

# 2024 Coway Overview

**coway**

# Disclaimer

This presentation contains historical information of the company which should not be regarded as an indication of the future performance or results.

This presentation also contains forward-looking statements that are, by the nature, subject to significant risks and uncertainties.

These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance or results.

Actual results may differ materially from information contained in the forward-looking statements as a results of a number of factors beyond our control.

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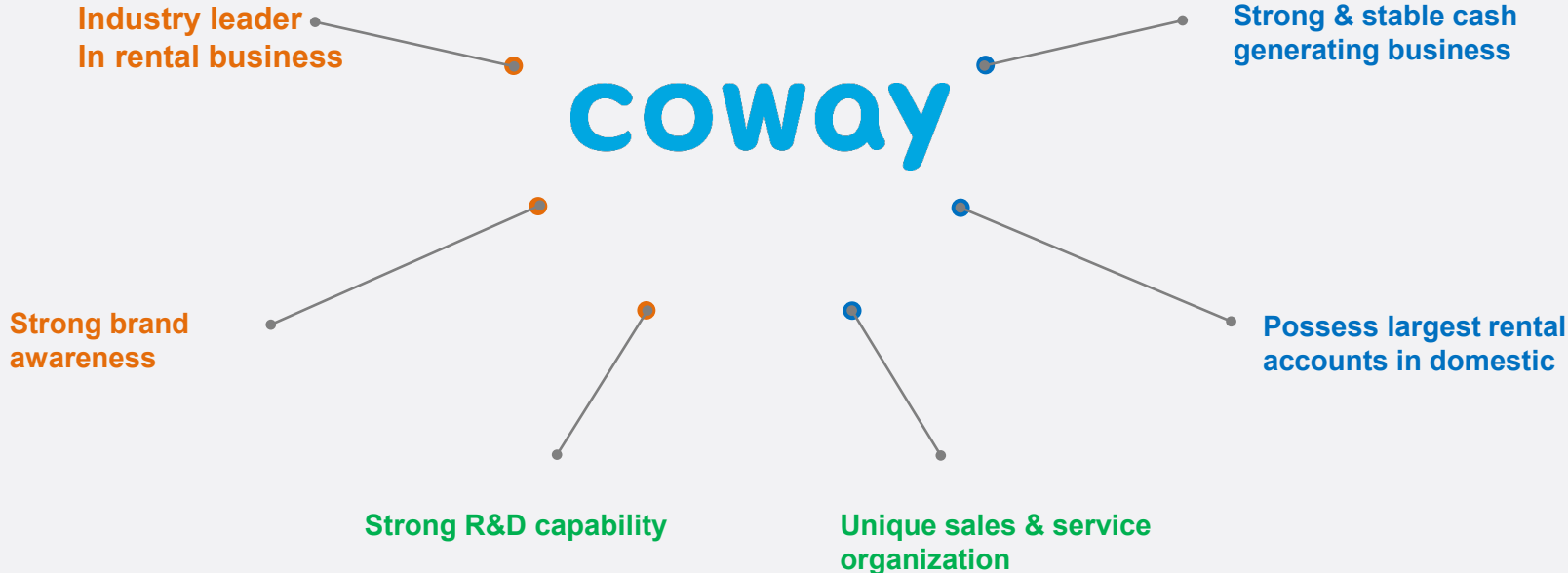
# Company Overview

# Key Highlights

Company Overview

- Business Overview
- Shareholder return policy
- Sustainability
- Appendix

No.1 company in health appliance business



# Company Profile

**Company Overview**

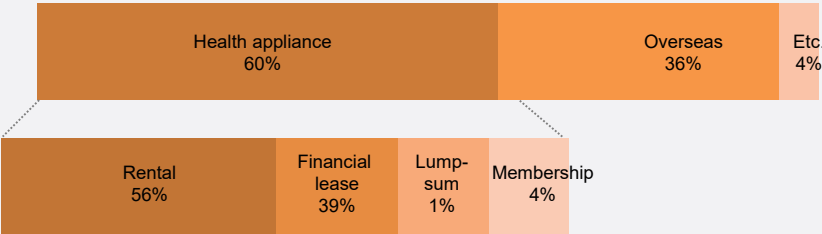
- Business Overview
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## Coway history

- 1989~ Established door-to-door business, R&D center and manufacturing facility
- 1998~ Adopted rental business (Built Cody system)
- 2005~ Relocated R&D center (Seoul National Univ. campus) and established design research center
- 2010~ Expanded overseas and started mattress business
- 2013~ Major shareholder changed form Woongjin holdings to MBK
- 2019~ Major shareholder changed form MBK to Woongjin Thinkbig
- 2020~ Major shareholder changed form Woongjin Thinkbig to Netmarble
- 2021~ BEREX tech(former IO Bed, Mattress manufacturing company) acquisition

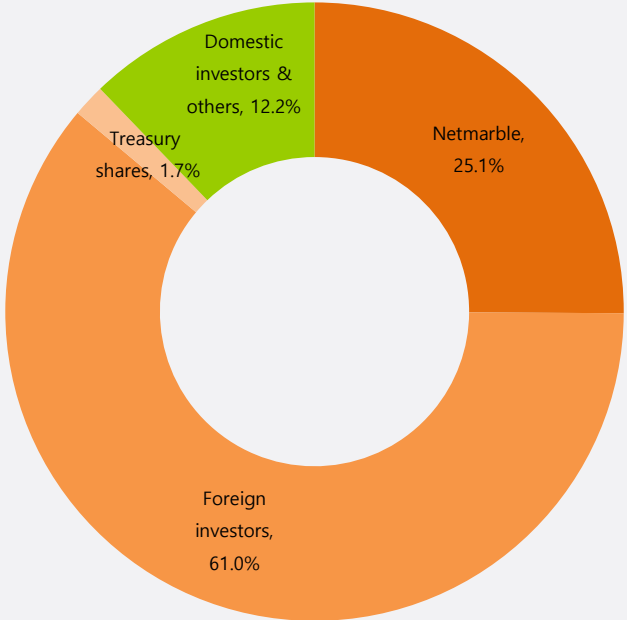
## Financial reports

- Revenue : KRW 3,966.5bn
- Operating profit : KRW 731.3bn (OPM : 18.4%)
- Net income : KRW 471.0bn



