



# AMORE PACIFIC GROUP

## 1Q 2024 Earnings Release

2024. 4. 29



AMOREPACIFIC  
GROUP

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## DISCLAIMER

The financial information included in this document is interim consolidated earnings results based on K-IFRS. This document is provided for the convenience of investors as a reference; it contains financial information and data that have not yet been audited from the external auditor, and may cause some parts of this document to change during the final audit.

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# Amorepacific Group 1Q 2024 Earnings Summary

Revenue 1.0 trillion KRW, Operating profit up 1.7% to 83.0 billion KRW

Major subsidiary Amorepacific's revenue similar to last year at 911.5 billion KRW, operating profit up 12.9% to 72.7 billion KRW

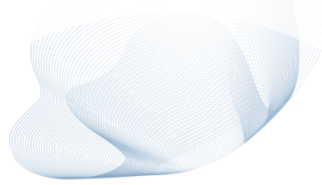
(Unit: bn KRW)

	2023 1Q	2024 1Q	YoY(%)
<b>Revenue*</b>	1,009.1	1,006.8	-0.2
Amorepacific	913.7	911.5	-0.2
Innisfree	66.7	60.5	-9.4
Etude	28.3	29.9	+5.5
Espoir	13.8	16.7	+21.1
Amos Professional	19.5	20.9	+7.3
Osulloc	22.2	24.1	+8.5

	2023 1Q	2024 1Q	YoY(%)
<b>Operating Profit</b>	81.6	83.0	+1.7
Amorepacific	64.4	72.7	+12.9
Innisfree	5.7	2.0	-64.9
Etude	5.3	5.1	-4.6
Espoir	0.7	0.2	-65.5
Amos Professional	3.6	2.9	-18.8
Osulloc	2.1	1.9	-10.7
<b>Net Profit</b>	115.6	97.8	-15.4

\*Total revenue includes other subsidiaries (Amorepacific Group, Osulloc Farm, Pacific Tech) and intercompany transactions

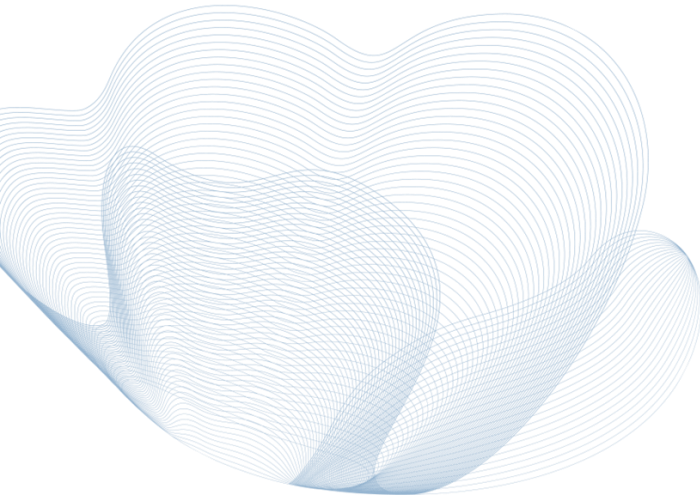




# AMORE PACIFIC GROUP

## 1Q 2024 Earnings

# Earnings by Subsidiary Amorepacific



# Amorepacific 1Q 2024 Revenue

## Amorepacific revenue similar to last year at 911.5 billion KRW

Domestic revenue up 2.1% with growth of major cosmetic brands. Overseas revenue down 2.4% due to decline in Asia revenue

(Unit: bn KRW)

	2023 1Q	% of Revenue	2024 1Q	% of Revenue	YoY(%)
<b>Revenue<sup>1)</sup></b>	<b>913.7</b>	<b>100.0</b>	<b>911.5</b>	<b>100.0</b>	<b>-0.2</b>
<b>Domestic Business</b>	<b>552.2</b>	<b>60.4</b>	<b>563.6</b>	<b>61.8</b>	<b>+2.1</b>
Luxury	310.1	33.9	323.1	35.4	+4.2
Premium	114.2	12.5	126.1	13.8	+10.4
Daily Beauty	97.1	10.6	95.2	10.4	-2.0
Others <sup>2)</sup>	30.8	3.4	19.3	2.1	-37.4
<b>Overseas Business</b>	<b>344.9</b>	<b>37.7</b>	<b>336.8</b>	<b>36.9</b>	<b>-2.4</b>
Greater China	183.6	20.1	148.2	16.3	-19.3
Other Asia	87.1	9.5	83.5	9.2	-4.2
Western Region	74.2	8.1	105.1	11.5	+41.7

