

The background features several abstract, light blue line art patterns. These patterns consist of multiple overlapping, wavy lines that create a sense of depth and movement, resembling stylized clouds or organic forms. The lines are thin and densely packed in some areas, creating a mesh-like effect. The overall aesthetic is clean, modern, and sophisticated.

AMORE PACIFIC GROUP

1Q 2022 Earnings Release

2022. 4. 28



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AMORE PACIFIC
GROUP

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.

Amorepacific Group 1Q 2022 Earnings Summary

Revenue down 9.0% to KRW 1.3 trillion, Operating profit down 13.4% to KRW 171.2 billion

Major subsidiary Amorepacific's revenue down 7.0% to KRW 1.2 trillion, operating profit down 10.4% to KRW 158.0 billion

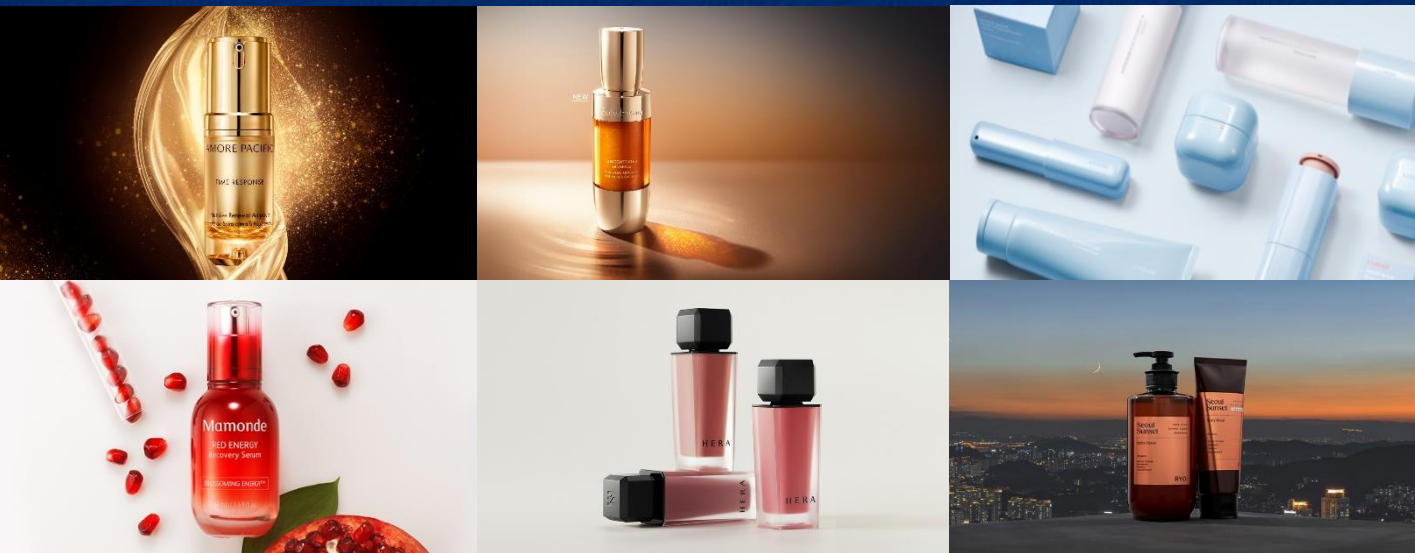
(Unit: KRW bn)

	2021 1Q		2022 1Q		YoY(%)
Revenue	1,387.5		1,262.8		-9.0
Amorepacific ¹⁾	1,252.8		1,165.0		-7.0
Beauty Subsidiaries ²⁾	176.3		129.5		-26.6
Others ³⁾	-41.6		-31.7		-23.8
	2021 1Q	OP Margin (%)	2022 1Q	OP Margin (%)	YoY(%)
Operating Profit	197.7	14.2	171.2	13.6	-13.4
Amorepacific ¹⁾	176.2	14.1	158.0	13.6	-10.4
Beauty Subsidiaries ²⁾	18.0	10.2	8.3	6.4	-53.8
Others ³⁾	3.4	-8.1	4.9	-15.5	+45.6
Net Profit	176.8	12.7	132.2	10.5	-25.2

1) As per Aestura's merger with Amorepacific Corp. and Cosvision's transfer as Amorepacific Corp.'s subsidiary on September 1st 2021, Aestura's and Cosvision's revenue and operating profit are included in Amorepacific's earnings as of September 2021

