

The background is a solid dark blue. It features several abstract white line art elements. In the top left, there are large, overlapping, wavy line patterns. In the top center, there is a smaller, more compact wavy shape. In the bottom left, there are more large, overlapping wavy line patterns. The overall aesthetic is modern and minimalist.

# AMORE PACIFIC

**1Q 2022 Earnings Release**

**2022. 4. 28**



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AMORE PACIFIC

## FORWARD-LOOKING STATEMENTS

As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organizational structure, redefinition of accounting policies, etc., and may cause the actual results to differ from those stated or implied in this material.

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# 1Q 2022 Earnings Summary

AMOREPACIFIC

**Revenue down 7.0% to KRW 1.2 trillion, Operating profit down 10.4% to KRW 158.0 billion**

Domestic revenue down 9.9%, operating profit down 10.6%. Overseas revenue down 6.1%, operating profit down 19.5%

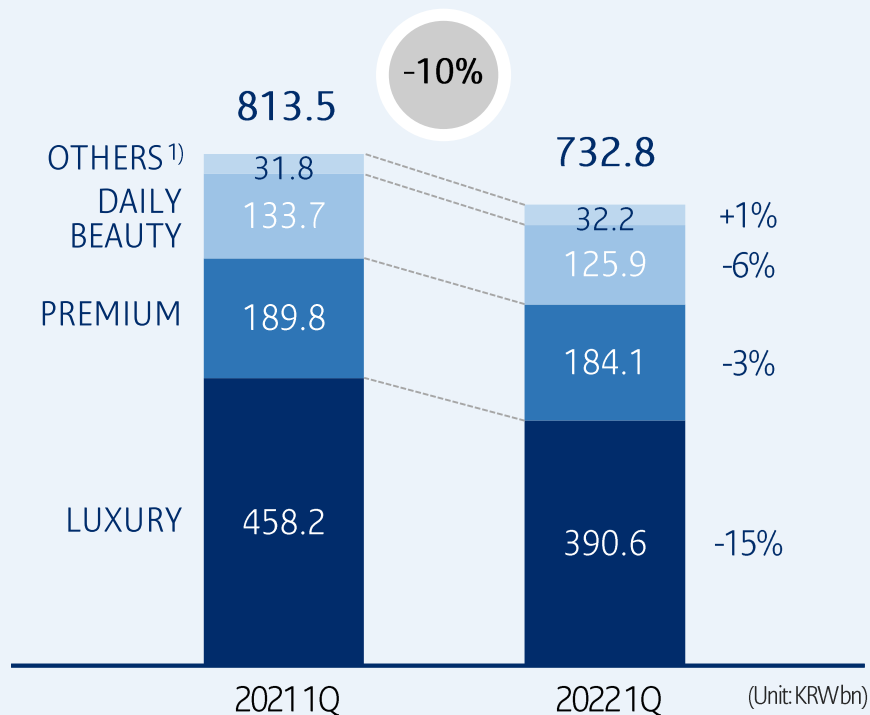
(Unit: KRW bn)

	2021 1Q	% of Revenue	2022 1Q	% of Revenue	YoY(%)
Revenue <sup>1)</sup>	1,252.8	100.0	1,165.0	100.0	-7.0
Domestic	813.5	64.9	732.8	62.9	-9.9
Cosmetics	679.8	54.3	606.9	52.1	-10.7
Daily Beauty	133.7	10.7	125.9	10.8	-5.9
Overseas	447.4	35.7	419.9	36.0	-6.1
	2021 1Q	OP Margin (%)	2022 1Q	OP Margin (%)	YoY(%)
Operating Profit <sup>1)</sup>	176.2	14.1	158.0	13.6	-10.4
Domestic	125.3	15.4	112.0	15.3	-10.6
Cosmetics	116.4	17.1	104.2	17.2	-10.5
Daily Beauty	8.9	6.7	7.8	6.2	-12.9
Overseas	52.3	11.7	42.1	10.0	-19.5
Net Profit	137.6	11.0	120.1	10.3	-12.8

1) Includes intercompany transactions, revenue and operating profit from Aestura and Cosvision as of September 2021

