

First Quarter 2023 Investor Presentation

 Yatsen Holding Limited

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GALÉNIC
PARIS

YSG 逸仙



First Quarter 2023 Review

First Quarter 2023 Snapshot

Total Net Revenues

RMB 765.4MM

-14.1% YoY

Gross Margin

74.3%

+5.3 percentage points YoY

GAAP Net Income Margin

6.6%

Compared with net loss margin of 32.7% for the prior year period

Non-GAAP Net Loss Margin

3.4%

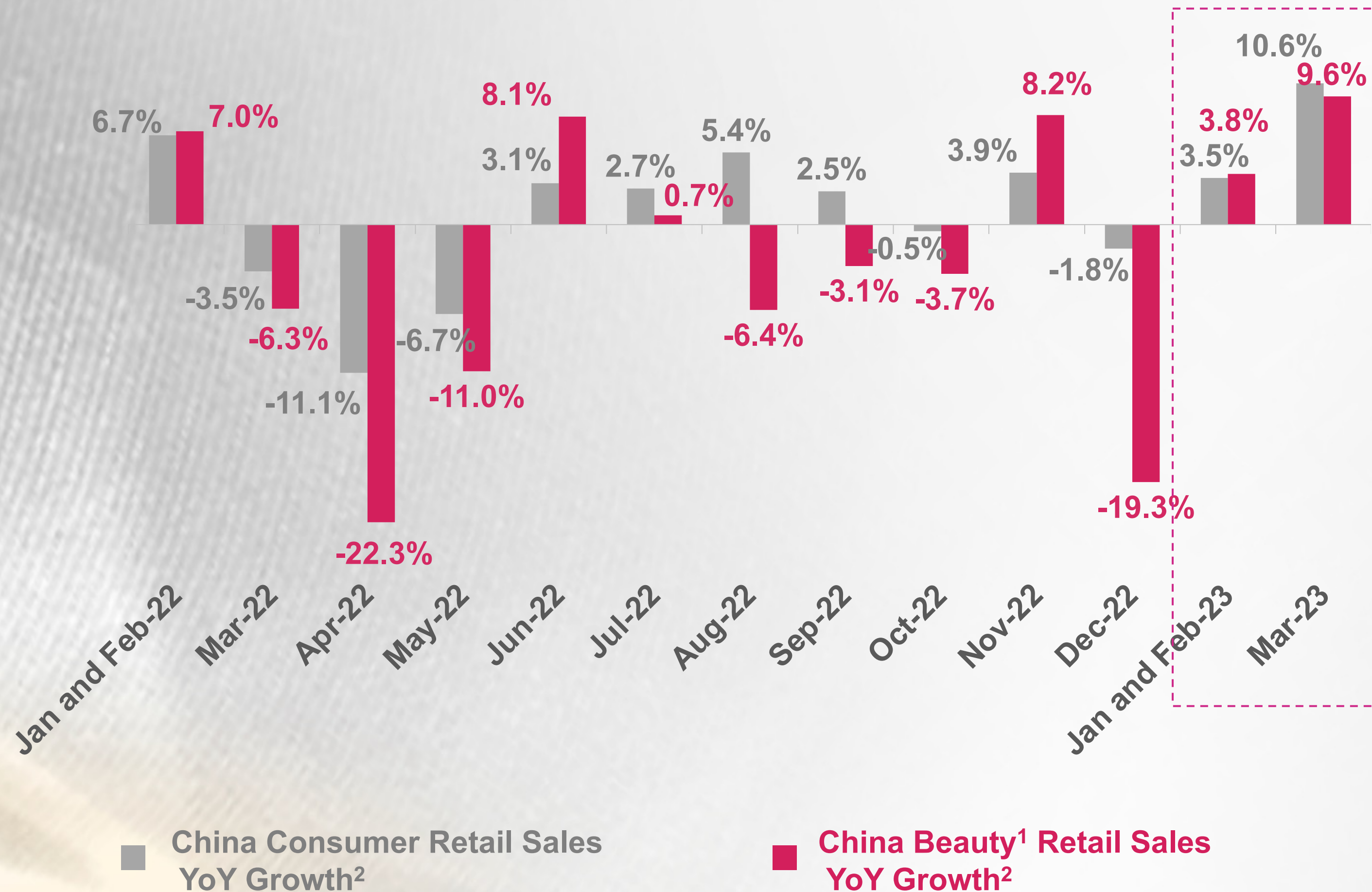
Narrowed by 13.9 percentage points YoY

Cash, Restricted Cash and Short-term Investments

RMB 2.54Bn



Industry Recovery on the Way



Both China consumer retail sales and beauty products retail sales increased year-over-year

Consumer sentiment **improved**

Offline consumption **recovered** gradually following the lifting of pandemic restrictions

Notes:

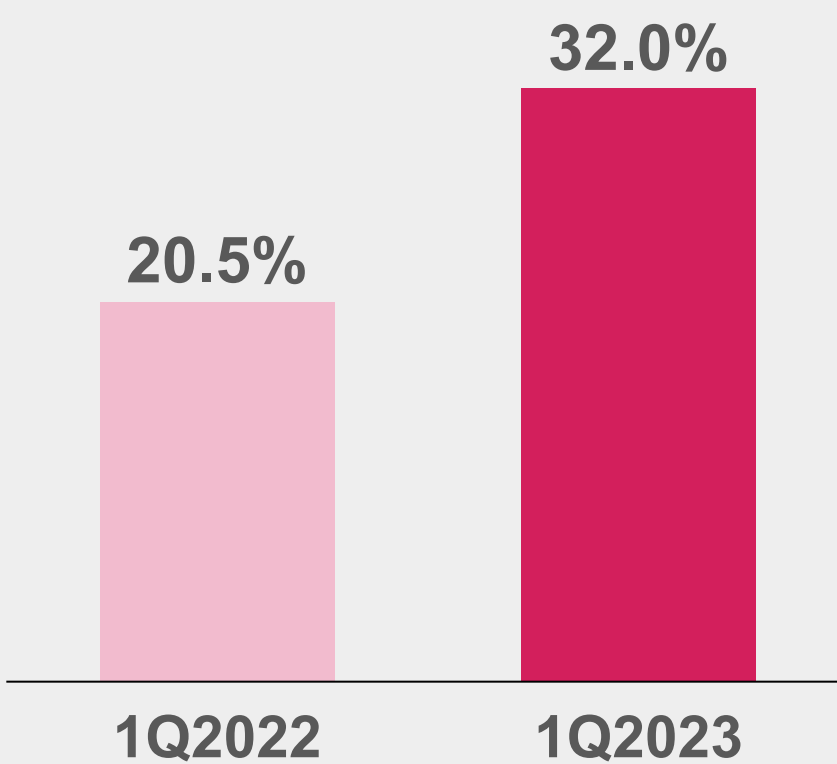
¹ Beauty products include color cosmetics and skincare products.

² Based on the adjusted data published by China National Bureau of Statistics (“CNBS”); CNBS combined January and February data due to their reporting conventions.

Our Strategic Transformation on Track

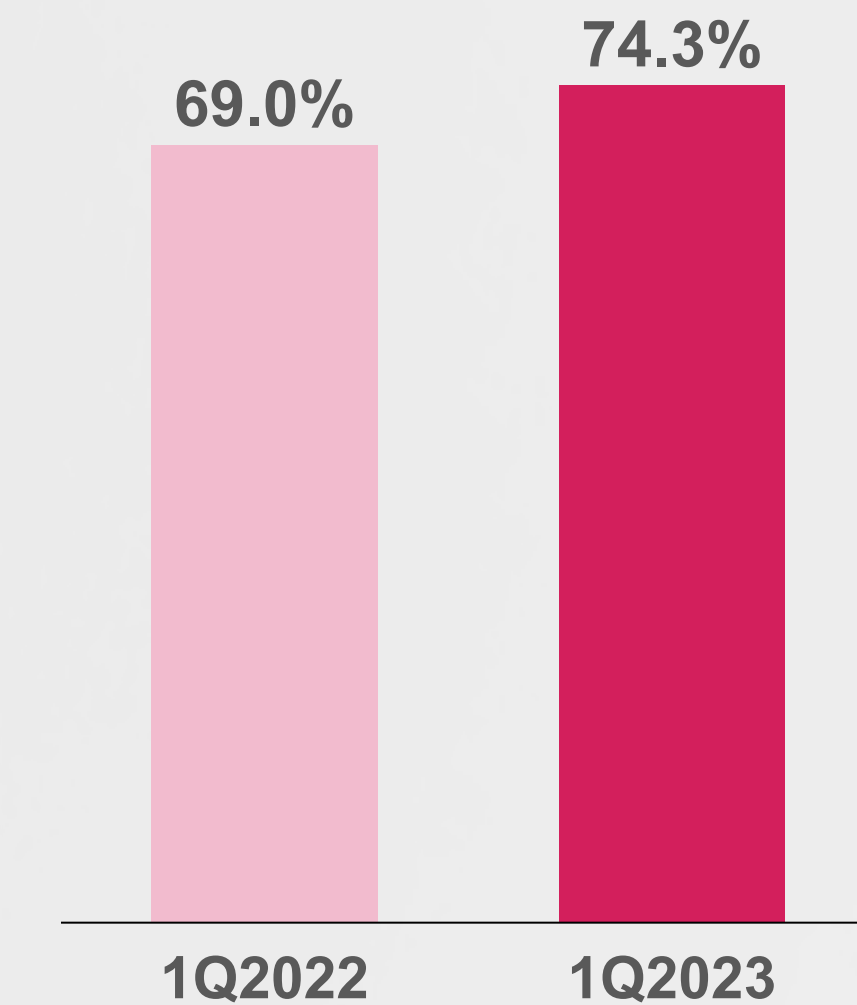
Higher Net Revenues from Skincare Brands¹

Total Net Revenues from Skincare Brands² (%)



