

The background is a solid dark blue. It features several abstract white line art elements. In the top left, there are three distinct shapes: a large, complex, multi-layered wave-like structure; a smaller, more compact, rounded shape; and another smaller, rounded shape below it. In the bottom left, there is a large, flowing, wave-like structure composed of many concentric, overlapping lines. In the top center, there is a small, rounded, multi-layered shape.

# AMORE PACIFIC

**2021 Earnings Release**

2022. 2. 9



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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 2021 Earnings Summary

AMOREPACIFIC

**Revenue up 9.7% to KRW 4.9 trillion, Operating Profit up 140.1% to KRW 343.4 billion**

Domestic revenue up 13.6%, operating profit up 156.1%. Overseas revenue up 3.3%, operating profit up 190.4%

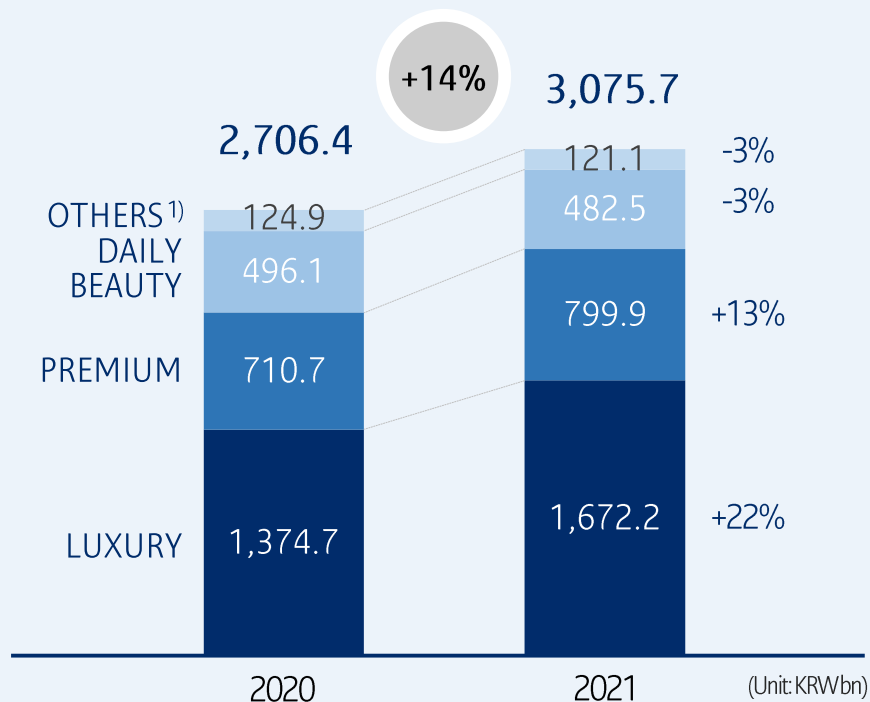
(Unit: KRW bn)

	2020	% of Revenue	2021	% of Revenue	YoY (%)
Revenue <sup>1)</sup>	4,432.2	100.0	4,863.1	100.0	+9.7
Domestic	2,706.4	61.1	3,075.7	63.2	+13.6
Cosmetics	2,210.3	49.9	2,593.2	53.3	+17.3
Daily Beauty	496.1	11.2	482.5	9.9	-2.7
Overseas	1,745.3	39.4	1,802.3	37.1	+3.3
	2020	OP Margin (%)	2021	OP Margin (%)	YoY (%)
Operating Profit <sup>1)</sup>	143.0	3.2	343.4	7.1	+140.1
Domestic	117.2	4.3	300.0	9.8	+156.1
Cosmetics	112.5	5.1	299.8	11.6	+166.4
Daily Beauty	4.6	0.9	0.2	0.0	-95.3
Overseas	17.9	1.0	51.8	2.9	+190.4
Net Profit	21.9	0.5	180.9	3.7	+727.0

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

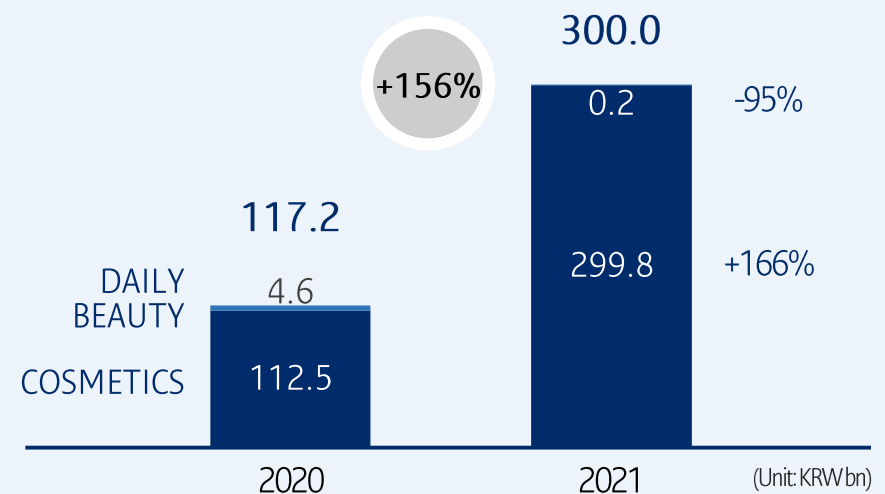
## Revenue increased 14%

- Online sales grew around 40%
- Travel retail channel posted growth (37% of total revenue)
- Traditional channels' sales declined due to COVID19 impact and offline restructuring



