



AMORE PACIFIC

1Q 2024 Earnings Release

2024. 4. 29



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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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1Q 2024 Earnings Summary

Revenue 911.5 billion KRW, Operating profit up 12.9% to 72.7 billion KRW

(Unit: bn KRW)

	2023 1Q	% of Revenue	2024 1Q	% of Revenue	YoY(%)
Revenue ¹⁾	913.7	100.0	911.5	100.0	-0.2
Domestic Business	552.2	60.4	563.6	61.8	+2.1
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 ²⁾	30.8	3.4	19.3	2.1	-37.4
Overseas Business	344.9	37.7	336.8	36.9	-2.4
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
Operating Profit	64.4	-	72.7	-	+12.9

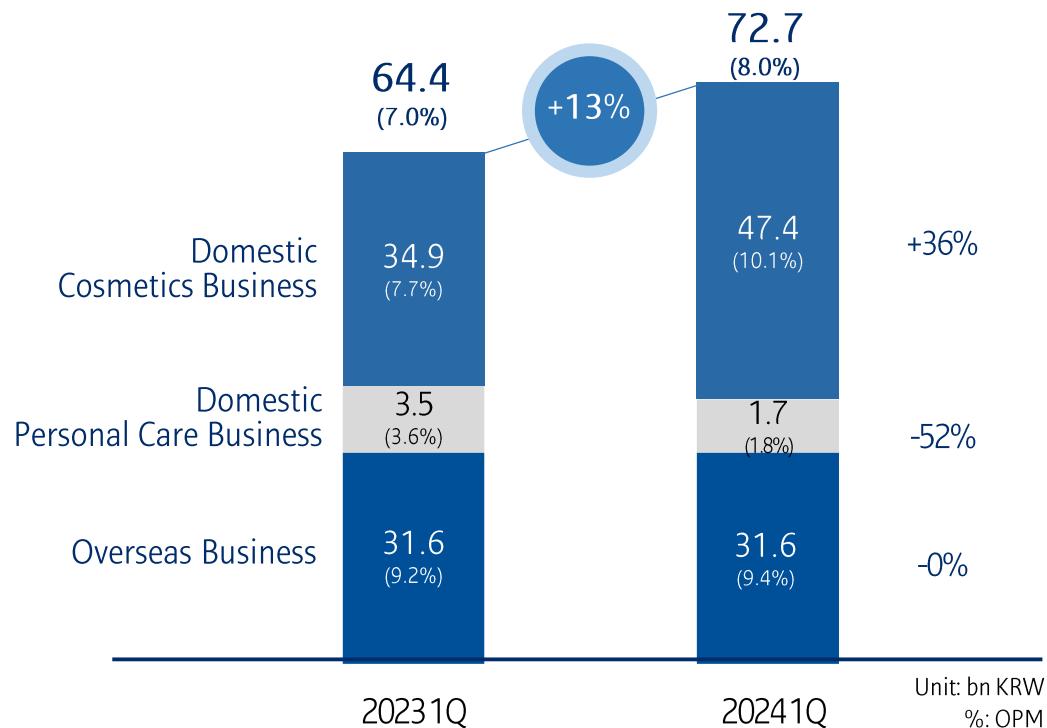
1) Total revenue includes earnings from other subsidiaries (Cosvision, Wedream etc.) and intercompany transactions

2) OEM, Rental Income etc.

1Q 2024 Operating Profit

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 1Q 2023. Earnings of 2023 were restated accordingly

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 ¹⁾	143.0	15.7	142.9	15.7	-0.1
Marketing Expense ²⁾	110.5	12.1	119.2	13.1	+7.9
Commission ³⁾	165.4	18.1	183.7	20.2	+11.1
Depreciation Cost ⁴⁾	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

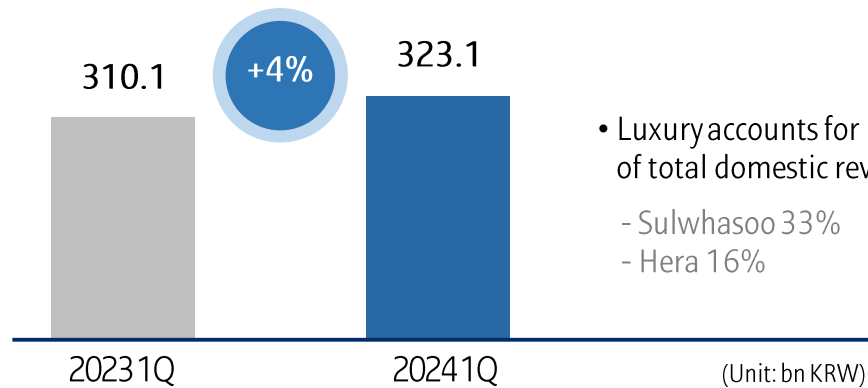
2) Marketing Expense: Advertisement and Promotional Expense

