

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 closely spaced, creating a mesh-like effect in some areas.

AMORE PACIFIC GROUP

2Q 2022 Earnings Release

2022. 7. 28



CONTENTS

1. 1H 2022 Earnings Summary
2. 2Q 2022 Earnings Summary
3. Earnings by Subsidiary
 - Amorepacific
 - Major Subsidiaries
4. A MORE NEWS
5. ESG Activities
6. Financial Summary

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 1H 2022 Earnings Summary

Revenue down 14.9% to KRW 2.3 trillion, Operating profit down 46.9% to KRW 160.3 billion

Major subsidiary Amorepacific's revenue down 13.1% to KRW 2.1 trillion, operating profit down 48.2% to KRW 138.5 billion

(Unit: KRW bn)

	2021 1H		2022 1H		YoY(%)
Revenue	2,690.9		2,289.2		-14.9
Amorepacific ¹⁾	2,429.4		2,110.8		-13.1
Beauty Subsidiaries ²⁾	352.0		259.0		-26.4
Others ³⁾	-90.5		-80.5		+11.1
	2021 1H	OP Margin (%)	2022 1H	OP Margin (%)	YoY(%)
Operating Profit	302.2	11.2	160.3	7.0	-46.9
Amorepacific ¹⁾	267.5	11.0	138.5	6.6	-48.2
Beauty Subsidiaries ²⁾	27.6	7.8	18.5	7.2	-32.7
Others ³⁾	7.2	-	3.3	-	-
Net Profit	319.6	11.9	106.3	4.6	-66.8

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 2Q 2022 Earnings Summary

Revenue down 21.3% to KRW 1.0 trillion, Operating profit KRW -10.9 billion

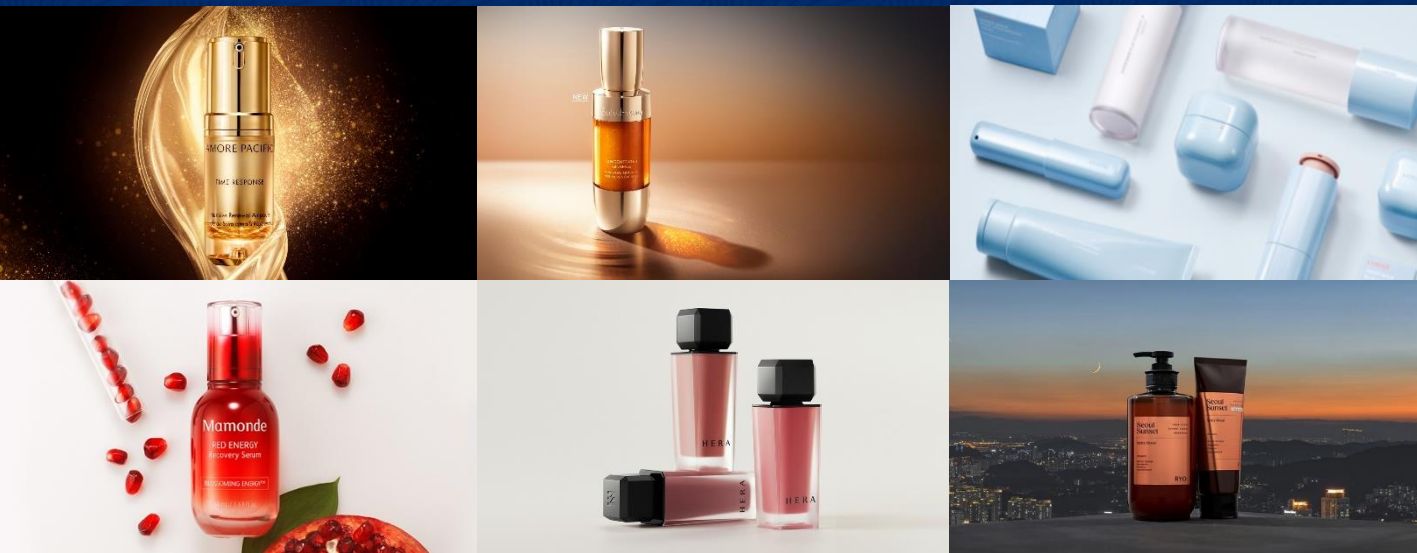
Major subsidiary Amorepacific's revenue down 19.6% to KRW 0.9 trillion, operating profit KRW -19.5 billion