\*2023, K-IFRS, Consolidated base

## Ownership structure

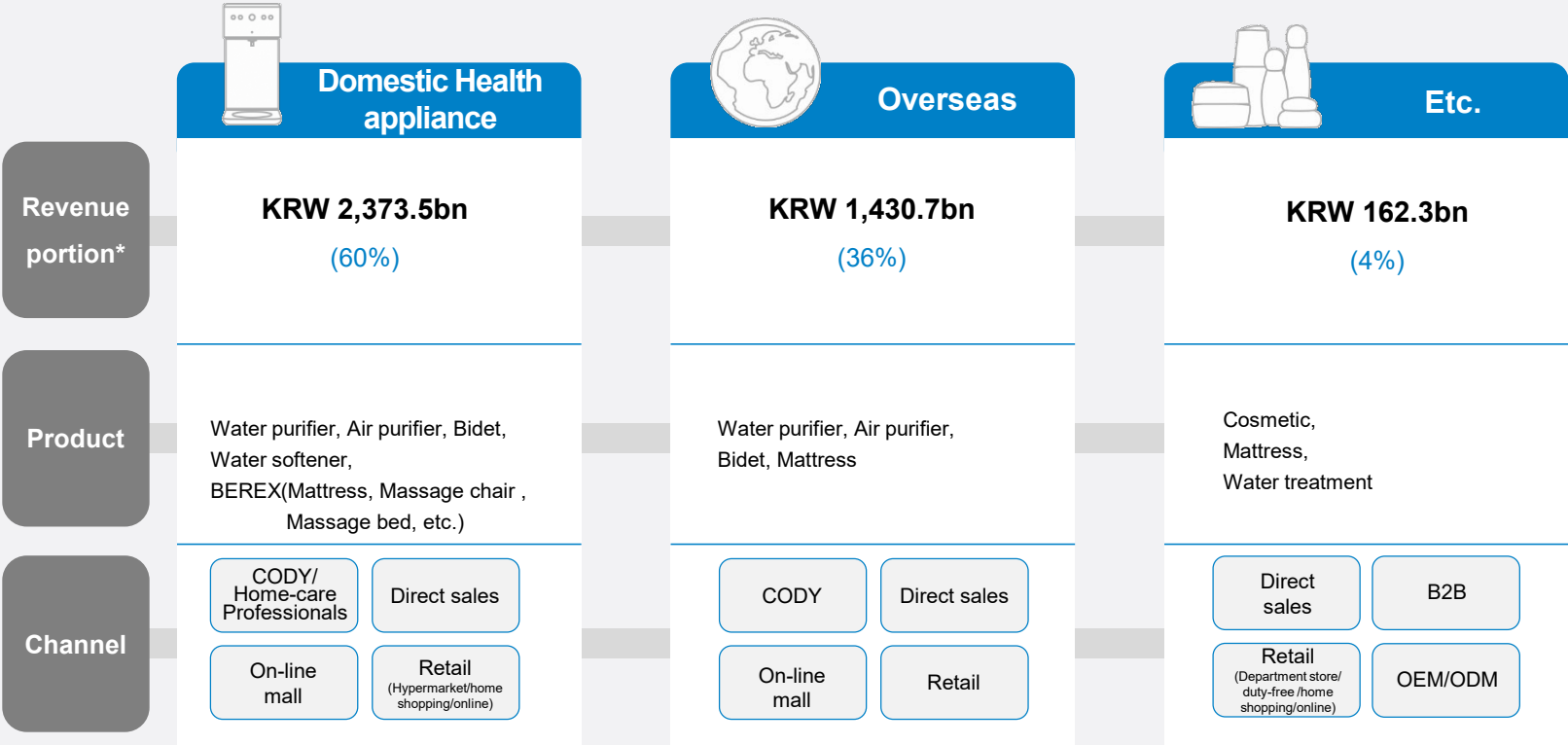


No. of outstanding shares: 73,799,619

\* As of December 2023

# Business Overview

# Business Structure



\*2023, K-IFRS, Consolidated base



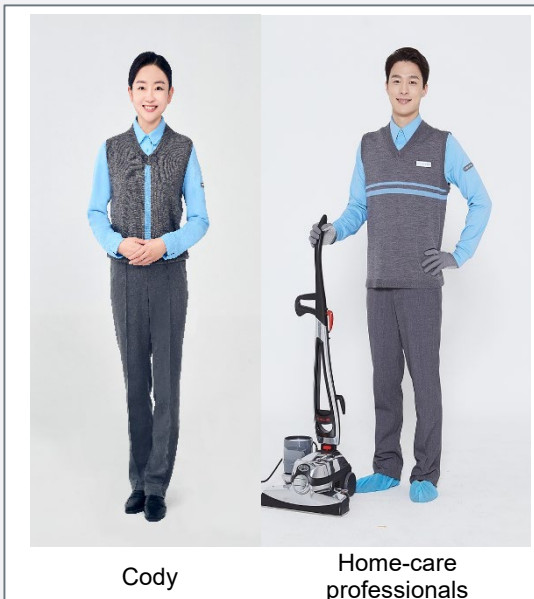
# Health Appliance Business

## - Sales & service platform

### Sales and service organization

- Cody (Coway lady) – Sales & service (Health appliance product)
- Direct sales force – Sales only
- Home-care professionals – Sales & service (Home-care product)
- Service manager – Installation & A/S (Health appliance product)

