

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

2022 Earnings Release

2023. 2. 1



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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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FY 2022 Earnings Summary

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Revenue down 15.0% to KRW 4.1 trillion, Operating profit down 37.6% to KRW 214.2 billion

Domestic revenue down 16.1%, operating profit down 27.3%. Overseas revenue down 17.1%, operating profit down 84.3%

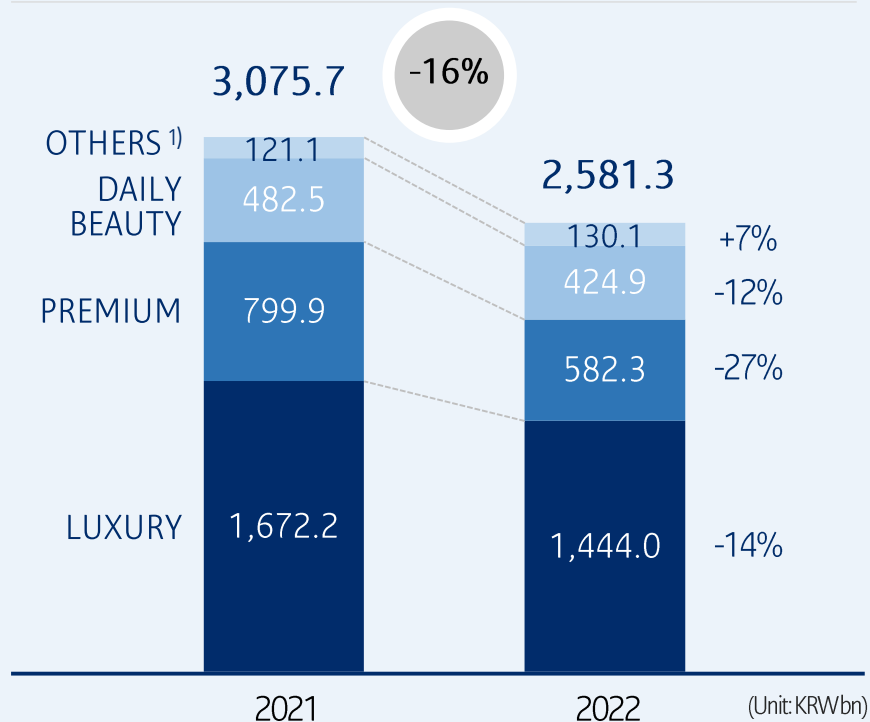
(Unit: KRW bn)

	2021	% of Revenue	2022	% of Revenue	YoY(%)
Revenue ¹⁾	4,863.1	100.0	4,134.9	100.0	-15.0
Domestic	3,075.7	63.2	2,581.3	62.4	-16.1
Cosmetics	2,593.2	53.3	2,156.4	52.2	-16.8
Daily Beauty	482.5	9.9	424.9	10.3	-11.9
Overseas	1,802.3	37.1	1,493.5	36.1	-17.1
	2021	OP Margin(%)	2022	OP Margin(%)	YoY(%)
Operating Profit ¹⁾	343.4	7.1	214.2	5.2	-37.6
Domestic	300.0	9.8	218.2	8.5	-27.3
Cosmetics	299.8	11.6	211.2	9.8	-29.6
Daily Beauty	0.2	0.0	7.0	1.6	+3097.2
Overseas	51.8	2.9	8.1	0.5	-84.3
Net Profit	180.9	3.7	129.3	3.1	-28.5

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

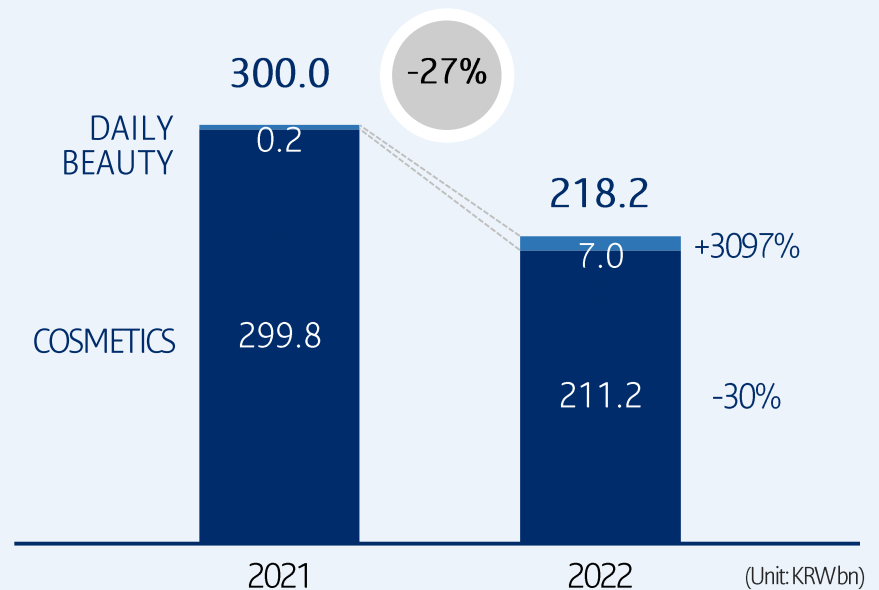
Revenue declined 16%

- Travel retail channel revenue declined by double digit (22% of total domestic revenue)
- Online sales grew through differentiated online strategy by platforms resulting in #1 market share in cosmetics e-commerce



