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# 3Q Highlights

## **3Q22 Revenue 0.9 trillion KRW (▲16.0% YoY), 1Q-3Q 2.6 trillion KRW (▲12.8% YoY)**

- Decrease in real income due to inflation weakened consumer sentiment towards home appliances
- Decrease in demand due to negative base effect of home appliance market boom caused by COVID-19 in the past

## **3Q22 Gross Profit 203 billion KRW (▲23.7% YoY), 1Q-3Q 599 billion KRW (▲18.5% YoY)**

- Overall competition intensifies due to downturn in the home appliance market lasts
- Sluggish sales of high-margin products (Large appliances such as refrigerators and washing machines) and increased proportion of online channel sales

## **3Q22 Operating Profit 370.3 billion KRW (Turn a loss), 1Q-3Q ▲380.1billion KRW (Turn a loss)**

- Following the economic downturn due to Increase in base rate and inflation, Goodwill impairment loss is reflected on the earnings
- Goodwill impairment loss 342.8 billion KRW, CGU impairment loss 37.0 billion KRW

# Financial Results

[Unit: KRW in 100 million]

Category	3Q21	3Q22	YoY	1Q-3Q	1Q-3Q	YoY
Revenue	10,403	8,738	▲16.0%	29,843	26,025	▲12.8%
Gross Profit	2,655	2,027	▲23.7%	7,356	5,994	▲18.5%
Operating Profit	509	7	▲98.7%	1,097	▲72	-
EBITDA	858	348	▲59.4%	2,141	975	▲54.5%
Profit Before Tax	474	▲3,796	-	1,001	▲3,930	-
Net Profit	359	▲3,703	-	765	▲3,801	-

# Financial Results by Divisions

[Unit: KRW in 100 million]

Category	3Q21	Portion	3Q22	Portion (change)	YoY	1Q-3Q	Portion	1Q-3Q	Portion (change)	YoY
<b>Revenue</b>	10,403	100.0%	8,738	100.0%	▲16.0%	29,843	100.0%	26,025	100.0%	▲12.8%
<b>Product Revenue</b>	10,356	99.5%	8,681	99.3% (▲0.2%p)	▲16.2%	29,710	99.6%	25,872	99.4% (▲0.2%p)	▲12.9%
AV Appliances	1,295	11.5%	1,039	11.2% (▲0.3%p)	▲19.8%	3,730	11.4%	3,359	11.9% (+0.5%p)	▲9.9%
White Home Appliances	5,458	48.5%	4,516	48.9% (+0.4%p)	▲17.3%	14,721	45.2%	12,479	44.2% (▲1.0%p)	▲15.2%
IT Appliances	2,104	18.7%	1,719	18.6% (▲0.1%p)	▲18.3%	6,770	20.8%	6,079	21.5% (+0.7%p)	▲10.2%
Living/Kitchen Appliances	2,398	21.3%	1,969	21.3% (-)	▲17.9%	7,363	22.6%	6,338	22.4% (▲0.2%p)	▲13.9%
Allowance & Etc.	▲899	-	▲562	-	-	▲2,874	-	▲2,383	-	-
<b>Other Revenue</b>	47	0.5%	57	0.7% (+0.2%p)	21.3%	133	0.4%	153	0.6% (+0.2%p)	14.3%

# Key Strategy

## Turn Around Strategy through Choice, Focus, and Constitutional improvement

### Offline Improvement

#### ① Store efficiency

- Operate on core stores in commercial districts by closing low-efficient stores (large experience stores)
- Strengthen competitiveness by expanding average store sales area (sales per store)

#### ② Existing Store sales force reinforcement

- Sales Differentiation : Simplify financial promotions
- Apple/Dyson : Expansion of Brand **shop-in-shop**
- All store regular events: differential improvement in the number of events by branches

### Product Improvement

#### ① 15 key brands upbringing

- **sales expansion of high-margin products**
- Monthly event operation through strategic collaboration & Implementation of exclusive promotions

#### ② Expansion of new lifestyle products

- **Expansion of operating items for health care, camping supplies, and pet appliances**

### Online Improvement

#### ① Improves lack of efficiency in category of items

- reinforce home appliance centered vertical online mall
- concentrate upon Furniture & Leisure products
  - Reducing the SKU of other items that were previously operated other than home appliances

#### ② Reinforce the depth of home appliances

- **SKU expansion** : Active introduction of popular models

Category	Items
Living	Vaccum cleaner, Air cleaner, etc.
Kitchen	Rice cooker, Electric range, etc.
IT	PC, PC Accesories, Mobiles

