

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

2Q 2022 Earnings Release

2022. 7. 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.

1H 2022 Earnings Summary

AMOREPACIFIC

Revenue down 13.1% to KRW 2.1 trillion, Operating profit down 48.2% to KRW 138.5 billion

Domestic revenue down 12.5%, operating profit down 28.3%. Overseas revenue down 19.7%, operating profit KRW -0.4 billion

(Unit: KRW bn)

	2021 1H	% of Revenue	2022 1H	% of Revenue	YoY(%)
Revenue ¹⁾	2,429.4	100.0	2,110.8	100.0	-13.1
Domestic	1,555.3	64.0	1,360.6	64.5	-12.5
Cosmetics	1,306.1	53.8	1,138.4	53.9	-12.8
Daily Beauty	249.2	10.3	222.1	10.5	-10.9
Overseas	892.6	36.7	717.1	34.0	-19.7
	2021 1H	OP Margin (%)	2022 1H	OP Margin (%)	YoY(%)
Operating Profit ¹⁾	267.5	11.0	138.5	6.6	-48.2
Domestic	207.4	13.3	148.7	10.9	-28.3
Cosmetics	200.7	15.4	144.3	12.7	-28.1
Daily Beauty	6.6	2.7	4.4	2.0	-33.0
Overseas	61.7	6.9	-0.4	-0.1	Turned to red
Net Profit	196.8	8.1	82.9	3.9	-57.9

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

2Q 2022 Earnings Summary

AMOREPACIFIC

Revenue down 19.6% to KRW 0.9 trillion, Operating profit KRW -19.5 billion

Domestic revenue down 15.4%, operating profit down 55.3%. Overseas revenue down 33.2%, operating profit KRW -42.5 billion

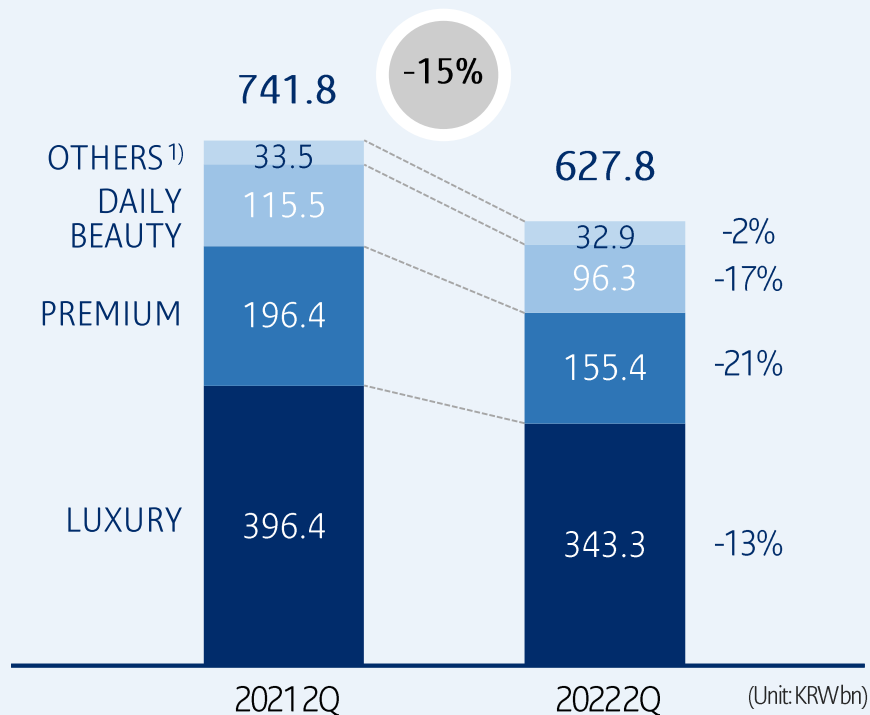
(Unit: KRW bn)

