COMPANY UPDATE

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Innovation Team

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APR (278470)

A combination of growth and momentum

- **2Q review:** APR reported that 2Q revenue and operating profit both exceeded consensus, driven by synchronized strong growth in North America and Europe.
- **Maintaining BUY and target price of KRW550,000:** The company raised its 2026 annual revenue guidance to KRW3t. Accelerating offline expansion in Europe and the US, along with growing visibility into new business initiatives, is being observed.

AT A GLANCE

BUY

Target price	KRW550,000	53.8%
Current price	**KRW357,500**	
Market cap	KRW13.4t/USD9.4b	
Shares (float)	37,438,155 (64.9%)	
52-week high/low	KRW459,000/KRW187,300	
Avg daily trading value (60-day)	KRW111.5b/ USD78.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
APR (%)	-6.5	28.6	90.9
Vs Kospi (%pts)	14.6	0.6	-7.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	550,000	550,000	0.0%
2026E EPS	16,733	16,415	1.9%
2027E EPS	22,182	22,109	0.3%

SAMSUNG vs THE STREET

No of estimates	19
Target price	530,526
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review: APR reported 2Q sales of KRW767.5b (up 134.2% y-y, up 29.4% q-q), and operating profit of KRW190.6b (up 125.4% y-y, up 25.1% q-q), both exceeding consensus by 5.0% and 7.0%, respectively. North American sales totaled KRW376.3b (up 246.6% y-y, up 38.5% q-q), with 11 SKUs entering Amazon's Top 100 following Prime Day. In Europe, where this was the company's first full-scale entry, the company saw an average of over seven SKUs per major market enter the top rankings, driving sales to KRW145.1b (up 380.3% y-y, up 73.2% q-q). Combined North America and Europe sales now account for 68% of total revenue (up from 40% in 2025). However, operating margin declined slightly to 24.8%, despite a one-off gain of approximately KRW13b from tariff refunds (reflected in COGS), due to accelerated inventory shipments ahead of Prime Day's earlier-than-usual timing, large-scale air freight costs to meet surging European demand, and one-off marketing expenditures including main sponsorship at Coachella. While 3Q is typically a slow season for events ahead of the year-end peak season (October Prime Big Deal Day and November Black Friday), the company is expected to post organic q-q growth in 3Q via offline channel and regional coverage expansion.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	767.5	134.2	29.3	-0.0	5.0
Operating profit	190.6	125.4	25.2	0.0	7.0
Pre-tax profit	190.7	143.3	21.4	-0.0	7.0
Net profit	141.5	113.4	20.7	-0.0	3.0
Margins (%)					
Operating profit	24.8				
Pre-tax profit	24.8				
Net profit	18.4				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	30.0	21.4	16.1
P/B	19.4	16.8	11.0
EV/EBITDA	21.6	n/a	n/a
Div yield (%)	2.2	2.0	2.4
EPS growth (% y-y)	171.1	117.2	32.6
ROE (%)	75.3	100.8	82.7
Per-share data (KRW)			
EPS	7,704	16,733	22,182
BVPS	11,910	21,283	32,372
DPS	5,090	7,000	8,500

Samsung Securities

Maintaining BUY and target price: Alongside strong 2Q results, the company—during the 2Q conference call—raised its 2026 sales guidance to KRW3t (vs KRW2.1t set at beginning-2026). We keep our target price for the stock (based on a 12-month forward P/E) unchanged at KRW550,000. Following the momentum from 2Q's US online promotional events, near-term earnings momentum may soften ahead of the year-end peak season, potentially increasing stock volatility. However, SKU penetration in Amazon's Skin Care Best Sellers—after a brief pullback post-June promotions—has rebounded since late July, with over 10 SKUs now ranked in key markets (as of Aug 5: 11 in the US, 12 in the UK, 7 in Germany, 10 in Spain, 12 in France), confirming tangible marketing impact reflected in sales. Simultaneously, expansion into the dermatology business is accelerating ahead of expectations: the HIFU device has received Korean Ministry of Food and Drug Safety (KMFDS) approval and is slated for domestic launch by year-end; the HA+PN skin booster has secured export certification and is scheduled for shipments to key markets such as Japan and the Middle East starting 3Q26. The company is increasingly transitioning from a pure-play cosmetics player to a derma-cosmetic leader.

