | 85 | 99 | 103 | 112 | 128 | 138 |
| Other | 3 | 4 | 4 | 5 | 6 | 8 | 12 | 11 |
| Offline | - | - | - | 1,092 | 1,220 | 1,215 | 1,145 | 1,163 |
| Online | - | - | - | 288 | 316 | 310 | 317 | 324 |
| Other | - | - | - | 7 | 6 | 3 | 23 | 4 |
| Gross profit | 747 | 751 | 706 | 833 | 945 | 908 | 854 | 840 |
| Operating profit | 91 | 107 | 102 | 152 | 168 | 100 | 63 | 52 |
| Pre-tax profit | 95 | 114 | 112 | 155 | 162 | 101 | 57 | 56 |
| Net profit | 72 | 85 | 85 | 112 | 121 | 81 | 43 | 46 |
| Margin (%) | | | | | | | | |
| Gross profit | 57.5 | 59.6 | 59.0 | 60.1 | 61.3 | 59.4 | 57.5 | 56.3 |
| Operating profit | 7.0 | 8.5 | 8.5 | 11.0 | 10.9 | 6.6 | 4.3 | 3.5 |
| Pre-tax profit | 7.3 | 9.0 | 9.4 | 11.1 | 10.5 | 6.6 | 3.8 | 3.7 |
| Net profit | 5.6 | 6.8 | 7.1 | 8.0 | 7.8 | 5.3 | 2.9 | 3.1 |
| Chg (% y-y) | | | | | | | | |
| Sales | 5.7 | (3.0) | (5.1) | 16.0 | 11.2 | (0.9) | (2.8) | 0.4 |
| In-house brand | 4.4 | 3.8 | 3.0 | 18.3 | 16.6 | (2.5) | (4.9) | (1.4) |
| ASP ('000) | nm | 2.9 | -6.6 | 0.2 | 4.2 | 2.9 | 0.1 | -1.7 |
| Imported brand | 6.9 | (14.1) | (20.9) | 10.1 | (3.6) | 3.8 | 2.5 | 5.9 |
| ASP ('000) | nm | 13.5 | -75.6 | 17.1 | 4.0 | 9.0 | 14.3 | 7.8 |
| Other | nm | 18.3 | 3.1 | 37.5 | 15.0 | 42.4 | 46.6 | (7.7) |
| Offline | nm | nm | nm | nm | 11.7 | (0.4) | (5.7) | 1.6 |
| Online | nm | nm | nm | nm | 9.8 | (1.8) | 2.1 | 2.3 |
| Other | nm | nm | nm | nm | (22.7) | (44.3) | 617.1 | (81.8) |
| Gross profit | nm | 0.6 | (6.1) | 18.1 | 13.4 | (4.0) | (5.9) | (1.6) |
| Operating profit | nm | 16.8 | (4.2) | 49.1 | 10.6 | (40.3) | (36.8) | (17.8) |
| Pre-tax profit | nm | 19.2 | (1.1) | 37.8 | 4.6 | (37.8) | (43.5) | (2.1) |
| Net profit | nm | 17.7 | (0.4) | 31.4 | 8.2 | (32.9) | (46.5) | 6.8 |

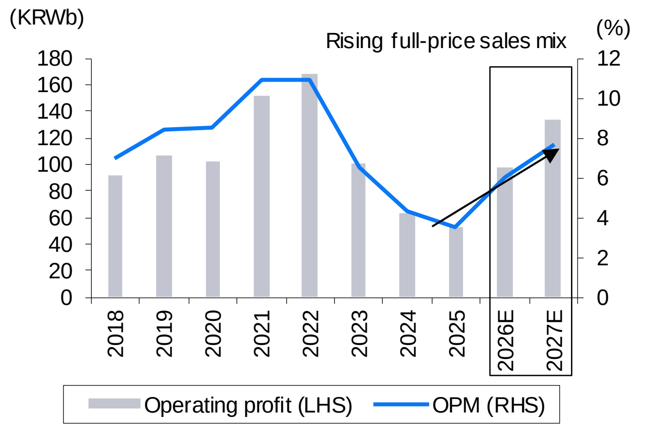
Source: Company data, Samsung Securities

