

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 textured effect. The overall aesthetic is clean and modern, with a strong emphasis on geometric and organic shapes.

AMORE PACIFIC GROUP

2Q 2023 Earnings Release

2023. 7. 26



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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 2Q 2023 Earnings Summary

Revenue up 0.4% to KRW 1.0 trillion, Operating profit turned to profit at KRW 11.7 billion
 Major subsidiary Amorepacific's revenues similar to last year at KRW 945.4 billion, operating profit turned to profit at KRW 5.9 billion

(Unit: KRW bn)

	2022 2Q		2023 2Q		YoY(%)
Revenue	1,026.4		1,030.8		+0.4
Amorepacific	945.7		945.4		-0.0
Beauty Subsidiaries ¹⁾	129.5		129.6		+0.1
Others ²⁾	-48.8		-44.2		-
	2022 2Q	OP Margin (%)	2023 2Q	OP Margin (%)	YoY(%)
Operating Profit	-10.9	-1.1	11.7	1.1	Turned to profit
Amorepacific	-19.5	-2.1	5.9	0.6	Turned to profit
Beauty Subsidiaries ¹⁾	10.2	7.9	4.3	3.3	-58.1
Others ²⁾	-1.6	-	1.6	-	-
Net Profit	-26.0	-2.5	29.6	2.9	Turned to profit

1) Beauty Subsidiaries: Innisfree, Etude, Espoir, Amos Professional

2) Other Subsidiaries (Amorepacific Group, Pacific Package*, Osulloc Farm, Osulloc) and intercompany transactions

* Revenue and operating profit for Pacific Package are not recognized from November 2022 due to partial stake sale

AMOREPACIFIC
GROUP



2Q 2023 Earnings Release

Earnings by Subsidiary

Amorepacific

Amorepacific 2Q 2023 Earnings Summary

Revenue similar to last year at KRW 945.4 billion, Operating profit turned to profit at KRW 5.9 billion

Domestic revenue down 11.6%, operating profit up 0.4%. Overseas revenue up 27.5%, operating profit mitigated losses

(Unit: KRW bn)

	2022 2Q	% of Revenue	2023 2Q	% of Revenue	YoY(%)
Revenue ¹⁾	945.7	100.0	945.4	100.0	-0.04
Domestic	627.8	66.4	555.0	58.7	-11.6
Cosmetics	531.5	56.2	459.1	48.6	-13.6
Daily Beauty	96.3	10.2	95.9	10.1	-0.4
Overseas	292.0	30.9	372.3	39.4	+27.5
	2022 2Q	OP Margin (%)	2023 2Q	OP Margin (%)	YoY(%)
Operating Profit ¹⁾	-19.5	-2.1	5.9	0.6	Turned to profit
Domestic	36.7	5.8	36.8	6.6	+0.4
Cosmetics	40.1	7.5	31.4	6.8	-21.5
Daily Beauty	-3.4	-3.5	5.4	5.6	Turned to profit
Overseas	-43.2	-14.8	-32.7	-8.8	Mitigated losses
Net Profit	-37.2	-3.9	19.3	2.0	Turned to profit

1) Includes intercompany transactions, Cosvision, Wedream, etc

Amorepacific 2Q 2023 Expense Summary

- Marketing expense increased by 24%, due to major brand renewals and addressing rising consumer demands with the recovery of offline channels
- Depreciation cost decreased by 12% mainly due to the impact of offline store restructuring

(Unit: KRW bn)

	2022 2Q	2023 2Q	YoY(%)
Revenue	945.7	945.4	-0.04
Cost of sales	321.2	301.3	-6.2
Gross Profit	624.5	644.0	+3.1
S&A Expenses	644.0	638.1	-0.9
Personnel Expense ¹⁾	141.0	142.9	+1.4
Marketing Expense ²⁾	130.9	162.7	+24.3
Commission ³⁾	211.6	193.4	-8.6
Depreciation Cost ⁴⁾	50.3	44.4	-11.7
Operating Profit	-19.5	5.9	Turned to profit
OP Margin (%)	-2.1%	0.6%	+2.7%p
Consolidated Net Income	-37.2	19.3	Turned to profit

1) Personnel Expense: Salaries, Retirement Benefits, Employee Benefits

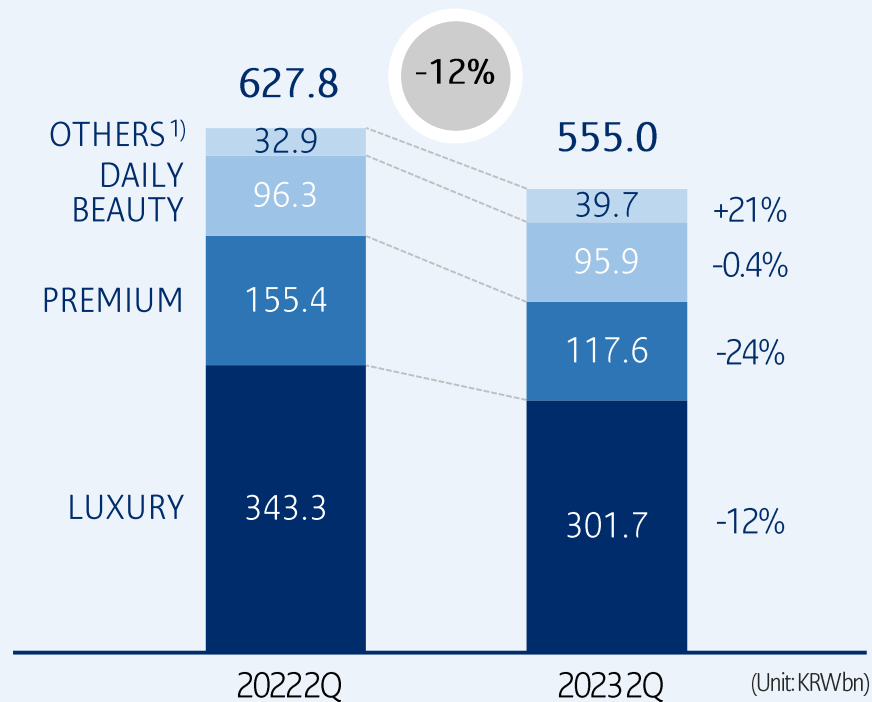
2) Marketing Expense: Advertisement and Promotion Expense