(Unit: KRW bn)

	2021 2Q		2022 2Q		YoY(%)
Revenue	1,303.4		1,026.4		-21.3
Amorepacific ¹⁾	1,176.7		945.7		-19.6
Beauty Subsidiaries ²⁾	175.7		129.5		-26.3
Others ³⁾	-48.9		-48.8		+0.2
	2021 2Q	OP Margin (%)	2022 2Q	OP Margin (%)	YoY(%)
Operating Profit	104.6	8.0	-10.9	-1.1	Turned to red
Amorepacific ¹⁾	91.2	7.8	-19.5	-2.1	Turned to red
Beauty Subsidiaries ²⁾	9.5	5.4	10.2	7.9	+7.3
Others ³⁾	3.8	-	-1.6	-	-
Net Profit	142.8	11.0	-26.0	-2.5	Turned to red

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



2Q 2022 Earnings Release

Earnings by Subsidiary
Amorepacific

Amorepacific 1H 2022 Earnings Summary

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

Amorepacific 2Q 2022 Earnings Summary

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

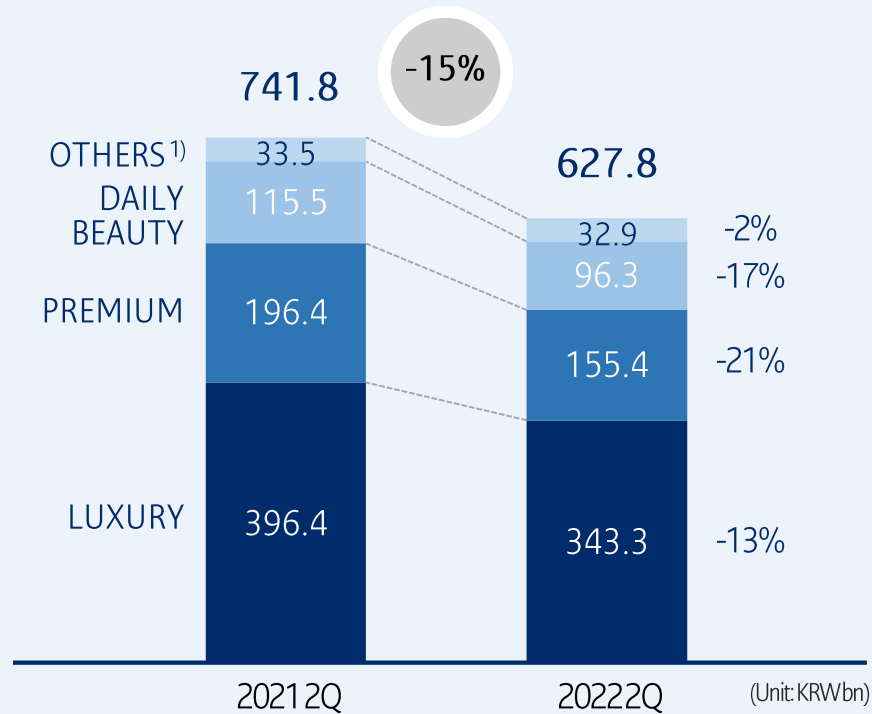
(Unit: KRW bn)