	2021 2Q	% of Revenue	2022 2Q	% of Revenue	YoY(%)
Revenue ¹⁾	1,176.7	100.0	945.7	100.0	-19.6
Domestic	741.8	63.0	627.8	66.4	-15.4
Cosmetics	626.3	53.2	531.5	56.2	-15.1
Daily Beauty	115.5	9.8	96.3	10.2	-16.6
Overseas	445.2	37.8	297.2	31.4	-33.2
	2021 2Q	OP Margin (%)	2022 2Q	OP Margin (%)	YoY(%)
Operating Profit ¹⁾	91.2	7.8	-19.5	-2.1	Turned to red
Domestic	82.1	11.1	36.7	5.8	-55.3
Cosmetics	84.4	13.5	40.1	7.5	-52.5
Daily Beauty	-2.3	-2.0	-3.4	-3.5	Continued losses
Overseas	9.4	2.1	-42.5	-14.3	Turned to red
Net Profit	59.2	5.0	-37.2	-3.9	Turned to red

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

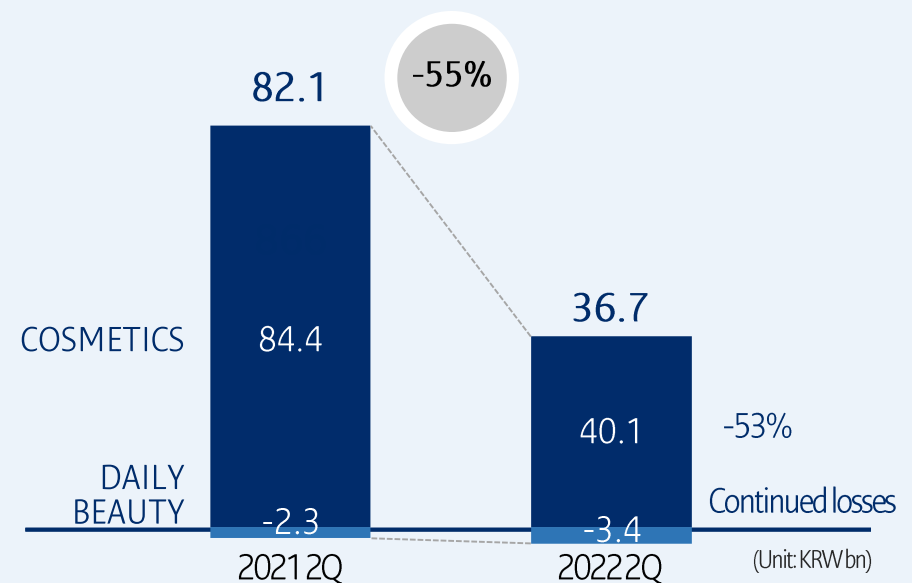
Revenue decreased 15%

- Travel retail revenue declined by double digit (22% of total revenue)
- Online sales grew by approximately 10% as a result of stronger sales from third-party platform and AMORE MALL



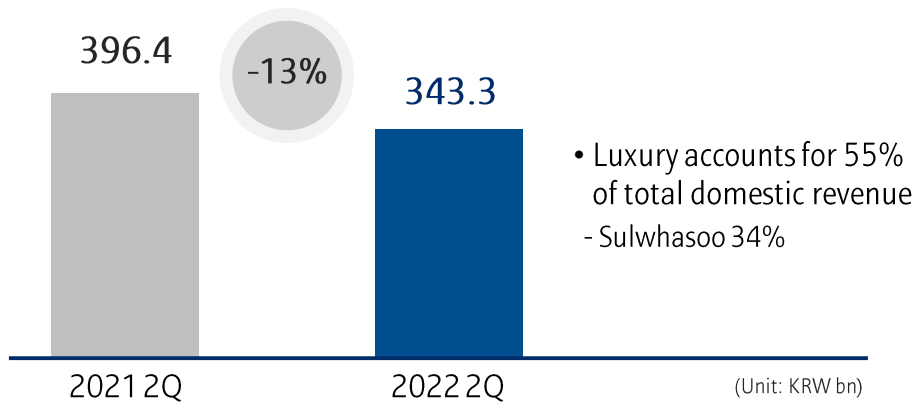
Operating profit decreased 55%

- Cosmetics operating profit declined due to decrease in sales of high margin channel and increase in marketing expense
- Daily Beauty operating profit decreased with reduced sales of major brands resulting from focusing on local business abroad



1) Others: OEM, Rental Income etc.