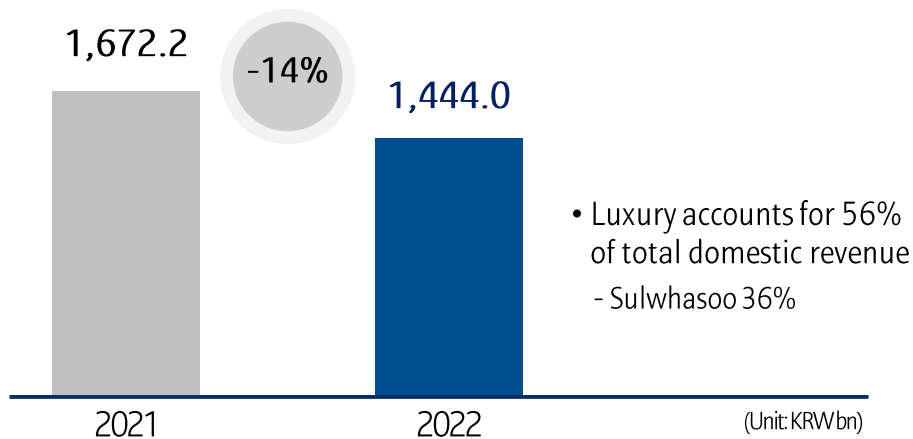
Operating profit decreased 27%

- Cosmetics operating profit decreased due to sales decline in travel retail channel and increase in marketing expense. Pure domestic channel operating profit increased
- Daily Beauty operating profit increased with enhanced product mix from increased revenue of premium lines



1) Others: OEM, Rental Income etc.

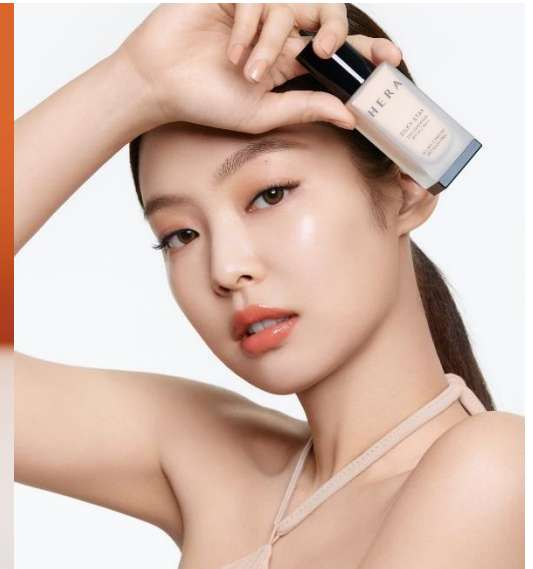
LUXURY



- Despite decline in travel retail channel revenue, online sales grew by more than 20%
- Solidified foundation of luxury brands through strengthening brand values
 - [Sulwhasoo] Executed rebranding campaign to strengthen brand aspiration
 - [Hera] Communicated '#First, Best' brand message through dance crew campaign
 - [Primera] Reframed brand logo/identity and launched functional line 'AG.VCN™'
 - [Goutal] Renewed brand identity and launched iconic products with brand heritage
- Nurtured inner beauty category based on innovative products
 - [Vital Beautie] Diversified 'Super Collagen' line and reinforced brand activities that validate product quality
(Awarded in 'Monde Selection 2022' and selected as 'Korea's Green Product of the Year')



Sulwhasoo 'First Care Activating Serum Limited Edition'



Hera 'Silky Stay 24H Longwear Foundation'



Primera 'Youth Radiance Vitatinol Serum'

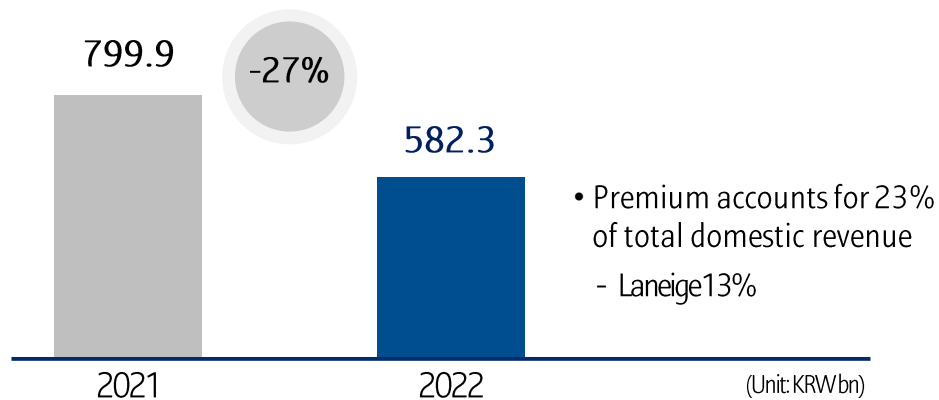


Vital Beautie 'Super Collagen Essence Biotin'