3) Commission: Service Fees and Distribution Commission

4) Depreciation Cost: Depreciation and Amortization

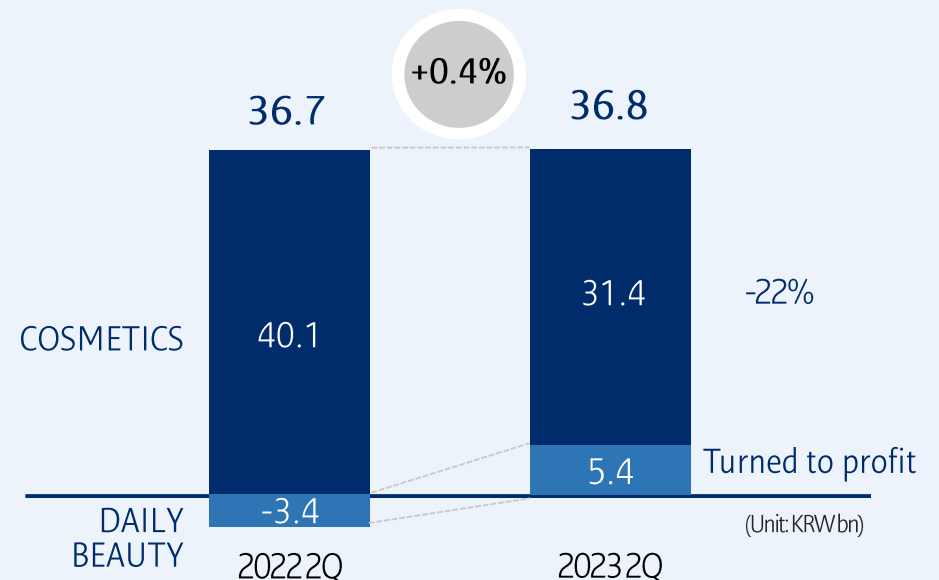
Revenue decreased 12%

- Travel retail sales declined by double digit (20% of total domestic revenue)
- Multi-brand shop channel sales rose by 30%
- Despite the growth of Daily Beauty's pure domestic online sales, overall online sales dropped by double digits



Operating profit increased 0.4%

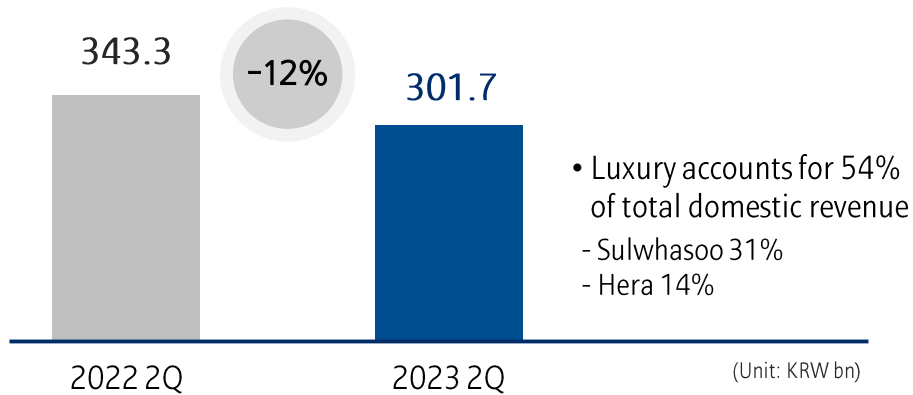
- Cosmetics operating margin declined due to weakened sales in travel retail and online channels
 - Profitability improved for department store and multi-brand shop channels
- Daily Beauty operating profit turned to profit as a result of reinforced product portfolio



1) Others: OEM, Rental Income, etc.

Amorepacific Domestic Business

LUXURY



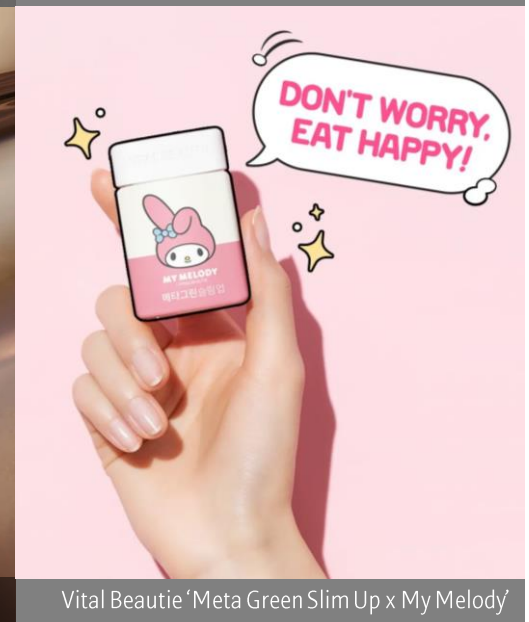
Sulwhasoo 6th Generation Store Identity



Hera 'Sensual Nude Stain Tint'



Primera 'Organience Barrier Repair Calming Essence Toner'