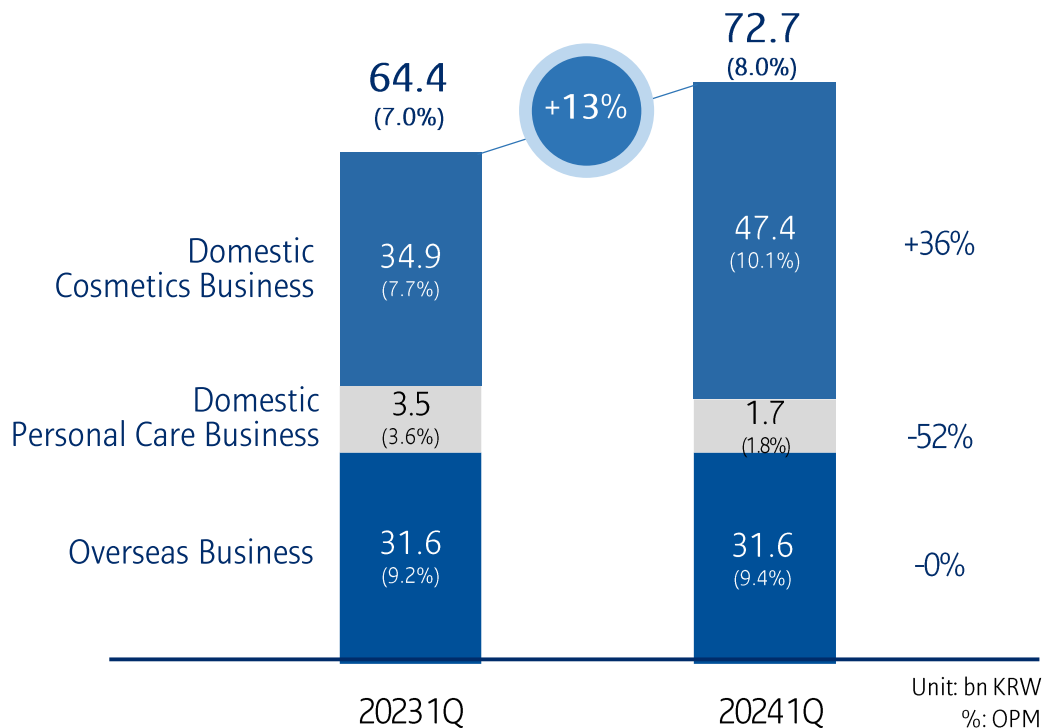
1) Total revenue includes earnings from other subsidiaries (Cosvision, Wedream etc.) and intercompany transactions

2) OEM, Rental Income etc.

# Amorepacific 1Q 2024 Operating Profit

## Amorepacific operating profit up 12.9% to 72.7 billion KRW

Domestic operating profit up 27.8% with improved cosmetics operating profit. Overseas operating profit maintained similar level to last year



### Domestic Business

- Domestic operating profit increased as operating profit of cosmetics business improved, mainly from Sulwhasoo and premium cosmetic brands
- Double digit growth of travel retail sales (20% of total domestic revenue) contributed to margin improvement
- Although premium product mix improved, operating profit of Daily Beauty business declined due to increased marketing investments

### Overseas Business

- Asia operating profit maintained similar level to last year due to operating loss from China
- Despite revenue decline in other Asia (ex-Greater China), operating profit margin of other Asia region recorded high single digit level through profitability focused business operations
- Western region recorded double digit margin driven by strong revenue growth

\* Total operating profit includes earnings from other subsidiaries (Cosvision, Wedream etc.) and intercompany transactions  
 \* Partial changes were made to operating profit due to changes in the definition of geographical area for some countries (Middle East, etc.) and affiliation of intercompany transaction items as of 1Q2023. Earnings of 2023 were restated accordingly

# Amorepacific 1Q 2024 Income Statement

Marketing expense up 8% with increased brand investments in Western region. Depreciation cost down 12% with reduced depreciation cost in China

(Unit: bn KRW)

	2023 1Q	% of Revenue	2024 1Q	% of Revenue	YoY(%)
Revenue	913.7	100.0	911.5	100.0	-0.2
Cost of Sales	299.8	32.8	265.6	29.1	-11.4
Gross Profit	613.9	67.2	645.8	70.9	+5.2
SG&A Expenses	549.6	60.1	573.2	62.9	+4.3
Personnel Expense <sup>1)</sup>	143.0	15.7	142.9	15.7	-0.1
Marketing Expense <sup>2)</sup>	110.5	12.1	119.2	13.1	+7.9
Commission <sup>3)</sup>	165.4	18.1	183.7	20.2	+11.1
Depreciation Cost <sup>4)</sup>	45.9	5.0	40.2	4.4	-12.4
Operating Profit	64.4	7.0	72.7	8.0	+12.9
Net Income	89.7	9.8	80.1	8.8	-10.7