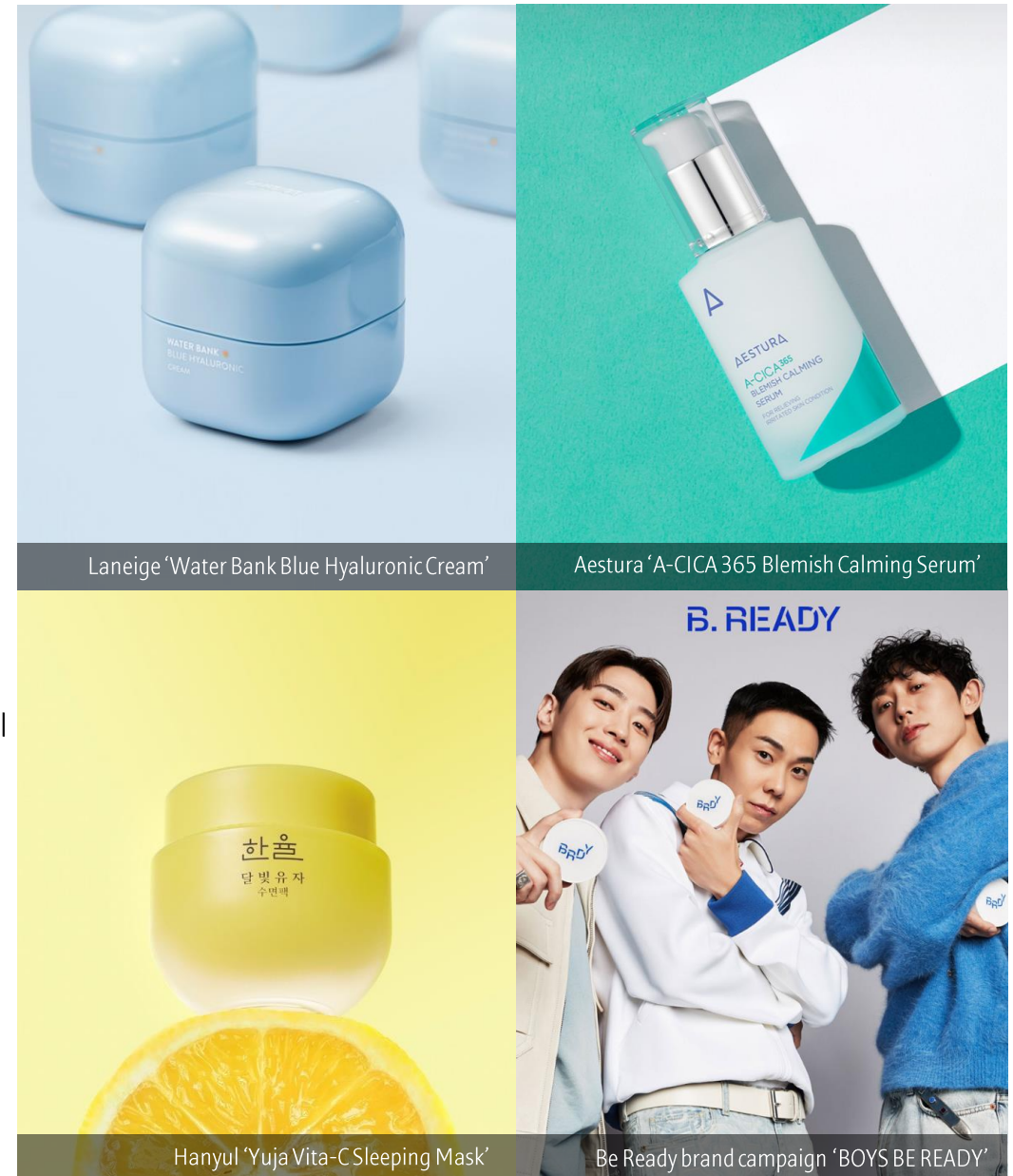
FY 2022 Domestic Business

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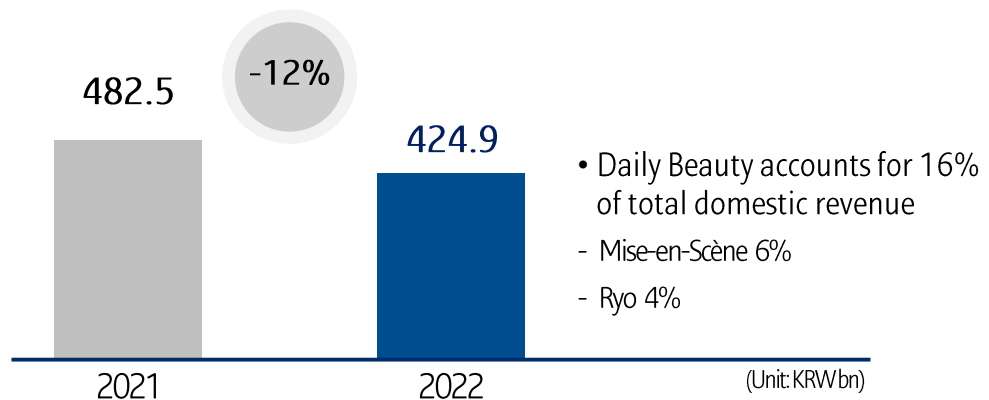
PREMIUM