#### ※ Number of sales & service professionals



### Competitiveness of Cody network

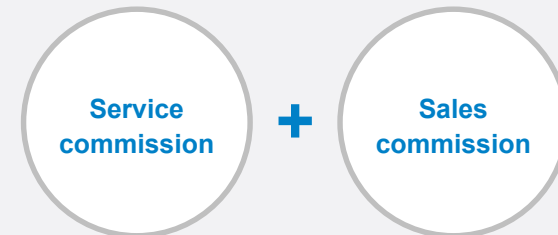
#### •Strong customer relationship

- Develop new sales + provide maintenance service regularly
- Increase cross selling and decrease cancellation rate by maintaining closer relationship with customers



#### •Stable income structure

- Guarantee base service commission by managing 465 accounts



#### •Minimum service area per Cody

- High efficiency by covering close area due to scalability  
(Less than 1km<sup>2</sup> per Cody, total accounts 6.16mn)

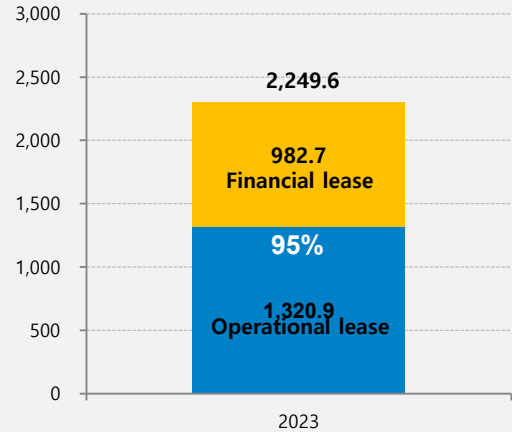
# Health Appliance Business

## - Revenue Components

### Revenue components & portion within health appliance business

**1. Rental program**  
 (Total rental accounts : 6.35mn)  
**Product + Maintenance service(5 yrs)**

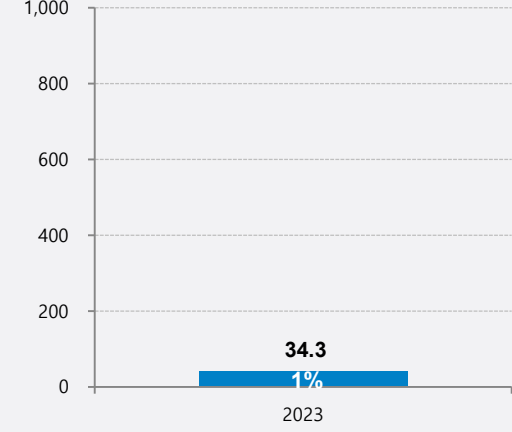
(unit: KRW bn)



Monthly rental fee: ₩33,900\*  
 Rental fee for 6 years: ₩2,440,800  
 Registration fee: ₩100,000

**2. Lump-sum sales**  
**Product sales only**

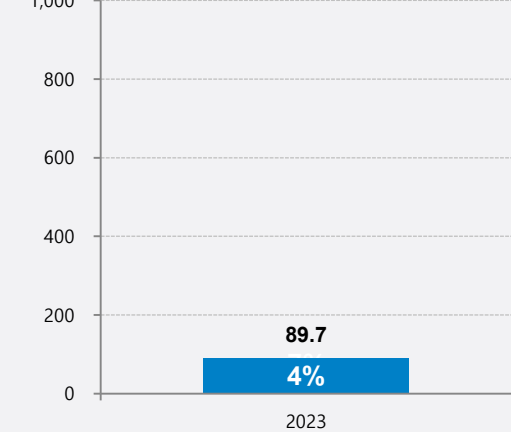
(unit: KRW bn)



Sales Price: ₩1,260,000\*

**3. Membership program\*\***  
 (Total membership accounts : 438k)  
**Maintenance service only(1 yr)**

(unit: KRW bn)



Monthly membership fee: ₩22,700\*  
 Membership fee for 6years: ₩1,634,400

\* ICON 2 CHP-721N Model

\*\*Membership program is a maintenance service for lump-sum sales customers and rental customers whose rental contract has expired

# Health Appliance Business

## - Rental business structure and Key index

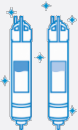
### Details



**Contract term**

Operational lease : 5 years

Financial lease : 5 years ~ 7 years



**Maintenance service program**

Filter & parts change, cleaning service, etc.