	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

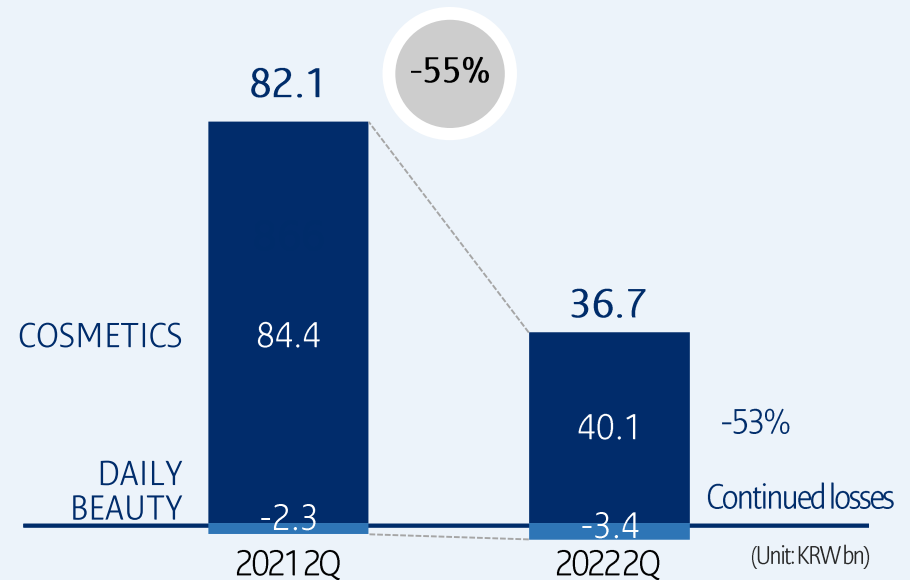
Revenue decreased 15%

- 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%

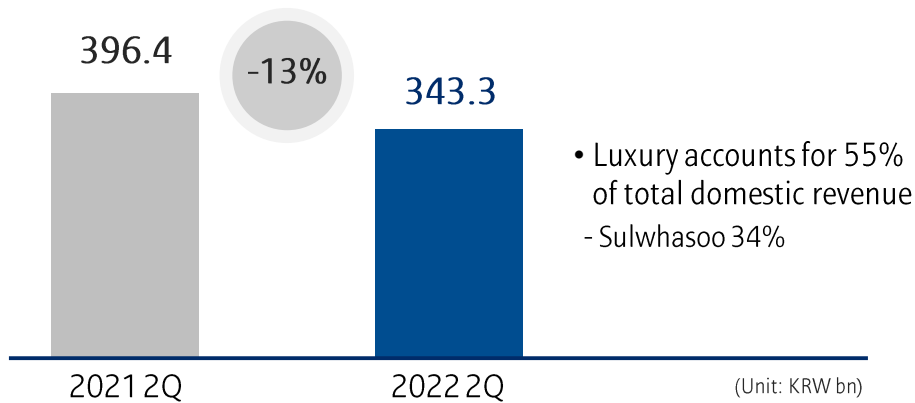
- Cosmetics operating profit declined due to decrease in sales of high margin channel and increase in marketing expense
- Daily Beauty operating profit decreased with reduced sales of major brands resulting from focusing on local business abroad



1) Others: OEM, Rental Income etc.

Amorepacific Domestic Business

LUXURY



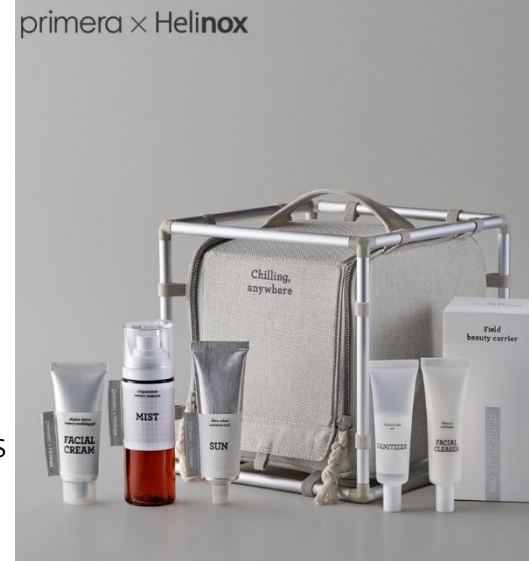
- Travel retail sales declined due to resurgence of COVID-19 within China
- All luxury brands posted online sales growth through diversified events and new product launches
 - Hosted 'Naver Super Beauty Week', 'Amore Omni Shopping Festival'
 - Launched Sulwhasoo 'Concentrated Ginseng Brightening' line 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'