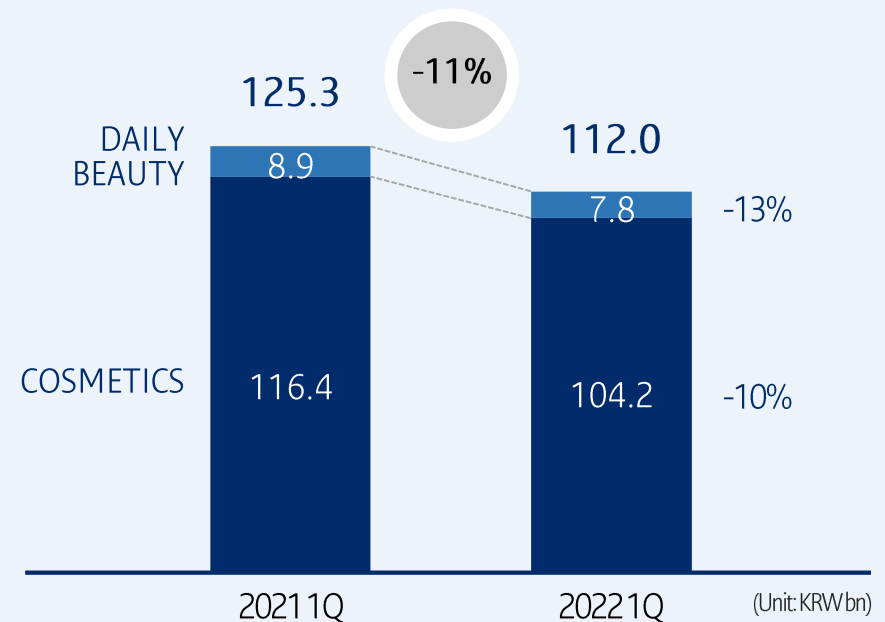
## Revenue decreased 10%

- Pure domestic revenue increased from strong online sales growth (over 20%)
- Travel retail revenue declined by double digit (24% of total revenue)



## Operating profit decreased 11%

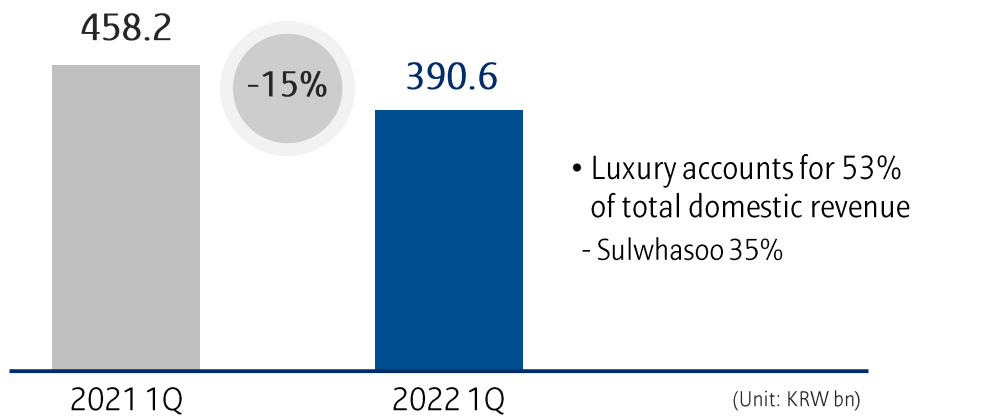
- Cosmetics operating profit decreased due to decline in revenue and increase in marketing expense
- Daily Beauty operating profit declined due to decline in revenue and increase in A&P expense to strengthen premium lines



1) Others: OEM, Rental Income etc.