## Operating profit increased 156%

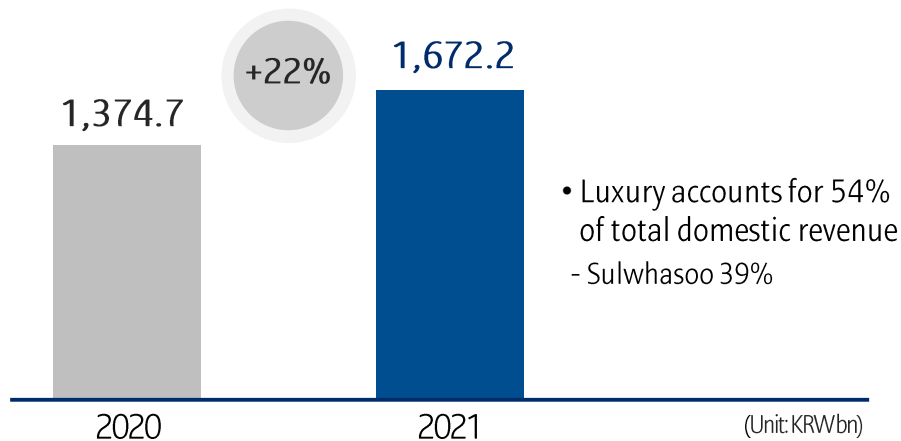
- Cosmetics operating profit increased due to improvement in brand and channel mix as well as improved profit structure of traditional channels
- Daily Beauty operating profit decreased with reduced sales of major brands resulting from focusing on local business abroad as well as increased marketing expense to strengthen its premium line



1) Others: OEM, Rental Income etc.



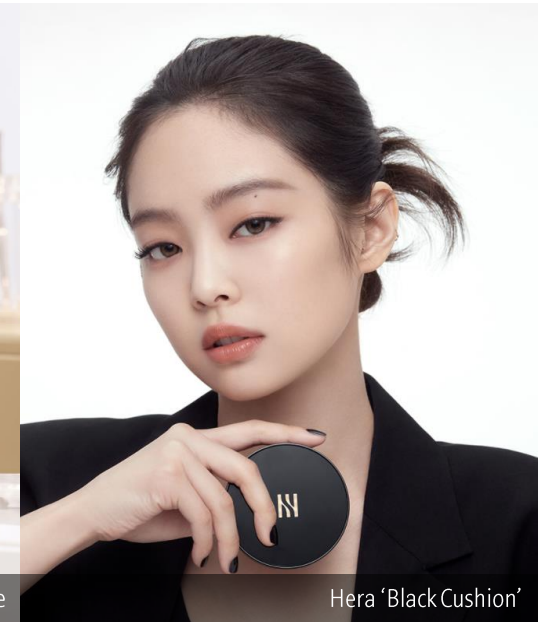
## LUXURY



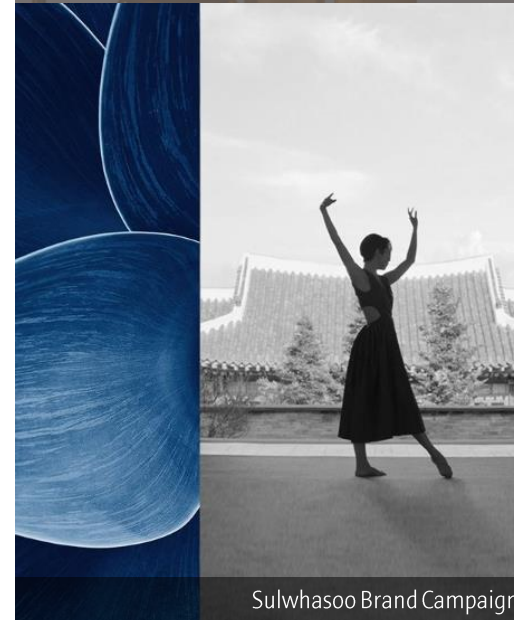
- Online sales drove overall growth
- Strengthened brand competitiveness by focusing on key brands
  - Launched Sulwhasoo 'Concentrated Ginseng Renewing' Line and Hera 'Black Cushion'
- Promoted brands' core value through various marketing activities
  - [Sulwhasoo] Executed a successful brand campaign
  - [Amorepacific] Strengthened positioning as luxury brand by nurturing 'TIME RESPONSE Intensive Renewal Ampoule'
  - [Primera] Reinforced its sustainable brand image by adopting environment friendly packaging



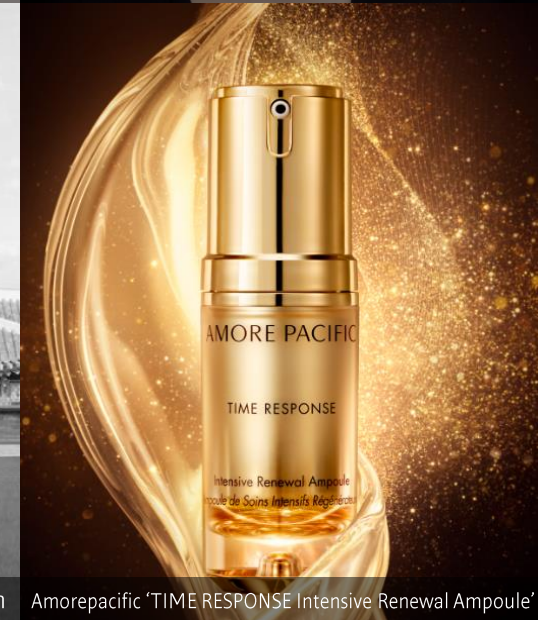
Sulwhasoo 'Concentrated Ginseng Renewing' Line