2) Beauty Subsidiaries: Innisfree, Etude, Espoir, Amos Professional
3) Other Subsidiaries (Amorepacific Group, Pacific Package, Osulloc Farm, Osulloc) and Intercompany transactions

AMOREPACIFIC
GROUP



1Q 2022 Earnings Release

Earnings by Subsidiary
Amorepacific

Amorepacific 1Q 2022 Earnings Summary

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%

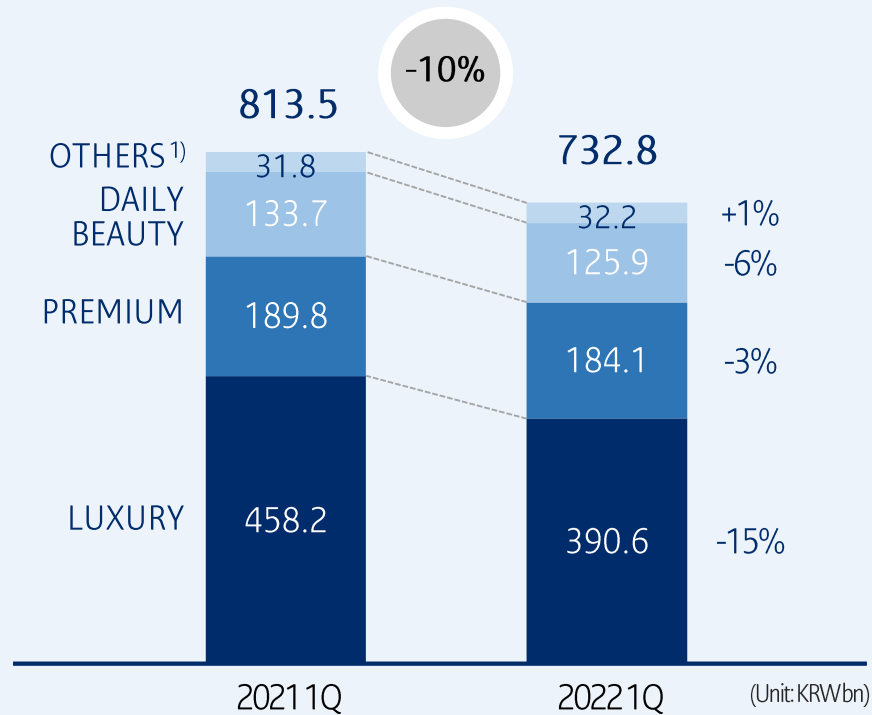
(Unit: KRW bn)

	2021 1Q	% of Revenue	2022 1Q	% of Revenue	YoY(%)
Revenue ¹⁾	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 ¹⁾	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