- Despite sales growth in multi-brand shop channel by more than 30%, premium cosmetics sales decreased due to sales decline in travel retail channel
- Enhanced premium brand competitiveness by renewing key products and launching new products
 - [Laneige] Launched 9 products of 'Water Bank Blue Hyaluronic' line with innovative design
 - [Aestura] Launched 'A-CICA 365' line and diversified exclusive products for dermatologists
 - [IOPE] Nurtured functional category by launching 'PDRN Caffeine Shot' ampoule
 - [Hanyul] Renewed steady selling product 'Yuja Vita-C Sleeping Mask'
- Nurtured future growth category such as personalized cosmetics service and makeup category products for men
 - [Laneige] Launched personalized makeup cushion/foundation service 'Bespoke Neo'
 - [Be Ready] Renewed 'Blue Cushion' and executed brand campaign



DAILY BEAUTY

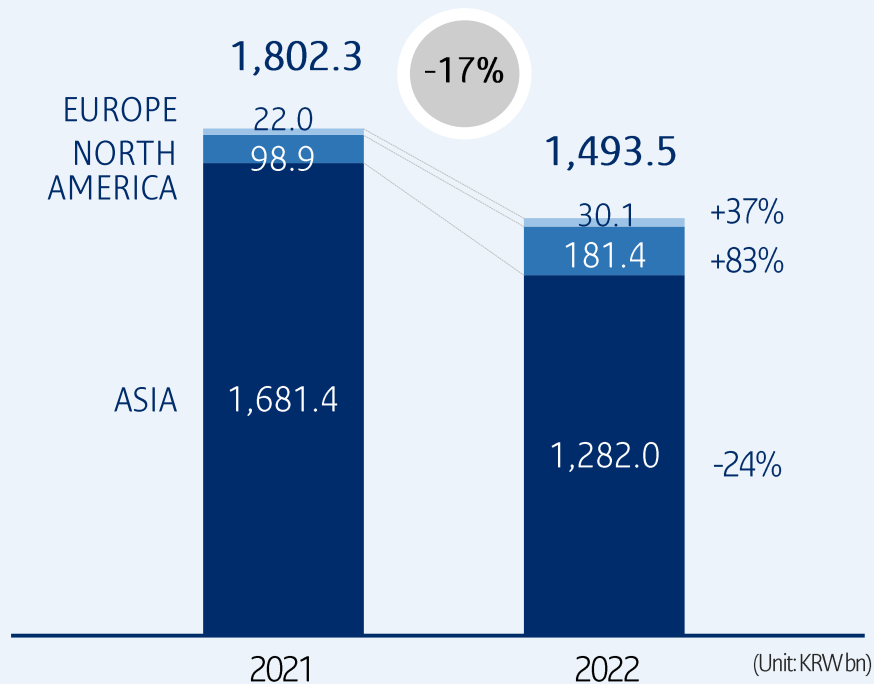


- Overall revenue declined due to reorganization of product portfolio, but sales of premium lines increased
- Increased sales mix of high margin products by launching new brand and nurturing premium product categories
 - [Longtake] Successful launch and strong sales from premium lifestyle brand
 - [Mise-en-Scène] Enhanced brand attractiveness by expanding 'Salon 10' category
 - [HappyBath] Increased sales of 'Skin U' moisturizing line that contains hyaluronic acid and panthenol
- Multi-brand shop channel sales grew by reinforcing marketing activities that target millennials and Gen Z customers
 - [LABO-H] Strengthened product category by focusing on premature hair loss, "Clean Beauty", and ESG activities
 - [Illiyoon] Hosted multi-brand shop pop-up event 'Hotel Sensitive'



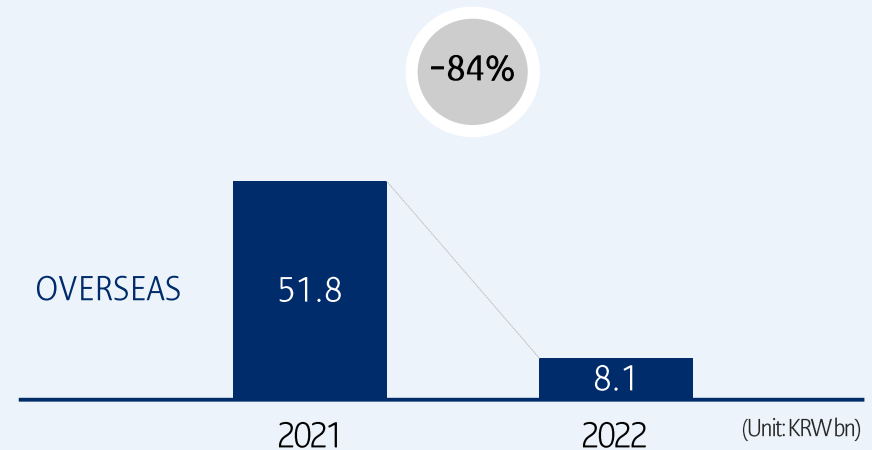
Revenue declined 17%

- Asia revenue declined by 24%
(China sales accounts for 60% of Asia sales)
- North America revenue grew by 83% due to strong performance of major brands
- Europe revenue posted 37% growth driven by strong sales of Laneige