1) Personnel Expense: Salaries, Retirement Benefits, Employee Benefits

2) Marketing Expense: Advertisement and Promotional Expense

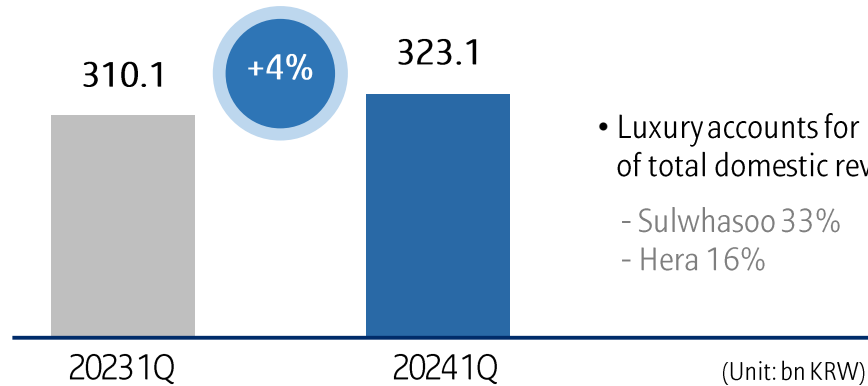
3) Commission: Service Fees and Distribution Commission

4) Depreciation Cost: Depreciation and Amortization



# Amorepacific 1Q 2024 Domestic Business

## LUXURY



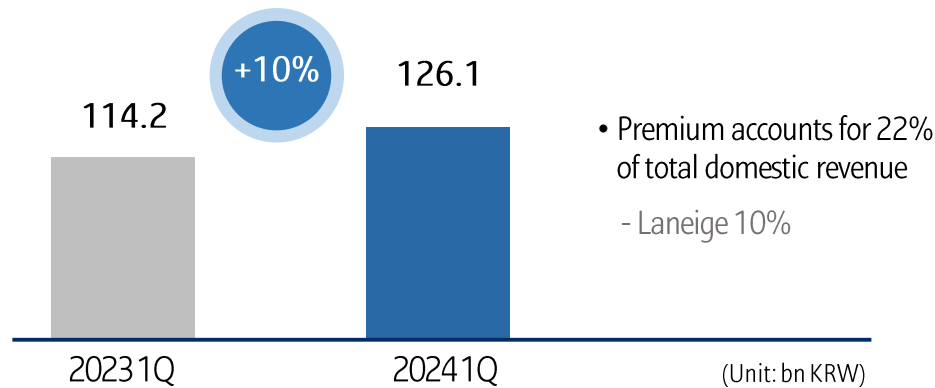
- Sulwhasoo, Hera brands drove overall sales growth of luxury cosmetics
- Enhanced luxury brand competitiveness through launch of new key products and renewals
  - [Sulwhasoo] Expanded 'The Ultimate S' line up through the renewal of 'The Ultimate S Enriched Water/Emulsion' and diversified product portfolio by launching 'Glowing Lip Balm' and 'Perfecting Lip Color'
  - [Hera] Launched 'Rouge Classy' lipstick and initiated global ambassador campaign
  - [AP Beauty] Revamped AP brand as 'AP Beauty' and launched 'Dual Repair Lift Cream'
  - [Vital Beautie] Renewed 'Myungjaksu Gold' and surpassed 1 trillion KRW mark in cumulative sales for 'Myungjaksu'
- Reinforced brand presence in growth channels by diversifying product portfolio
  - [Primera] Diversified product sizes of 'AG.VCN Youth Radiance Vitaminol Serum' in online and multi-brand shop channels
  - [Vital Beautie] Recorded triple digit growth in multi-brand shop channel through the launch of 'Super Collagen All-in-one Booster.' Expanded customer base by entering clinics and launching exclusive products ('Woman Balance,' 'Probiotics')