LUXURY



- Travel retail sales declined due to resurgence of COVID-19 within China
- All luxury brands posted online sales growth through diversified events and new product launches
 - Hosted 'Naver Super Beauty Week', 'Amore Omni Shopping Festival'
 - Launched Sulwhasoo 'Concentrated Ginseng Brightening' line to strengthen Concentrated Ginseng Renewing line
- Hera and Vital Beautie brand sales grew by strengthening key categories and launching collaborative products
 - [Hera] Collaboration of 'Hera Black Cushion x AUFGLET', 'Hera x The Cart Golf'
 - [Vital Beautie] 'Super Collagen Essence Biotin' Zanmang Loopy Edition



Sulwhasoo 'Concentrated Ginseng Brightening' line



Hera 'SilkyStay 24H Longwear Foundation'

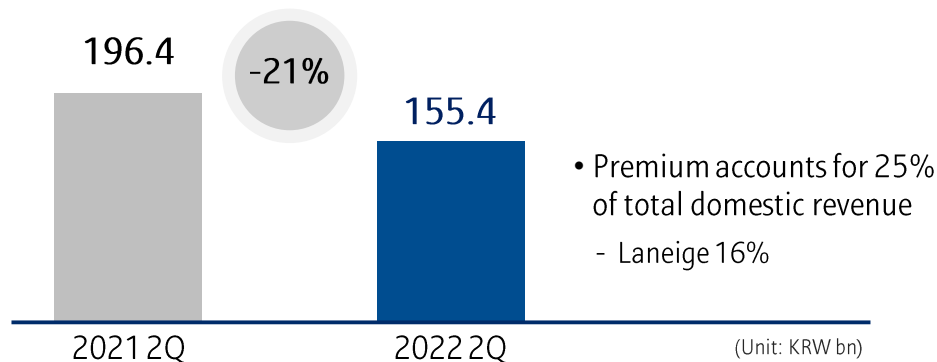


Collaboration of 'Primer x Helinox'



Vital Beautie 'Super Collagen Essence Biotin' Zanmang Loopy Edition

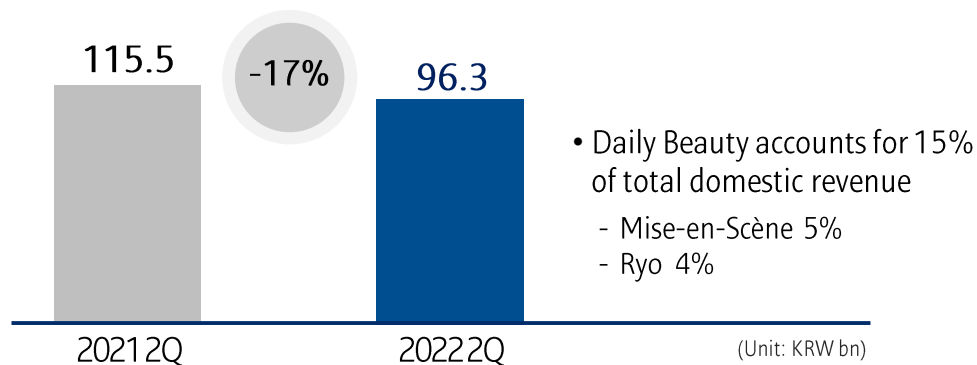
PREMIUM



- Despite decline in travel retail channel revenue, multi-brand shop channel revenue grew due to Laneige and Be Ready brand sales growth in multi-brand shop channel by nurturing key products
- Strengthened brand attractiveness by focusing on developing new engine categories
 - [Laneige] Launched personalized service 'Bespoke Neo'
 - [Aestura] Focused on nurturing 'A-CICA 365' line and strengthened exclusive MD(Medical Device) products for dermatologists
 - [Be Ready] Renewed 'Magnetic Fitting Cushion', an exclusive makeup foundation for men
- Expanded brand activities that incorporate sustainable values
 - Laneige declared brand's sustainable commitment 'HUG for Universal Goodness'
 - Hanyul launched 'Pure Artemisia Cream Plogging Edition' to practice responsible consumption value with customers