APR: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
Sales	**266.0**	**327.7**	**385.9**	**547.6**	**593.4**	**767.5**	**814.2**	**982.1**	**523.8**	**722.8**	**1,527.3**	**3,157.2**	**4,122.1**
North America	**76.5**	**103.2**	**163.5**	**265.5**	**271.6**	**376.3**	**382.0**	**446.7**			**608.8**	**1,476.6**	**1,820.3**
Cosmetics	68.9	92.9	147.2	239.0	244.4	346.2	346.8	404.4			547.9	1,341.8	1,653.3
Devices	7.7	10.3	16.4	26.6	27.2	30.1	35.2	42.3			60.9	134.8	167.0
Europe	**19.3**	**30.2**	**21.2**	**41.8**	**83.8**	**145.1**	**158.7**	**204.7**			**112.5**	**592.3**	**1,051.3**
Cosmetics	17.3	27.2	19.1	37.6	75.4	133.5	143.3	183.7			101.3	535.9	978.0
Devices	1.9	3.0	2.1	4.2	8.4	11.6	15.4	21.0			11.3	56.4	73.3
Asia	**78.0**	**105.8**	**104.2**	**136.0**	**135.8**	**121.1**	**133.8**	**175.4**			**423.9**	**566.1**	**655.4**
Cosmetics	54.6	74.0	72.9	95.2	95.0	84.8	82.6	109.8			296.7	372.2	433.9
Devices	23.4	31.7	31.2	40.8	40.7	36.3	51.2	65.6			127.2	193.9	221.5
Other	**14.9**	**14.5**	**18.8**	**31.3**	**36.9**	**61.7**	**79.5**	**90.2**			**79.5**	**268.3**	**339.6**
Domestic	**77.4**	**74.1**	**78.2**	**73.1**	**65.3**	**63.3**	**60.2**	**65.1**			**302.7**	**253.9**	**255.5**
Cosmetics	36.2	36.3	38.0	30.7	45.0	31.7	32.3	31.3			141.2	140.3	143.1
Devices	30.4	26.3	30.9	30.4	12.2	24.1	23.2	28.5			118.0	88.0	92.4
Other	10.1	10.6	10.5	12.0	8.1	7.4	4.7	5.3			43.2	25.4	20.1
Operating profit	54.6	84.6	96.1	130.3	152.3	190.6	221.2	247.9	104.2	122.7	365.5	812.0	1,078.9
Net profit (controlling)	49.9	66.3	74.6	98.8	117.3	141.5	173.7	194.0	81.5	107.6	289.7	626.4	830.5
Operating margin (%)	20.5	25.8	24.9	23.8	25.7	24.8	27.2	25.2	19.9	17.0	23.9	25.7	26.2
Net margin (%)	18.8	20.2	19.3	18.0	19.8	18.4	21.3	19.7	15.6	14.9	19.0	19.8	20.1
Growth (% y-y)													
Sales					**123.0**	**134.2**	**111.0**	**79.3**	**nm**	**38.0**	**111.3**	**106.7**	**30.6**
North America					**255.0**	**264.6**	**133.6**	**68.2**				**142.6**	**23.3**
Cosmetics					255.0	272.7	135.6	69.2				144.9	23.2
Devices					255.0	191.7	115.3	59.3				121.4	23.9
Europe					**334.7**	**380.3**	**648.2**	**389.5**				**426.4**	**77.5**
Cosmetics					334.7	391.0	650.7	388.1				429.3	82.5
Devices					334.7	284.3	626.1	402.2				401.2	30.0
Asia					**74.1**	**14.5**	**28.4**	**29.0**				**33.5**	**15.8**
Cosmetics					74.1	14.5	13.2	15.4				25.4	16.6
Devices					74.1	14.5	64.0	60.8				52.5	14.3
Other					**147.9**	**325.0**	**322.9**	**188.6**				**237.7**	**26.5**
Domestic					**-15.6**	**-14.5**	**-23.0**	**-10.9**				**-16.1**	**0.6**
Cosmetics					24.2	-12.8	-15.0	2.0				-0.7	2.0
Devices					-59.7	-8.5	-25.0	-6.2				-25.4	5.0
Other					-20.4	-30.7	-55.0	-56.0				-41.2	-21.0
Operating profit					179.0	125.4	130.2	90.3	nm	17.8	197.9	122.1	32.9
Net profit (controlling)					134.8	113.4	132.7	96.4	nm	31.9	169.2	116.3	32.6
Growth (% q-q)													
Sales	**nm**	**23.2**	**17.8**	**41.9**	**8.3**	**29.4**	**6.1**	**20.6**					
North America	nm	34.9	58.5	62.4	2.3	38.5	1.5	16.9					
Cosmetics	nm	34.9	58.5	62.4	2.3	41.6	0.2	16.6					
Devices	nm	34.9	58.5	62.4	2.3	10.8	16.9	20.2					
Europe	**nm**	**56.7**	**-29.8**	**97.2**	**100.3**	**73.2**	**9.4**	**29.0**					
Cosmetics	nm	56.7	-29.8	97.2	100.3	77.0	7.4	28.2					
Devices	nm	56.7	-29.8	97.2	100.3	38.6	32.7	36.4					
Asia	**nm**	**35.6**	**-1.5**	**30.5**	**-0.1**	**-10.8**	**10.4**	**31.1**					
Cosmetics	nm	35.6	-1.5	30.5	-0.1	-10.8	-2.6	33.0					
Devices	nm	35.6	-1.5	30.5	-0.1	-10.8	41.0	28.0					
Other	**nm**	**-2.4**	**29.4**	**66.3**	**18.0**	**67.4**	**28.8**	**13.5**					
Domestic	**nm**	**-4.3**	**5.7**	**-6.6**	**-10.6**	**-3.1**	**-4.9**	**8.0**					
Cosmetics	nm	0.2	4.7	-19.3	46.7	-29.6	2.0	-3.1					
Devices	nm	-13.6	17.7	-1.8	-59.7	96.5	-3.6	22.8					
Other	nm	5.0	-1.2	14.3	-32.9	-8.5	-35.8	11.7					
Operating profit	nm	54.9	13.7	35.5	16.9	25.1	16.1	12.0					
Net profit (controlling)	nm	32.8	12.6	32.3	18.7	20.7	22.7	11.7					