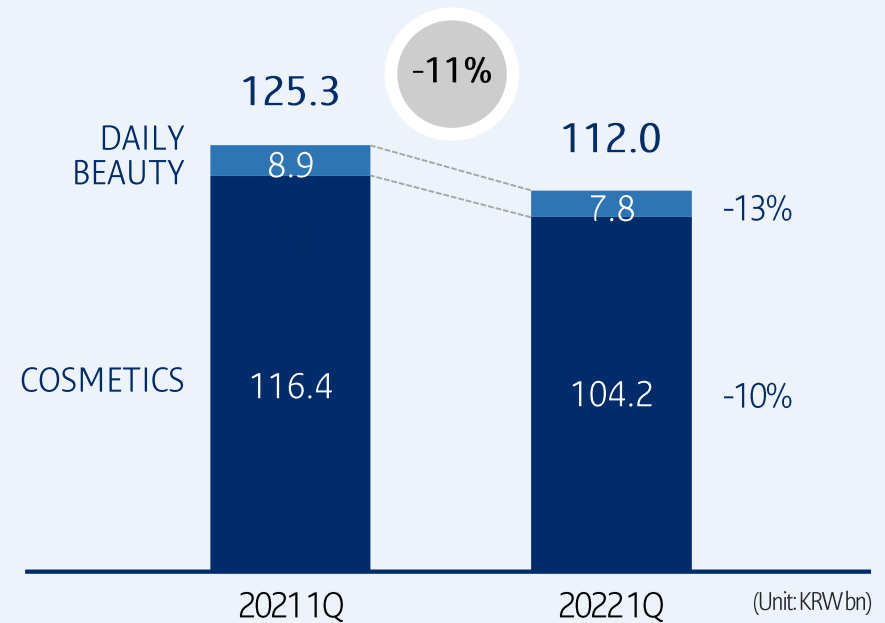
Revenue decreased 10%

- 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%

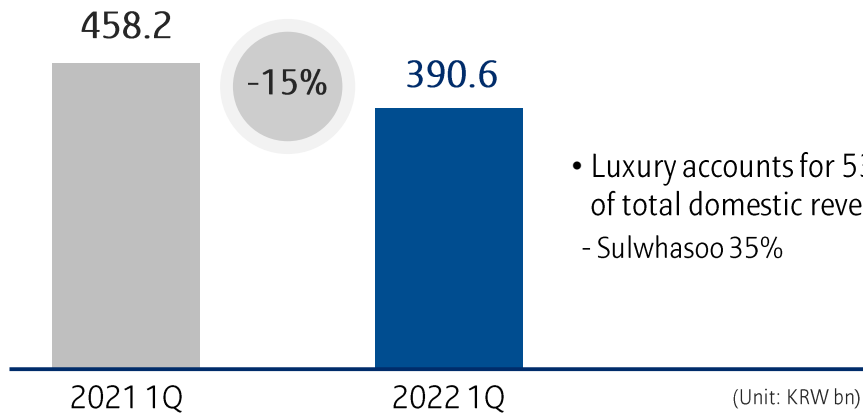
- Cosmetics operating profit decreased due to decline in revenue and increase in marketing expense
- Daily Beauty operating profit declined due to decline in revenue and increase in A&P expense to strengthen premium lines



1) Others: OEM, Rental Income etc.

Amorepacific Domestic Business

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')



Sulwhasoo 'Concentrated Ginseng Renewing Serum EX'
'Concentrated Ginseng Renewing Eye Cream'



Vital Beautie 'Meta Green Gold'

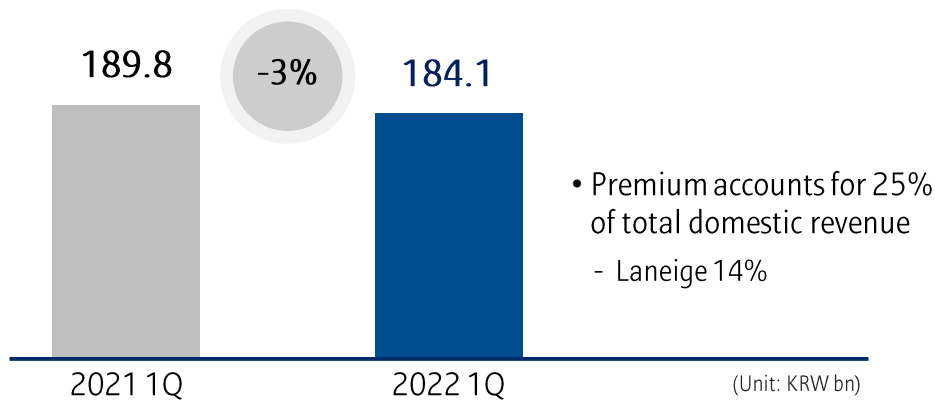


Goutal Paris '2022 Petite Calendar Perfume Kit'



Hera opened an official brand pop-up store on a metaverse platform 'ZEPETO'

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



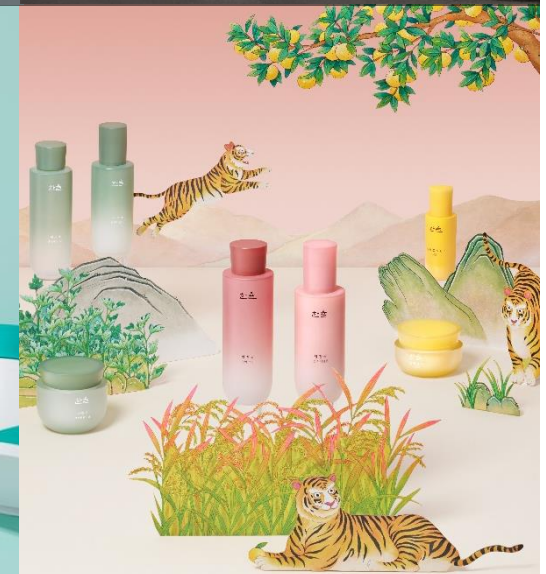
Laneige 'Water Bank Blue Hyaluronic Cream'