Hera 'Black Cushion'



Sulwhasoo Brand Campaign

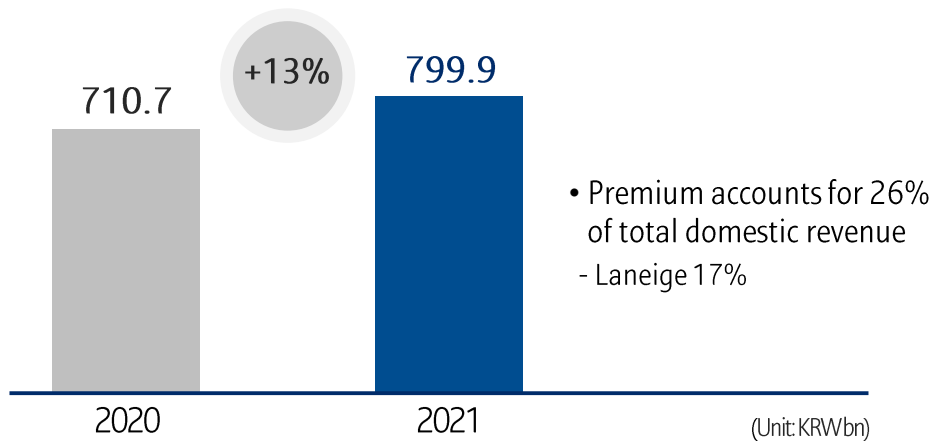


Amorepacific 'TIME RESPONSE Intensive Renewal Ampoule'