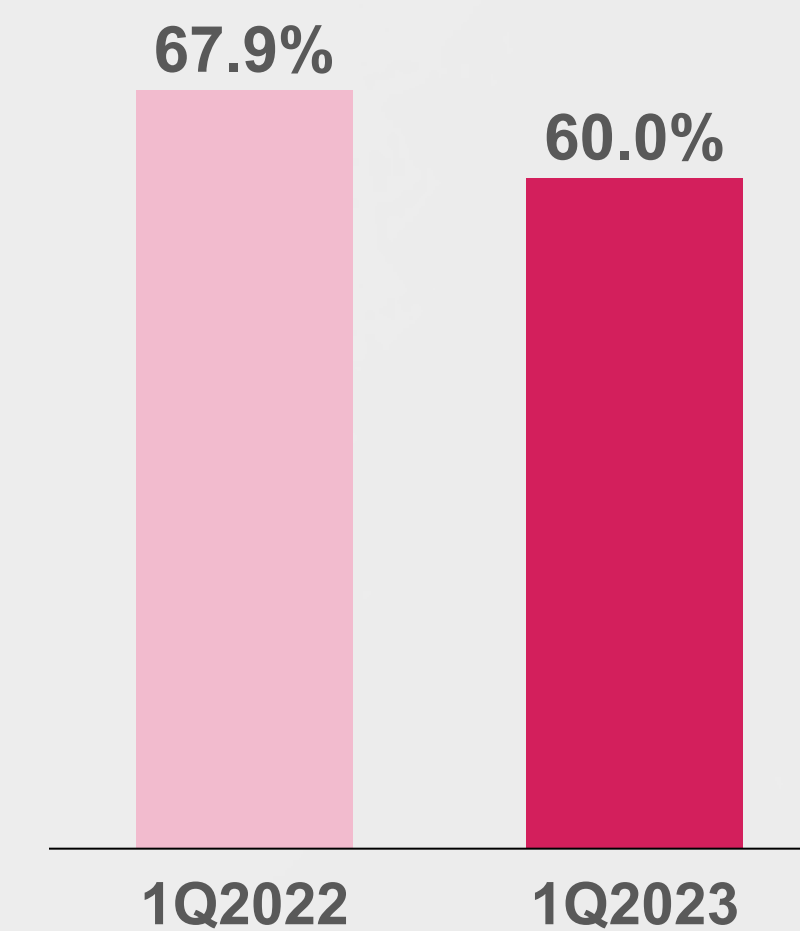
Improved Gross Margin

Gross Margin (%)



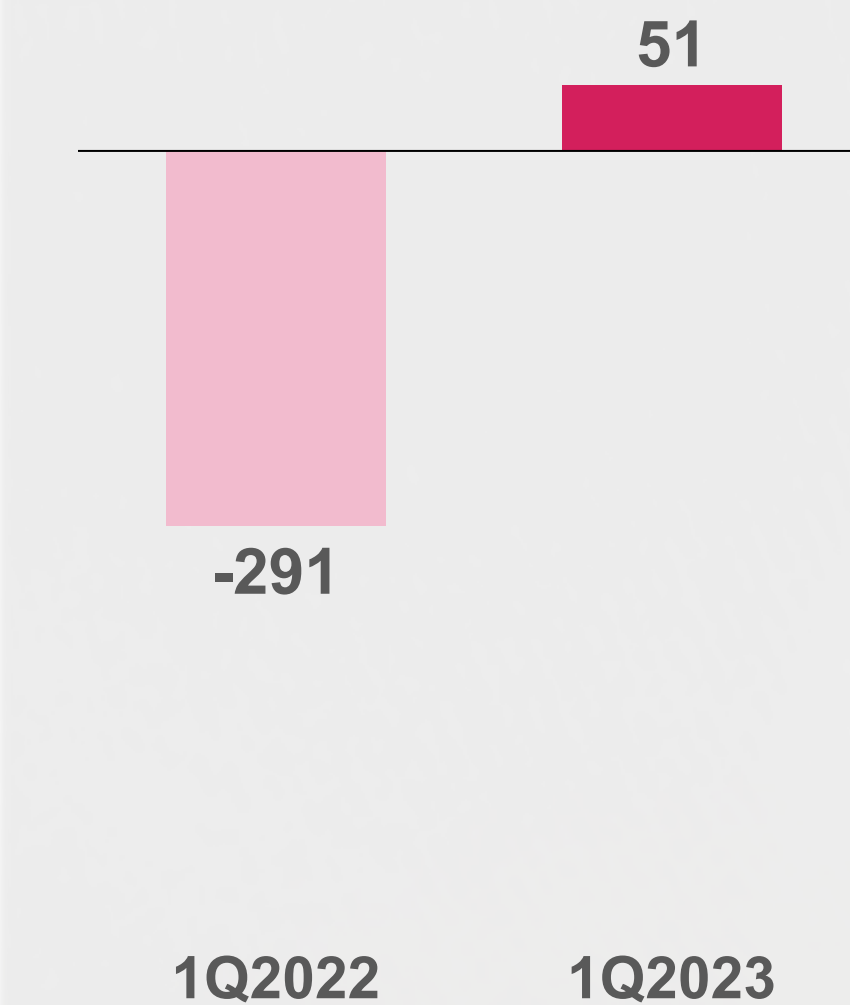
Lower S&M Expenses %

Selling & Marketing Expenses (%)



Turned Profitable under GAAP Measures³

Net Income (RMB MM)



Notes:

¹ As a percentage of total net revenues

² Include net revenues from *DR.WU* (its mainland China business), *Galénic*, *Eve Lom*, *Abby's Choice* and other skincare brands of the Company.

³ The net income we recognized for the first quarter of 2023 was primarily attributable to a reversal of recognized share-based compensation expenses of RMB109.4 million due to the forfeiture of unvested awards granted to our former chief technology officer upon his resignation, and a decrease of RMB42.2 million in recognition of share-based compensation expenses using the graded-vesting method over the vesting term of the Company's awards.