Laneige 'LIFE OASIS 2.0' Exhibition

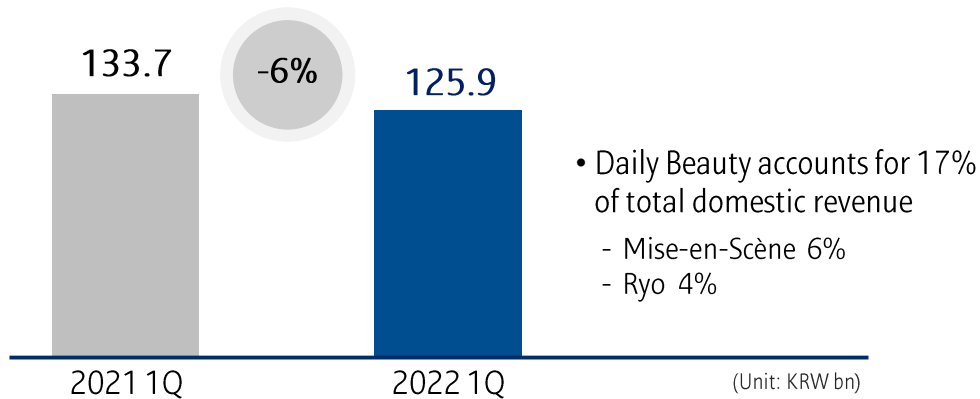


Aestura 'A-CICA 365' line



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'



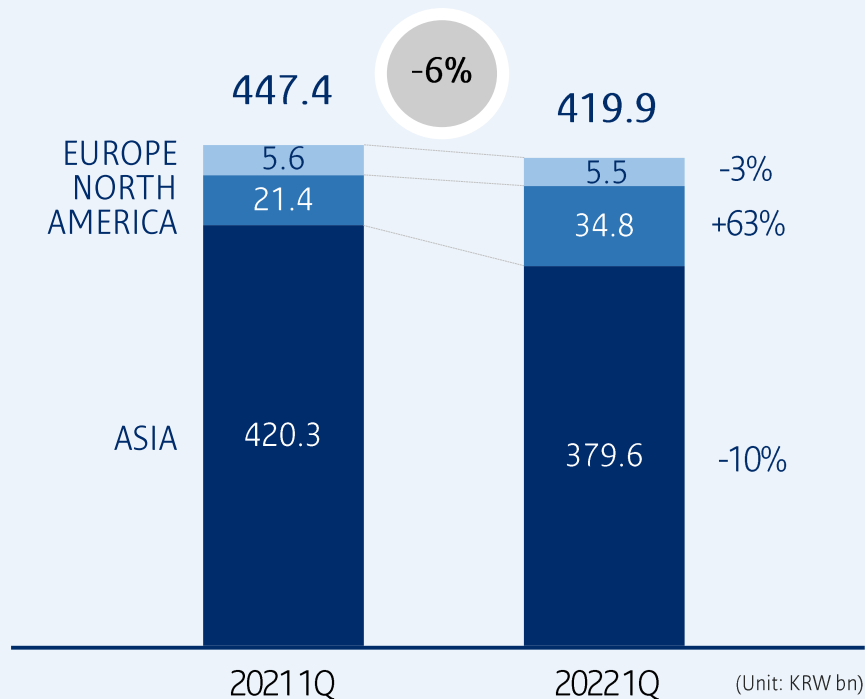
Happy Bath 'Matinée Skin Care Perfume Body Wash'



Illiyoon 'MD Red Itch Care Cream'