- **Activation of global brands**

Securing Quantity	Secure New & Issue model
Differentiation	Renewal of website & Customer benefit ↑



- Brand Sourcing

- 1) Additional introduction of popular brands in the market & Expansion of exclusive model
- 2) Introduction of **unintroduced foreign brands** and Start-up brands

# Strategy to strengthen differentiation

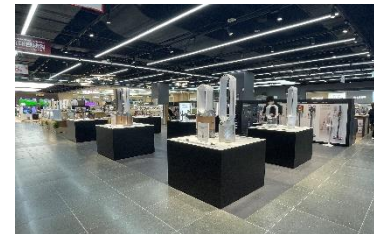
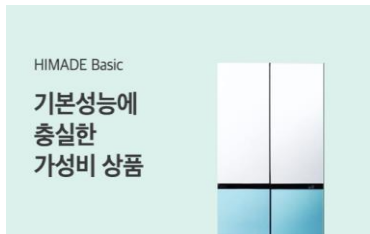
## Securing competitiveness with cost-effective products and global brands

### PB Enhancement

- ① More SKU for PB items by co-op with excellent manufacturers
  - Develop **cost-effective products** with excellent performance
  - **Develop exclusive products** for Himart
- ② Activate sales for large home appliances for PB
  - Fridge, TV, washer, and etc.

### Activate Global Brand Sales

- ① Activate sales by expanding global brands
    - Secure quantity : new and popular items
    - More SKU : Apple & Dyson / Care+ Service with products
    - Differentiation : Renewal and More Customer benefit
- ※ Expect to continue grow due to introduction of new products from global brand and open exclusive halls for Apple and etc.



# Appendix

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Summary of Income Statement

Summary of Balance Statement

Store Operation Status

# Summary of Income Statement

[Unit: KRW in 100 million]

Category	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	10,403	8,855	8,412	8,875	8,738
Gross Profit	2,655	1,971	1,860	2,107	2,027
SG&A	2,146	2,000	1,942	2,105	2,020
Labor	630	653	612	610	610
Fees	504	475	484	487	482
Trans. & Installation Fees	424	282	263	370	351
Etc.	588	590	583	638	577
Operating Profit	509	▲29	▲82	3	7
Profit Before Tax	474	▲1,336	▲93	▲41	▲3,796
Net Profit	359	▲1,340	▲70	▲28	▲3,703

# Summary of Balance Statement

[Unit: KRW in 100 million]

Category	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Total Assets</b>	<b>32,106</b>	<b>29,435</b>	<b>30,335</b>	<b>31,038</b>	<b>25,878</b>
<b>Current Assets</b>	8,740	6,829	7,853	8,660	7,378
Cash & Cash Equivalent	2,137	847	615	1,603	1,175
<b>Non-Current Assets</b>	23,365	22,606	22,481	22,377	18,500
Tangible Assets	7,509	7,477	7,369	7,320	6,819
Goodwill	14,055	12,707	12,707	12,707	9,279
<b>Liabilities</b>	<b>12,531</b>	<b>11,162</b>	<b>12,370</b>	<b>13,084</b>	<b>11,611</b>
<b>Current Liabilities</b>	6,706	5,756	7,102	8,986	7,626
Short-term borrowings & bonds	983	1,388	1,393	4,096	3,099
<b>Non-Current Liabilities</b>	5,825	5,406	5,269	4,098	3,985
Long-term borrowings & bonds	3,793	3,394	3,395	2,319	2,329
<b>Equity</b>	<b>19,575</b>	<b>18,274</b>	<b>17,964</b>	<b>17,954</b>	<b>14,267</b>
Share Capital	1,180	1,180	1,180	1,180	1,180

# Store Operation Status

[Unit: Store]

Category	FY 2020	FY 2021	FY 2022			FY 2022(E)
			1Q	2Q	3Q	
Street shop	356	339	335	331	320	308
Change	▲3	▲17	▲4	▲4	▲11	▲31
Shop-Within-a Store	92	88	87	87	87	87
Change	▲15	▲4	▲1	-	-	▲1
Total Stores	448	427	422	418	407	395
Change	▲18	▲21	▲5	▲4	▲11	▲32

## MISSION

사랑과 신뢰를 받는  
제품과 서비스를 제공하여  
인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing  
superior products and services that  
our customers love and trust