Delivery of Key Business Initiatives

Finetuning the Revenue Mix

Support growth of
Skincare Brands

Finetune
color cosmetics
business model

Invest in R&D for
robust new hero
product pipeline

Cost Cutting

More disciplined pricing
and discount policies

Optimization of
supply chain

Improvement of
operating efficiencies

Growing Skincare Brands¹

1Q2023 Net Revenues
from Skincare Brands¹

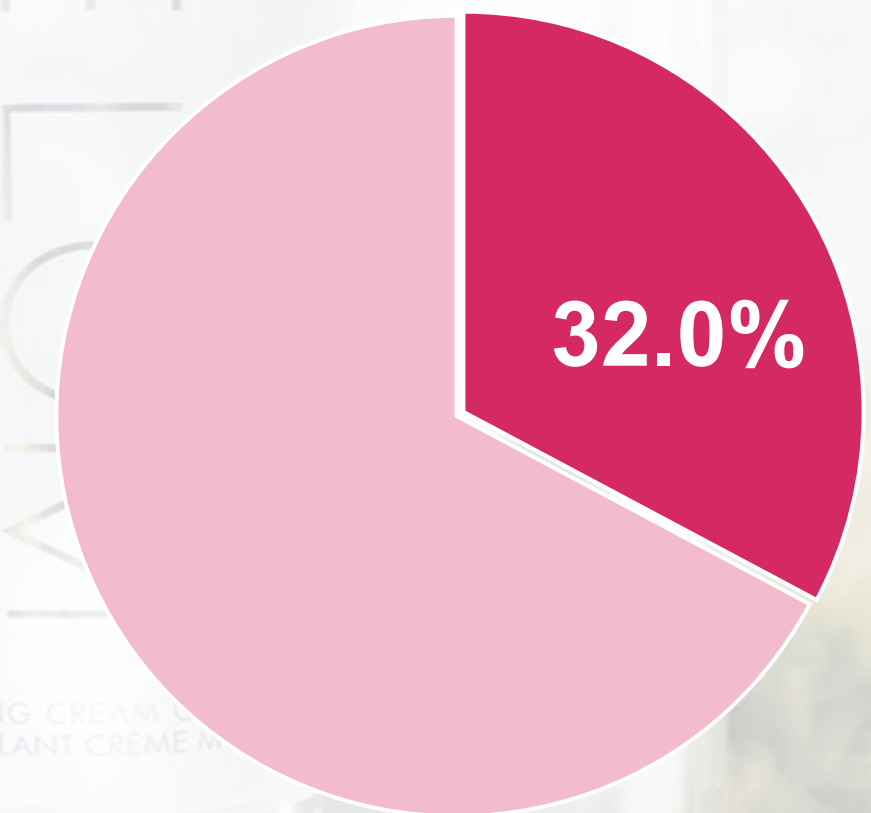
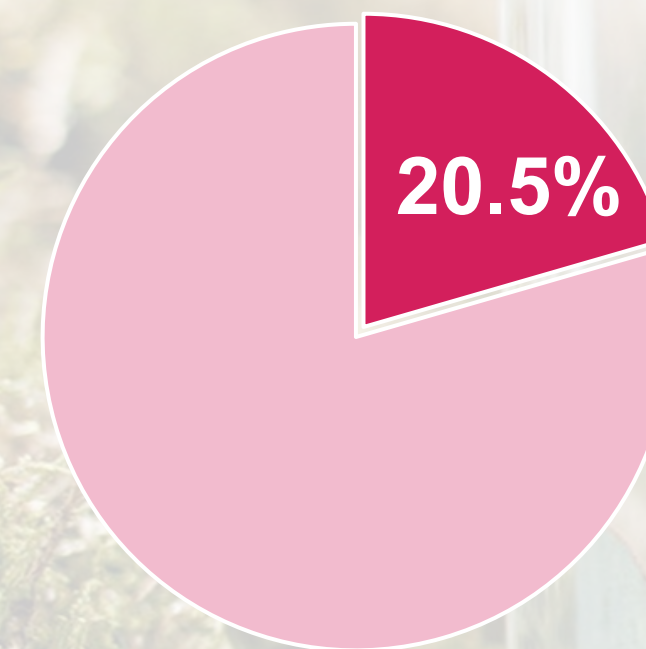
RMB 245.1MM

+34.2% YoY

Percentage of Total Net Revenues

1Q2022

1Q2023



Exceeded 30% for four consecutive quarters

Note:

¹ Include net revenues from *DR.WU* (its mainland China business), *Galénic*, *Eve Lom*, *Abby's Choice* and other skincare brands of the Company.

Robust Clinical and Premium Skincare Brands Performance



Mainland China Business



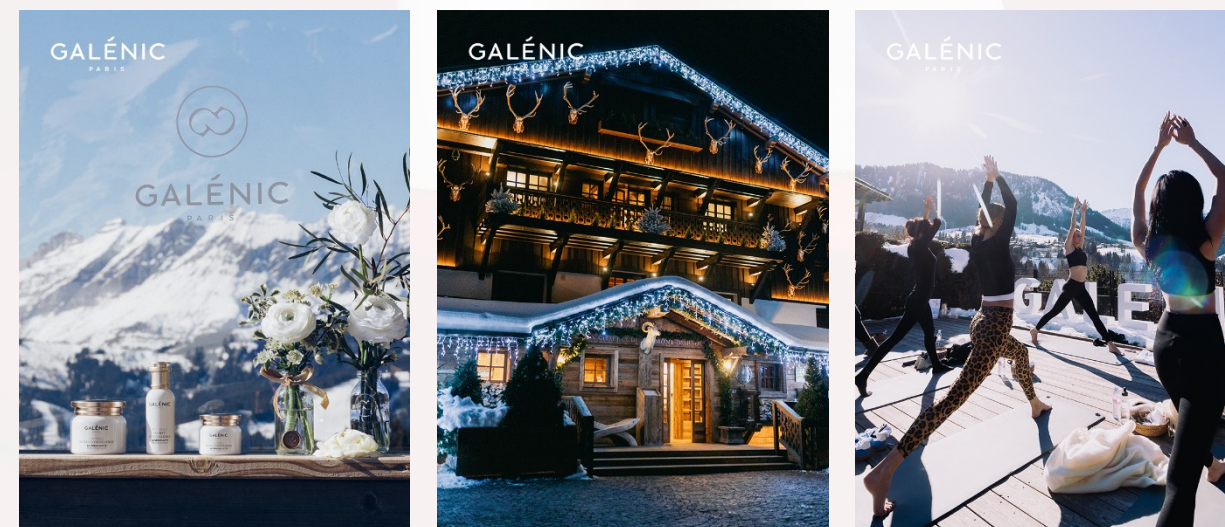
+59% 1Q2023 YoY growth in combined net revenues for **DR.WU¹, Galénic, and Eve Lom**