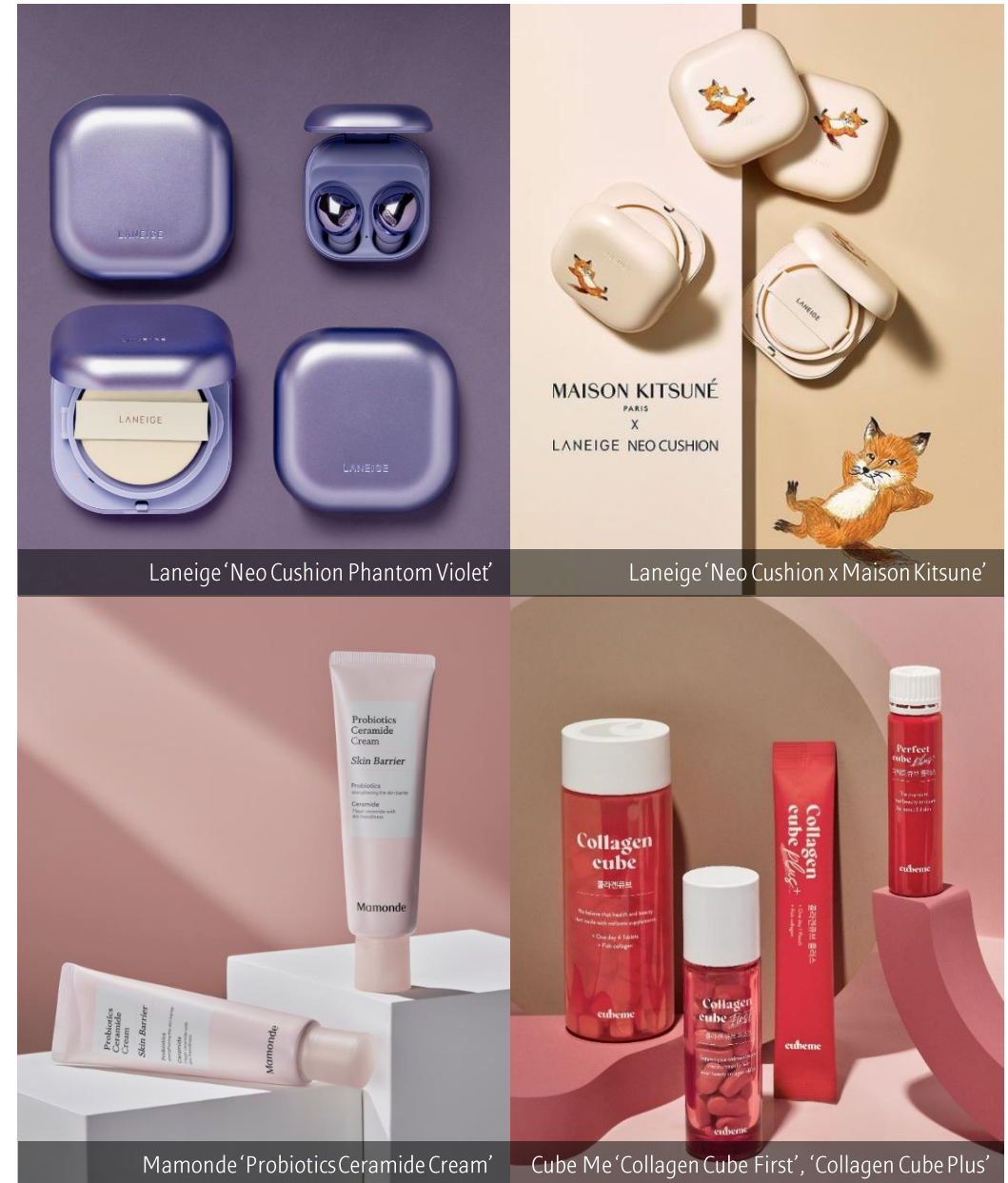
# FY 2021 Domestic Business

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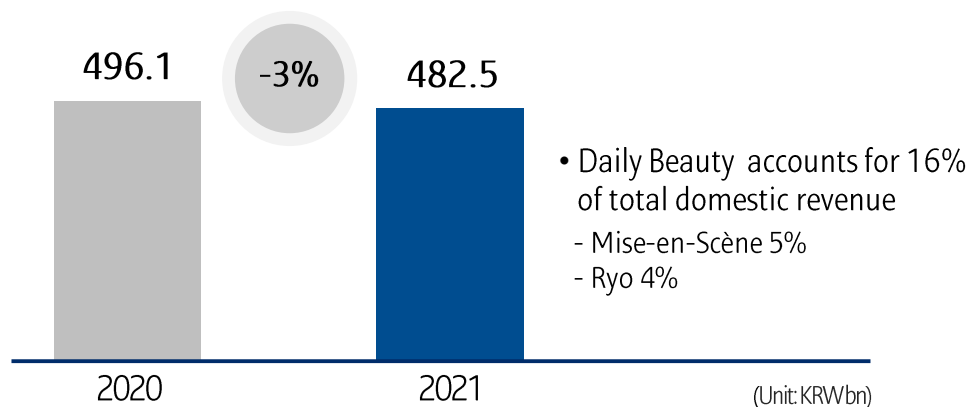
## PREMIUM



- Overall sales grew driven by Laneige and online channel
- Enhanced brand attractiveness by launching new brands and collaborative products
  - Launched Laneige 'Neo Cushion Phantom Violet' (collaboration with Samsung Galaxy Buds Pro) and 'Neo Cushion x Maison Kitsune,'
  - Launched 'Soluderm,' a collaborative brand developed with influencer
- Concentrated on key brands by strengthening product portfolio through expanding new lines and renewing key products
  - Mamonde 'Probiotics Ceramide Cream,' Hanyul 'Yuja Vita-C™ Serum,' Cube Me 'Collagen Cube First' and 'Collagen Cube Plus'

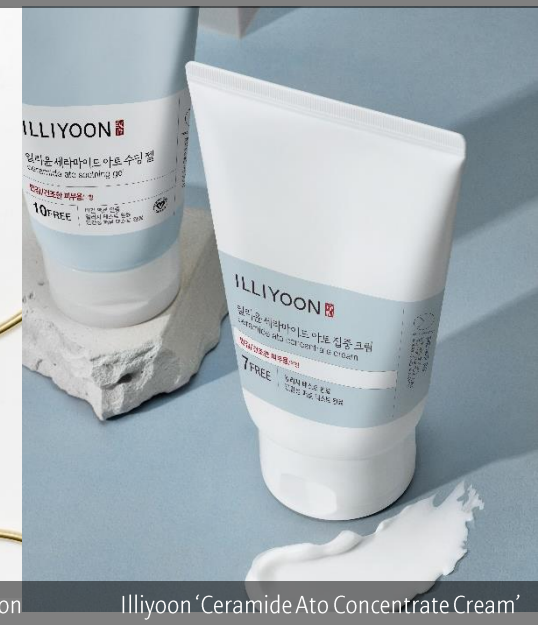


## DAILY BEAUTY



- Daily Beauty accounts for 16% of total domestic revenue
  - Mise-en-Scène 5%
  - Ryo 4%

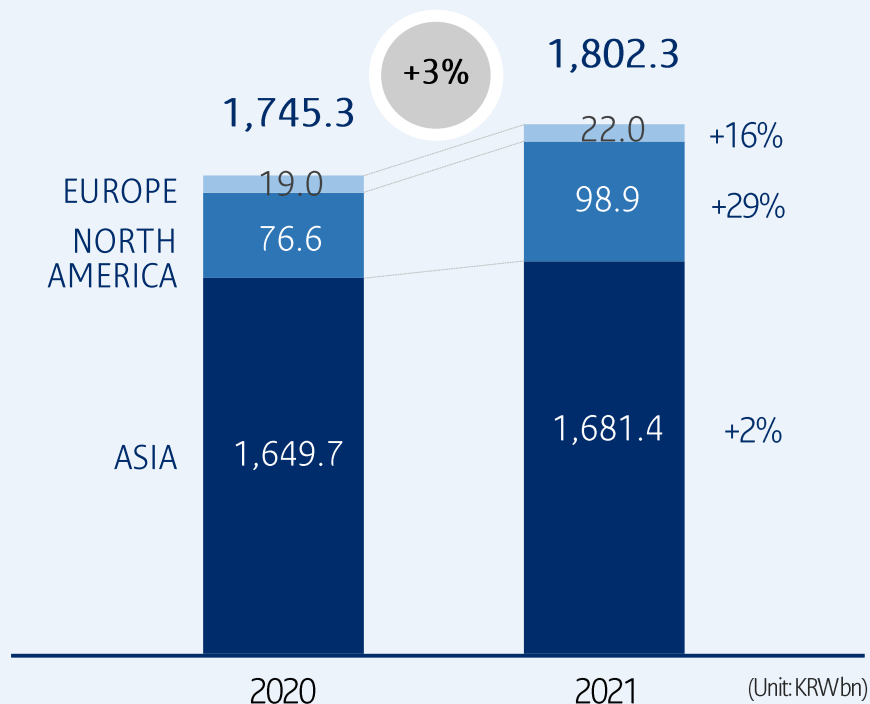
- Sales of functional products grew for all brands with increased focus on premium lines, but overall sales decreased due to decline in global e-commerce sales of major brands resulting from their expansions of local business in the global market
- Pure domestic online sales continued to post double digit growth
- Strengthened functional premium lines
  - [Ryo] Reinforced brand image for hair loss solution and renewed key product line
  - [Mise-en-Scène] Strengthened its professional line 'Salon Plus Clinic 10'
  - [Happy Bath] Expanded products for its high functional line 'Skin U' with enhanced skincare elements
  - [Illiyoon] Upgraded 'Ceramide Ato' line with increased soothing effect and improved efficacy