## LUXURY

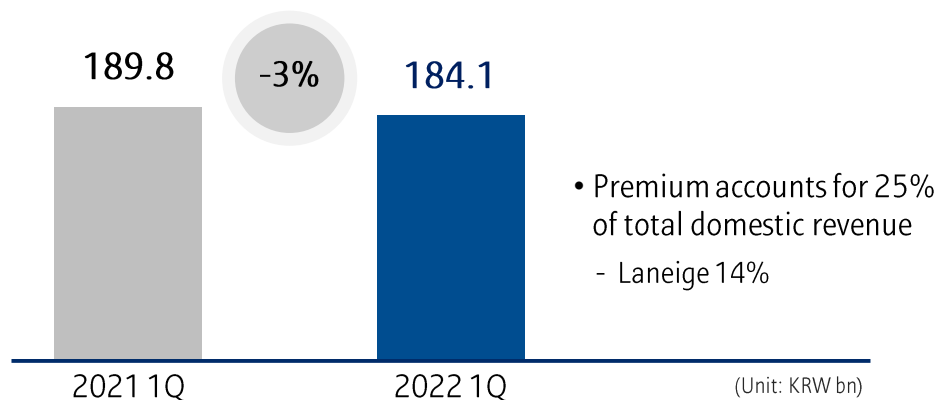


- Luxury accounts for 53% of total domestic revenue
- Sulwhasoo 35%

- Travel retail revenue declined due to resurgence of COVID-19
- Online sales grew by double digit with pre-launch of major new products and brand week events
- Inner beauty brand revenue grew by focusing on nurturing health supplement product category
  - [Vital Beautie] 'Super Collagen Essence' has proven to have the best skin care improvement index
- Enhanced brand competitiveness by strengthening key categories
  - [Sulwhasoo] Strengthened representative anti-aging solution line (Launched 'Concentrated Ginseng Renewing Serum EX, Eye Cream')
  - [Hera] Reinforced luxury lip category (Launched 'Sensual Powder Matte Liquid')



## PREMIUM



- Online sales grew by double digit and continued strong growth
- Diversified marketing activities to expand Millennials and Gen Z customers
  - [Laneige] Executed 'Radian-C Cream' campaign by releasing 'Dark Farm' video clip and opening immersive interactive exhibition 'LIFE OASIS 2.0' in collaboration with visual artist NOVO
  - [Aestura] Released 'A-CICA 365' line campaign '#CalmingSeason2' video clip
- Nurtured engine product category by renewing major products and launching limited editions
  - [Laneige] Launched 9 products of 'Water Bank Blue Hyaluronic' with innovative design and ingredients
  - [Hanyul] Launched 'Tiger Campaign Limited Edition' inspired by main ingredients and origin



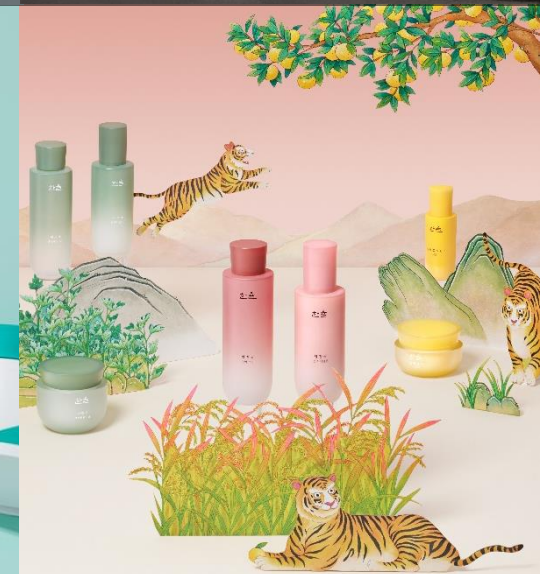
Laneige 'Water Bank Blue Hyaluronic Cream'



Laneige 'LIFE OASIS 2.0' Exhibition

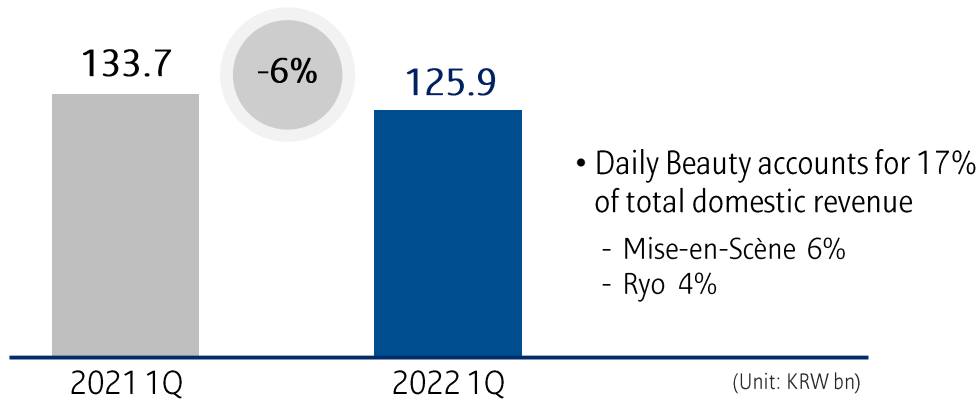


Aestura 'A-CICA 365' line



Hanyul 'Tiger Campaign Limited Edition'