DR.WU launched the DR.WU Acne Research Fund and established the DR.WU Expert Committee.



DR.WU Acne Research Fund launching ceremony

Galénic hosted a brand event in France, attended by international fashion and beauty KOLs, to explore together the legendary benefits of the brand's platinum snow algae series.



Galénic brand event at the L'Arboisie Hotel in Megève, France

Eve Lom introduced its Radiance Face Oil and hosted a luxurious product launch event at SKP in Beijing and Xi'an and Beijing DT51.



Eve Lom Radiance Face Oil product launch

Note:

¹ DR.WU's mainland China business

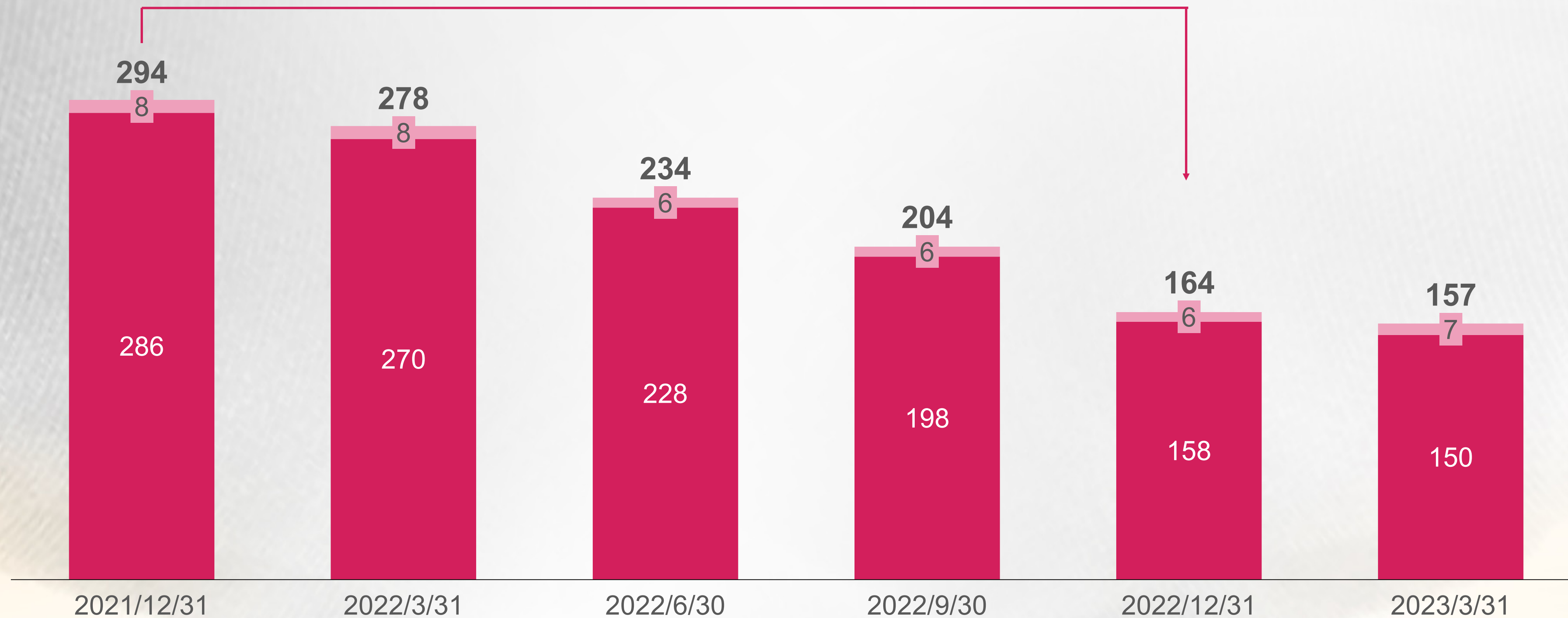
EVE LOM

Offline Retail Footprint

of Experience Stores¹

Perfect Diary Eve Lom

We completed most of our adjustments in our offline footprint during 2022.