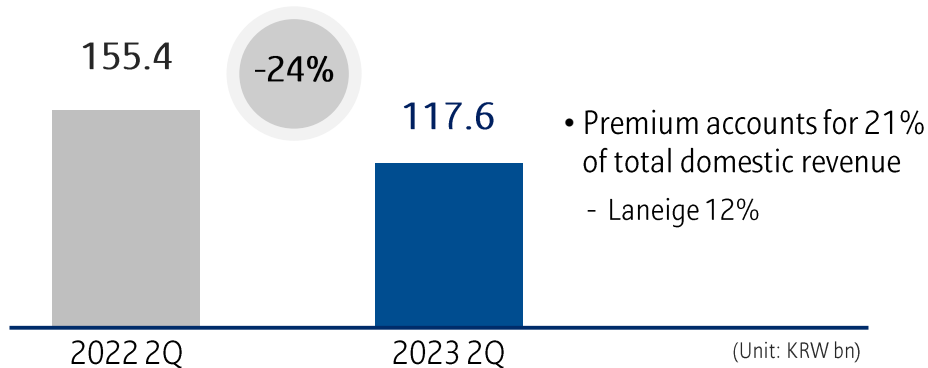


Vital Beautie 'Meta Green Slim Up x My Melody'

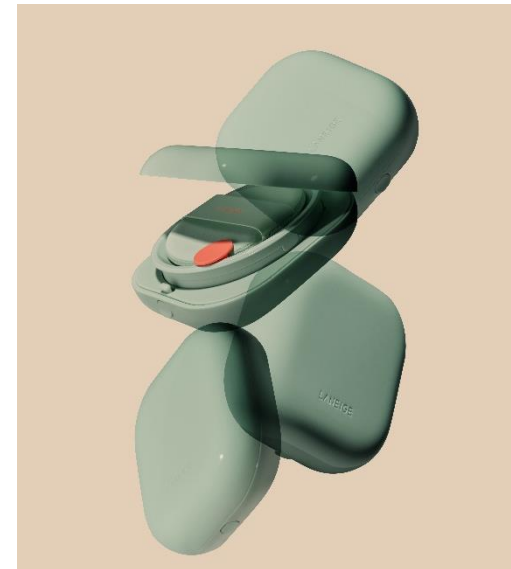
- Luxury cosmetics sales declined due to decrease in travel retail and global e-commerce sales with the reorganization of product portfolio to enhance brand value
- Differentiated offline customer experience through the roll out of renewed Sulwhasoo brand SI (Store Identity)
 - Revamped major department stores and spa services of flagship stores, operated a collaborative pop-up store with Shilla Duty Free Shop at Incheon Airport
- Hera and Primera brand sales grew driven by strong sales and launch of key products
 - [Hera] 'Sensual Nude Stain Tint' ranked #1 in Kakao gift market during pre-launch period
 - [Primera] Launched 'Organience Barrier Repair' line toner and posted strong sales growth in multi-brand shop channel
- Strengthened brand attractiveness by launching limited edition products
 - [Vital Beautie] 'Meta Green Slim Up x My Melody' edition ranked #1 in Olive Young
 - [Goutal] Launched 'Petite Chérie Color Edition', 'Petite Chérie Candle' to mark the 25th anniversary of 'Petite Chérie'

Amorepacific Domestic Business

PREMIUM



- Premium cosmetics sales declined due to decrease in travel retail and global e-commerce sales
- Reinforced foundation for growth by launching new key products and strengthening multi-brand shop channel
 - [Laneige] Launched the renewed 'Neo Cushion'. Strong sales from key skin care products drove sales growth in multi-brand shop channel
 - [Aestura] Maintained #1 ranking in Olive Young's derma category. Brand sales grew double digit from solid performance in multi-brand shop and online channels
 - [Hanyul] Renewed 'Pure Artemisia Calming Water Cream' and implemented rebranding marketing campaign
 - [Iope] Entered Olive Young and posted strong sales of 'Retinol Super Bounce Serum'
- Diversified online and offline marketing content for young customers
 - [Laneige] Operated beauty content creator program to strengthen its digital platform ('Tik Tok') content
 - [Mamonde] Enriched customer engaging content through the opening of pop-up store for new product 'Blue Azulene Cloud Toner'



Renewal of Laneige 'Neo Cushion'



Iope 'Retinol Super Bounce Serum'

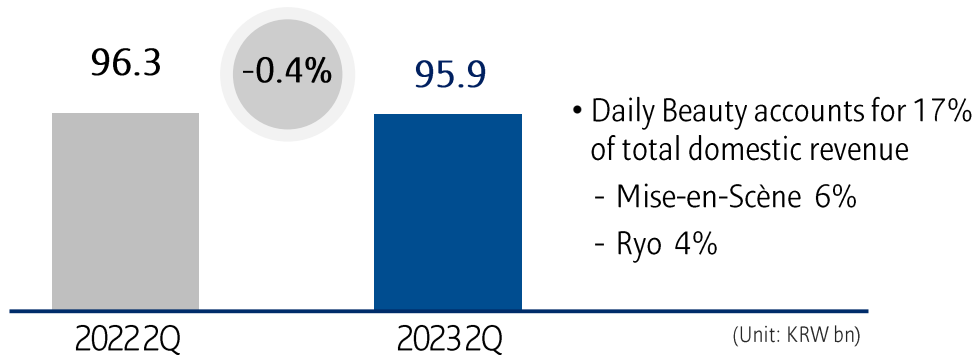


Mamonde pop-up store 'On the Cloud'