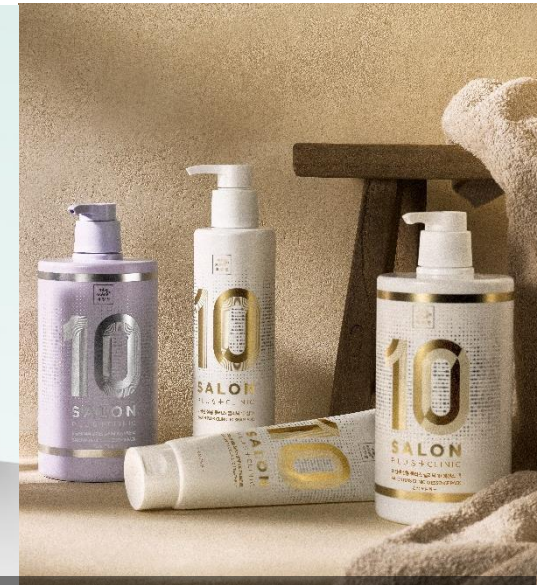
## DAILY BEAUTY



- Offline sales declined due to reorganization of product portfolio in order to improve profitability
- Online sales grew from increase in sales of premium lines including Mise-en-Scène 'Salon10' and HappyBath 'Skin U'
- Strengthened premium product line by launching new products
  - [Ryo] Launched the first domestic vegan premium 'Bright Mild Hairdye'
  - [HappyBath] Launched 'Matinée Skin Care Perfume Body Wash' as a premium body care line of Mise-en-Scène perfume line
  - [Illiyoon] Launched functional 'MD Red Itch Care' line that has gained approval of MFDS(Ministry of Food and Drug Safety)



Ryo 'Bright Mild Hairdye'



Mise-en-Scène 'Salon Plus Clinic 10 Professional'



Happy Bath 'Matinée Skin Care Perfume Body Wash'

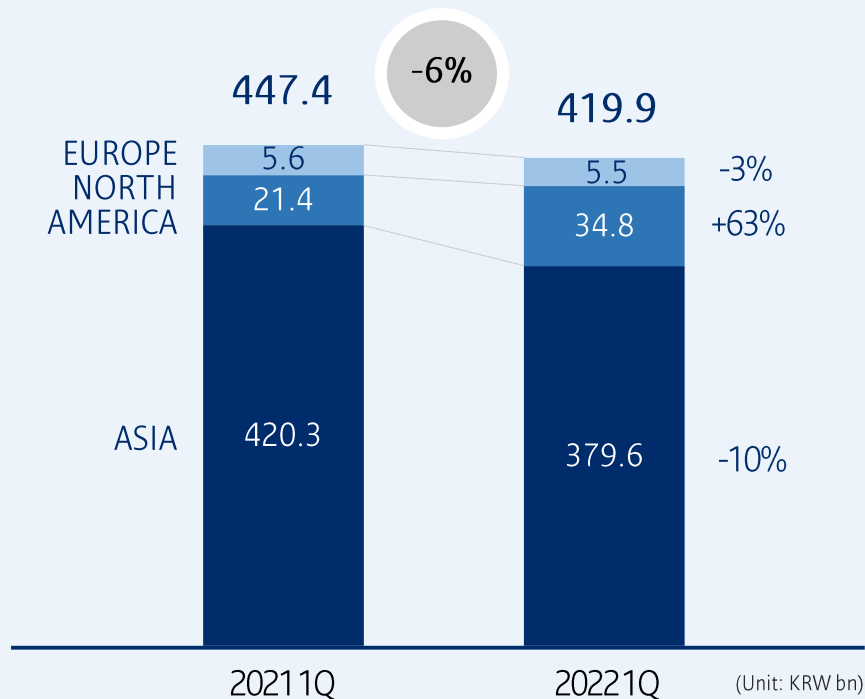


Illiyoon 'MD Red Itch Care Cream'



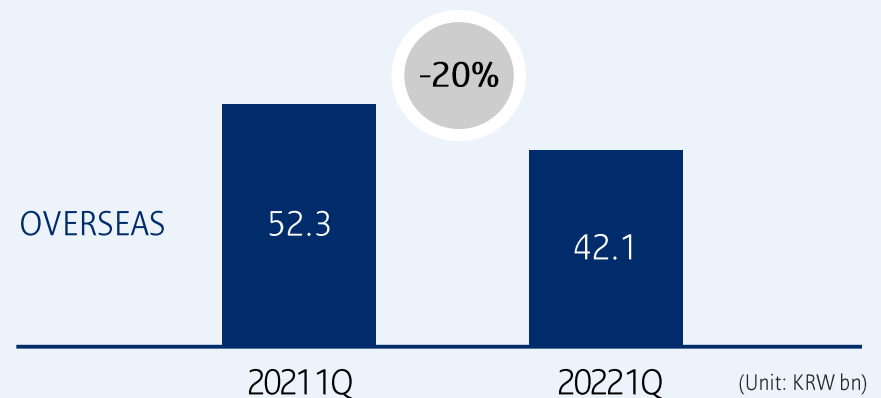
## Revenue decreased 6%

- Asia revenue declined by 10% (China sales accounts for 70% of Asia sales)
- North America sales posted 63% growth driven by strong sales of major brands
- Europe revenue declined by 3% due to sales decline of Goutal Paris