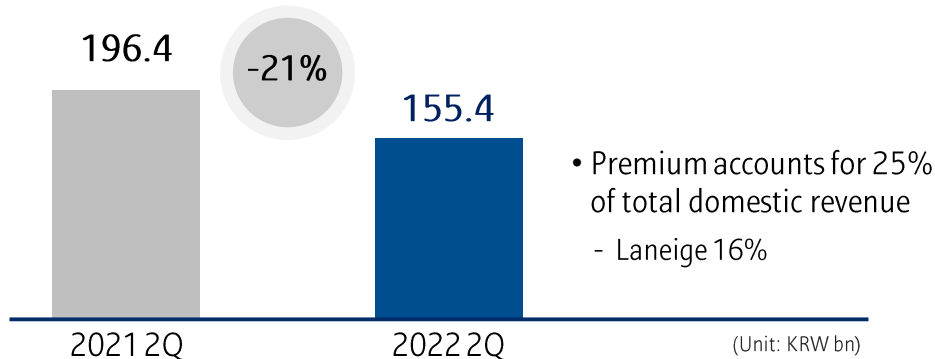
Collaboration of 'Primer x Helinox'



Vital Beautie 'Super Collagen Essence Biotin' Zanmang Loopy Edition

Amorepacific Domestic Business

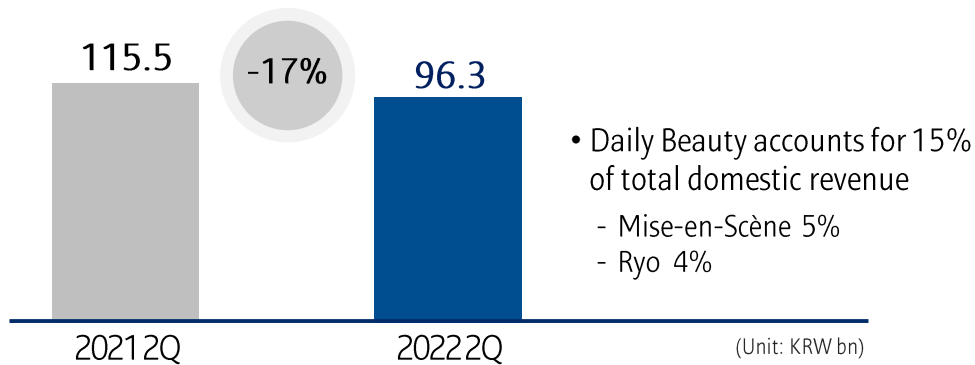
PREMIUM



- 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



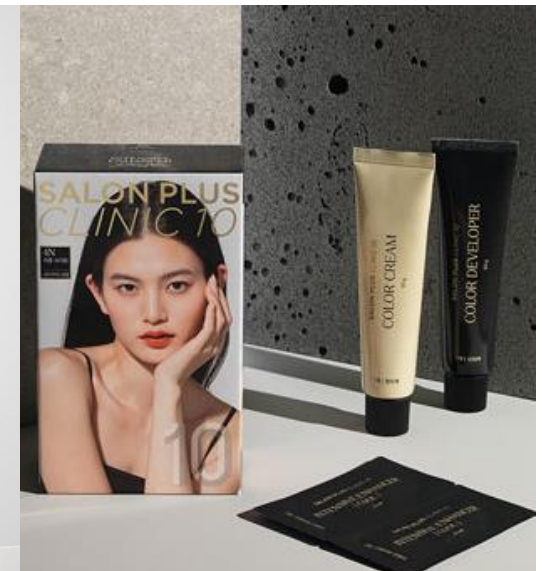
DAILY BEAUTY



- Daily beauty 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'