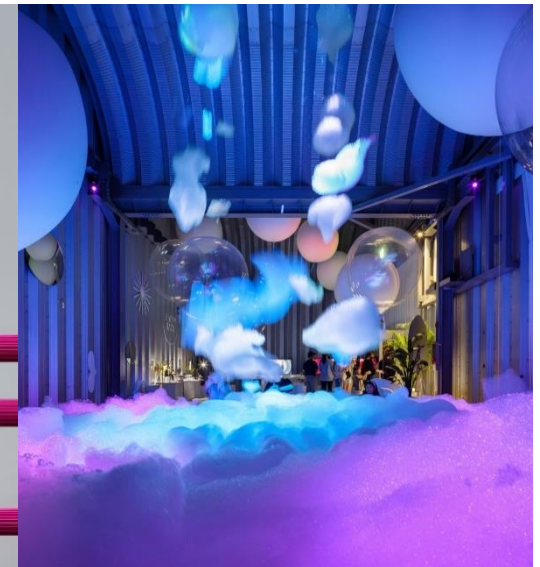


Renewal of Hanyul 'Pure Artemisia Calming Water Cream'

DAILY BEAUTY



Mise-en-Scène 'Salon 10 Innerplex'



HappyBath x Everland 'Bubble Happiness Exhibition'



Illiyoon x Sanrio Collaboration Edition

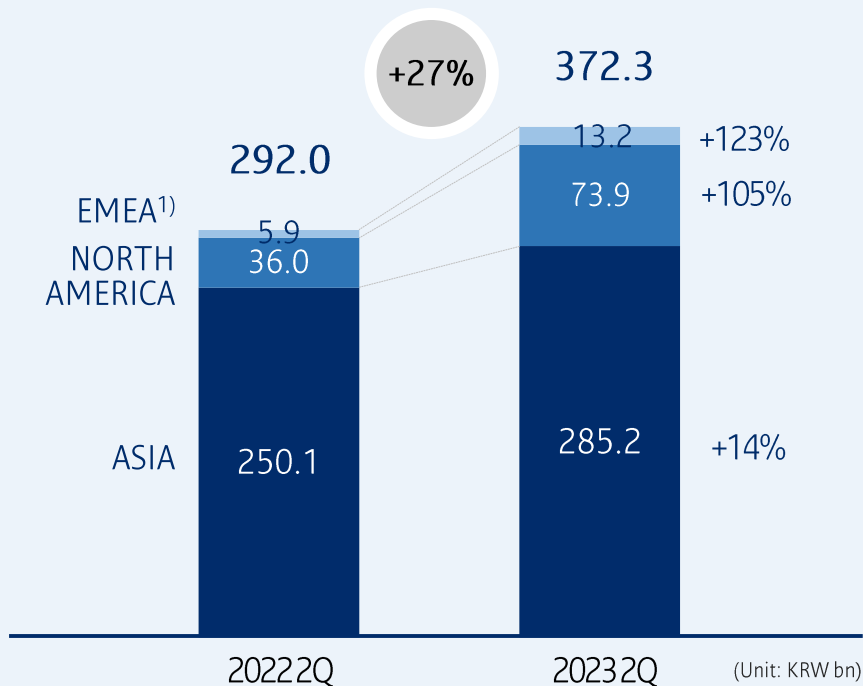


LABO-H x 'Chilsung Cider' Pop-up Store

- Profitability improved despite decrease in sales due to restructuring brand portfolio
- Posted strong growth from engine products in e-commerce and multi-brand shop channels by enhancing brand equity
 - [Mise-en-Scène] Premium line sales increased in multi-brand shop and online channels. Strengthened professional brand identity by reinforcing 'Salon 10' product portfolio
 - [Ryo] Online channel sales grew as a result of successful marketing of 'ROOT:GEN'
- Executed marketing campaign targeting Millennials & Gen Z customers through customer engaging exhibitions and collaboration with popular brands
 - [HappyBath] Offered unique customer experience by opening 'Bubble Happiness Exhibition' at Everland
 - [Illiyoon] Posted strong sales with the launch of collaborative product 'Illiyoon x Sanrio', popular among Millennials and Gen Z customers
 - [Labo-H] Launched a joint production of scalp care solution for summer with 'Chilsung Cider' and operated a pop-up store at Amore Seongsu

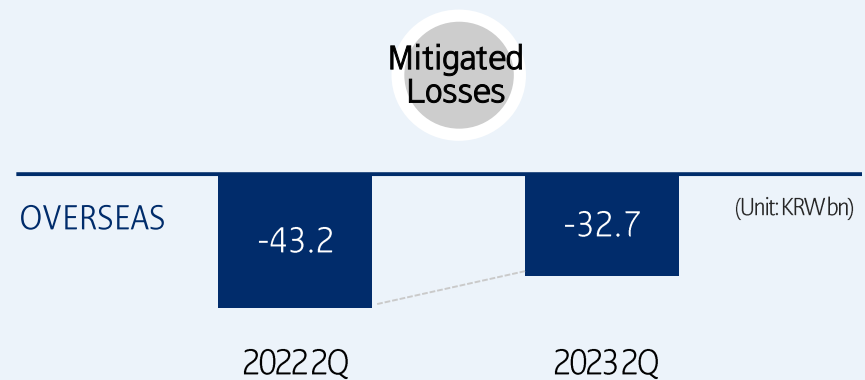
Revenue increased 27%

- Asia revenue grew by 14%
(China sales accounts for more than mid-50% of Asia sales)
- North America sales doubled by increasing marketing investment in major brands
- EMEA revenue doubled due to solid sales of Goutal brand and increasing brand presence of Laneige



Mitigated operating losses

- Asia mitigated operating loss from sales growth
- Operating profit of North America business decreased due to increase in marketing investment and personnel expenses
- EMEA operating profit increased with solid sales growth



*Partial changes were made to the definition of geographical area for some countries (Middle East, etc.) and affiliation of intercompany transaction items as of 1Q 2023. Revenue and operating profit for 2022 were restated accordingly.