**Service period**

Every 1/ 2/ 4/ 6 month

\*The service period may vary by product and environment



**Minimum rental period**

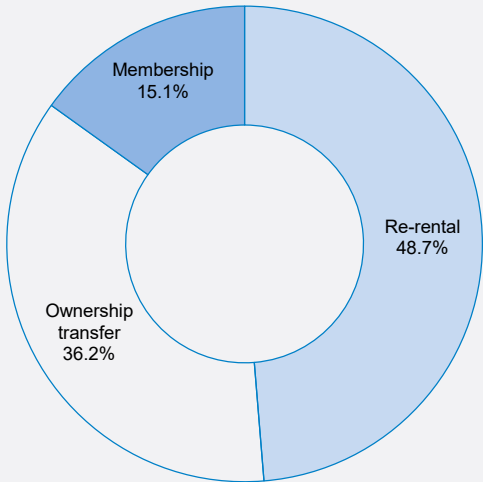
Operational lease : 3 years

Financial lease : 5 years ~ 7 years

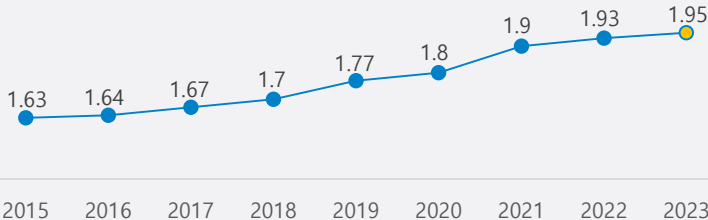
### Retention rate

Retention rate at maturity: 64%

\* As of 2023



### PPC (products per customer) trend

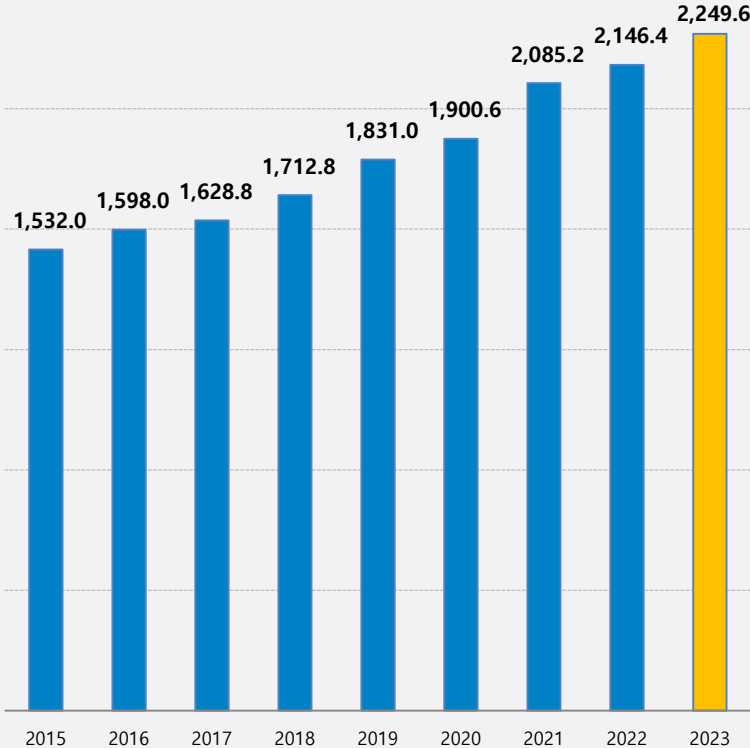


# Health Appliance Business

- Rental(operational+financial) revenue and rental accounts

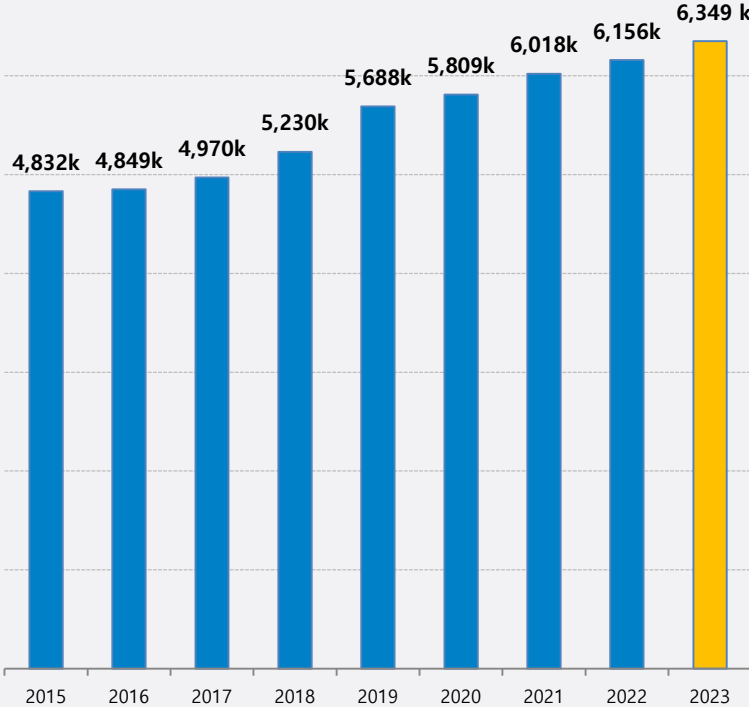
## Rental(operational+financial) revenue

(Unit: KRW bn)



## Rental accounts

(Unit: accounts)

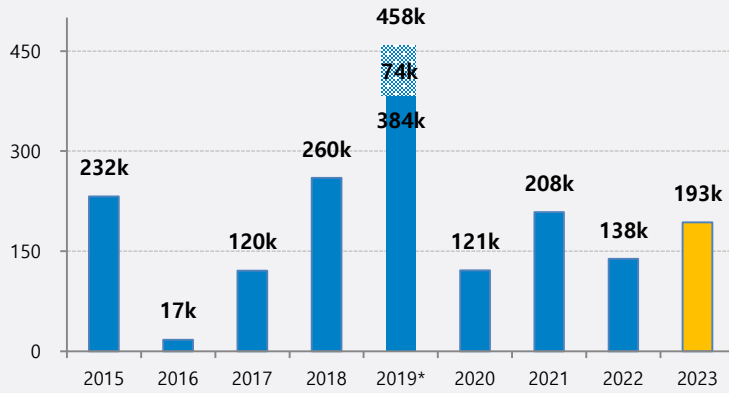


# Health Appliance Business

- Rental net adds, gross ads, cancellation rate, matured accounts

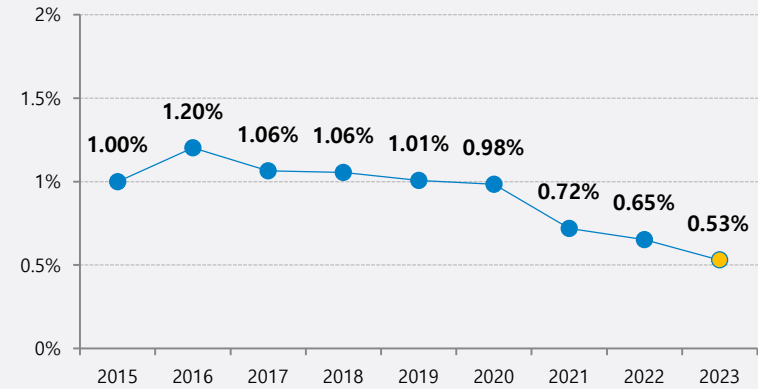
## Rental net adds

(Unit: EA)