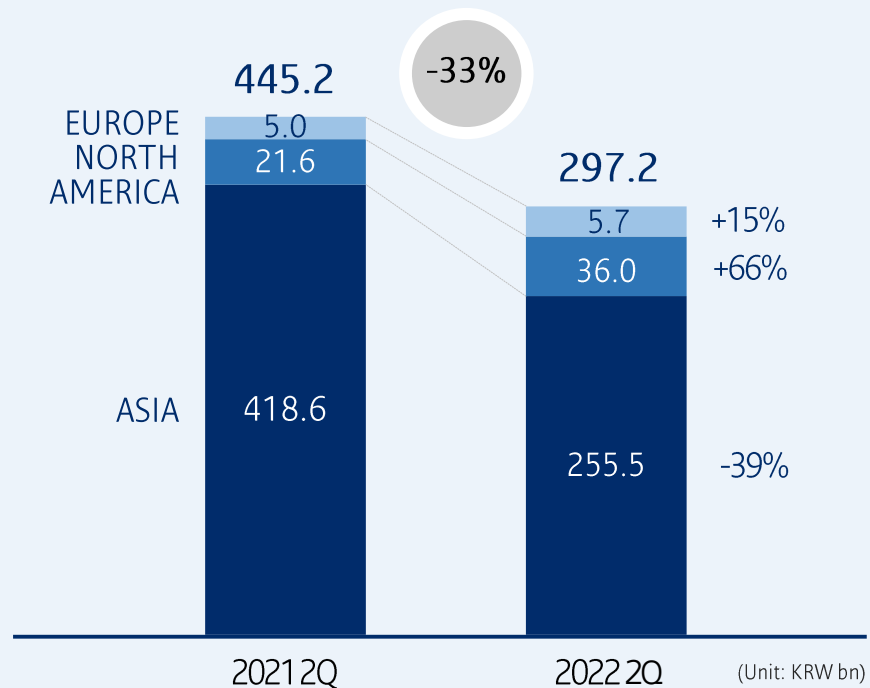
LABO-H 'Hair Loss Care Scalp Strengthening Shampoo Bar'



Gentist 'Gentist 2X Toothpaste'