**Handsome: Sales and growth**



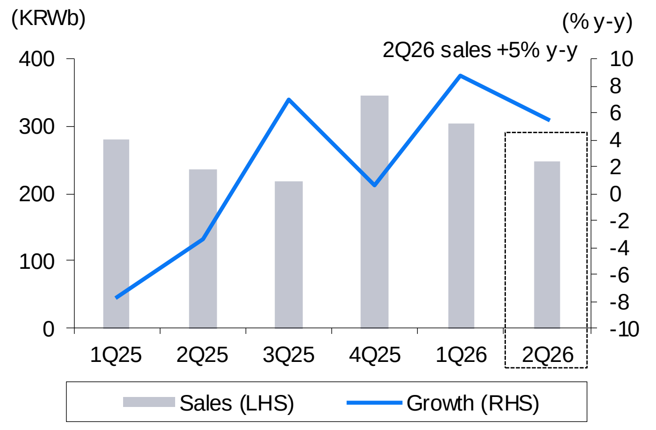

Source: Company data, Samsung Securities

**Handsome: Operating profit and OPM**



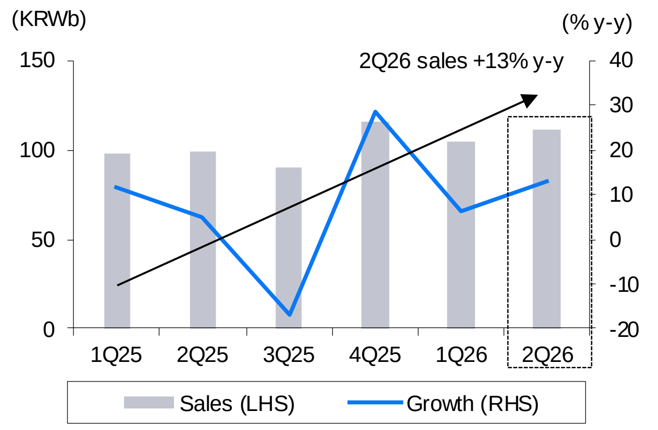

Source: Company data, Samsung Securities

**Handsome: In-house brand sales and growth**



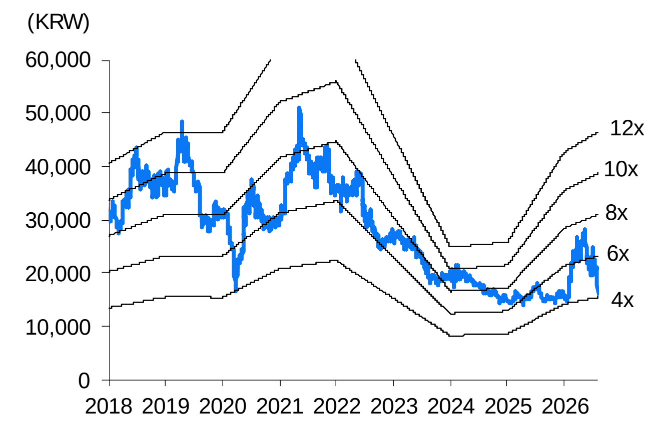

Source: Company data, Samsung Securities

**Handsome: Imported brand sales and growth**



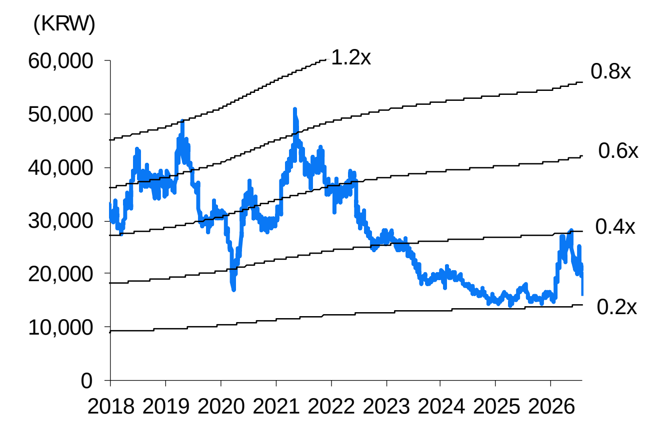

Source: Company data, Samsung Securities

**Handsome: P/E band**




Source: Bloomberg, Samsung Securities

**Handsome: P/B band**




Source: Bloomberg, Samsung Securities

## Income statement

| Year-end Dec 31 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Sales** | **1,387** | **1,542** | **1,529** | **1,485** | **1,492** |
| Cost of goods sold | 554 | 597 | 621 | 631 | 652 |
| **Gross profit** | **833** | **945** | **908** | **854** | **840** |
| Gross margin (%) | 60.1 | 61.3 | 59.4 | 57.5 | 56.3 |
| SG&A expenses | 681 | 777 | 807 | 790 | 788 |
| **Operating profit** | **152** | **168** | **100** | **63** | **52** |