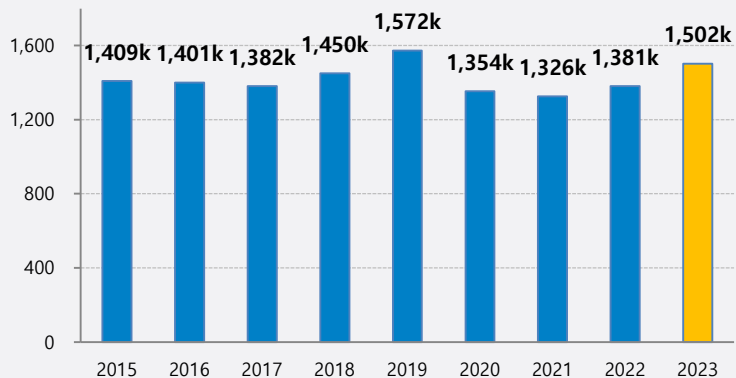
\* 384k net adds excluding 74k affected by Woongjin Rental M&A in 2019

## Cancellation rate



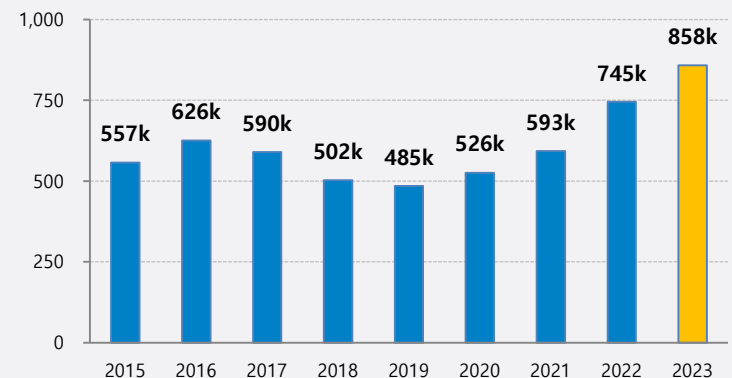
## Rental gross adds

(Unit: EA)



## Matured accounts

(Unit: EA)