Note:

¹ Mainland China stores only



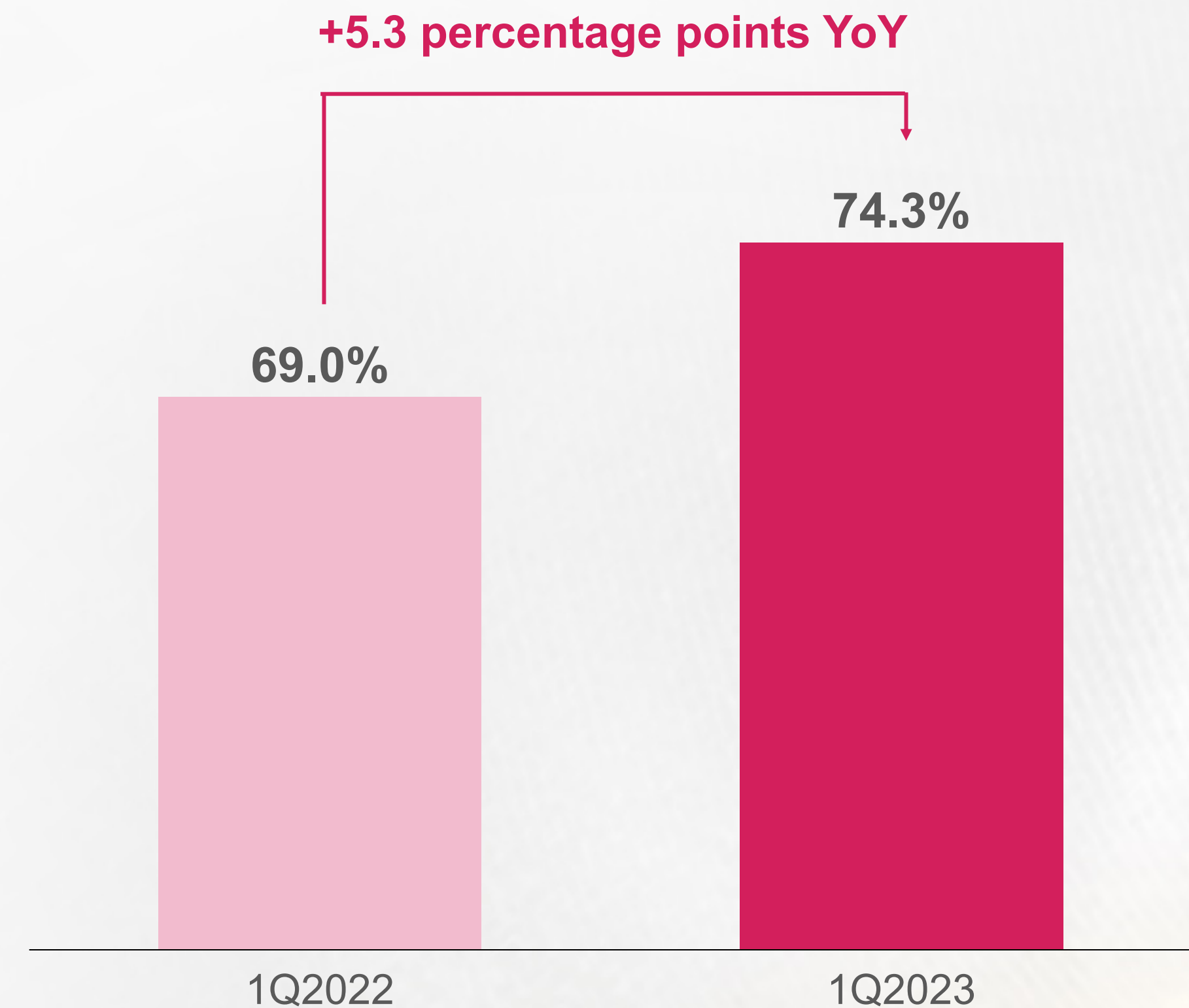
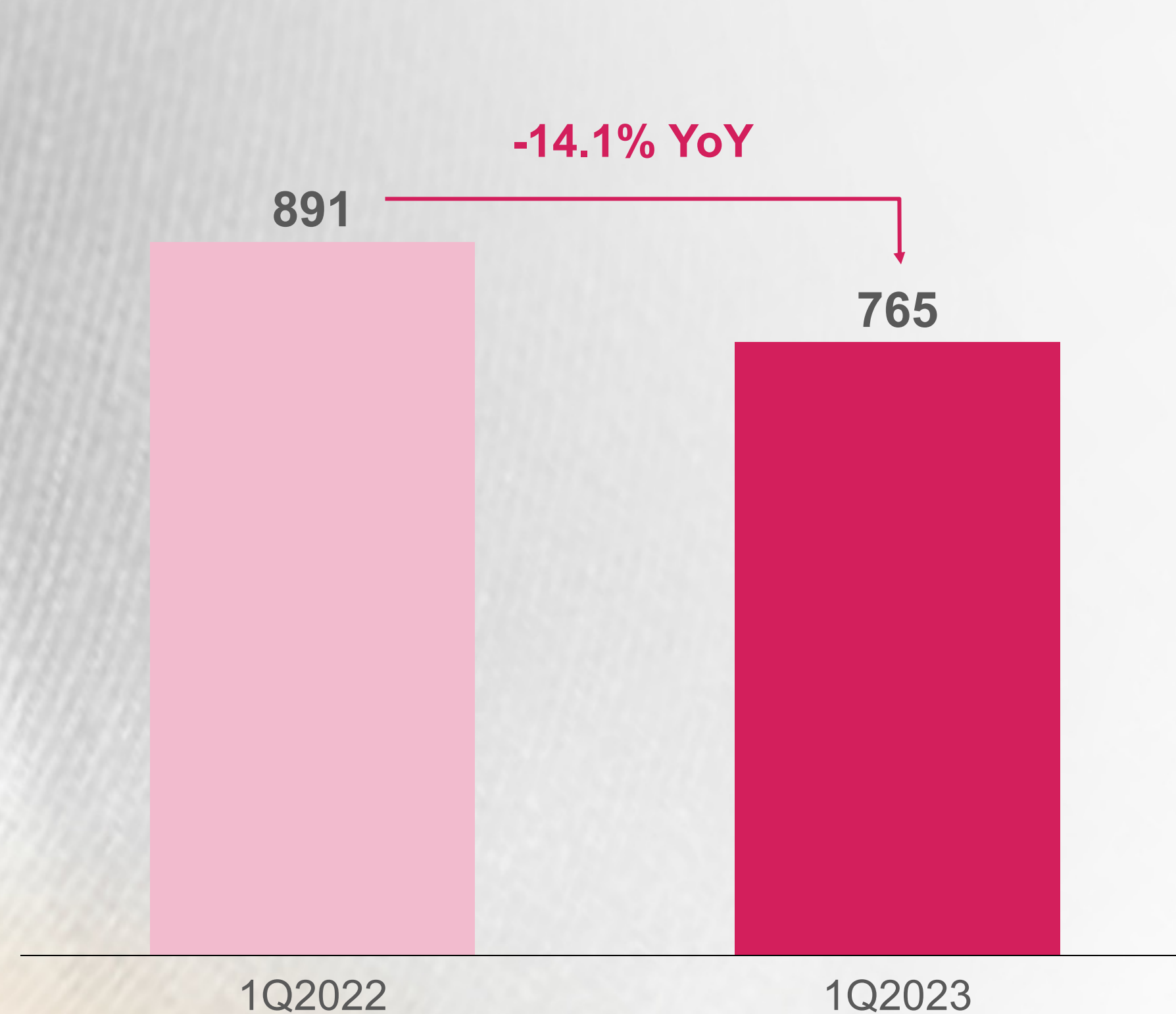
Financial Review