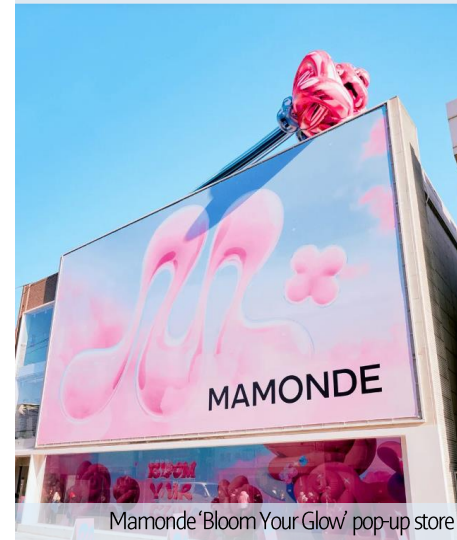


# Amorepacific 1Q 2024 Domestic Business

## PREMIUM

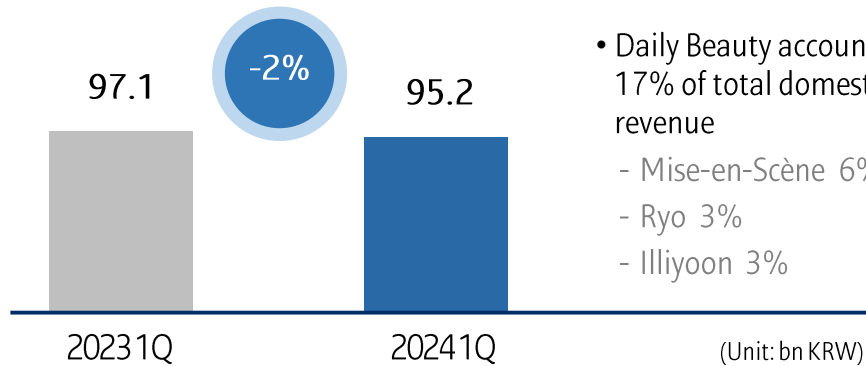


- Premium cosmetics revenue increased driven by major brands such as Laneige and Aestura through robust performance within multi-brand shop and domestic e-commerce channels
- Reinforced foundation for growth by strengthening each brand's key product portfolio
  - [Laneige] Renewed 'Water Bank Cream' and launched 'Bouncy& Firm Sleeping Mask,' and executed rebranding campaign
  - [Aestura] Renewed 'Atobarrier 365 Cream,' and recorded No.1 sales in derma category within Olive Young
  - [Hanyul] Strengthened facial pad mask category by launching 'Yuja Vita-Tone Up Pad,' which recorded strong initial sales and ranked No.1 sales in mask category within Olive Young online mall
- Enhanced brand experience through customer interactive offline events
  - [Iope] Hosted 'Clinical Lab Master Class' with the topic of 'Slow-aging'
  - [Mamonde] Opened pop-up store 'Bloom Your Glow,' showcasing its renewed 'Glow Rose' line



# Amorepacific 1Q 2024 Domestic Business

## DAILY BEAUTY



- Daily Beauty accounts for 17% of total domestic revenue
  - Mise-en-Scène 6%
  - Ryo 3%
  - Illiyoon 3%

- Although multi-brand shop channel sales increased driven by key brands, overall revenue decreased with decline in global e-commerce sales
- Sales from rising brands and multi-brand shop channel posted growth
  - [Illiyoon] Raised brand awareness by launching 'The Powerpuff Girls' collaborative edition. 'Red Itch Care' ranked No.1 sales in body care category within Olive Young
  - [Labo-H] Expanded market share by strengthening joint marketing with Olive Young on 'Scalp Strengthening Shampoo' and maintained No.1 product in shampoo category during Olive Young's Pick for January
  - [Longtake] Posted sales growth driven by strong sales of 'Blue Charm' edition within KakaoTalk gift platform
- Mise-en-Scène expanded product portfolio and strengthened global brand competitiveness
  - Fulfilled customer demand by launching and renewing key products ('Salon10 Professional Cica Protein Treatment'/ 'Cica Ceramide Oil Serum,' renewal of 'Professional' and 'Fast & Easy Hair Coloring' lines)
  - Reinforced global presence as a hair care band by announcing 'Aespa' as global brand ambassador



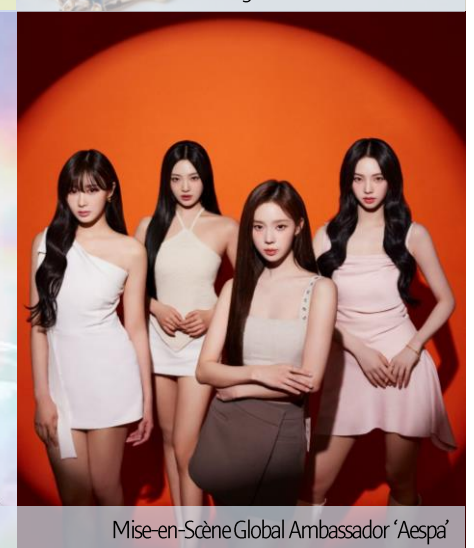
Illiyoon 'The Powerpuff Girls' limited edition