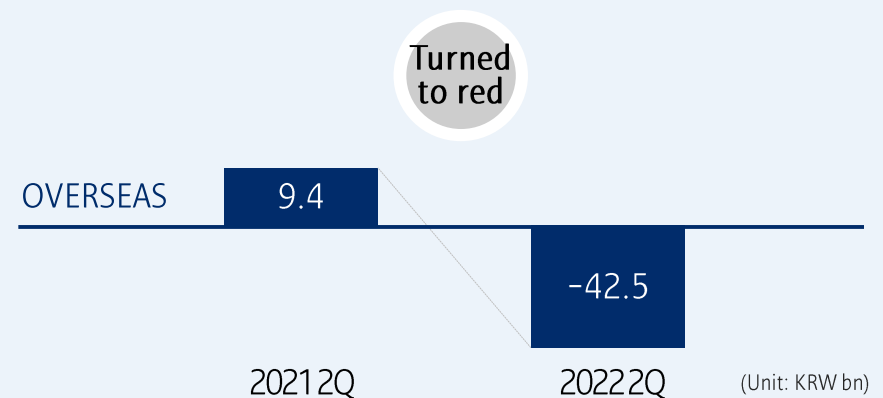
Revenue decreased 33%

- 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



Amorepacific Overseas Business

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

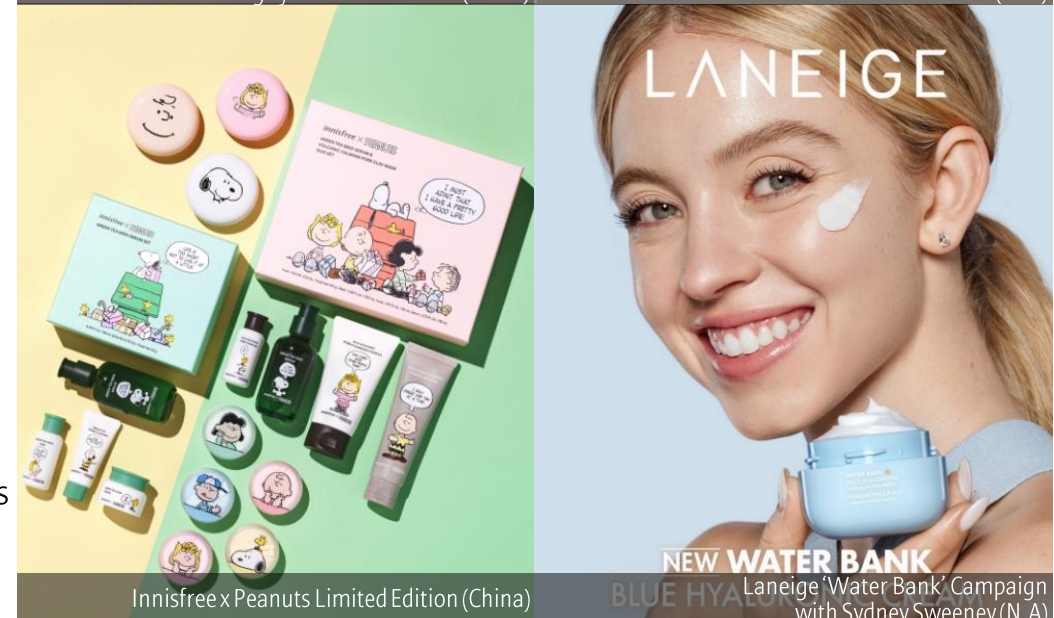


Sulwhasoo 'Concentrated Ginseng Renewing Eye Cream' Renewal (China)

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

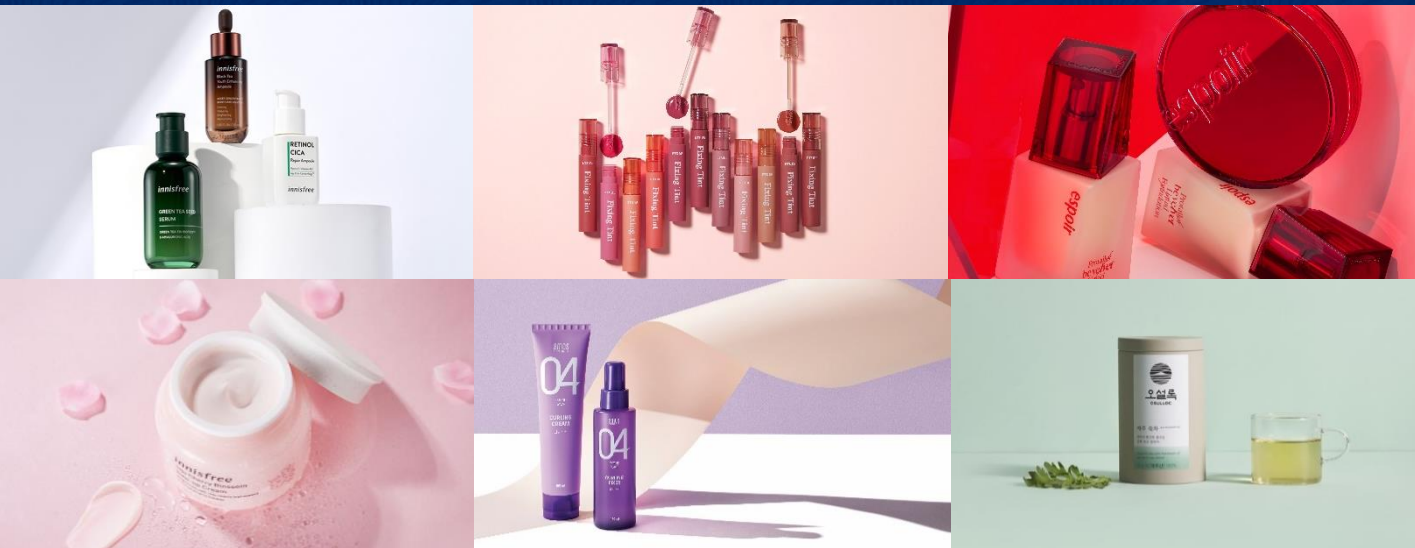
NORTH AMERICA & EUROPE

- 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



Innisfree x Peanuts Limited Edition (China)