DAILY BEAUTY



- Daily Beauty accounts for 15% of total domestic revenue
 - Mise-en-Scène 5%
 - Ryo 4%

- Daily beauty revenue declined due to the impact of restructuring product portfolio and major brands focusing on local business abroad
- Strengthened premium product portfolio and increased sales mix of high margin products by launching new premium lines and brands
 - [Ryo] Launched 'Double effector', haircare products that cover grey hair and prevent hair loss
 - [Mise-en-Scène] Reinforced premium 'Salon 10' line with new hair dye product
 - [Gentist] Launched new premium dental care brand with functional toothpaste
- Introduced zero-waste product to practice sustainable commitments
 - [Labo-H] Launched the first domestic vegan certified hair loss care shampoo bar



Ryo 'Double Effector Hair Loss Care Black Shampoo/Treatment'



Mise-en-Scène 'Salon Plus Clinic 10 Color Cream'



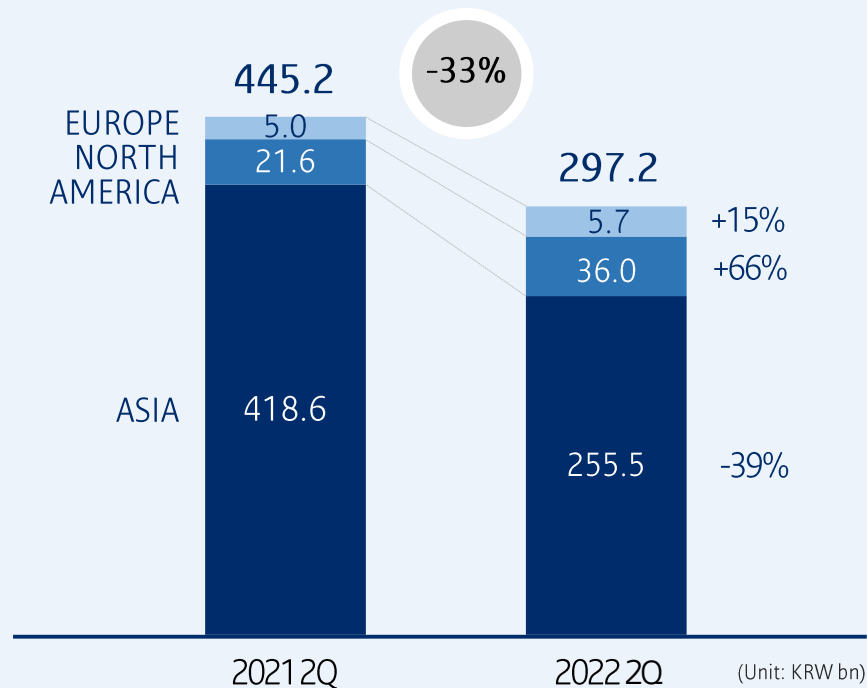
LABO-H 'Hair Loss Care Scalp Strengthening Shampoo Bar'



Gentist 'Gentist 2X Toothpaste'