Longtake 'Blue Charm' edition



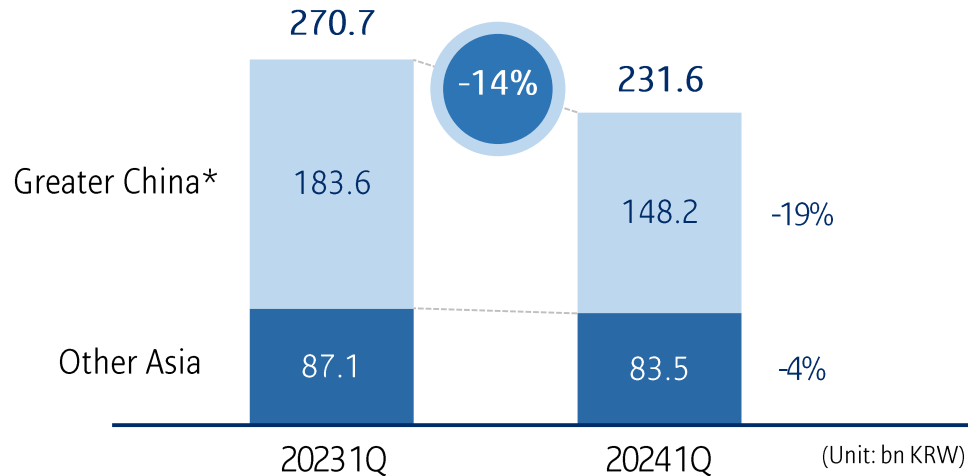
Mise-en-Scène 'Salon10 Professional Cica Protein Treatment'



Mise-en-Scène Global Ambassador 'Aespa'

# Amorepacific 1Q 2024 Overseas Business

## ASIA



- Greater China revenue declined by 19%
  - Although overall revenue declined due to downsizing inventory in major channels, customer sales during Women's Day increased by promoting key products and collaborative content with KOLs
  - Sulwhasoo online sales grew by focusing on key products ('Concentrated Ginseng' line), and expanded customer base in department stores by hosting beauty class events and launching VIP exclusive products ('Ultimate S' line), resulting in enhanced brand attractiveness
  - Laneige fulfilled customer demand by renewing its best selling product 'Skin Veil Base EX.' Online sales increased driven by strong performance in rising platforms while offline channel has undergone restructuring
- Other Asia (South East Asia, Japan) revenue decreased by 4%
  - [South East Asia] Sulwhasoo ('Ultimate S Cream', 'Ginseng cream') and Laneige ('Water Bank' line, 'Sleeping Mask') sales increased driven by strong sales of key products. Launched Aestura in Vietnam
  - [Japan] Overall revenue declined due to channel restructuring of Innisfree and Etude. Laneige sales posted strong growth with robust performance in e-commerce and multi-brand shop channels. New brands (Hera, Aestura, Primera) strengthened marketing activities and continued strong sales



Sulwhasoo 'Ultimate S' line  
VIP marketing in department stores (China)



Laneige product renewal of 'Skin Veil Base EX' (China)



Laneige 'Bouncy & Firm Sleeping Mask'  
pop-up store (Malaysia)



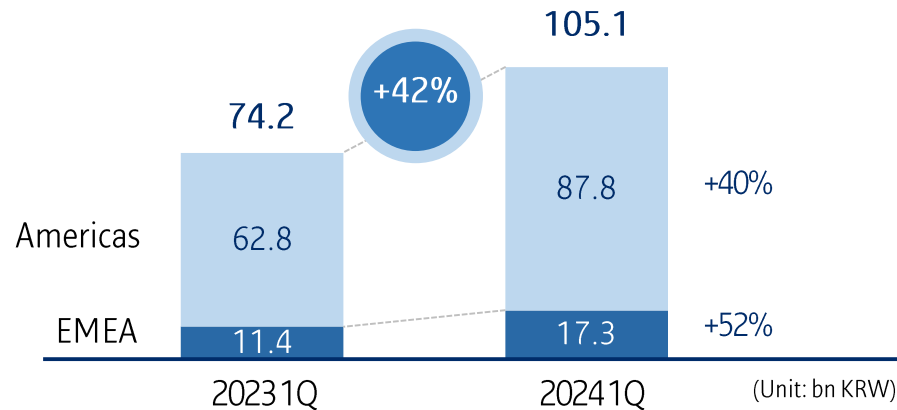
Hera pop-up store (Japan)

\*Greater China: China Mainland, Hong Kong SAR, Taiwan Region



# Amorepacific 1Q 2024 Overseas Business

## WESTERN REGION



- Americas revenue increased by 40%
  - Laneige created positive buzz by globally launching its key product ('Bouncy & Firm Sleeping Mask') and strengthening customer experience through brand campaign including a pop-up event in LA
  - Innisfree posted solid sales growth by launching key products ('Vitamin C Serum', 'Daily UV Mineral Sunscreen') and expanded its presence in multi-brand shop channel
  - Sulwhasoo strengthened marketing on its direct online mall, resulting in increased customer base and growth in brand sales
- EMEA revenue increased by 52%
  - Laneige sales doubled with its lip category and key skin care products, and enhanced brand attractiveness through online and offline marketing of new product ('Bouncy & Firm Sleeping Mask')
  - Innisfree entered 'Space NK' in UK and launched rebranding campaign in major European countries (France, Italy, Spain, UK)