## Operating profit decreased 20%

- Asia operating profit decreased due to revenue decline from resurgence of COVID-19 and restructuring of offline stores
- North America operating profit increased with channel mix improvement and strong sales growth of major brands





## ASIA

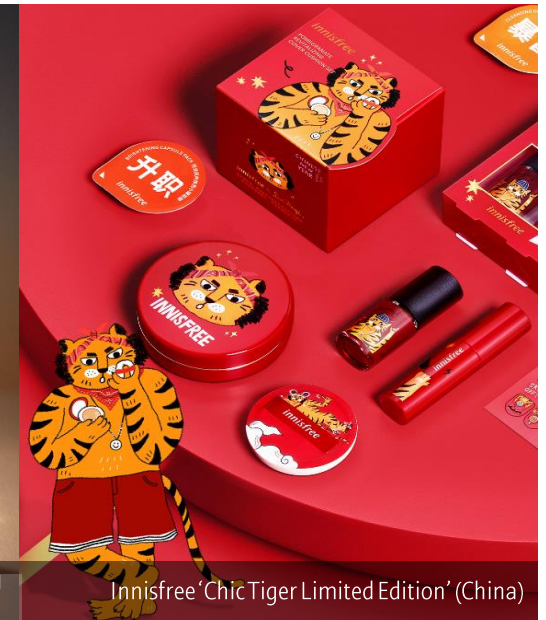
- China revenue declined by 10% in Korean won
  - Offline sales decreased as some stores were temporarily closed due to resurgence of COVID-19
  - Sulwhasoo sales grew by nurturing 'Concentrated Ginseng Renewing' line and solid growth from online channel
- Other Asia revenue declined due to social distancing measures
  - Strengthened competitiveness of key products by upgrading Sulwhasoo 'Concentrated Ginseng Renewing Serum EX' and Laneige 'Water Bank' line in ASEAN countries

## NORTH AMERICA & EUROPE

- North America sales grew with solid sales from growth channels
  - Laneige sales grew by diversifying online platforms and enhancing category leadership with 'Lip Sleeping Mask'
  - Sulwhasoo posted sales growth both in online and offline channels by strengthening brand attractiveness
- Europe revenue decreased due to sales decline in fragrance brand
  - Laneige sales grew mainly driven by sales growth from online channel
  - Goutal Paris revenue decreased due to decline in export sales



Sulwhasoo 'Concentrated Ginseng Renewing Serum EX' Renewal (Global)



Innisfree 'Chic Tiger Limited Edition' (China)



Laneige 'Water Bank' line Renewal (Global)



Innisfree 'Retinol Cica Repair Ampoule' (Global)

## Amorepacific named CES 2022 Innovation Award Honoree for two of its personalized beauty technologies

‘Mind-linked Bathbot’ (Robot that produces bath bombs based on the analysis of human emotions through brain wave signals) and ‘Myskin Recovery Platform’ (Integrative platform providing skin diagnoses and customized skin solution based on AI analysis by detecting skin surface image with sensors) received CES (Consumer Electronics Show) 2022 Innovation Award



## Amorepacific launches a bespoke life-beauty brand ‘CUSTOM.ME’

Launched a 1:1 customized life-beauty brand, ‘CUSTOM.ME’ offering personalized beauty solutions for individual customers through mobile skin analysis, personalized skin balancing products and a 1:1 service with dedicated professionals

## Amorepacific hosts 'Super Beauty Week' with Naver

Since signing an MOU in June 2020 to strengthen our strategic partnership with Naver, Amorepacific has hosted collaborative projects such as brand weeks, etc. The two companies will continuously cooperate for innovating customer experiences as they collaborate to strengthen various digital business competencies.