Operating profit decreased 84%

- Other Asia operating profit increased, but total Asia operating profit decreased due to decline in China revenue
- Combined operating profit of North America and Europe increased with strong sales growth

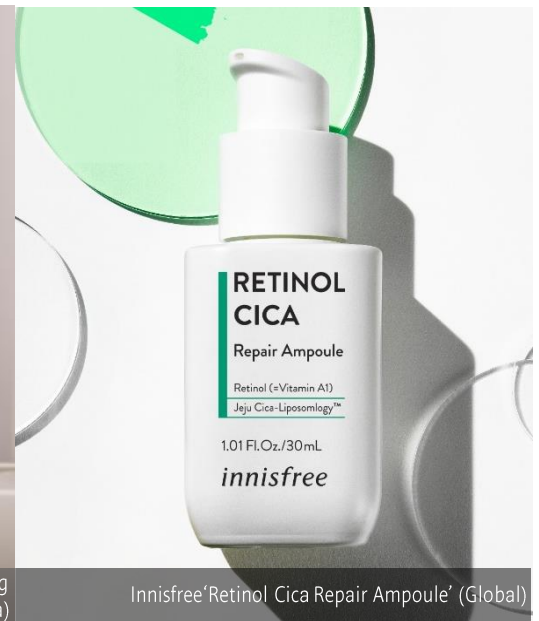


ASIA

- China revenue declined by mid-30% in Korean won
 - Revenue declined due to slowdown in consumption from resurgence of COVID-19, ‘Zero-COVID’ policy and restructuring offline stores of major brands
 - Increased sales mix of key product categories by focusing on marketing of hero products (Sulwhasoo ‘Concentrated Ginseng Renewing’ line, Innisfree ‘Retinol Cica Repair Ampoule’, etc.)
 - Reinforced foundation for future growth through reorganization of product and channel of major brands
- Other Asia revenue increased with solid growth in ASEAN countries
 - Major brands (Sulwhasoo, Laneige, Innisfree) posted strong growth in ASEAN
 - Launched Laneige brand in Japanese retail channel and expanded regional portfolio



Renewal of Sulwhasoo ‘Concentrated Ginseng Renewing Eye Cream’ (China)



Innisfree ‘Retinol Cica Repair Ampoule’ (Global)

NORTH AMERICA & EUROPE

- North America revenue grew by 83% from robust growth of major brands
 - Major brands expanded growth momentum by increasing brand presence in growth channel (Amazon, Sephora etc.) and reinforcing marketing activities
 - Secured “Clean Beauty” portfolio and enhanced long-term competitiveness of North America business through acquisition of ‘Tata Harper’
- Europe revenue recorded 37% growth driven by Laneige brand
 - Laneige posted solid sales growth in online and multi-brand shop channels
 - Goutal established solid foundation for growth through brand renewal based on its heritage



Laneige ‘Water Bank Blue Hyaluronic’ Line (Global)



Acquisition of luxury “Clean Beauty” brand ‘Tata Harper’ (North America)

4Q 2022 Earnings Summary

AMOREPACIFIC

Revenue down 17.9% to KRW 1.1 trillion, Operating profit up 122.9% to KRW 57.0 billion

Domestic revenue down 20.7%, operating profit up 17.9%. Overseas revenue down 16.0%, operating profit turned to profit

(Unit: KRW bn)

	2021 4Q	% of Revenue	2022 4Q	% of Revenue	YoY(%)
Revenue ¹⁾	1,324.7	100.0	1,087.8	100.0	-17.9
Domestic	798.9	60.3	633.7	58.3	-20.7
Cosmetics	689.7	52.1	529.2	48.6	-23.3
Daily Beauty	109.3	8.2	104.5	9.6	-4.4
Overseas	525.6	39.7	441.6	40.6	-16.0
	2021 4Q	OP Margin (%)	2022 4Q	OP Margin (%)	YoY(%)
Operating Profit ¹⁾	25.6	1.9	57.0	5.2	+122.9
Domestic	34.0	4.3	40.1	6.3	+17.9
Cosmetics	41.8	6.1	38.3	7.2	-8.4
Daily Beauty	-7.8	-7.2	1.8	1.7	Turned to profit
Overseas	-18.4	-3.5	17.8	4.0	Turned to profit
Net Profit	-54.4	-4.1	24.6	2.3	Turned to profit