| Operating margin (%) | 11.0 | 10.9 | 6.6 | 4.3 | 3.5 |
| **Non-operating Gains(Losses)** | **2** | **(7)** | **0** | **(7)** | **3** |
| Financial Profit | 7 | 10 | 9 | 4 | 3 |
| Financial Costs | 1 | 10 | 7 | 4 | 3 |
| Gains(Losses) in Equity Method | 0 | 0 | 0 | 0 | 0 |
| Other | (3) | (6) | (2) | (6) | 4 |
| **Pre-tax profit** | **155** | **162** | **101** | **57** | **56** |
| Taxes | 43 | 41 | 20 | 13 | 9 |
| Effective tax rate (%) | 27.9 | 25.4 | 19.5 | 23.8 | 16.9 |
| Profit from continuing operations | 112 | 121 | 81 | 43 | 46 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **112** | **121** | **81** | **43** | **46** |
| Net margin (%) | 8.0 | 7.8 | 5.3 | 2.9 | 3.1 |
| Net profit (Controlling Interests) | 115 | 123 | 84 | 45 | 46 |
| Net profit (Non-controlling Interests) | (3) | (2) | (3) | (1) | 0 |
| EBITDA | 205 | 226 | 167 | 135 | 122 |
| EBITDA margin (%) | 14.8 | 14.7 | 11.0 | 9.1 | 8.2 |
| EPS(parent) (KRW) | 4,651 | 4,995 | 3,405 | 1,813 | 1,878 |
| EPS(consolidated) (KRW) | 4,528 | 4,900 | 3,288 | 1,759 | 1,878 |
| Adjusted EPS (KRW)* | 4,651 | 4,995 | 3,405 | 1,813 | 1,878 |