# Overseas Business

## - Location and Foundation

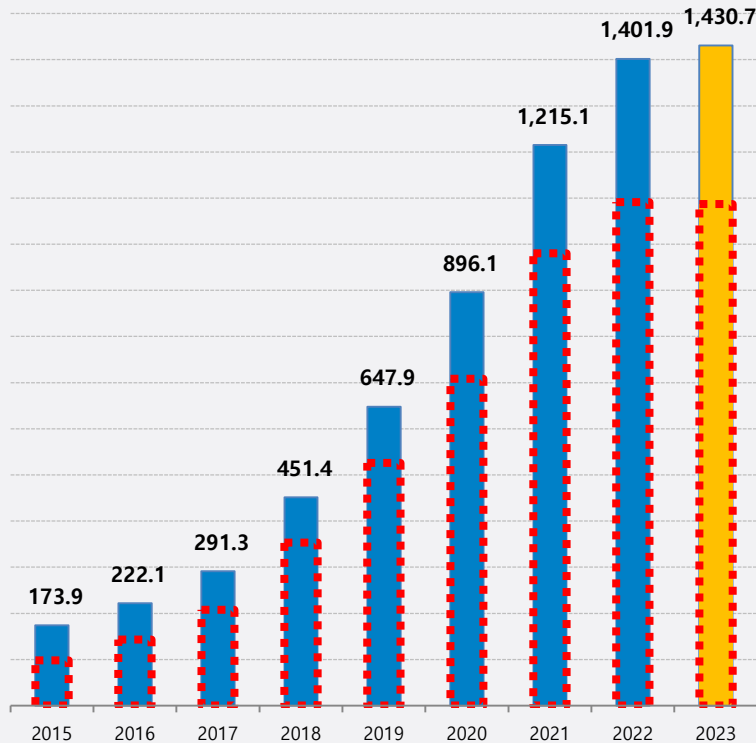


# Overseas Business

## - Overseas subsidiaries revenue and accounts

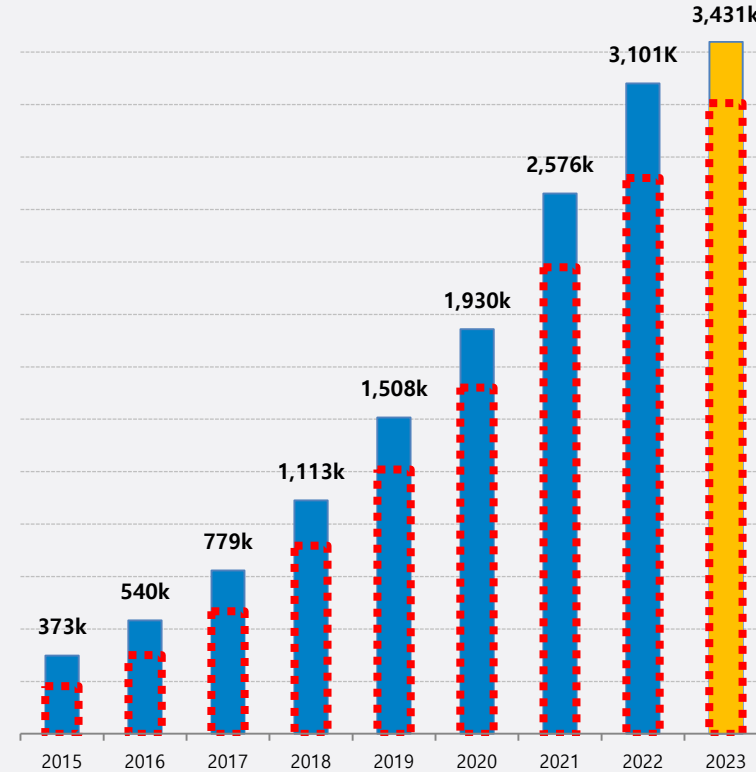
**Overseas subsidiaries revenue**

(Unit: KRW bn) ● Malaysia



**Overseas subsidiaries accounts**

(Unit: accounts) ● Malaysia

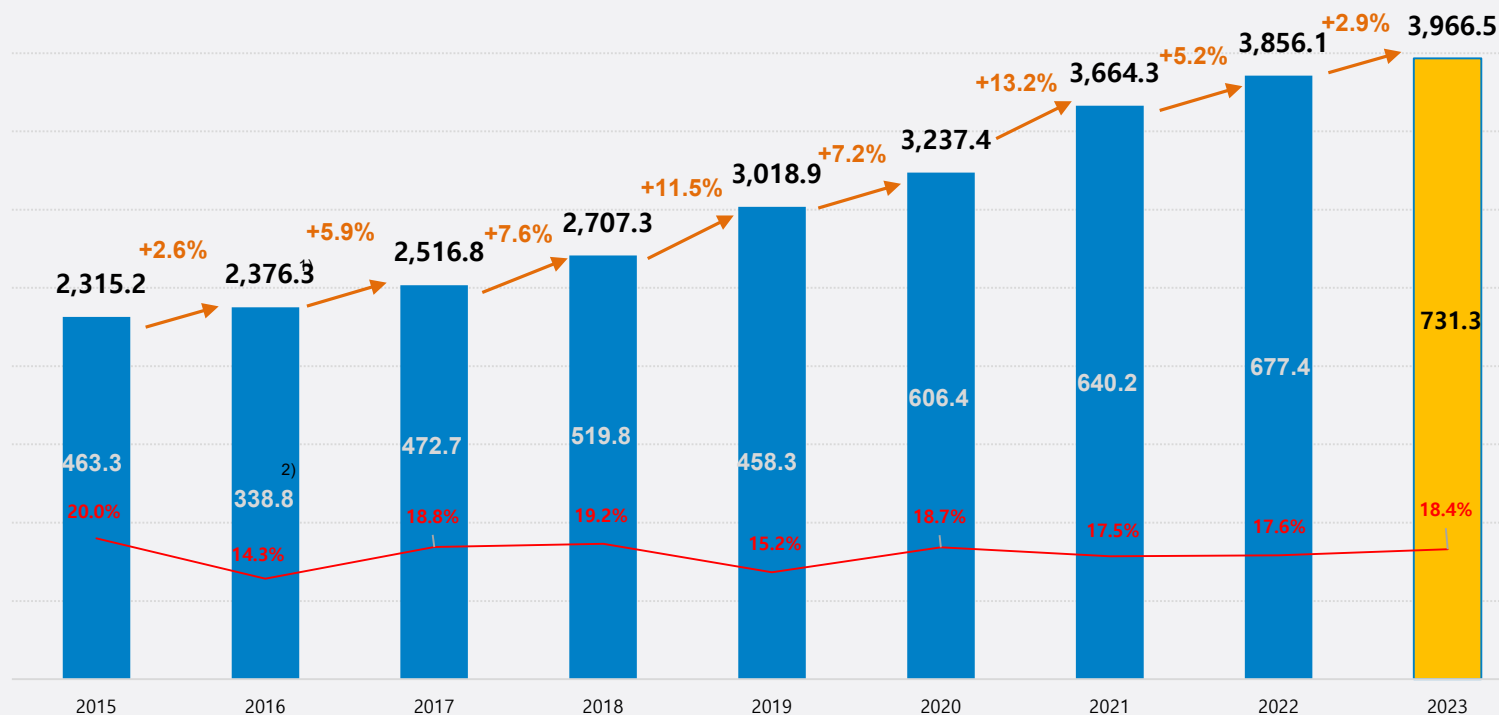


# 2023 Revenue & Operating Profit

## Consolidated base

(Unit: KRW bn)