Laneige global ambassador 'Sydney Sweeney'

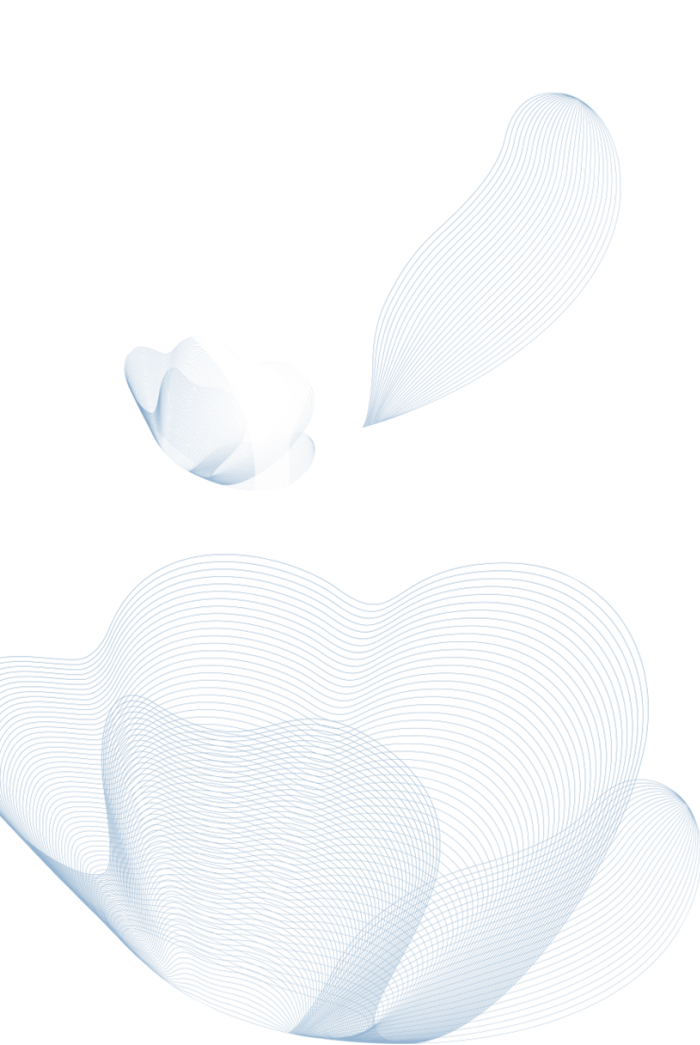
Innisfree rebranding campaign



Laneige 'Bouncy & Firm Sleeping Mask'



Laneige pop-up event in LA (US)

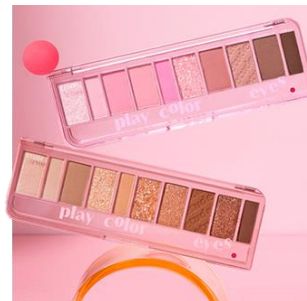


# AMORE PACIFIC GROUP

## 1Q 2024 Earnings

# Earnings by Subsidiary

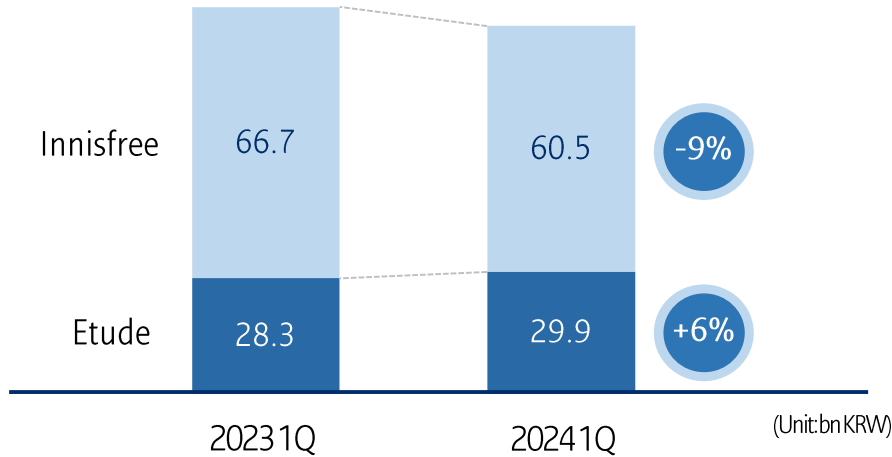
# Major Subsidiaries





# Amorepacific Group 1Q 2024 Revenue

## MAJOR SUBSIDIARIES



### Innisfree

- Strengthened functional product portfolio of green tea line by launching ‘Vitamin C Green Tea Enzyme Brightening Pad’ and reinforced positioning as an eco-friendly brand by promoting empty bottle collection campaign, ‘BOTTLE RE:PLAY’
- Overall revenue decreased due to store closures in Korea and decline in global e-commerce sales