Source: Company data, Samsung Securities estimates

APR: Valuation

(KRW)	Calculation	Value
Forward EPS	(A = B x D + C x (1 - D))	19,948
2026E EPS	(B)	16,733
2027E EPS	(C)	22,182
2026 weighting	(D)	41.0%
Target P/E* (x)	(E)	27.6
Target price	(A x E)	550,000

Note: *30% premium to average consensus forward P/E multiple at which brand peers are trading
Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**723**	**1,527**	**3,157**	**4,122**	**5,144**
Cost of goods sold	179	357	709	956	1,183
Gross profit	**544**	**1,171**	**2,448**	**3,166**	**3,961**
Gross margin (%)	75.2	76.6	77.5	76.8	77.0
SG&A expenses	421	805	1,647	2,087	2,585
Operating profit	**123**	**366**	**812**	**1,079**	**1,376**
Operating margin (%)	17.0	23.9	25.7	26.2	26.7
Non-operating gains (losses)	**11**	**-1**	**13**	**-0**	**-2**
Financial profit	29	33	25	32	33
Financial costs	17	31	7	32	35
Equity-method gains (losses)	0	0	0	0	0
Other	-1	-3	-5	0	0
Pre-tax profit	**133**	**364**	**825**	**1,079**	**1,374**
Taxes	26	75	199	248	316
Effective tax rate (%)	19.3	20.5	24.1	23.0	23.0
Profit from continuing operations	108	290	626	830	1,058
Profit from discontinued operations	0	0	0	0	0
Net profit	**108**	**290**	**626**	**830**	**1,058**
Net margin (%)	14.9	19.0	19.8	20.1	20.6
Net profit (controlling interests)	108	290	626	830	1,058
Net profit (non-controlling interests)	0	0	n/a	n/a	n/a
EBITDA	145	396	833	1,117	1,414
EBITDA margin (%)	20.1	25.9	26.4	27.1	27.5
EPS (parent-based) (KRW)	2,842	7,704	16,733	22,182	28,256
EPS (consolidated) (KRW)	2,842	7,704	16,733	22,182	28,256
Adjusted EPS (KRW)*	2,842	7,704	16,733	22,182	28,256

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**286**	**546**	**880**	**1,361**	**2,012**
Cash & equivalents	90	154	155	375	746
Accounts receivable	39	78	190	271	338
Inventories	110	165	389	565	775
Other current assets	47	148	146	150	152
Fixed assets	**279**	**226**	**322**	**352**	**341**
Investment assets	62	45	68	69	69
Tangible assets	51	60	70	84	96
Intangible assets	6	7	7	8	8
Other long-term assets	160	114	176	191	168
Total assets	**565**	**772**	**1,202**	**1,714**	**2,353**
Current liabilities	**145**	**238**	**301**	**376**	**437**
Accounts payable	34	64	156	226	282
Short-term debt	0	0	n/a	n/a	n/a
Other current liabilities	111	174	n/a	n/a	n/a
Long-term liabilities	**96**	**88**	**105**	**125**	**126**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	96	88	105	125	126
Total liabilities	**242**	**326**	**406**	**502**	**563**
Owners of parent equity	**324**	**446**	**797**	**1,212**	**1,789**
Capital stock	4	4	4	4	4
Capital surplus	137	13	15	16	17
Retained earnings	229	427	786	1,180	1,697
Other	-46	1	-7	13	71
Non-controlling interests' equity	**0**	**0**	**n/a**	**n/a**	**n/a**
Total equity	**324**	**446**	**797**	**1,212**	**1,789**
Net debt	-2	-85	-155	-358	-731