● OPM



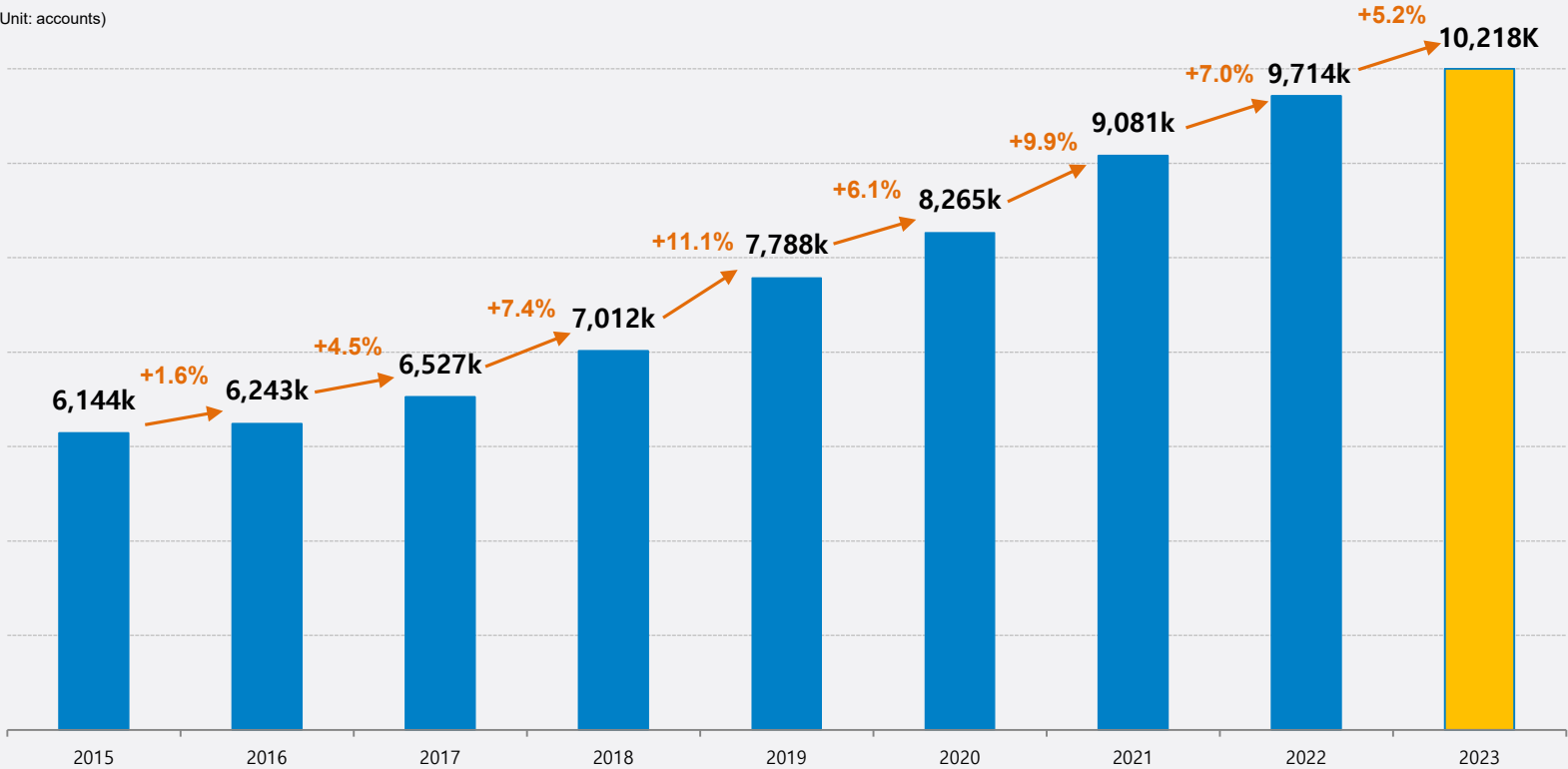
1) FY2016 Adj. Revenue: Consolidated KRW 2,444.2 bn (+5.6% YoY), Non-consolidated KRW 2,272.4 bn (+5.1% YoY), excluding revenue reduction of KRW 67.9bn from recall of Ice Water Purifier  
 2) FY2016 Adj. OP: Consolidated KRW 458.9 bn (-0.9% YoY), Non-consolidated KRW 488.8 bn (+5.6% YoY), excluding reduction of one off cost KRW 120.1bn from recall of Ice Water Purifier



# 2023 Total accounts

## Domestic and Overseas total accounts

(Unit: accounts)



# Shareholder return policy

# Shareholder return policy

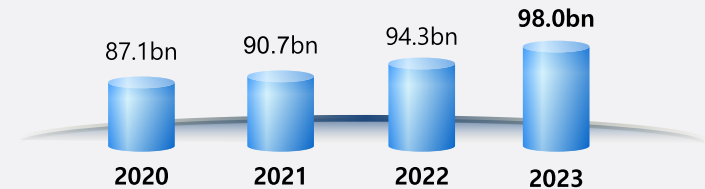
## Dividend policy

- Mid- term plan for dividend policy to uphold shareholder value (2023 ~ 2025)
- Based on the basic principle of enhancing shareholder value, the company plans to allocate the resources generated within the range of profit available for dividend. Taking into account the internal and external business environment, the company plans to distribute the resource to strategic investments for sustainable growth, maintenance of financial structure (cash flow, etc.) soundness and shareholder return.
- The company decided to implement annual dividend policy. Dividend will be declared at each fiscal year-end based on the following formula: in the range of **"40% annual separate FCF ~ 20% annual consolidated payout ratio"** taking into account for business environment, and all matters.

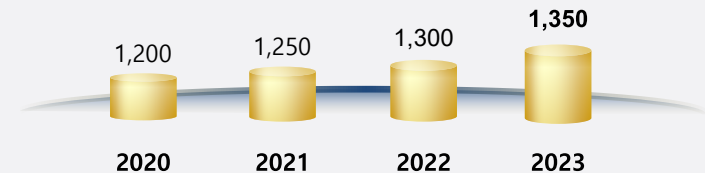
## Recent dividend

### ◇ Total amount of dividends

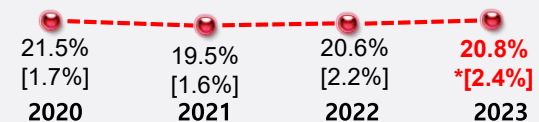
(Unit: KRW)