Revenue and Gross Margin

Net Revenues

(RMB MM)

Gross Margin



Slow-down in Color Cosmetics Brands¹ partially offset by growth in Skincare Brands²

Higher revenue contribution from Skincare Brands², more disciplined pricing and discount policies and cost optimization

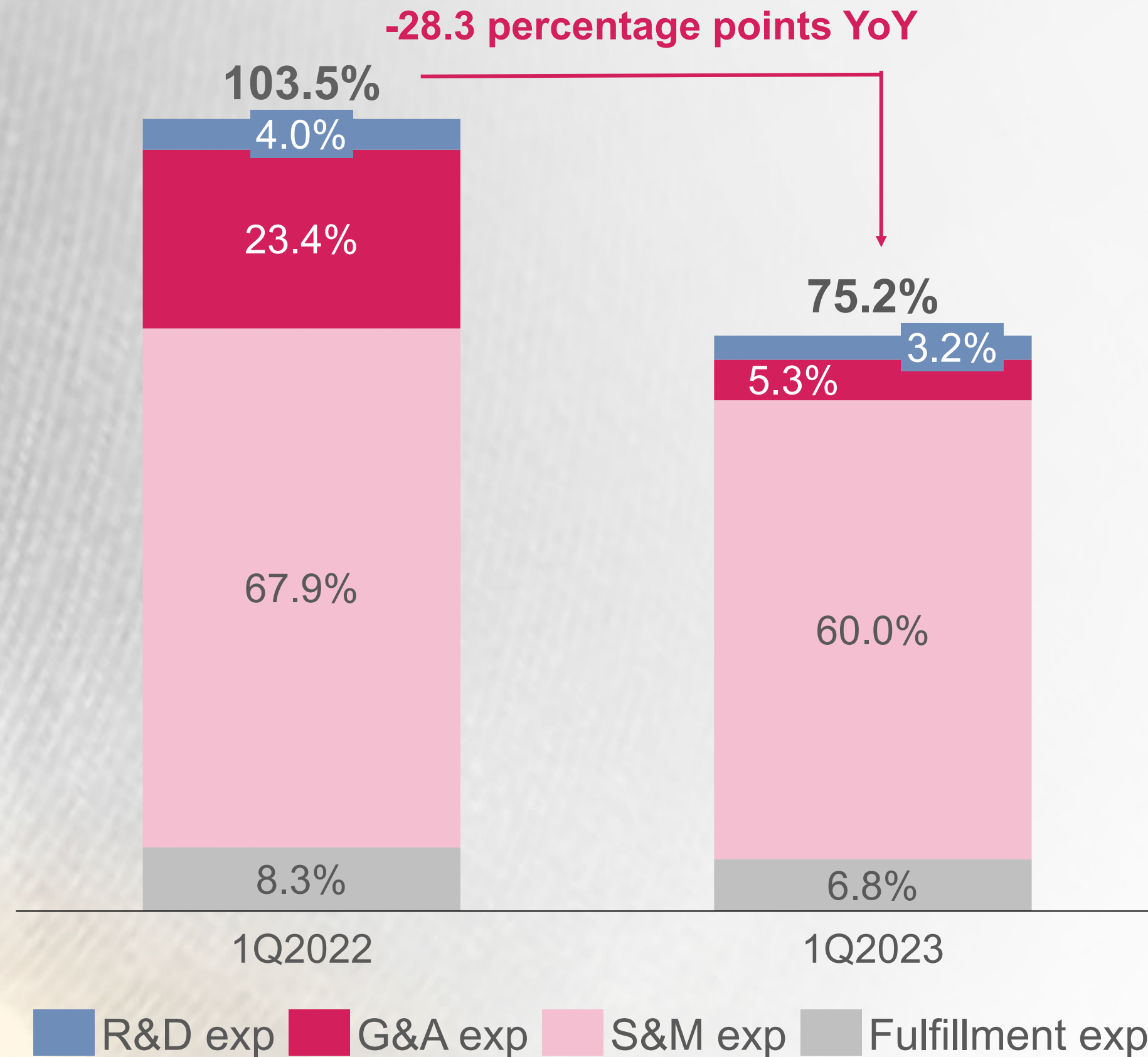
Notes:

¹ Include net revenues from *Perfect Diary*, *Little Ondine*, *Pink Bear* and other color cosmetic brands of the Company.