## Balance sheet

| Year-end Dec 31 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Current assets** | **882** | **1,031** | **829** | **840** | **819** |
| Cash & equivalents | 67 | 65 | 19 | 18 | 20 |
| Accounts receivable | 73 | 75 | 89 | 89 | 95 |
| Inventories | 460 | 563 | 611 | 624 | 620 |
| Other current assets | 281 | 328 | 110 | 108 | 83 |
| **Fixed assets** | **675** | **654** | **895** | **907** | **916** |
| Investment assets | 82 | 32 | 27 | 31 | 34 |
| Tangible assets | 367 | 407 | 553 | 583 | 616 |
| Intangible assets | 109 | 93 | 122 | 96 | 68 |
| Other long-term assets | 118 | 121 | 193 | 196 | 199 |
| **Total assets** | **1,557** | **1,685** | **1,724** | **1,746** | **1,735** |
| **Current liabilities** | **246** | **289** | **251** | **265** | **250** |
| Accounts payable | 44 | 46 | 40 | 41 | 43 |
| Short-term debt | 5 | 36 | 35 | 44 | 25 |
| Other current liabilities | 197 | 208 | 176 | 180 | 183 |
| **Long-term liabilities** | **70** | **59** | **79** | **75** | **48** |
| Bond & long-term debt | 0 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 70 | 59 | 79 | 75 | 48 |
| **Total liabilities** | **317** | **348** | **330** | **340** | **298** |
| **Owners of parent equity** | **1,238** | **1,336** | **1,397** | **1,406** | **1,437** |
| Capital stock | 12 | 12 | 12 | 12 | 12 |
| Capital surplus | 122 | 122 | 122 | 122 | 122 |
| Retained earnings | 1,129 | 1,228 | 1,294 | 1,310 | 1,330 |
| Other | (25) | (26) | (31) | (38) | (27) |
| **Non-controlling interests equity** | **3** | **0** | **(3)** | **0** | **0** |
| **Total equity** | **1,240** | **1,336** | **1,394** | **1,406** | **1,437** |
| Net debt | (70) | (28) | 29 | 66 | 44 |

## Cash flow statement

| Year-end Dec 31 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Cash flow from operations** | **172** | **67** | **54** | **102** | **116** |
| Net profit | 0 | 0 | 0 | 0 | 0 |
| Non-Cash Profit and Expense | 64 | 75 | 79 | 89 | 87 |
| Depreciation | 32 | 37 | 40 | 44 | 47 |
| Amortization | 20 | 21 | 27 | 27 | 23 |
| Others | 12 | 16 | 12 | 18 | 17 |
| Changes in A/L from Operating Activities | (20) | (121) | (81) | (25) | (13) |
| **Cash flow from investments** | **(98)** | **(73)** | **(73)** | **(65)** | **(63)** |
| Change in Tangible Assets | (58) | (53) | (194) | (33) | (59) |
| Change in Financial Assets | 2 | (2) | 18 | (2) | (3) |
| Other | (42) | (18) | 104 | (30) | (1) |
| **Cash flow from financing** | **(50)** | **4** | **(28)** | **(38)** | **(51)** |
| Change in debt | (26) | 44 | (9) | 32 | (17) |
| Change in equity | n/a | n/a | n/a | n/a | n/a |
| Dividends | (10) | (13) | (16) | (16) | (16) |
| Other | n/a | n/a | n/a | n/a | n/a |
| Change in cash | 24 | (2) | (46) | (1) | 3 |
| Cash at beginning of year | 43 | 67 | 65 | 19 | 18 |
| Cash at end of year | 67 | 65 | 19 | 18 | 20 |
| **Gross cash flow** | **176** | **195** | **160** | **132** | **133** |
| **Free cash flow** | **112** | **14** | **(140)** | **69** | **58** |