3) Commission: Service Fees and Distribution Commission

4) Depreciation Cost: Depreciation and Amortization

1Q 2024 Domestic Business

LUXURY



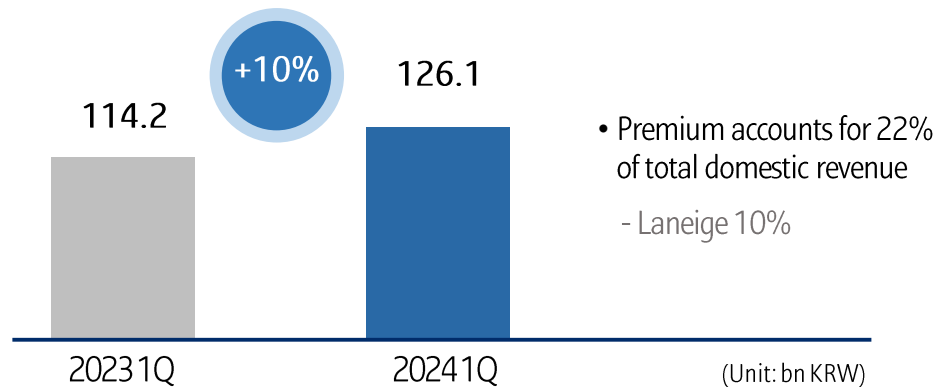
- Luxury accounts for 57% of total domestic revenue
 - Sulwhasoo 33%
 - Hera 16%

- 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')



1Q 2024 Domestic Business

PREMIUM

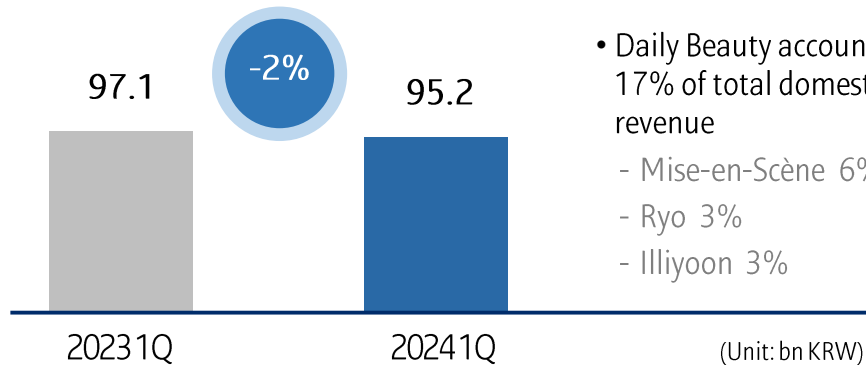


- Premium cosmetics revenue increased driven by major brands such as Laneige and Aestura through robust performance within multi-brand shop and domestic e-commerce channels
- Reinforced foundation for growth by strengthening each brand's key product portfolio
 - [Laneige] Renewed 'Water Bank Cream' and 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
 - [lope] 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