### Etude

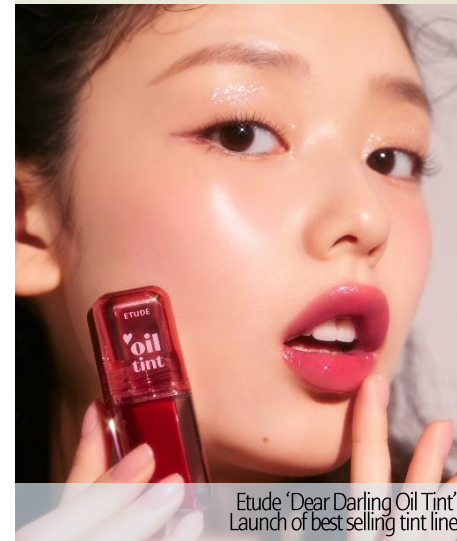
- Enhanced make up leadership among millennials and Gen Z customers through key innovations in eye and lip category (‘My Best Tone Eye Palette,’ ‘Dear Darling Oil Tint’)
- Overall revenue increased driven by strong growth in multi-brand shop sales and rising online platforms (Coupang, A-bly, Musinsa, Zig Zag etc.)



Innisfree #Stick-on\_VitaminC\_Serum  
‘Vitamin C Green Tea Enzyme Brightening Pad’



Innisfree ‘BOTTLE RE:PLAY’  
Environment friendly bottle collection campaign



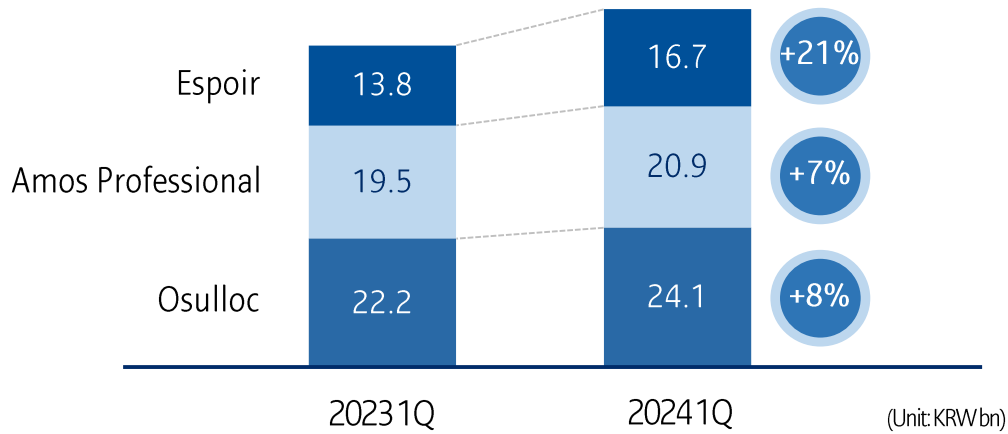
Etude ‘Dear Darling Oil Tint’  
Launch of best selling tint line



Etude ‘MBT Eye Palette’ (3 new color shades)  
Collaboration of personal color trend and MBTI

# Amorepacific Group 1Q 2024 Revenue

## MAJOR SUBSIDIARIES



### Espoir

- Enhanced brand attractiveness by ranking #1 in Olive Young lip category for innovative lip product 'No Wear Lipstick Balming Glow' and promoted brand campaign with brand muse 'Winter'
- Overall revenue increased driven by robust growth from multi-brand shop and online channels

### Amos Professional

- Strengthened hair treatment product portfolio with the launch of Amos 'Express Down Perm' targeting male customers and with the renewal of Ayunchae 'Pro Art Vibe' shade coverage
- Overall revenue posted growth from strong sales of Ayunchae through omni-channel marketing and increased entry of salons

### Osulloc

- Enhanced brand competitiveness by launching 'Vanilla Honey Black Tea,' developed based on customer demand and market trend
- Overall revenue grew with increased customer demand in offline and online (Amazon) channels



Espoir 'New Year Glow Up' Campaign Launch of 'Hushed Cherry' edition in Korea and Japan



Espoir 'No Wear Lipstick Balming Glow' Launch of new glow type lipstick



Amos Professional 'Express Down Perm' One-step down perm lotion for male customers