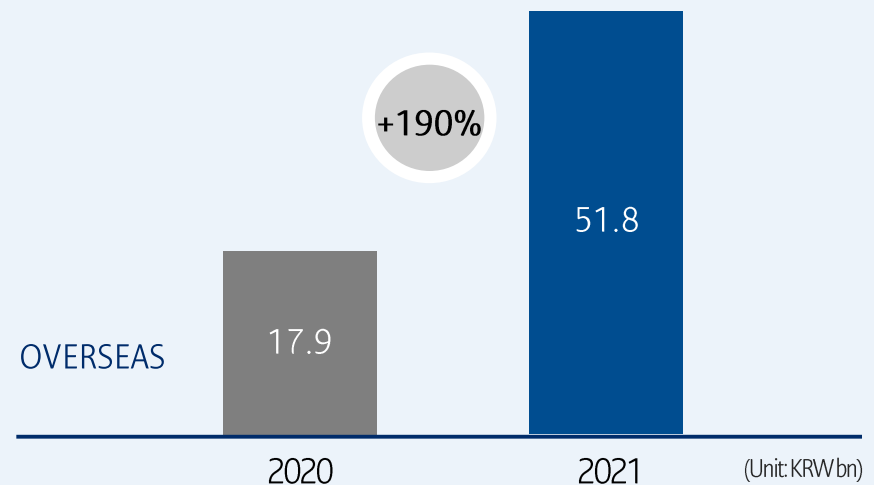
## Revenue increased 3%

- Asia revenue increased by 2% (China sales accounts for more than 70% of Asia sales)
- North America revenue posted 29% growth driven by strong growth of multi-brand shop channel
- Europe revenue grew 16% with expanded brand portfolio



## Operating profit increased 190%

- Asia operating profit increased with improved brand mix of luxury brand and restructuring of offline stores
- North America and Europe operating profit combined had increased with growth in online channel and cost saving measures





## ASIA

- China revenue increased by single digit
  - Sulwhasoo sales grew around 50% with strong online sales resulting from promotion of high-end lines as well as elevated brand image by participating in intangible cultural heritage events
  - Laneige sales grew by double digit due to enhanced functional skincare portfolio and strengthened partnerships with online platforms
- Asia revenue declined due to offline channel restructuring, temporary store closures and reduced operating hours from COVID19
  - Sulwhasoo sales grew more than 20% in South East Asia countries by reinforcing its anti-aging category



Tsing Hua University & Sulwhasoo  
Intangible Cultural Heritage Protection Fund Event  
'Beauty from Your Culture' (China)



Laneige 'Perfect Renew Retinol' (China)

## NORTH AMERICA & EUROPE

- North America revenue posted strong growth by diversifying its online and offline channels
  - Online sales grew with the launch of Laneige and Innisfree in Amazon and Sulwhasoo in a new e-commerce platform
  - Increased customer base by launching Laneige and Innisfree in Sephora at Kohl's
- Europe revenue grew with improved brand and channel mix
  - Launched Laneige in a new e-commerce platform and Innisfree in Sephora
  - Enhanced brand attractiveness of Goutal Paris through brand renewal and strengthened promotions



Global launch of Innisfree  
'Black Tea Youth Enhancing Ampoule'



Laneige 'Lip Treatment Balm' (North America)

# 4Q 2021 Earnings Summary

AMOREPACIFIC

**Revenue up 14.5% to KRW 1.3 trillion, Operating Profit turned to profit, KRW 25.6 billion**

Domestic revenue up 29.6%, operating profit turned to profit. Overseas revenue down 3.2%, operating profit turned to loss

(Unit: KRW bn)

	2020 4Q	% of Revenue	2021 4Q	% of Revenue	YoY (%)
Revenue <sup>1)</sup>	1,156.9	100.0	1,324.7	100.0	+14.5
Domestic	616.3	53.3	798.9	60.3	+29.6
Cosmetics	526.0	45.5	689.7	52.1	+31.1
Daily Beauty	90.4	7.8	109.3	8.2	+20.9
Overseas	542.8	46.9	525.6	39.7	-3.2
	2020 4Q	OP Margin (%)	2021 4Q	OP Margin (%)	YoY (%)
Operating Profit <sup>1)</sup>	-9.2	-0.8	25.6	1.9	Turned to profit
Domestic	-56.0	-9.1	34.0	4.3	Turned to profit
Cosmetics	-30.5	-5.8	41.8	6.1	Turned to profit
Daily Beauty	-25.5	-28.2	-7.8	-7.2	Mitigated loss
Overseas	51.6	9.5	-18.4	-3.5	Turned to loss
Net Profit	-58.9	-5.1	-54.4	-4.1	Mitigated loss