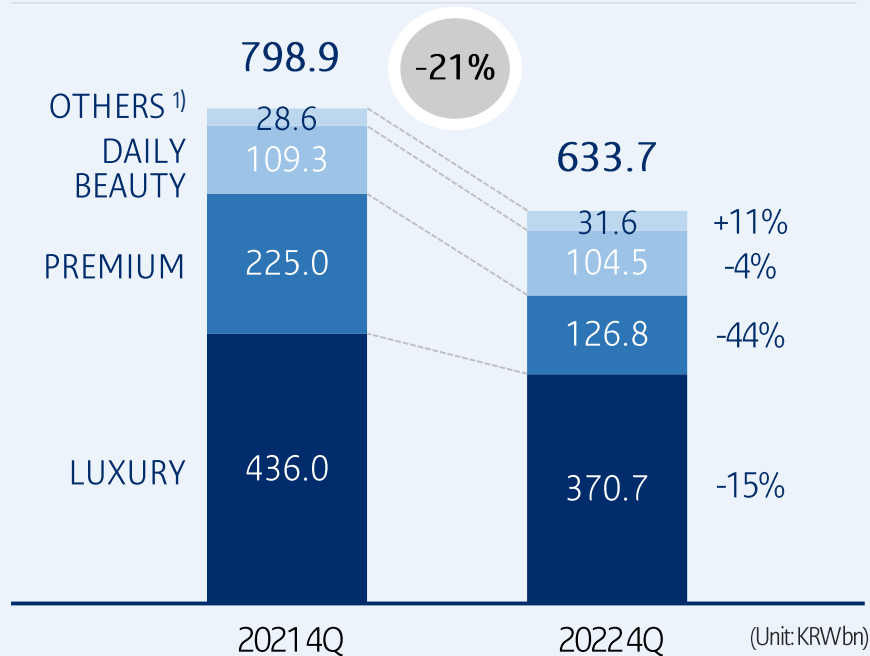
1) Includes intercompany transactions

4Q 2022 Domestic Business

AMOREPACIFIC

Revenue declined 21%

- Travel retail channel revenue declined by double digit (30% of total domestic revenue)
- New commerce, department store, and multi-brand shop channel revenue grew due to post COVID-19 demand improvement in Korea and channel reorganization
- Despite sales decline in global e-commerce, pure domestic e-commerce sales posted growth



Operating profit increased 18%

- Despite pure domestic channel turning to profit, cosmetics operating profit decreased due to sales decline in travel retail channel
- Daily Beauty turned to profit due to improved profitability of major brands from reorganization of product portfolio



1) Others: OEM, Rental Income etc.

4Q 2022 Domestic Business

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LUXURY

- Enhanced brand aspiration and reinforced foundation of luxury brands
 - Sulwhasoo exhibition ‘Rebloom – Mother Earth, Snow, and Flower’ was sold out during the entire period
 - Hera, Primera, and Vital Beautie brand sales grew by double digit from solid sales of new products
- Pure domestic luxury cosmetics e-commerce grew by double digit
 - Strengthened relationships with major online platforms and posted robust sales growth in Amore Mall

PREMIUM

- Strengthened growth foundation of premium brands with diversified e-commerce events
 - Successfully hosted Naver ‘Super Beauty Week’ and Amore Mall ‘Amore Sale Festa’
- Multi-brand shop channel sales posted strong growth by nurturing key product category
 - Aestura ‘Atobarrier 365 cream’ ranked No.1 in the cream category at ‘Olive Young’ (November)
 - Strong sales of Laneige ‘Water Bank Blue Hyaluronic Cream’ and ‘Cream Skin’

DAILY BEAUTY

- Multi-brand shop channel sales recorded robust growth by enhancing leadership in high functional product category
 - LABO-H shampoo and Illiyoony body care products ranked No.1 at the ‘Olive Young 2022 Awards’
- Strengthened brand communication of key products
 - Mise-en-Scène increased on/offline viral marketing by introducing new brand ambassador of ‘Perfect Serum’ product
 - Enhanced Illiyoony ‘Ceramide Ato’ product awareness of millennials and Gen Z through brand music campaign with singer ‘Meenoi’