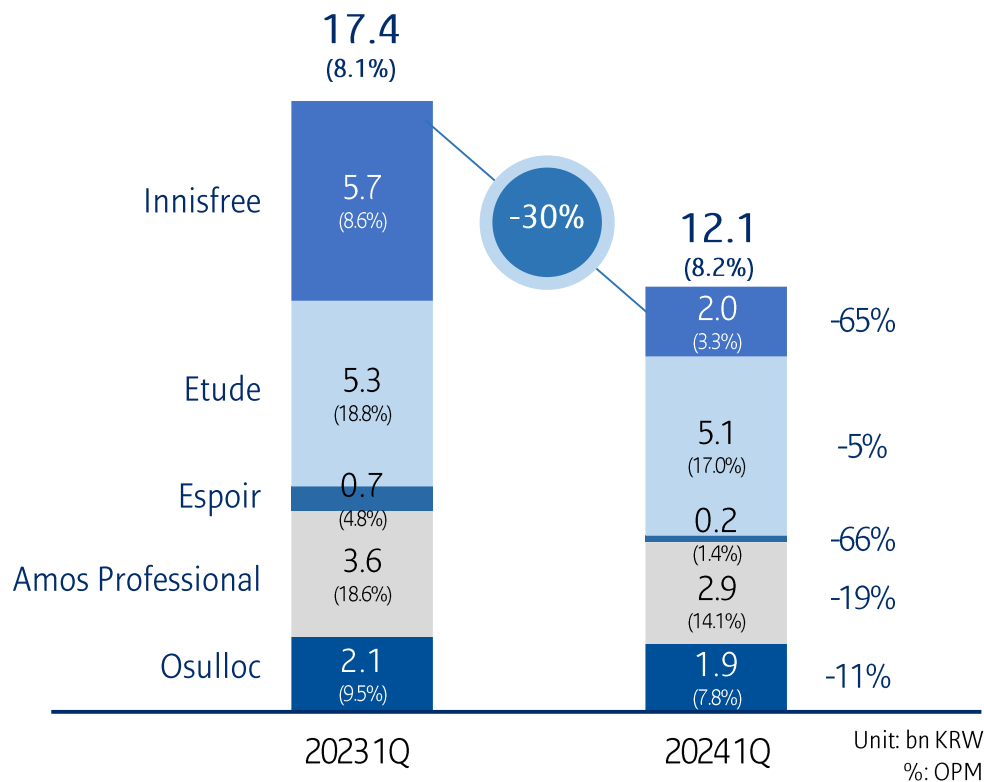


Osulloc 'Vanilla Honey Black Tea' Savory tea with a hint of french vanilla and honey

# Amorepacific Group 1Q 2024 Operating Profit

Operating profit of major subsidiaries down 30.4% to 12.1 billion KRW

Operating profit of Innisfree, Etude, Espoir, Amos Professional, Osulloc decreased



## Innisfree

- Operating profit decreased due to decline in revenue from restructuring of major channels

## Etude

- Operating profit slightly declined with increased brand investments to enhance competitiveness in make up category

## Espoir

- Operating profit reduced with increase in marketing investments on brand campaign to promote 'Hushed Cherry' edition

## Amos Professional

- Operating profit declined due to greater investments in strengthening customer engagement through events such as seminars for hair designers

## Osulloc

- Operating profit decreased through increased marketing expense spent on enhancing global brand awareness

# Amorepacific Group Financial Summary

## Income Statement

(Unit: bn KRW, %)

	2023 1Q		2024 1Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,009.1	100.0	1,006.8	100.0
Cost of Sales	307.5	30.5	280.8	27.9
Gross Profit	701.6	69.5	726.0	72.1
SG&A Expenses	620.0	61.4	642.9	63.9
Operating Profit	81.6	8.1	83.0	8.2
Other Income	49.2		40.9	
Profit Before Tax	130.8	13.0	123.9	12.3
Consolidated Net Income	115.6	11.5	97.8	9.7

## Statement of Financial Position

(Unit: bn KRW, %)

	2023.12	2024.3
<b>Assets</b>	7,631.4	7,762.2
Current Assets	2,750.2	2,931.4
Trade Receivables	315.0	314.8
Inventories	462.8	443.2
Non-current Assets	4,881.2	4,830.8
Property, Plant and Equipment	2,767.6	2,762.7
Intangible Assets	841.2	841.6
Investment in Associates	366.1	330.2
<b>Liabilities</b>	1,106.3	1,221.5
Current Liabilities	856.2	945.3
Non-current Liabilities	250.1	276.2
<b>Shareholder's Equity</b>	6,525.1	6,540.7
Capital Stock	48.0	48.0
Retained Earnings	2,857.7	2,873.6
Non-controlling Interest	3,201.8	3,210.0

\*Profit from equity method for investments in associates is 16.0 billion KRW (COSRX 1Q 2024 earnings: Revenue 156.3 billion KRW, Operating profit 59.5 billion KRW)