Amorepacific Overseas Business

ASIA

- China revenue increased more than 20% (local currency)
 - Sulwhasoo enhanced brand competitiveness by reinforcing online and offline marketing events, running ‘First Care Activating Serum’ pop-up stores and VIP exclusive events
 - Profitability improved driven by growth of key products including Laneige ‘Perfect Renew 3X Serum’, Innisfree ‘Retinol Cica Repair Ampoule’ and optimized channel portfolio
- Other Asia (ASEAN, Japan, etc.) revenue grew mainly driven by Japan
 - ASEAN revenue was flat due to slow down in e-commerce growth. Laneige sales increased by reinforcing its marketing of engine products (‘Perfect Renew 3X Serum’, ‘Waterbank Cream’)
 - Japan revenue grew more than 30% as a result of expansion of retail channels and enhanced marketing, executing ‘Amorepacific Festival’ in collaboration with major multi-brand shop channels

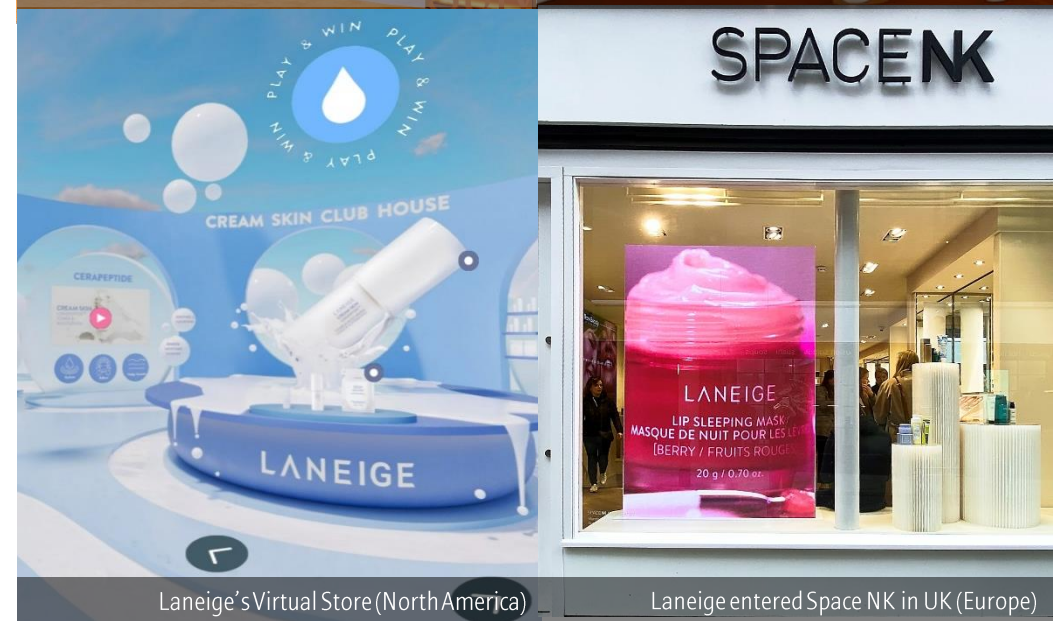


Sulwhasoo ‘First Care Activating Serum’ Pop-up Store (China)

Tokyo @ Cosme Amorepacific Festival (Japan)

NORTH AMERICA & EMEA

- North America revenue doubled due to strong growth of major brands
 - Laneige posted robust sales growth by reinforcing its lip category (launched ‘Lip Sleeping Mask Pink Lemonade’) and enhancing customer experience by showcasing the first virtual store of Laneige.com
 - Sulwhasoo sales grew driven by increased brand awareness through Sulwhasoo rebranding campaign and enlarged customer base in multi-brand shop channel
 - Innisfree sales increased with strong performance of major products including ‘Daily UV’ and ‘Green Tea’ line products
- Europe revenue grew by entering new markets and diversifying channels
 - Laneige expanded its brand presence by entering ‘Space NK’ in UK and Sephora in Middle East
 - Goutal’s export sales grew by executing marketing campaign focused on major products (‘Petite Chérie’, etc)



Laneige’s Virtual Store (North America)

Laneige entered Space NK in UK (Europe)

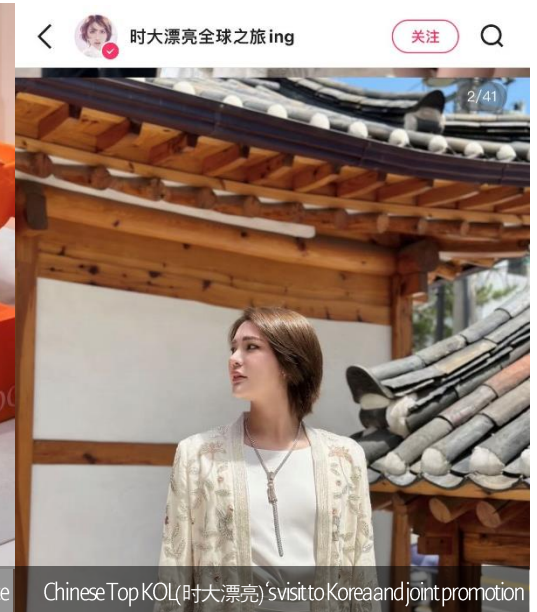
Key Achievements of Sulwhasoo Rebranding

Enhanced Customer Experience

- Renewed stores in Korea/North America and strengthened customer service
 - Ratio of young customers in their 20s increased in 7 renewed stores in Korea that provides unique gift wrapping service 'Jihambo'
 - Revenue posted strong growth in the US by renewing all Sephora stores with its new BI
- Strengthened relationship with Chinese KOLs by providing unique brand experience in Korea
 - Hosted KOL invitation event: 'Culture Trip' (11 KOLs in March), 'Ginseng Road' (7 KOLs in July)
 - Created viral content of brand asset (Research and Innovation, 'The House of Sulwhasoo Bukchon', etc.)