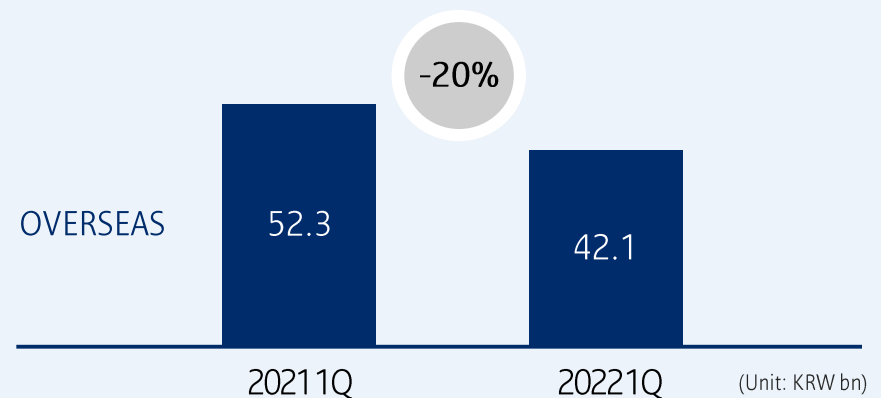
Revenue decreased 6%

- 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



Amorepacific Overseas Business

ASIA

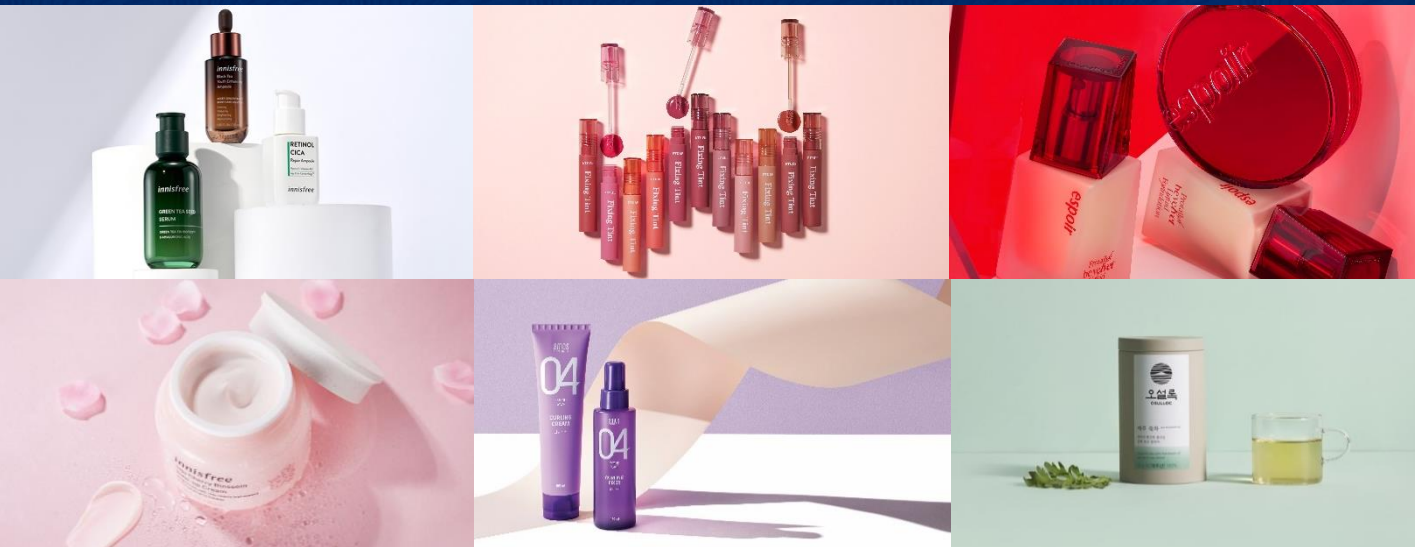
- China revenue declined by 10% in Korean won
 - Offline sales decreased as some stores were temporarily closed due to resurgence of COVID-19
 - Sulwhasoo sales grew by nurturing 'Concentrated Ginseng Renewing' line and solid growth from online channel
- Other Asia revenue declined due to social distancing 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





1Q 2022 Earnings Release

Earnings by Subsidiary
Major Subsidiaries

Major Subsidiaries Earnings

Revenue		(Unit: KRW bn)		
	2021 1Q	2022 1Q	YoY(%)	
Innisfree	89.0	71.8	-19.3	
Etude	28.1	26.0	-7.3	
Espoir	12.5	13.6	+8.1	
Amos Professional	17.0	18.1	+6.2	
Osulloc	16.6	23.2	+40.0	

Operating profit		(Unit: KRW bn)		
	2021 1Q	2022 1Q	YoY(%)	
Innisfree	9.5	3.4	-64.2	
Etude	-0.5	0.3	Turned to profit	
Espoir	-0.3	0.2	Turned to profit	
Amos Professional	4.2	4.4	+3.2	
Osulloc	1.7	4.3	+156.8	

- Reinforced high functional product category portfolio with Black Tea/Retinol Cica ampoule
- Revenue and operating profit declined due to sales decrease in travel retail channel

- Strengthened major category competitiveness by launching collaborative products with influencers, but overall revenue decreased due to restructuring of offline channel and sales decline in travel retail
- Operating profit increased from channel mix improvement and fix cost reduction

- Revenue and operating profit increased with launches of facial makeup products mainly driven by sales growth in multi-brand shop and online channels
- Expanded overseas business through robust sales growth of cross border e-commerce in Japan

- Amos Professional brand grew by launching vegan hairdye 'Green Flair', etc.
- Ayunche posted strong growth with strengthened clinic line portfolio and increased sales with new salons