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**79**	**341**	**311**	**589**	**800**
Net profit	108	290	626	830	1,058
Non-cash profit and expenses	55	102	67	80	84
Depreciation	22	29	30	37	37
Amortization	1	1	1	1	1
Other	32	71	36	41	45
Changes in A/L from operating activities	-58	-32	-368	-303	-322
Cash flow from investments	**-110**	**-94**	**-59**	**-72**	**-78**
Change in tangible assets	-45	-15	-18	-21	-19
Change in financial assets	-39	7	-39	-49	-57
Other	-26	-86	-2	-2	-2
Cash flow from financing	**-5**	**-182**	**-251**	**-297**	**-352**
Change in debt	90	-12	6	-1	0
Change in equity	76	-123	0	0	0
Dividends	0	-134	-262	-318	-412
Other	-170	88	5	22	60
Change in cash	-35	64	1	220	371
Cash at beginning of year	125	90	154	155	375
Cash at end of year	90	154	155	375	746
Gross cash flow	**162**	**391**	**694**	**910**	**1,141**
Free cash flow	**34**	**326**	**293**	**568**	**782**

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	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	38.0	111.3	106.7	30.6	24.8
Operating profit	17.8	197.9	122.1	32.9	27.5
Net profit	31.9	169.2	116.3	32.6	27.4
Adjusted EPS**	26.4	171.1	117.2	32.6	27.4
Per-share data (KRW)					
EPS (parent-based)	2,842	7,704	16,733	22,182	28,256
EPS (consolidated)	2,842	7,704	16,733	22,182	28,256
Adjusted EPS**	2,842	7,704	16,733	22,182	28,256
BVPS	8,687	11,910	21,283	32,372	47,796
DPS (common)	0	5,090	7,000	8,500	11,000
Valuations (x)					
P/E***	17.6	30.0	21.4	16.1	12.7
P/B***	5.8	19.4	16.8	11.0	7.5
EV/EBITDA	13.1	21.6	n/a	n/a	n/a
Ratios (%)					
ROE	41.3	75.3	100.8	82.7	70.5
ROA	25.2	43.3	63.5	57.0	52.0
ROIC	71.1	130.4	165.9	134.2	128.6
Payout ratio	0.0	65.8	41.8	38.3	38.9
Dividend yield (common)	0.0	2.2	2.0	2.4	3.1
Net debt to equity	-0.6	-19.2	-19.5	-29.5	-40.8
Interest coverage (x)	32.6	103.7	177.4	200.8	256.1

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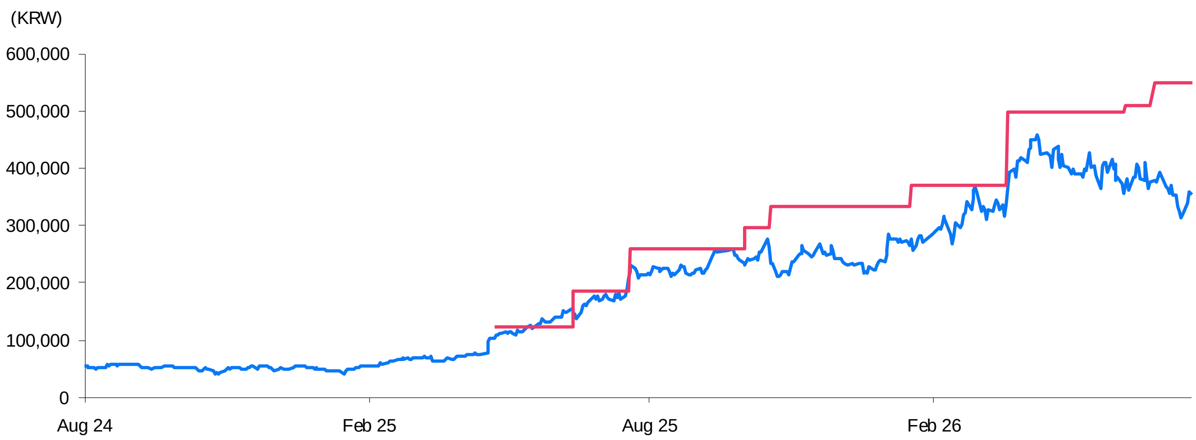
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/5/13	7/2	8/7	10/21	11/6	2026/2/5	4/9	6/24	7/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	123000	187000	260000	298000	334000	370000	500000	510000	550000
Gap* (average)	3.84	-8.36	-12.52	-15.68	-26.88	-15.48	-18.38	-24.47	
(max or min)**	25.37	11.50	0.38	-7.38	-14.37	-0.27	-8.20	-19.61	

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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