² Include net revenues from *DR.WU* (its mainland China business), *Galénic*, *Eve Lom*, *Abby's Choice* and other skincare brands of the Company.

Operating Expenses

GAAP Operating Expenses %



Lower G&A expenses % attributable to a reversal of recognized share-based compensation expenses and a decrease in recognition of share-based compensation expenses using the graded-vesting method over the vesting term of the Company's awards¹

Lower S&M expenses % attributable to the closure of underperforming offline stores and a reduction in share-based compensation related to the decrease in selling and marketing headcount

Note:
¹ A reversal of recognized share-based compensation expenses of RMB109.4 million due to the forfeiture of unvested awards granted to our former chief technology officer upon his resignation, and a decrease of RMB42.2 million in recognition of share-based compensation expenses using the graded-vesting method over the vesting term of the Company's awards.

Net Income (Loss) Margin

Reconciliation of Non-GAAP Net Income (Loss)¹

(RMB MM)	1Q22	1Q23
Net Income (Loss)	(291)	51
YoY		N/A
Share-based compensation expenses	126	(67)
Amortization of intangible assets resulting from assets and business acquisitions	12	12
Revaluation of investments on the share of equity method investments	2	(19)
Tax effects on non-GAAP adjustments	(2)	(2)
Non-GAAP Net Income (Loss)	(154)	(26)
YoY		-83.2%

Reconciliation of Non-GAAP Net Income (Loss) Margin

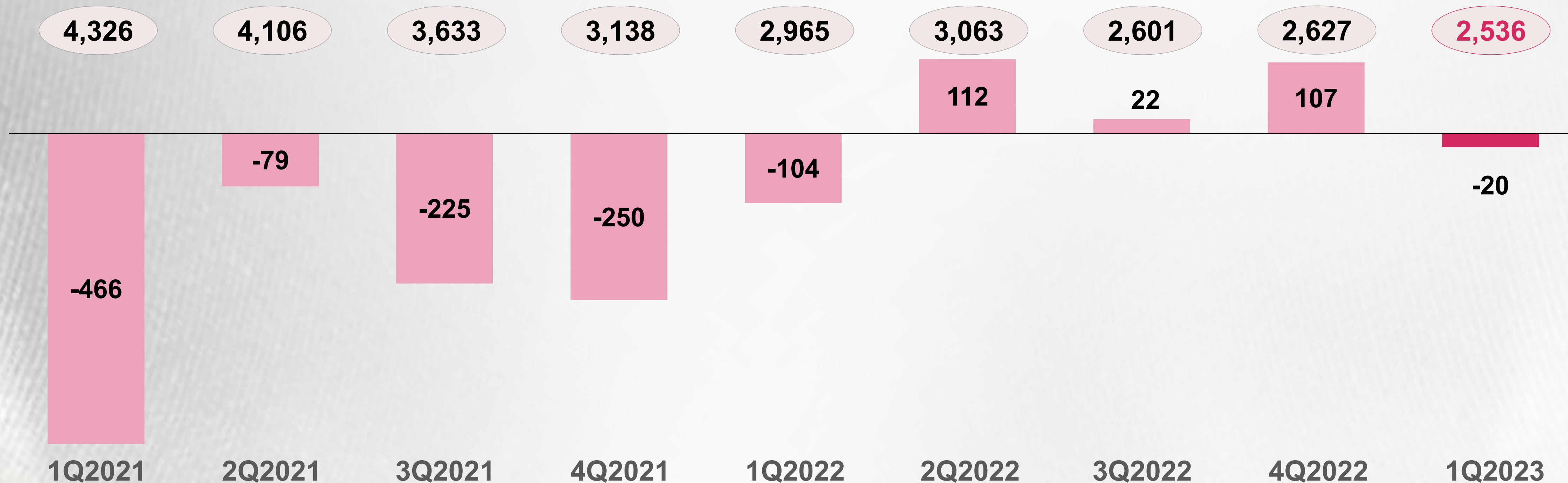
(%)	1Q22	1Q23
Net Income (Loss) Margin	(32.7%)	6.6%
YoY		+ 39.3 percentage points
Share-based compensation expenses	14.1%	(8.8%)
Amortization of intangible assets resulting from assets and business acquisitions	1.4%	1.6%
Revaluation of investments on the share of equity method investments	0.2%	(2.5%)
Tax effects on non-GAAP adjustments	(0.2%)	(0.3%)
Non-GAAP Net Income (Loss) Margin	(17.2%)	(3.4%)
YoY		+ 13.9 percentage points

Note:

¹ Non-GAAP net income (loss) is a non-GAAP financial measure. Effective from the third quarter of 2022, non-GAAP net income (loss) is defined as net income (loss) excluding (i) share-based compensation expenses, (ii) amortization of intangible assets resulting from assets and business acquisitions, (iii) revaluation of investments on the share of equity method investments, and (iv) tax effects on non-GAAP adjustments, and non-GAAP net income (loss) for the prior year period presented in this document is also calculated in the same manner.

Operating Cashflow

(RMB MM)



○ Balance of Cash, Restricted Cash and Short-term Investments¹

Note:

¹ As of the end of each quarter.

Thank You