- Premium tea gift set continued robust sales growth through strong sales of Lunar New Year's gift set and new limited edition
- Operating profit improved with increased online channel mix and robust sales growth within e-commerce platforms by differentiating marketing strategies

New Product Launches and Marketing Activities

Black Tea Youth Enhancing Ampoule



No-Sebum x Peanuts Edition



Kangna x Retinol Cica Repair Ampoule Event for Sales Promotion



Innisfree

Enhanced awareness of high functional category through various collaborations with influencers (Na-young Kim, Kangna, etc.)
Launched 'No-Sebum x Peanuts Edition' (IP collaboration)

Fixing Tint



ETUDE x Locker Collection



Play Tone Eyes



Etude

Released additional colors of 'Fixing Tint', a popular lip product within major multi brand shop channels
Launched 'Play Tone Eyes', a joint production with Youtube influencer Jeyu and a collaboration product with 'Locker' brand

New Product Launches and Marketing Activities

Pro Tailor Be Velvet Cover Cushion
SPF34 PA++



Pro Tailor Foundation Be Velvet
SPF22 PA++



Espoir

Reinforced face make-up product portfolio through launches of new products

Green Flair



Pro Deep Repairing Cream



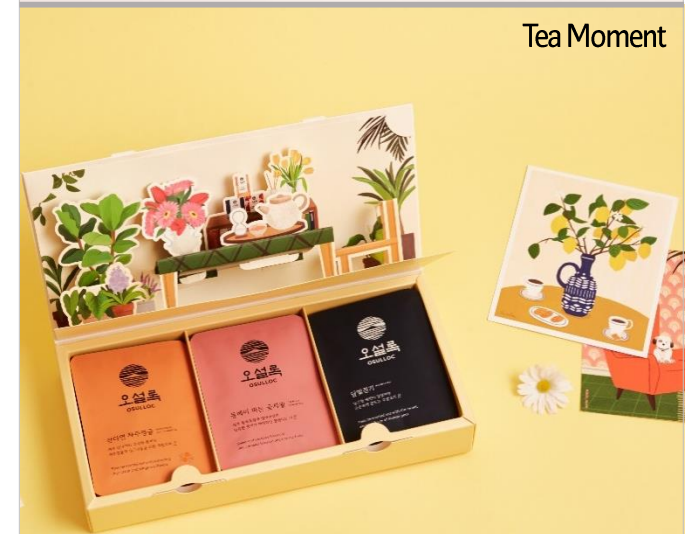
Amos Professional

Strengthened competitiveness of Amos Professional hair colorants by launching vegan hair dye product
Revitalized Ayunche's clinic line with new product launch

Lunar New Year's Gift Set



Tea Moment



Osulloc

Reinforced premium tea gift set line up by renewing Lunar New Year's gift set and launching premium tea gift set 'Tea Moment'

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.

Innisfree opens the second 'Refill Station' to reduce plastic consumption

Innisfree strengthened ESG value by launching the second 'Refill Station' at Konkuk University store after launching the first refill station at Gangnam flagship store. Customers can fill up their own refillable containers through 'Refill Station'



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.

Amorepacific Group Financial Summary

Income Statement

(Unit: KRW bn, %)

	2021 1Q		2022 1Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,387.5	100.0	1,262.8	100.0
Cost of sales	367.1	26.5	372.5	29.5
Gross Profit	1,020.4	73.5	890.3	70.5
SG&A Expenses	822.7	59.3	719.1	56.9
Operating Profit	197.7	14.2	171.2	13.6
Non-Operating Profit/Expense	37.3		6.2	
Profit Before Tax	234.9	16.9	177.4	14.0
Consolidated Net Income	176.8	12.7	132.2	10.5

Statement of Financial Position

(Unit: KRW bn, %)

	2021.12	2022.03
Assets	8,038.1	7,939.4
Current Assets	3,015.5	2,971.9
Trade receivables	312.0	362.2
Inventories	542.8	528.4
Non-current Assets	5,022.7	4,967.5
Property, Plant and Equipment	2,920.0	2,894.0
Intangible Assets	703.4	699.4
Investments in associates	282.3	286.8
Liabilities	1,562.5	1,412.6
Current Liabilities	1,273.3	1,130.1
Non-current Liabilities	289.2	282.6
Shareholder's Equity	6,475.6	6,526.8
Capital Stock	48.0	48.0
Retained Earnings	2,761.9	2,774.2
Non-controlling Interest	3,169.1	3,207.1