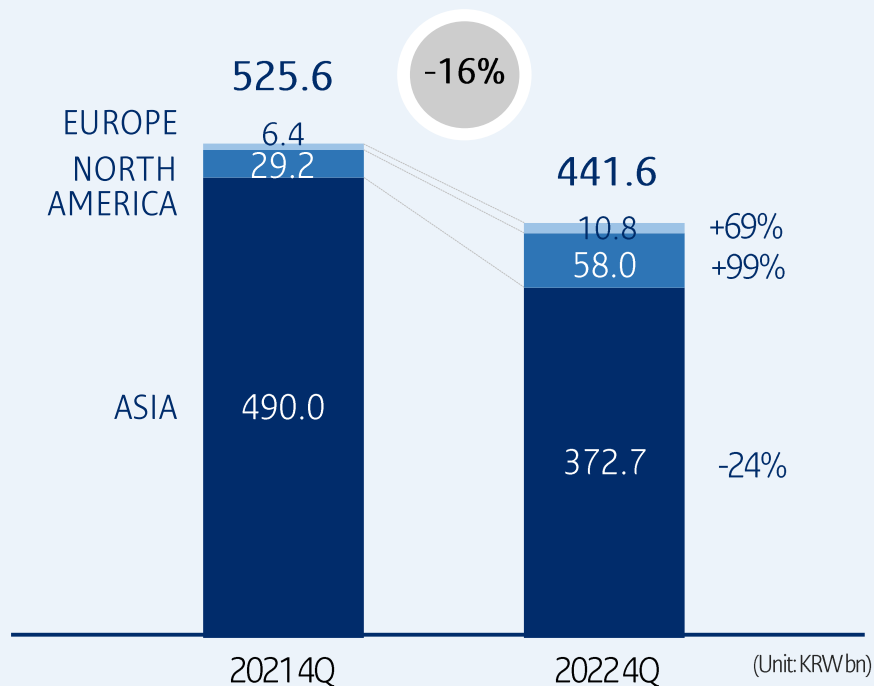


4Q 2022 Overseas Business

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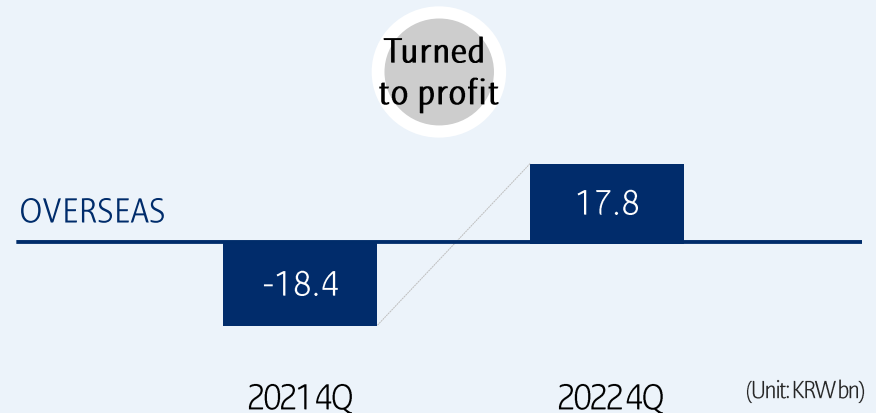
Revenue declined 16%

- Asia revenue decreased by 24%
(China sales accounts for 60% of Asia sales)
- North America sales posted 99% growth driven by strong sales growth of existing brands and acquisition of Tata Harper
- Europe revenue grew by 69% with strong sales of Laneige



Operating profit turned to profit

- Total Asia turned to profit due to improved profitability from cost saving measures in China
- Combined operating profit of North America and Europe increased from strong sales growth

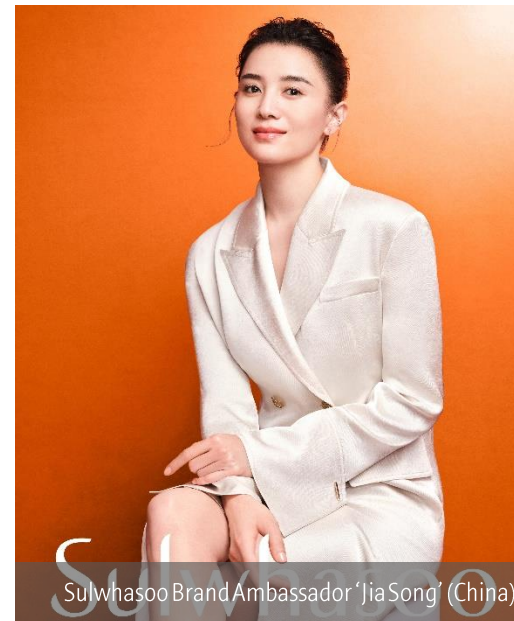


4Q 2022 Overseas Business

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ASIA

- China revenue declined by more than 30% in Korean won
 - Despite revenue decline due to offline store restructuring of major brands and weak consumption, profitability of China business improved from cost saving measures
 - Executed 'First Care Activating Serum Limited Edition' campaign with Sulwhasoo local brand ambassador and reinforced key product portfolio ('First Care Activating Serum' and 'Concentrated Ginseng Renewing' line)
 - Innisfree revenue increased with robust growth in online channel
- Other Asia sales growth remained flat
 - Posted double digit growth in ASEAN countries due to border reopening
 - Major brands continued to increase awareness by launching holiday edition collection and collaborative products (Laneige Lip Sleeping Mask)



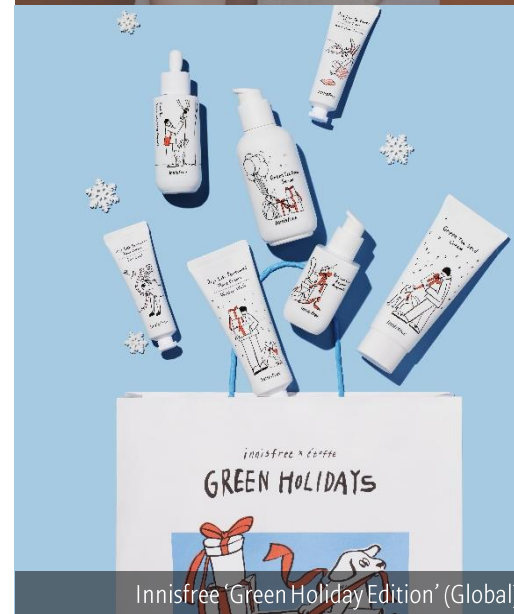
Sulwhasoo Brand Ambassador 'Jia Song' (China)