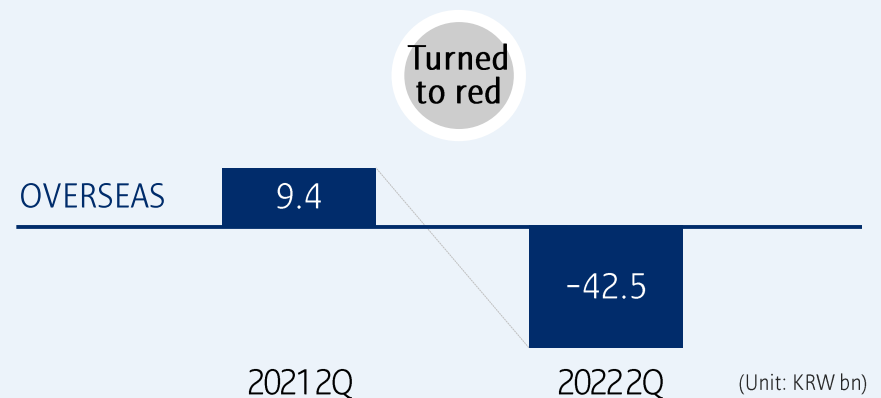
Revenue decreased 33%

- Asia revenue declined by 39%
(China sales accounts for more than 50% of Asia sales)
- North America sales grew by 66% with solid sales from major brands mainly in growth channels
- Europe revenue posted 15% growth driven by strong sales of Laneige



Operating profit turned to red

- Asia posted operating loss due to decline in China revenue
- Combined operating profit of North America and Europe increased with sales growth and channel mix improvement



ASIA

- China revenue decreased by more than 50%
 - Both offline and online sales declined due to lockdown restrictions on production facility, distribution centers and offline stores in major cities resulting from 'Zero-COVID' policy
 - Sales mix of 'Concentrated Ginseng Renewing' line within Sulwhasoo brand increased with the renewal of 'Concentrated Ginseng Renewing Eye Cream'
- Other Asia revenue grew from increase in sales of major brands
 - Sulwhasoo, Laneige and Innisfree sales in ASEAN countries increased by nurturing functional lines and launching collaborative products ('Artist NOVO x Neo Cushion', 'Innisfree x Peanuts Limited Edition')
 - ASEAN sales posted growth through strong sales recovery from offline channels with restriction ease of COVID-19

NORTH AMERICA & EUROPE

- North America revenue grew from increase in sales of e-commerce and multi-brand shop channels
 - Laneige strengthened key products attractiveness through 'Water Bank' campaign with Sydney Sweeney
 - Sulwhasoo sales posted growth with its launch in new e-commerce platforms such as 'Amazon', etc.
- Europe sales increased with strong Laneige sales in growth channels
 - Laneige diversified online channel portfolio with its launch in British e-commerce platforms
 - Domestic Goutal Paris sales grew as a result of reopening in France



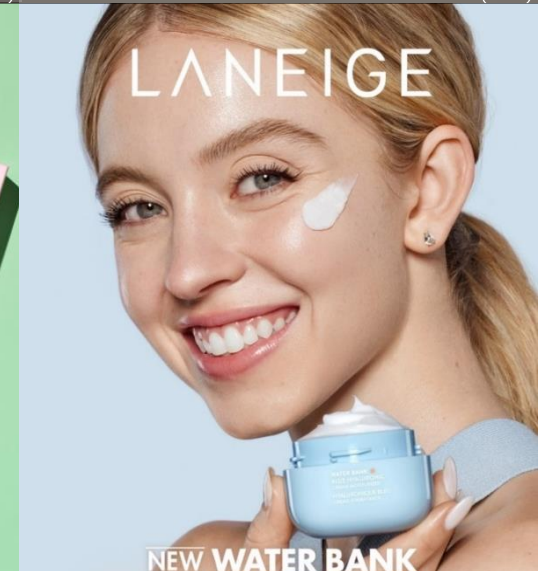
Sulwhasoo 'Concentrated Ginseng Renewing Eye Cream' Renewal (China)



Laneige 'Artist NOVO x Neo Cushion' Collaboration (Asia)