### ◇ Dividend per share



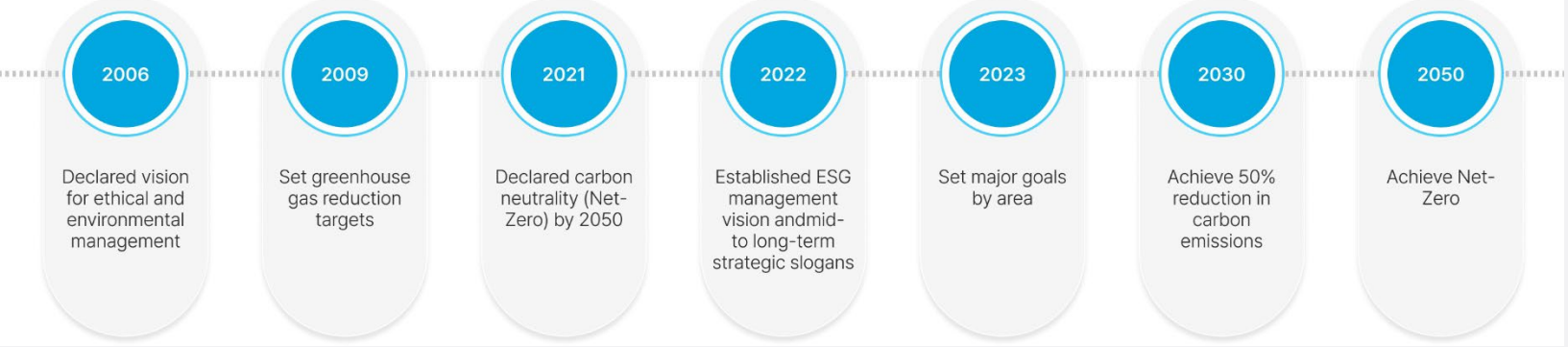
### ◇ Payout ratio and market price dividend rate



# Sustainability

# Sustainability

## ESG Mid – Long Term Goal



## ESG Vision



# Sustainability

## ESG Priority Tasks and Achievement

Prior-ity  
Tasks

Achievement  
in  
2022

E

### Establishment of an eco-friendly management system

- Achieve a 50% reduction in carbon emissions (2,868 tCO<sub>2</sub>eq) by 2030
- Establish a monitoring system for all areas of Scope 1, 2, and Scope 3 by 2025



- Complete the energy conversion (construction of eco-friendly solar power generation facility No. 2) as planned to achieve the 50% carbon emission reduction target by 2030
- Through product design considering environmental impact (improvement of energy consumption efficiency and application of eco-friendly materials), 20 products were selected as 'InnoStar / Green Star'1) in 2022

S

### Support for human rights/diversity

- Achieve 35% of female executives and leaders
- Achievement of 2.5% employment rate for the disabled



- Social contribution activities considering the local community (Donation of water purifiers and air purifiers for under-privileged neighbors to freely enjoy clean water and air and activities for biodiversity conservation (citizen participation forest creation project)
- To expand corporate diversity and inclusiveness, the 'Blue Wheels' wheelchair basketball team was established to secure the diversity of corporate members.

G

### Governance for sustainable operation

- Strengthen independence and of the BOD and transparency of its operations
- Specify mid/long-term dividend policies that meet stakeholder needs



- By securing diversity by appointing female outside directors with expertise to expand gender diversity, strategic decision-making at the board level is strengthened from various perspectives in line with the rapidly changing business environment.

# Appendix

# Income Statement (Annual)

- K-IFRS, Consolidated base

(Unit: KRW bn)

	2023	2022	2021
<b>Sales</b>	3,966.5	3,856.1	3,664.3
<b>Growth(YoY)</b>	2.9%	5.2%	13.2%
<b>Cost of Sales</b>	1,395.0	1,369.6	1,275.3
<b>% of sales</b>	35.2%	35.5%	34.8%
<b>Gross Profit</b>	2,571.5	2,486.5	2,388.9
<b>Gross Profit Margin</b>	64.8%	64.5%	65.2%
<b>Selling and Administrative Expenses</b>	1,840.2	1,809.1	1,748.7
<b>Operating Profit</b>	731.3	677.4	640.2
<b>Operating Profit Margin</b>	18.4%	17.6%	17.5%
<b>Income Tax</b>	190.0	225.8	193.1
<b>Net Profit</b>	470.0	457.5	465.5
<b>Net Profit Margin</b>	11.9%	11.9%	12.7%



# Balance Sheet

- K-IFRS, Consolidated base

(Unit: KRW bn)

	Dec. 2023	Dec. 2022
Cash and cash equivalents	260.3	115.9
Account receivable	247.6	250.5
Financial lease account receivable	822.0	683.7
Inventories	197.9	253.7
<b>Current Assets</b>	<b>1,591.6</b>	<b>1,374.5</b>
Fixed assets	1,019.1	1,051.2
Intangible assets	188.4	195.4
<b>Non-current Assets</b>	<b>3,259.3</b>	<b>2,990.6</b>
<b>Assets</b>	<b>4,851.0</b>	<b>4,365.1</b>
Short-term borrowings	342.6	305.3
Current portion of bonds	269.9	-
Current portion of long-term borrowings	57.6	1.2
<b>Current Liabilities</b>	<b>1,509.0</b>	<b>1,130.2</b>
Long-term borrowings	139.5	100.5
Corporate bond	459.4	728.8
<b>Non-current Liabilities</b>	<b>704.2</b>	<b>922.9</b>
<b>Liabilities</b>	<b>2,213.2</b>	<b>2,053.1</b>
<b>Shareholders' equity</b>	<b>2,637.8</b>	<b>2,312.0</b>
<b>Liabilities and Shareholders' equity</b>	<b>4,851.0</b>	<b>4,365.1</b>

**coway**