

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

1Q 2023 Earnings Release

2023. 5. 2



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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 2023 Earnings Summary

Revenue down 20.1% to KRW 1.0 trillion, Operating profit down 52.3% to KRW 81.6 billion

Major subsidiary Amorepacific's revenue down 21.6% to KRW 913.7 billion, operating profit down 59.3% to KRW 64.4 billion

(Unit: KRW bn)

	2022 1Q		2023 1Q		YoY(%)
Revenue	1,262.8		1,009.1		-20.1
Amorepacific	1,165.0		913.7		-21.6
Beauty Subsidiaries ¹⁾	129.5		128.3		-0.9
Others ²⁾	-31.7		-32.9		-
	2022 1Q	OP Margin(%)	2023 1Q	OP Margin(%)	YoY(%)
Operating Profit	171.2	13.6	81.6	8.1	-52.3
Amorepacific	158.0	13.6	64.4	7.0	-59.3
Beauty Subsidiaries ¹⁾	8.3	6.4	15.3	11.9	84.3
Others ²⁾	4.9	-	1.9	-	-
Net Profit	132.2	10.5	115.6	11.5	-12.6

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



1Q 2023 Earnings Release

Earnings by Subsidiary
Amorepacific

Amorepacific 1Q 2023 Earnings Summary

Revenue down 21.6% to KRW 913.7 billion, Operating profit down 59.3% to KRW 64.4 billion

Domestic revenue down 24.6%, operating profit down 60.8%. Overseas revenue down 16.8%, operating profit down 36.9%

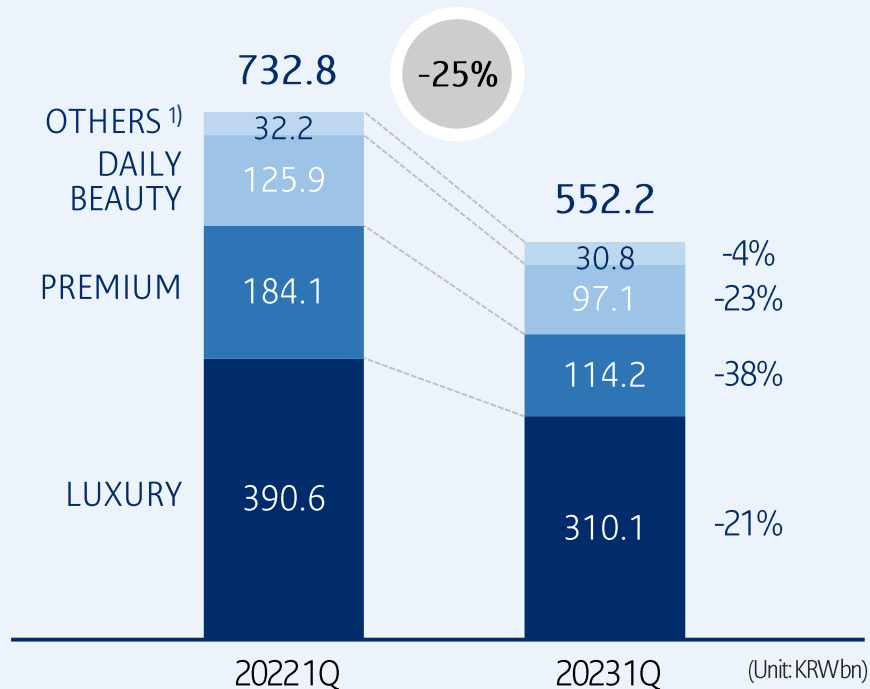
(Unit: KRW bn)

	2022 1Q	% of Revenue	2023 1Q	% of Revenue	YoY(%)
Revenue ¹⁾	1,165.0	100.0	913.7	100.0	-21.6
Domestic	732.8	62.9	552.2	60.4	-24.6
Cosmetics	606.9	52.1	455.1	49.8	-25.0
Daily Beauty	125.9	10.8	97.1	10.6	-22.9
Overseas	419.9	36.0	349.4	38.2	-16.8
	2022 1Q	OP Margin (%)	2023 1Q	OP Margin (%)	YoY(%)
Operating Profit ¹⁾	158.0	13.6	64.4	7.0	-59.3
Domestic	112.0	15.3	43.9	8.0	-60.8
Cosmetics	104.2	17.2	39.5	8.7	-62.1
Daily Beauty	7.8	6.2	4.4	4.6	-42.9
Overseas	42.1	10.0	26.6	7.6	-36.9
Net Profit	120.1	10.3	89.7	9.8	-25.3