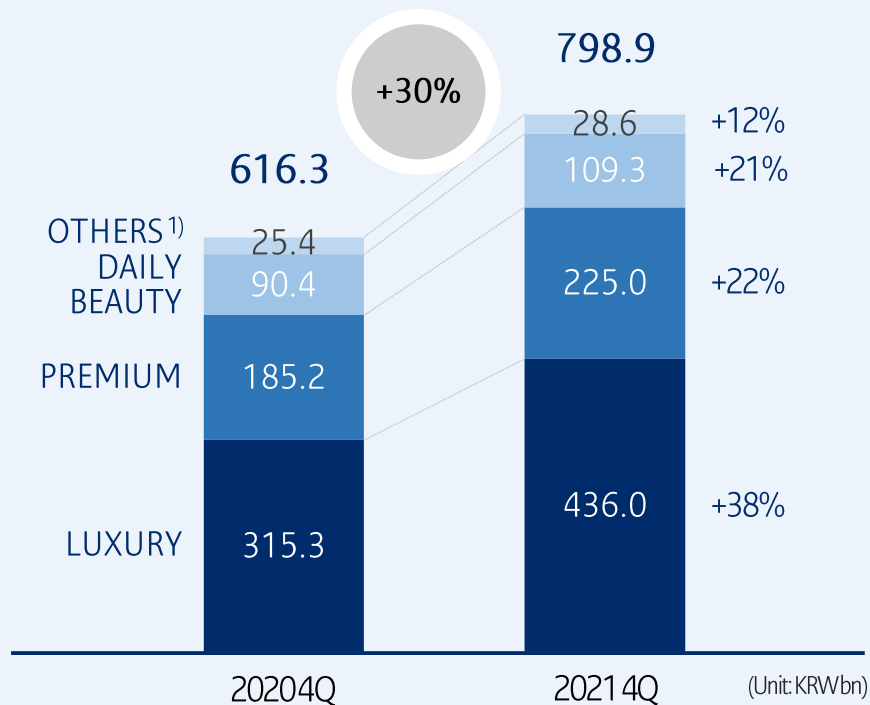
1) Includes intercompany transactions, Aestura's and Cosvision's revenue and operating profit as of September 2021

# 4Q 2021 Domestic Business

AMOREPACIFIC

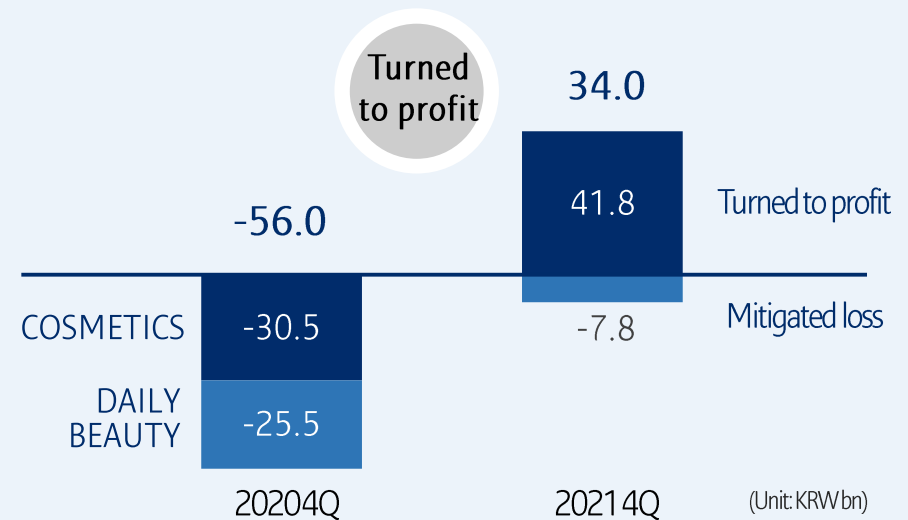
## Revenue increased 30%

- Online sales grew more than 50%
- Travel retail channel growth driven by domestic travel retail (43% of total revenue)
- Traditional channels turned to growth with offline stores posting growth



## Operating profit turned to profit

- Cosmetics operating profit increased due to low base from last year's retirement program, improvement in channel mix and cost saving measures in traditional channels
- Daily Beauty mitigated loss with increased sales of high profit brands and premium lines



1) Others: OEM, Rental Income etc.

# 4Q 2021 Domestic Business

AMOREPACIFIC

## LUXURY

- Online sales of all brands increased due to strengthened relationships with online platforms and custom marketing
  - Actively participated in online promotions such as Brand Day
  - Strengthened live commerce and gift market business
- Reinforced product portfolio through renewal of key lines and launch of new products
  - Renewed Sulwhasoo 'Essential Comfort' line and launched Primera 'Organience Watery Essence'

## PREMIUM

- Strengthened leadership in functional category by expanding anti-aging lines
  - Launched Iope 'Super Vital Cream Bio Potential' and enlarged customer base
  - Launched Mamonde 'Bakuchiol Retinol Cream' which added growth momentum

## DAILY BEAUTY

- Enhanced functional premium product portfolio
  - Launched Ryo 'Hair Loss Expert Care Shampoo (Jeju Breeze/Seoul Sunset),' perfume line for hair care loss
  - Launched Mise-en-Scène 'Skincare Matinée Perfume Shampoo' Tubé Rose
- Posted growth in online sales with differentiated digital marketing by platform
  - Labo-H received '2021 Korea Advertising Award' for best performance marketing