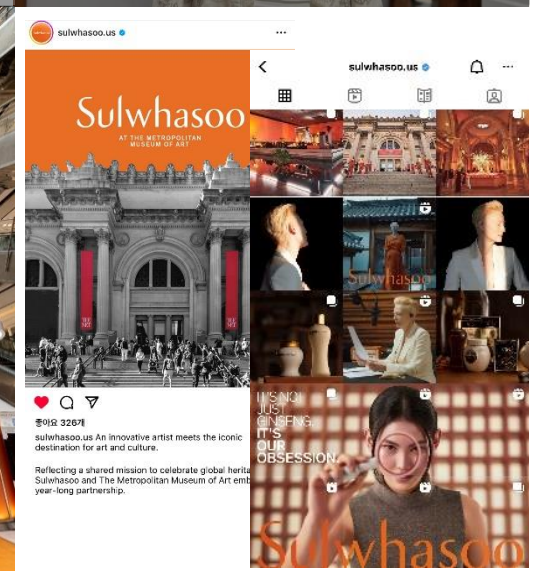
Renewed stores in Korea providing 'Jihambo' service



Chinese Top KOL (时大漂亮)'s visit to Korea and joint promotion



Pop-up store of 'First Care Activating Serum VI' in China



Created digital buzz and strengthened marketing in the US

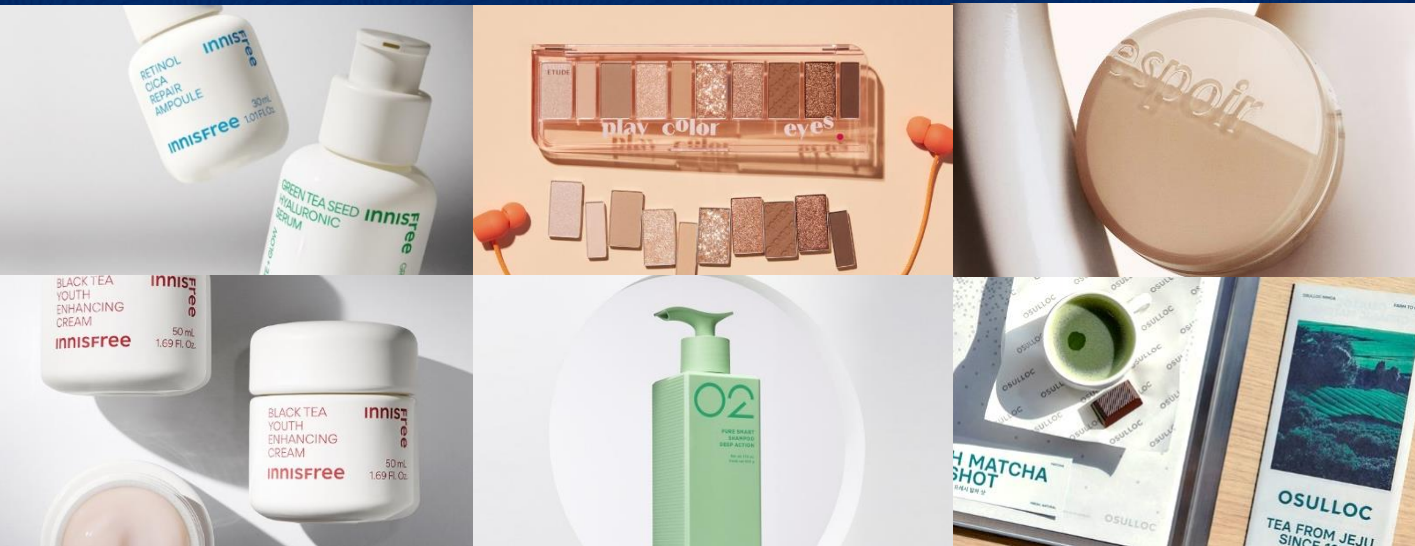
Increased Sales of Functional Products

- Strengthened marketing and sales activities on functional products during 6.18
 - Sales mix of 'First Care Activating Serum' & 'Ginseng Line' accounted for 60% (Approx. 20% in 2022)
 - ASP (Average Selling Price) during 6.18 doubled compared to 3.8 Women's Day event
- Posted strong sales of 'Ginseng Line' in July driven by TOP KOL (时大漂亮)'s joint promotion based on her visit to Korea and brand experience

Strengthened Online/Offline Marketing

- Operated 10 Pop-up stores of 'First Care Activating Serum VI' across 8 cities in China (April-July)
 - Ranked No.1 cosmetics brand in sales at Kaiyuan (开元) mall in Xian (西安) during the event
- Implemented marketing activities with high ROI during 6.18 event
 - Tmall UV (Unique Visitor) increased by 34% (YoY), number of online membership increased by 45% (YoY) during the event
- Executed collaborative marketing with the MET* and generated digital buzz
 - Number of website visitors quadrupled and online membership grew by 50%

*MET: New York Metropolitan Museum of Art



2Q 2023 Earnings Release

Earnings by Subsidiary
Major Subsidiaries

Major Subsidiaries Earnings

Revenue		(Unit: KRWbn)	
	2022 2Q	2023 2Q	YoY(%)
Innisfree	72.0	67.5	-6.2
Etude	27.1	29.2	+7.7
Espoir	13.4	15.0	+12.6
Amos Professional	17.0	17.9	+4.9
Osulloc	17.8	19.8	+10.8

Operating profit		(Unit: KRWbn)	
	2022 2Q	2023 2Q	YoY(%)
Innisfree	5.5	-0.8	Turned to red
Etude	0.9	2.1	+133.4
Espoir	0.5	0.3	-40.8
Amos Professional	3.3	2.6	-21.0
Osulloc	0.8	0.8	-1.5