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



2Q 2022 Earnings Release

Earnings by Subsidiary
Major Subsidiaries

Major Subsidiaries Earnings

Revenue		(Unit: KRWbn)	
	2021 2Q	2022 2Q	YoY(%)
Innisfree	87.9	72.0	-18.1
Etude	26.2	27.1	+3.2
Espoir	11.5	13.4	+16.3
Amos Professional	16.3	17.0	+4.8
Osulloc	14.3	17.8	+24.6

Operating profit		(Unit: KRWbn)	
	2021 2Q	2022 2Q	YoY(%)
Innisfree	5.7	5.5	-3.6
Etude	-1.5	0.9	Turned to profit
Espoir	-0.8	0.5	Turned to profit
Amos Professional	3.3	3.3	+1.7
Osulloc	0.6	0.8	+28.7



- Despite online sales increase, total revenue and operating profit decreased due to sales decline in travel retail channel
- Enhanced leadership in functional product category by reinforcing marketing activities of 'Green Tea Seed Serum' using short-form video contents to target Millennials and Gen Z customers
- Revenue growth driven by strong performance of new product 'Sunjung Director's Sun Cream', a collaborative product with YouTuber 'Director Pi'
- Turned to profit with increased sales in online and multi-brand shop channels
- Revenue grew by strong sales from newly launched eyebrow makeup line and face makeup category products
- Turned to profit with increased sales in e-commerce
- Hair perm solution category posted strong growth driven by Amos professional's key 'Luminator' line
- Ayunche increased the number of salon clients as a result of strengthening its in-salon treatment portfolio
- Tea House sales increased through strengthened 'Tea class' service by reinforcing customer experience contents to target Millennials and Gen Z customers
- Operating profit increased due to robust online sales growth in major platforms and offline store restructuring

New Product Launches and Marketing Activities

Green Tea Seed Serum,
#InstantHealthySkinGlowBooster with
Wonyoung



Innisfree X PLEATS
MAMA Nano bag



Super Volcanic Pore Clay
Mask 2X



Innisfree

Enhanced brand awareness of Millennials and Gen Z customers by digital marketing with 'Wonyoung' through 'TikTok'
Introduced Nano bag and launched product using recycled plastic from empty bottle containers as a part of 'Happy Earth Day' campaign

Sunjung Director's Mineral Filter Sun Cream SPF50+ PA++++
Sunjung Director's Moisture Sun Cream SPF50+ PA++++



Fixing Tint Bar



Double Lasting
Vegan Cover
Foundation

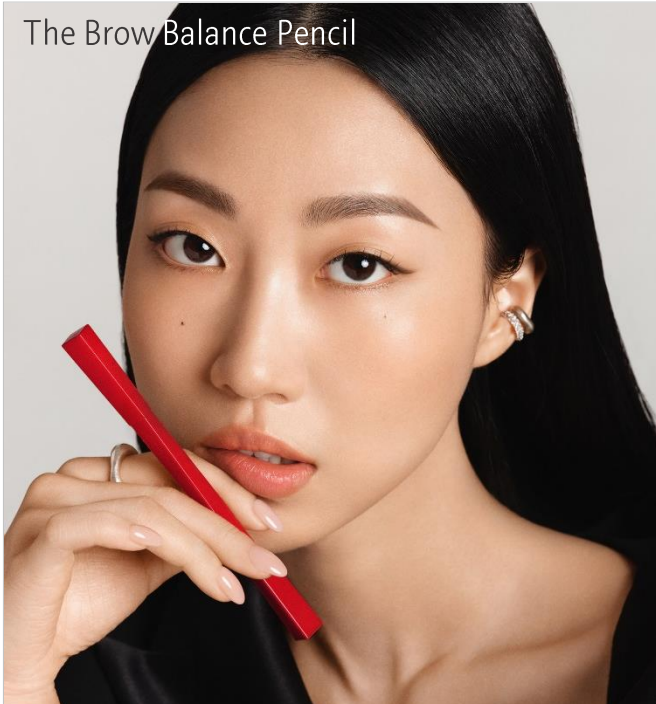


Etude

Strengthened awareness of skincare category by launching new sun care product, a joint production with influencer 'Director Pi'
Reinforced multi-brand shop channel with launch of 'Fixing Tint Bar' and 'Double Lasting Vegan Cover Foundation'