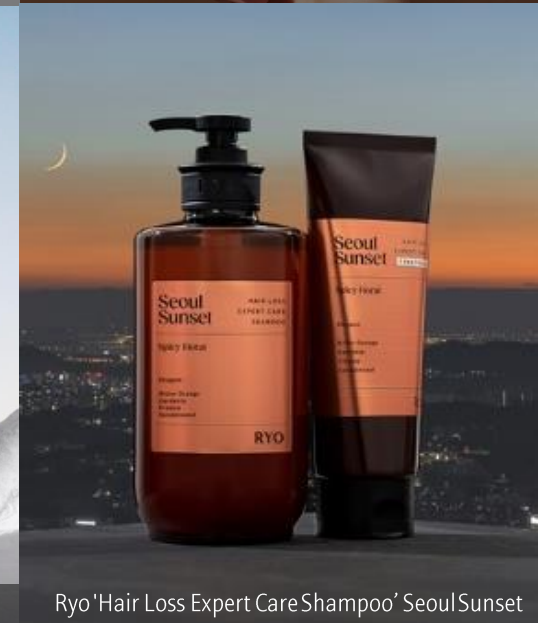
Sulwhasoo 'Essential Comfort' Line



Primera 'Organience Watery Essence'



Iope 'Super Vital Cream Bio Potential'



Ryo 'Hair Loss Expert Care Shampoo' SeoulSunset

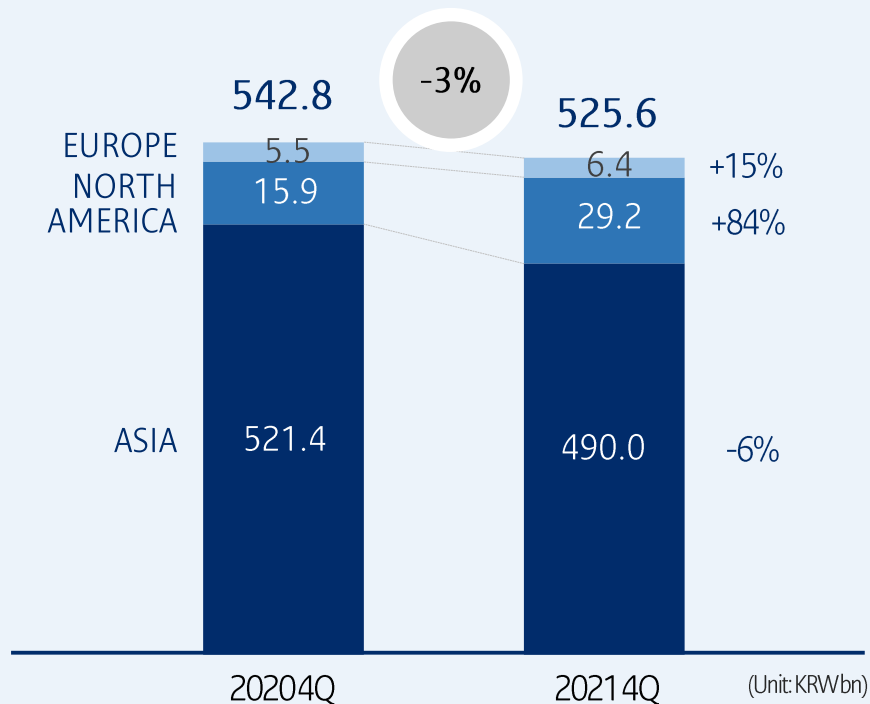


# 4Q 2021 Overseas Business

AMOREPACIFIC

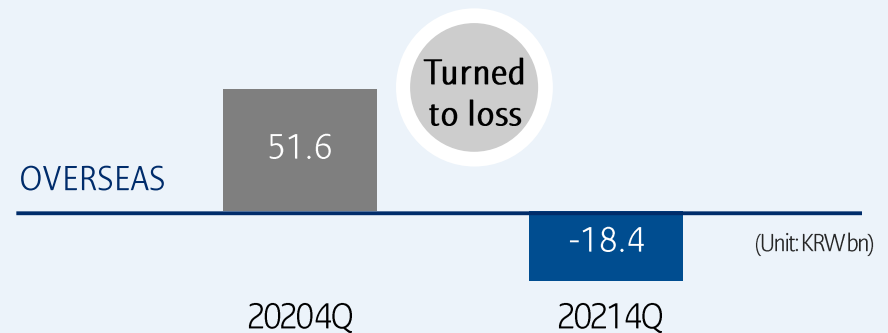
## Revenue decreased 3%

- Asia revenue declined by 6% (China sales accounts for 70% of Asia sales)
- North America revenue posted 84% growth driven by strong sales of major brands from growth channels
- Europe revenue grew by 15% with increase of Goutal Paris and e-commerce sales



## Operating profit turned to loss

- Asia operating profit turned to loss due to restructuring of offline stores and increased advertising and promotion cost
- North America and Europe operating profit combined increased with sales growth of major brands and improved profit structure



# 4Q 2021 Overseas Business

AMOREPACIFIC

## ASIA

- China revenue decreased about 10% in Korean won
  - Sulwhasoo sales grew more than 30% with strong sales of 'Concentrated Ginseng Renewing' line during Double 11 and enhanced product mix focused on high end products
  - Innisfree sales declined by double digit due to offline restructuring and shift in product mix
- Other Asia revenue increased driven by strong e-commerce business
  - Sulwhasoo sales posted double digit growth from strong sales of 'Concentrated Ginseng Renewing' products in South East Asia
  - Expanded multi-brand shop channel in South East Asia