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

## Financial ratios

| Year-end Dec 31 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 16.0 | 11.2 | (0.9) | (2.8) | 0.4 |
| Operating profit | 49.1 | 10.6 | (40.3) | (36.8) | (17.8) |
| Net profit | 31.4 | 8.2 | (32.9) | (46.5) | 6.8 |
| Adjusted EPS** | 34.6 | 7.4 | (31.8) | (46.8) | 3.6 |
| **Per share data (KRW)** | | | | | |
| EPS(parent) | 4,651 | 4,995 | 3,405 | 1,813 | 1,878 |
| EPS(consolidated) | 4,528 | 4,900 | 3,288 | 1,759 | 1,878 |
| Adjusted EPS ** | 4,651 | 4,995 | 3,405 | 1,813 | 1,878 |
| BPS | 56,341 | 60,819 | 63,584 | 64,002 | 65,413 |
| DPS (common) | n/a | n/a | n/a | n/a | n/a |
| **Valuations (x)** | | | | | |
| P/E*** | n/a | n/a | n/a | n/a | n/a |
| P/B*** | n/a | n/a | n/a | n/a | n/a |
| EV/EBITDA | (0.3) | (0.1) | 0.2 | 0.5 | 0.4 |
| **Ratios** | | | | | |
| ROE (%) | 9.7 | 9.6 | 6.1 | 3.2 | 3.3 |
| ROA (%) | 7.4 | 7.4 | 4.8 | 2.5 | 2.7 |
| ROIC (%) | 10.7 | 11.2 | 6.5 | 3.8 | 3.4 |
| Payout ratio (%) | n/a | n/a | n/a | n/a | n/a |
| Dividend yield (Common, %) | n/a | n/a | n/a | n/a | n/a |
| Net debt to equity (%) | (5.7) | (2.1) | 2.1 | 4.7 | 3.0 |
| Interest coverage (x) | 246.4 | 41.0 | 18.6 | 16.3 | 19.0 |

## Compliance notice

- During the six months prior to 8/3 2026, Samsung Securities had participated as a financial advisor in a merger or acquisition for Handsome.
- As of 8/3 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
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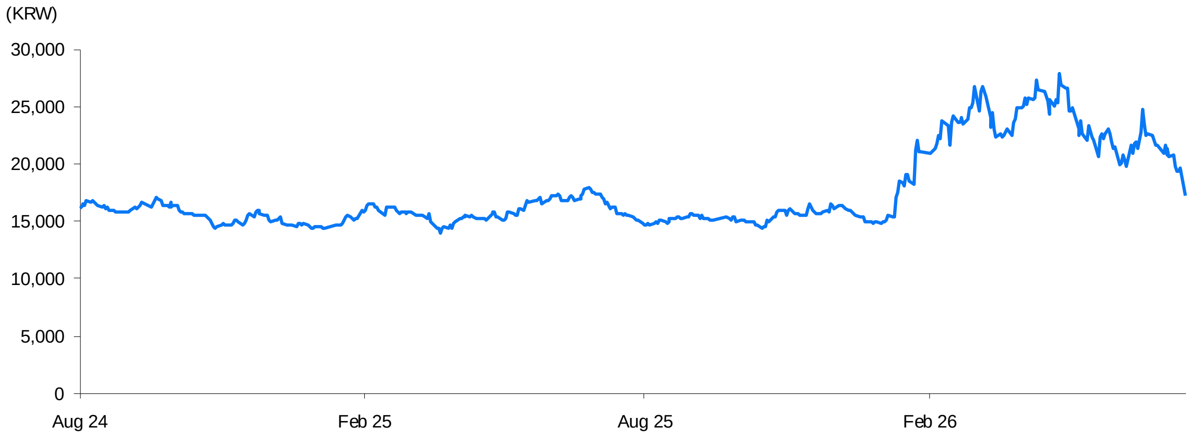
## Target price changes in past two years




## Rating changes over past two years (adjusted share prices)

| | |
|---|---|
| **Date** | 2026/8/4 |
| **Recommendation** | Not Rated |
| **Target price (KRW)** | n/a |
| Gap* (average) | |
| (max or min)** | |

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

### Samsung Securities uses the following investment ratings*

**Company**

| | |
|---|---|
| **BUY** | Expected to increase in value by 15% or more within 12 months and is highly attractive within sector |
| **HOLD** | Expected to increase/decrease in value by less than 15% within 12 months |
| **SELL** | Expected to decrease in value by 15% or more within 12 months |

**Industry**

| | |
|---|---|
| **OVERWEIGHT** | Expected to outperform market by 5% or more within 12 months |
| **NEUTRAL** | Expected to outperform/underperform market by less than 5% within 12 months |
| **UNDERWEIGHT** | Expected to underperform market by 5% or more within 12 months |

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

**Percentage of ratings in 12 months prior to 2026.06.30**

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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