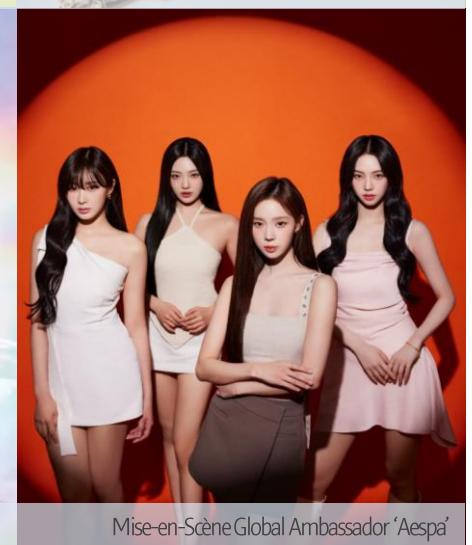
1Q 2024 Domestic Business

DAILY BEAUTY



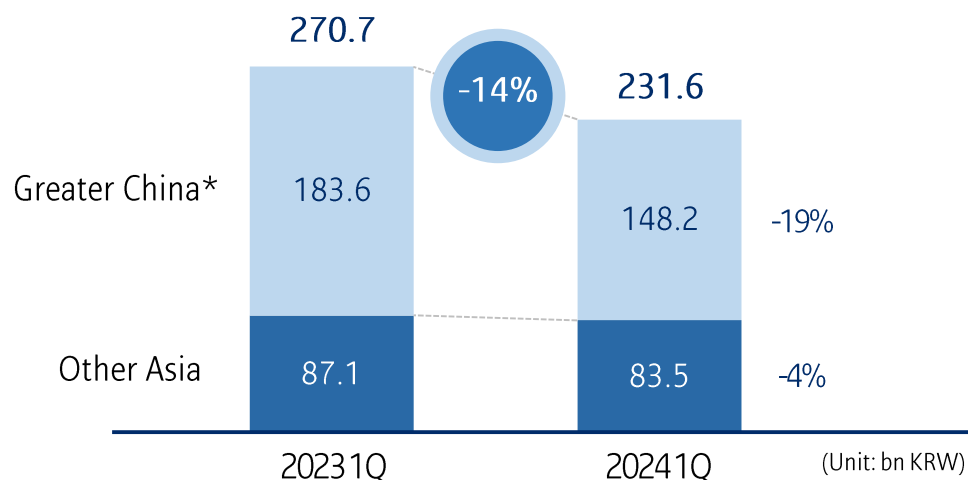
- Daily Beauty accounts for 17% of total domestic revenue
 - Mise-en-Scène 6%
 - Ryo 3%
 - Illiyoön 3%

- 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
 - [Illiyoön] 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



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)



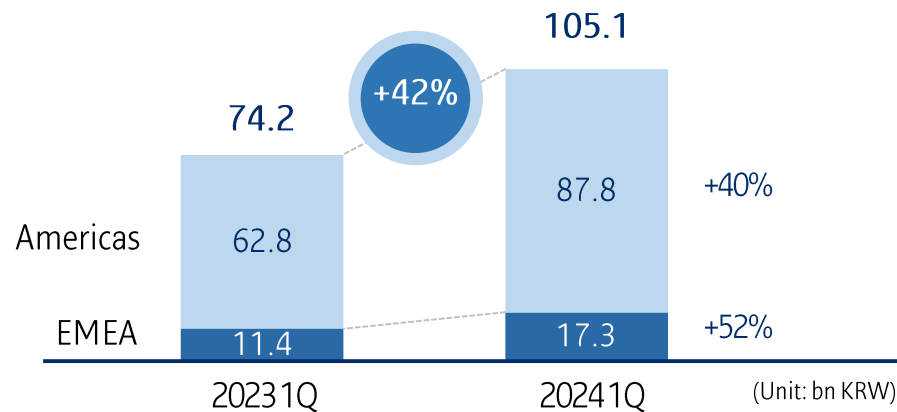
Laneige 'Bouncy & Firm Sleeping Mask'
pop-up store (Malaysia)



Hera pop-up store (Japan)

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 ('VitaminC 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)

Financial Summary

Income Statement

(Unit: bn KRW, %)

	2023 1Q		2024 1Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	913.7	100.0	911.5	100.0
Cost of Sales	299.8	32.8	265.6	29.1
Gross Profit	613.9	67.2	645.8	70.9
SG&A Expenses	549.6	60.1	573.2	62.9
Operating Profit	64.4	7.0	72.7	8.0
Other Income	34.7		29.6*	
Profit Before Tax	99.0	10.8	102.2	11.2
Consolidated Net Income	89.7	9.8	80.1	8.8

Statement of Financial Position

(Unit: bn KRW, %)

	2023.12	2024.3
Assets	5,886.5	6,004.3
Current Assets	1,952.2	2,103.1
Trade Receivables	292.9	293.3
Inventories	394.3	379.0
Non-current Assets	3,934.3	3,901.2
Property, Plant and Equipment	2,441.6	2,420.1
Intangible Assets	340.7	340.2
Investment in Associates	287.1	255.9
Liabilities	1,013.8	1,117.9
Current Liabilities	813.3	902.4
Non-current Liabilities	200.5	215.6
Shareholder's Equity	4,872.7	4,886.4
Capital Stock	34.5	34.5
Retained Earnings	4,101.4	4,116.4
Non-controlling Interest	-25.3	-24.3

*Profit from equity method for investments in associates is 16.3 billion KRW (COSRX 1Q 2024 earnings: Revenue 156.3 billion KRW, Operating Profit 59.5 billion KRW)