## NORTH AMERICA & EUROPE

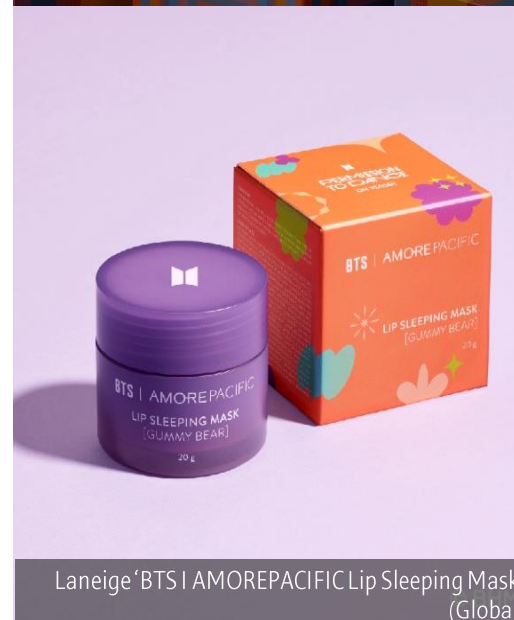
- North America revenue increased with strong sales of major brands
  - 'BTS I AMOREPACIFIC Lip Sleeping Mask' enhanced Laneige's brand awareness and boosted sales
  - Sulwhasoo sales grew driven by strong sales of 'First Care Activating Serum' in Sephora
- Europe revenue grew with enhanced brand awareness of major brands in both online and offline channels
  - Laneige sales posted growth in UK e-commerce platform
  - Goutal Paris offline sales increased with holiday promotions and celebration of its 40th anniversary



Sulwhasoo 'Concentrated Ginseng Renewing' line's strong performance during Double 11 (China)



Laneige 'Neo Cushion' Chinese New Year Limited Edition (China)



Laneige 'BTS I AMOREPACIFIC Lip Sleeping Mask' (Global)



Goutal Paris 'Une Forêt D'Or Scented Candle' Limited Edition (Global)

## More than 600,000 home trial kits used by customers

Since the launch of 'Try-On at Home' service last April, more than 600,000 trial kits were used by customers, who can try samples of various bestsellers at home. Customers can apply for the trial kit through 'Beauty Point,' Amorepacific's membership application, and have showed positive feedback with increased purchase rate. Amorepacific plans to provide various trial opportunities to enhance customer experience.



## Amorepacific launches pet lifestyle brand 'POOPOO MONSTER'

'POOPOO MONSTER' is a premium pet lifestyle brand developed by Amorepacific's corporate start-up team.

The brand launched two vegan pet shampoo with neutral formula of pH6.5( $\pm 1$ ) and excluded 10 toxic substances to protect pets' sensitive skin





## Amorepacific signs business agreement with SK E&S for supply of renewable energy to achieve carbon neutrality

Amorepacific signed a 'renewable energy supply business agreement for carbon neutrality' with global energy company SK E&S. Amorepacific has secured a stable supply of renewable energy until 2030, thereby building the foundation for accelerating the fulfillment of its promises for sustainability management and achievement of RE100.

The two companies also agreed to create a joint investment plan to revitalize the renewable energy market and to join forces to propose ways to improve systems and policies that can lead more companies to use renewable energy.



## Amorepacific successfully runs a global Pink Ribbon campaign 'Pink Run+'

The 'Pink Run,' a concerted campaign between Amorepacific and Korea Breast Cancer Foundation to enhance public awareness of breast health, began in 2001 for 21 years.

Due to COVID19, 'Pink Run' was operated as an individual race from 2020, where participants can participate in the event wherever and whenever they want through the global running application 'STRAVA.' More than 48,000 participants from 164 countries participated the campaign by certifying their 5km race via the app.

Donations will be spent on low income breast cancer patients.





# Financial Summary

AMOREPACIFIC

## Income Statement

(Unit: KRW bn, %)

	2020		2021	
	Amount	% of Sales	Amount	% of Sales
Revenue	4,432.2	100.0	4,863.1	100.0
Cost of sales	1,265.4	28.6	1,362.6	28.0
Gross Profit	3,166.8	71.4	3,500.5	72.0
SG&A Expenses	3,023.8	68.2	3,157.1	64.9
Operating Profit	143.0	3.2	343.4	7.1
Non-Operating Profit/Expense	-117.7		-45.5	
Profit Before Tax	25.3	0.6	297.9	6.1
Consolidated Net Income	21.9	0.5	180.9	3.7

## Statement of Financial Position

(Unit: KRW bn)

	2020.12	2021.12
<b>Assets</b>	5,701.9	6,116.7
Current Assets	1,825.7	2,018.5
Trade receivables	283.8	295.8
Inventories	414.5	493.2
Non-current Assets	3,876.2	4,098.2
Property, Plant and Equipment	2,566.3	2,541.4
Intangible Assets	208.8	201.7
Investments in associates	52.5	238.4
<b>Liabilities</b>	1,237.5	1,372.4
Current Liabilities	965.9	1,157.5
Non-current Liabilities	271.6	214.9
<b>Shareholder's Equity</b>	4,464.4	4,744.3
Capital Stock	34.5	34.5
Retained Earnings	3,847.7	3,937.8
Non-controlling Interest	-3.5	-16.7