## Sulwhasoo opens the 'Secret of Ginsenomics™' pop-up store at the duty free shopping complex in China Haitang Bay

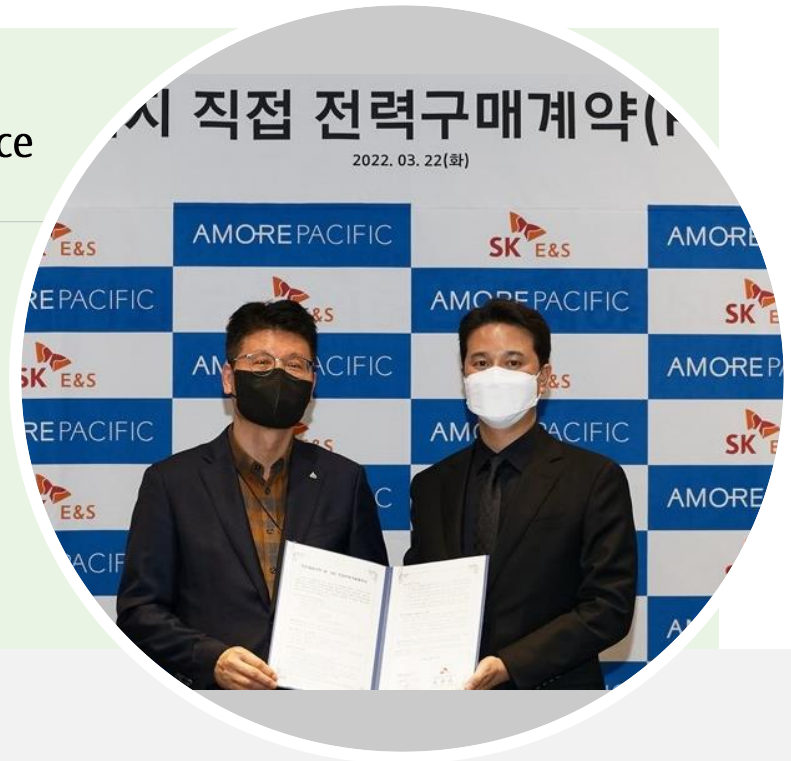
Sulwhasoo and China Duty Free Group (CDFG) have partnered to launch the 'Secret of Ginsenomics™' pop-up store in Hainan. The pop-up shines the light on Sulwhasoo's hero Ginsenomics™ ingredient story of 'Concentrated Ginseng Renewing Serum EX' and features CDF-exclusive sets and other extra benefits for customers.



## Amorepacific becomes the first Korean beauty company to produce cosmetic products through direct supply of renewable energy

SK E&S will supply 5MW\* renewable electricity to Amorepacific's Daejeon Daily Beauty plant for the next 20 years. It is the first case in Korea to trade renewable energy between companies without the relay of the Korea Electric Power Corporation.

\* Approximately 30% of annual electricity consumption of Amorepacific's Daejeon Daily Beauty plant.  
Expect to reduce 2,700 tons of annual greenhouse gas emissions



## Amorepacific becomes the first Korean beauty company to join the EcoBeautyScore Consortium

37 global cosmetics/personal care companies and associations have joined the consortium. Members of the EcoBeautyScore Consortium will collaborate to build a harmonized scoring system based on a common scientific methodology, database, and tool, which may help consumers check and compare environmental impacts of cosmetic products throughout the entire product lifecycle and make better choices.





# Financial Summary

AMOREPACIFIC

## Income Statement

(Unit: KRW bn, %)

	2021 1Q		2022 1Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,252.8	100.0	1,165.0	100.0
Cost of sales	344.4	27.5	363.1	31.2
Gross Profit	908.4	72.5	801.9	68.8
SG&A Expenses	732.1	58.4	643.9	55.3
Operating Profit	176.2	14.1	158.0	13.6
Non-Operating Profit/Expense	5.0		4.3	
Profit Before Tax	181.3	14.5	162.3	13.9
Consolidated Net Income	137.6	11.0	120.1	10.3

## Statement of Financial Position

(Unit: KRW bn, %)

	2021.12	2022.03
<b>Assets</b>	6,116.7	6,026.5
Current Assets	2,018.5	1,980.0
Trade receivables	295.8	342.1
Inventories	493.2	483.2
Non-current Assets	4,098.2	4,046.5
Property, Plant and Equipment	2,541.4	2,516.1
Intangible Assets	201.7	197.5
Investments in associates	238.4	243.7
<b>Liabilities</b>	1,372.4	1,226.3
Current Liabilities	1,157.5	1,017.1
Non-current Liabilities	214.9	209.2
<b>Shareholder's Equity</b>	4,744.3	4,800.3
Capital Stock	34.5	34.5
Retained Earnings	3,937.8	3,986.0
Non-controlling Interest	-16.7	-14.4