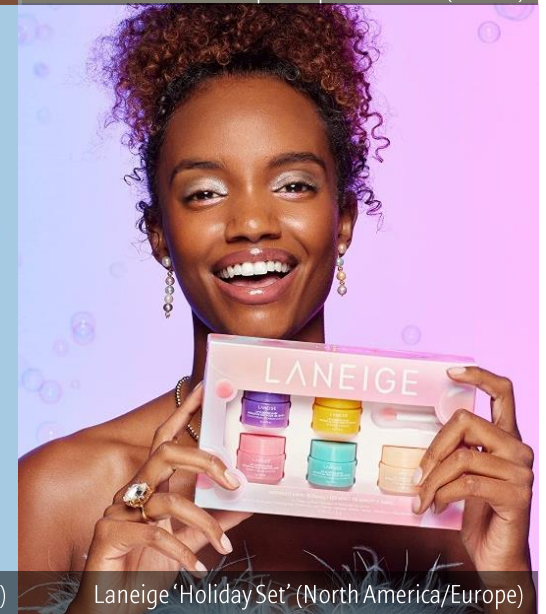
Laneige 'BTS x Amorepacific Lip Sleeping Mask Lip & Pop Edition Set' (ASEAN)

NORTH AMERICA & EUROPE

- North America revenue increased by 99% due to solid growth of existing brands and acquisition of new brand
 - Laneige posted robust growth driven by strong performance in on/offline events of Sephora and Amazon during holiday season
 - Completed acquisition of 'Tata Harper' and incorporated into North America sales from November
- Europe posted 69% sales growth driven by Laneige brand
 - Laneige revenue grew by double digit with strong sales of holiday set
 - Goutal recorded solid growth in both domestic(France) and export sales



Innisfree 'Green Holiday Edition' (Global)



Laneige 'Holiday Set' (North America/Europe)

Amorepacific signs MOU with Asleep to strengthen research on sleep aid supplements

Amorepacific signed a business agreement with Asleep, a SleepTech start-up that diagnoses sleep stages through artificial intelligence, to strengthen research on sleep aid supplements. Aims to develop customized health supplements and cosmetic products based on hyper-personal sleep diagnosis technology.



Amorepacific wins CES (Consumer Electronics Show) Innovation Awards for 4 consecutive years

Amorepacific received Innovation Awards in 'CES 2023', the world's largest technology and appliance exhibition for 4 consecutive years. Verified its personalization technology as 'Tonework' ¹⁾ received the award in the Robotics category and 'Cosmechip' ²⁾ received the award in the Home Appliance category.

1) Tonework: a smart manufacturing system solution for customized makeup products using AI and robot arms

2) Cosmechip: a device that designs personalized skincare products by using active chips



* Cosmechip

Amorepacific receives the top A score from the Carbon Disclosure Project (CDP)

Amorepacific receives A-rating from Carbon Disclosure Project (CDP), a global non-governmental organization that conducts environmental research, in recognition for its leadership in climate change initiatives and corporate transparency
Incorporated to “World Index” of Dow Jones Sustainability Index (DJSI) as well

Enhanced its ESG values by securing 3MV of renewable energy per year generated from wind power until 2040 by signing Korea’s first Virtual Purchase Agreement (VPPA)* with Bukchon Seomo Wind Power, a wind power plant located in Bukchon-ri, Jeju Island



* Virtual Power Purchase Agreement (VPPA): A type of trading where a company bears the market risk associated with electricity sales from a power plant and receives an energy certificate



Amorepacific Empathy Foundation opens ‘Bukchon Intermediate House’, a public facility for local residents

Amorepacific Empathy Foundation collaborated with the Seoul Metropolitan Government to establish ‘Bukchon Intermediate House’, a public facility for local residents as part of the rejuvenation project of underused public spaces

Provides various programs and amenities for residents and visitors of Bukchon
Aims to realize sustainability goals of Amorepacific by utilizing recycled furniture and fixture, made out of raw materials from empty bottles, for its interior

Financial Summary

AMOREPACIFIC

Income Statement

(Unit: KRW bn, %)

	2021		2022	
	Amount	% of Sales	Amount	% of Sales
Revenue	4,863.1	100.0	4,134.9	100.0
Cost of sales	1,362.6	28.0	1,337.5	32.3
Gross Profit	3,500.5	72.0	2,797.4	67.7
SG&A Expenses	3,157.1	64.9	2,583.2	62.5
Operating Profit	343.4	7.1	214.2	5.2
Other Income	-45.5		10.3	
Profit Before Tax	297.9	6.1	224.5	5.4
Consolidated Net Income	180.9	3.7	129.3	3.1

Statement of Financial Position

(Unit: KRW bn)

	2021.12	2022.12
Assets	6,116.7	5,800.2
Current Assets	2,018.5	1,735.0
Trade receivables	295.8	285.1
Inventories	493.2	408.9
Non-current Assets	4,098.2	4,065.2
Property, Plant and Equipment	2,541.4	2,475.3
Intangible Assets	201.7	356.2
Investments in associates	238.4	247.3
Liabilities	1,372.4	1,020.9
Current Liabilities	1,157.5	831.1
Non-current Liabilities	214.9	189.8
Shareholder's Equity	4,744.3	4,779.3
Capital Stock	34.5	34.5
Retained Earnings	3,937.8	4,010.1
Non-controlling Interest	-16.7	-19.3