- Strengthened functional product portfolio with the launch of 'Vitamin C Green Tea Enzyme Brightening Serum' and propagated brand narrative 'THE NEW ISLE' to customers
- Temporary operating loss due to channel restructuring and increased marketing investment to strengthen long term brand competitiveness
- Reinforced brand positioning among young customers with the launch of 'Luv is True' collection collaborated with Musinsa. Overall sales grew mainly driven by key category products (eye/lip/shading)
- Revenue and profitability increased through effective cost saving measures
- Elevated brand appeal with the opening of 'Espoir Store' at Yeon-nam area. Total revenue increased by the successful launch of 'Pro Tailor Be Velvet Cover Cushion New Class'
- Operating profit decreased due to one-off labor cost (employee incentive)
- Enhanced functional product competitiveness by launching 'It's Able' (Amos) and 'Pro the Bond Enhancer' (Ayunchae). Accelerated overall growth by expanding sales structure
- Profitability reduced with increased investment in brand renewal as a professional salon brand
- Improved customer engagement with the reopening of Tea Museum. Total sales grew with strong sales of online exclusive set product 'Jeju Single Origin' and its personal printing service
- Operating profit slightly dropped with increased cost in reopening of Tea Museum in Jeju Island and marketing expense

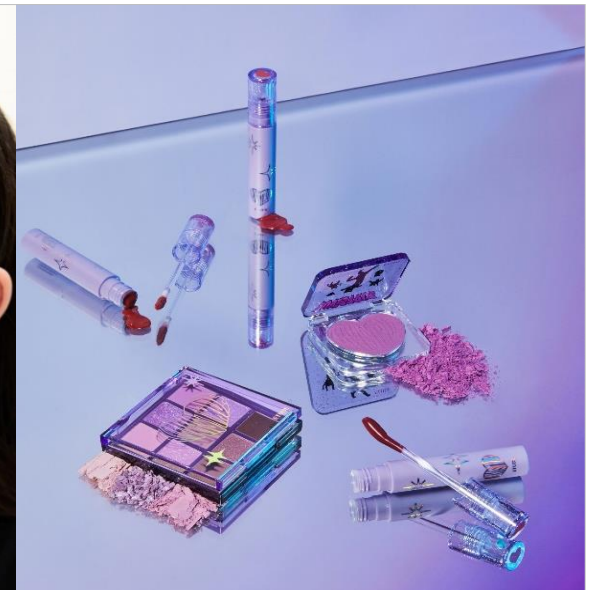
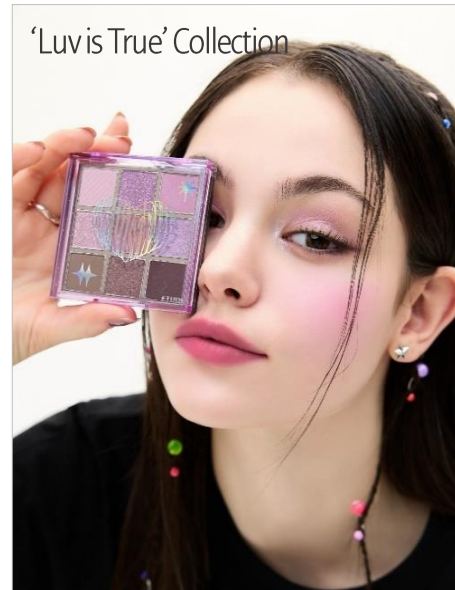
New Product Launches and Marketing Activities

'Vitamin C Green Tea Enzyme Brightening Serum'

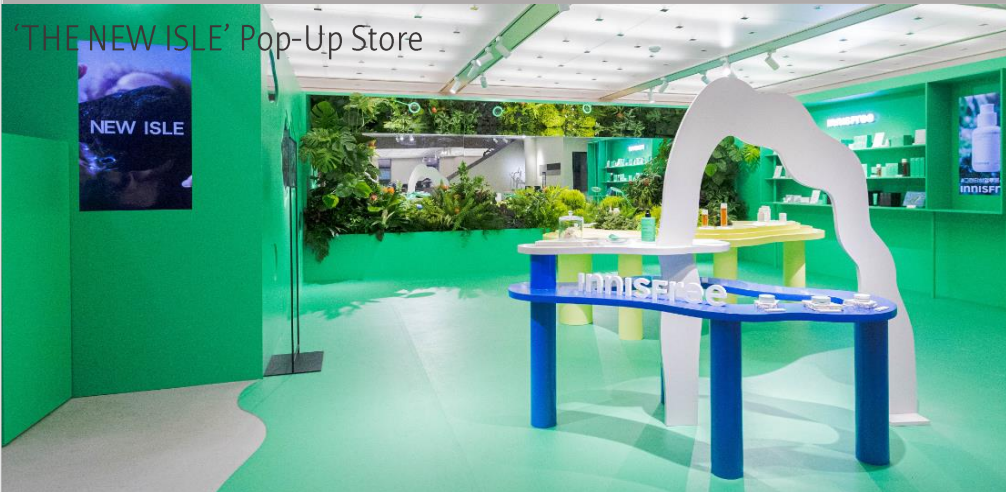


'Green Tea Seed Hyaluronic Serum Refill'

'Luv is True' Collection



'THE NEW ISLE' Pop-Up Store



Innisfree

Reinforced green tea product equity with new product launches and operated a pop-up store of 'THE NEW ISLE', an offline space of the brand's new narrative

'Makeup Playlist' Collection



Etude

Launched 'Luv is True' Collection, a collaborative product with Musinsa aimed at MZ customers, and 'Makeup Playlist' collection which portrays ETUDE's brand image

New Product Launches and Marketing Activities



'Pro Tailor Be Velvet Cover Cushion New Class'