New Product Launches and Marketing Activities

The Brow Balance Pencil



The Brow Lifting Wax



Espoir

Launched 'The Brow' line, a joint production with beauty influencer 'Minsco' to strengthen eyebrow makeup category

Luminator Multi Controller



Pro Art Vibe



Amos Professional

Released Amos Professional 'Luminator Multi Controller', a perm solution for bleached/damaged hair and Ayunche hair dye product 'Pro Art Vibe'

Osulloc Tea Class



Osulloc Kombucha Peach Camellia/Jeju Tangerine

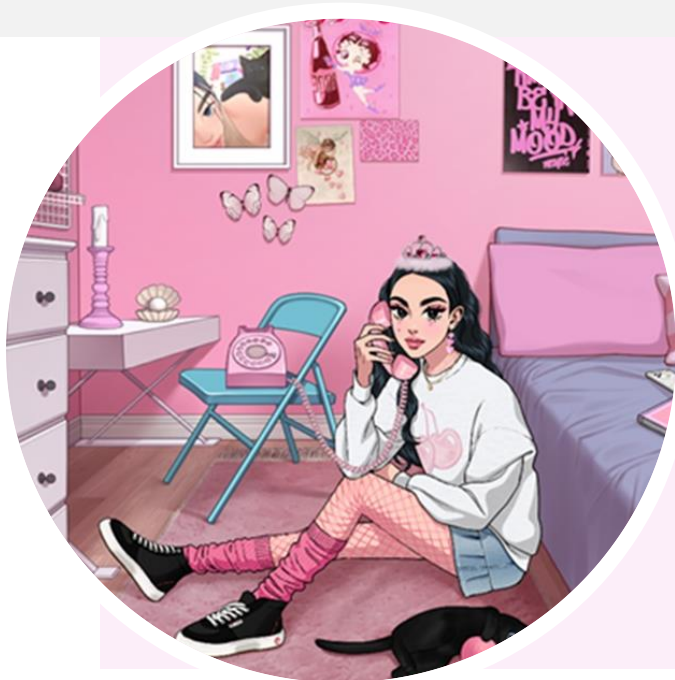


Osulloc

Strengthened customer experience by offering 'Tea class' at Bukchon Tea House and launched Kombucha in two flavors which contains Osulloc's own developed lactobacillus

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.

Amorepacific Group Financial Summary

Income Statement

(Unit: KRW bn, %)

	2021 2Q		2022 2Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,303.4	100.0	1,026.4	100.0
Cost of sales	347.2	26.6	317.9	31.0
Gross Profit	956.2	73.4	708.5	69.0
SG&A Expenses	851.7	65.3	719.4	70.1
Operating Profit	104.6	8.0	-10.9	-1.1
Non-Operating Profit/Expense	89.4		9.2	
Profit Before Tax	194.0	14.9	-1.7	-0.2
Consolidated Net Income	142.8	11.0	-26.0	-2.5

Statement of Financial Position

(Unit: KRW bn, %)

	2021.12	2022.06
Assets	8,038.1	7,767.8
Current Assets	3,015.5	2,795.8
Trade receivables	312.0	352.2
Inventories	542.8	552.1
Non-current Assets	5,022.7	4,972.0
Property, Plant and Equipment	2,920.0	2,875.8
Intangible Assets	703.4	702.0
Investments in associates	282.3	293.0
Liabilities	1,562.5	1,268.9
Current Liabilities	1,273.3	1,007.5
Non-current Liabilities	289.2	261.4
Shareholder's Equity	6,475.6	6,498.9
Capital Stock	48.0	48.0
Retained Earnings	2,761.9	2,773.1
Non-controlling Interest	3,169.1	3,177.4