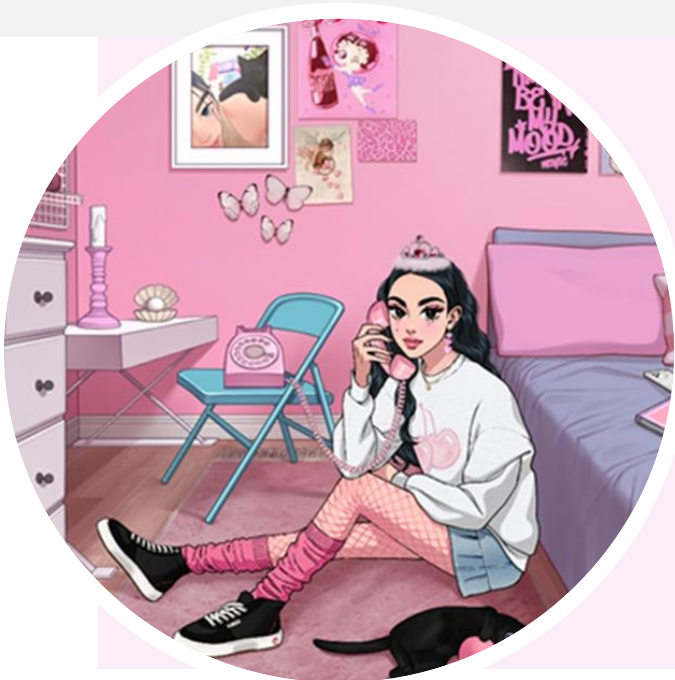
Innisfree x Peanuts Limited Edition (China)



NEW WATER BANK Laneige 'Water Bank' Campaign with Sydney Sweeney (N.A)

Amorepacific hosts 'Amore Omni Shopping Festival'

'Amore Omni Shopping Festival' is the first omni channel shopping festival in collaboration with Amore mall, Amore Seungsu and Amore Store Gwanggyo. In order to improve omni channel shopping and brand experience, various events were hosted such as omni channel stamp mission, relay-live commerce with celebrities and freebie of Amorepacific's own character 'Dolpoong', etc.



Amorepacific's virtual influencer 'GG' unveils fashion lookbook

Amorepacific presented its first 2D virtual influencer GG's 2022 S/S season fashion lookbook in collaboration with fashion brand 'Kirsh'. The company increased communication with Millennials and Gen Z customers by operating social media giveaway event of the lookbook's fashion items

Amorepacific hosts 'Makeup Your Life' campaign at the Seoul Medical center

Amorepacific and the Korea Breast Cancer Foundation hosted makeup classes with professional makeup artists to encourage medical team and staff members at the infectious disease unit who have been struggling with fatigue amid prolonged COVID-19 pandemic



Amorepacific, KEPCO and Eco Network sign the tripartite power purchase agreement (PPA)

Under this agreement, Amore Beauty Park located in Osan, Korea will gain approval from the Minister of Trade, Industry and Energy and source renewable energy amounted to 2.8MW from the solar power plant for the next 20 years, starting on August 1, 2022.

Financial Summary

AMOREPACIFIC

Income Statement

(Unit: KRW bn, %)

	2021 2Q		2022 2Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,176.7	100.0	945.7	100.0
Cost of sales	322.8	27.4	321.2	34.0
Gross Profit	853.9	72.6	624.5	66.0
SG&A Expenses	762.7	64.8	644.0	68.1
Operating Profit	91.2	7.8	-19.5	-2.1
Non-Operating Profit/Expense	-3.1		0.9	
Profit Before Tax	88.1	7.5	-18.6	-2.0
Consolidated Net Income	59.2	5.0	-37.2	-3.9

Statement of Financial Position

(Unit: KRW bn, %)

	2021.12	2022.06
Assets	6,116.7	5,876.6
Current Assets	2,018.5	1,834.5
Trade receivables	295.8	328.9
Inventories	493.2	500.9
Non-current Assets	4,098.2	4,042.1
Property, Plant and Equipment	2,541.4	2,497.2
Intangible Assets	201.7	200.1
Investments in associates	238.4	243.8
Liabilities	1,372.4	1,115.4
Current Liabilities	1,157.5	931.3
Non-current Liabilities	214.9	184.1
Shareholder's Equity	4,744.3	4,761.2
Capital Stock	34.5	34.5
Retained Earnings	3,937.8	3,953.1
Non-controlling Interest	-16.7	-21.9