Joint production with fashion brand 'Grove,' the 'New Classic Collection'



Creative Store 'EspoirStore' at Yeonnam

Espoir

Launched cushion products and opened 'EspoirStore' offering various customer engaging activities



Amos 'It's Able' (Hairdye)



Ayunche 'Pro the Bond Enhancer'

AYUNCHE
*RISING STAR
헤어살롱 성장 지원 프로그램

Ayunche CSR Program
'Rising Star'

Amos Professional

Released 'It's Able' and 'Pro the Bond Enhancer'
Strengthened salon network through CSR programs



Online exclusive product 'Jeju Single Origin'



Reopening of Tea Museum

Osulloc

Launched online exclusive set product 'Jeju Single Origin' and successfully reopened Tea Museum

Amorepacific Group signs MOU with A.S. Watson Group

Amorepacific Group signed MOU with the world's largest international health and beauty retailer, A.S. Watson Group, strengthening their strategic partnership. As part of the agreement, A.S. Watson Group and Amorepacific Group will collaborate to drive growth of Innisfree and Etude as well as introduce derma brands including Illiyoon and Aestura to the global market.



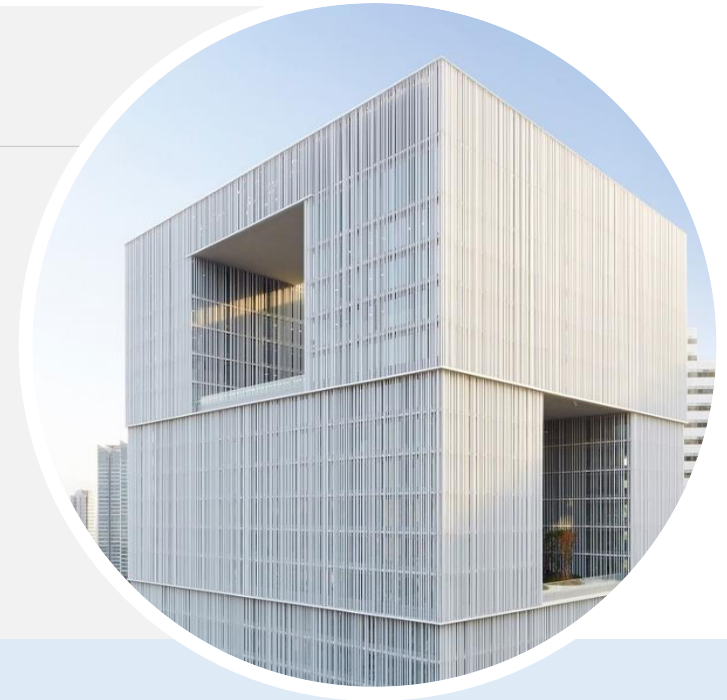
Amorepacific celebrates BTS's 10 year anniversary

Amorepacific participated in '2023 BTS Festa' by offering various customer engaging events to celebrate BTS's 10 year anniversary. Event pop-ups were installed in Amorepacific headquarters and key stores for customers to participate in. Amorepacific is open to future collaborative events with other industries.

Amorepacific achieves ISO 37001 (Anti-bribery Management System)

Amorepacific has built its anti-bribery management system since November 2022, and strengthened its foundation for controlling company wide risks related to anti-bribery. Amorepacific reinforced the company's credibility by achieving *ISO 37001 from Korea Compliance Certification Assurance

*ISO 37001: International standard certification for company's anti-bribery management system defined by the International Organization for Standardization



Working together
to protect our ocean



HUG
UNIVERSAL
GOODNESS

Laneige strengthens global partnership with WWF

Laneige signed a global partnership with *WWF (World Wide Fund) to strengthen its ocean conservation initiative. Since its partnership with WWF Korea signed in 2020, Laneige has participated in conserving Chungpodae Beach at Taean-gun and plans to expand its ocean preservation efforts to China and Thailand.

* WWF(WORLD WIDE FUND FOR NATURE): World's largest NGO serving wilderness preservation

Amorepacific Group Financial Summary

Income Statement

(Unit: KRW bn, %)

	2022 2Q		2023 2Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,026.4	100.0	1,030.8	100.0
Cost of sales	317.9	31.0	299.6	29.1
Gross Profit	708.5	69.0	731.2	70.9
S&A Expenses	719.4	70.1	719.5	69.8
Operating Profit	-10.9	-1.1	11.7	1.1
Non-Operating Profit/Expense	9.2		19.8	
Profit Before Tax	-1.7	-0.2	31.5	3.1
Consolidated Net Income	-26.0	-2.5	29.6	2.9

Statement of Financial Position

(Unit: KRW bn, %)

	2022.12	2023.06
Assets	7,651.0	7,670.4
Current Assets	2,566.4	2,693.6
Trade receivables	301.0	330.1
Inventories	460.0	416.6
Non-current Assets	5,084.6	4,976.8
Property, Plant and Equipment	2,820.7	2,832.6
Intangible Assets	856.4	862.6
Investments in associates	330.0	345.5
Liabilities	1,117.5	1,123.5
Current Liabilities	851.9	882.5
Non-current Liabilities	265.6	241.0
Shareholder's Equity	6,533.5	6,547.0
Share Capital	48.0	48.0
Retained Earnings	2,781.8	2,833.9
Non-controlling Interest	3,177.1	3,217.2

*BY 2024: July 2023–June 2024

“Grow Together”

1

Reinforce Brand Equity

- Strengthen brand’s core value
- Create customer engaging content
- Focus on engine products

2

Global Rebalancing

- Reset growth regions
- Establish firm partnership with retailers
- Operate flexible business model

3

Customer Centered Business

- Strengthen understanding of our key customers
- Advance to new CRM
- Transform to customercentric businessstructure