1) Includes intercompany transactions

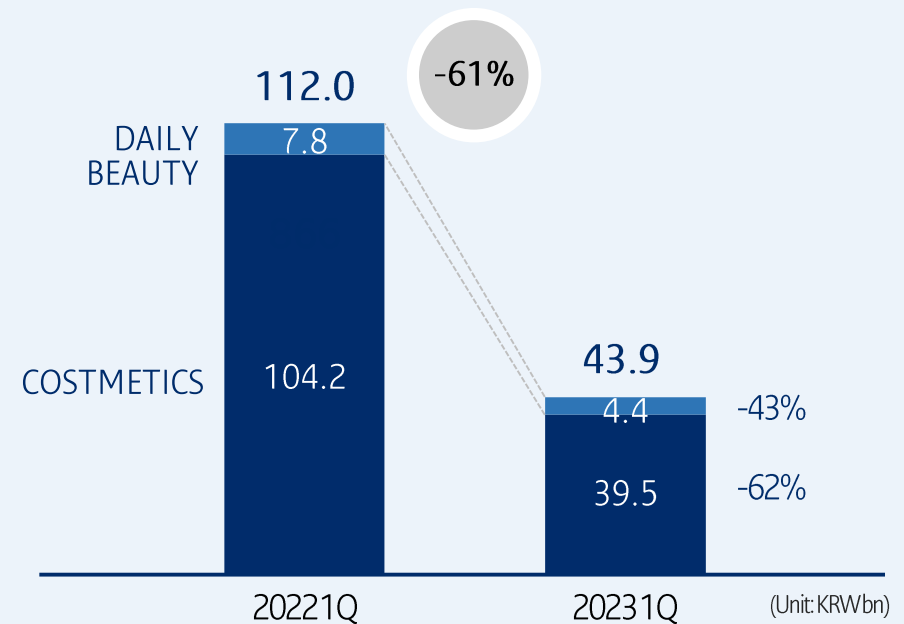
Revenue declined 25%

- Travel retail channel revenue declined by double digit (15% of total domestic revenue)
- Department store and multi-brand shop channel sales grew
- Despite growth of pure domestic cosmetics e-commerce, overall online revenue declined by double digit



Operating profit decreased 61%

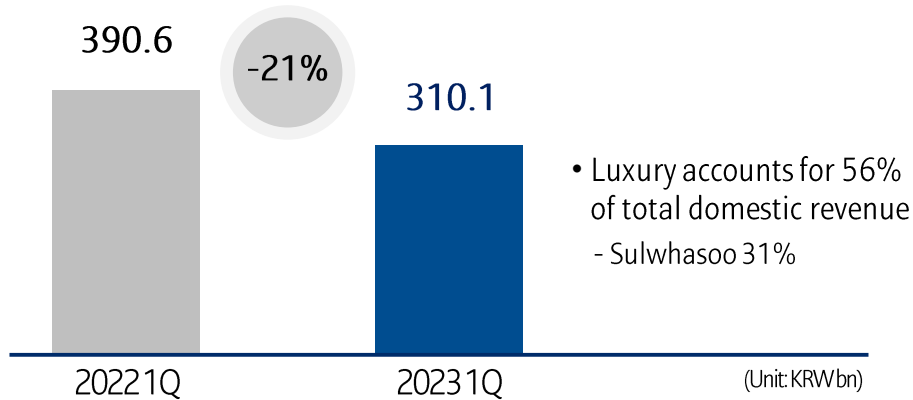
- Cosmetics operating profit decreased due to sales decline in travel retail channel
- Daily Beauty operating profit decreased with reduced revenue from less holiday giftset sales and reorganization of product portfolio



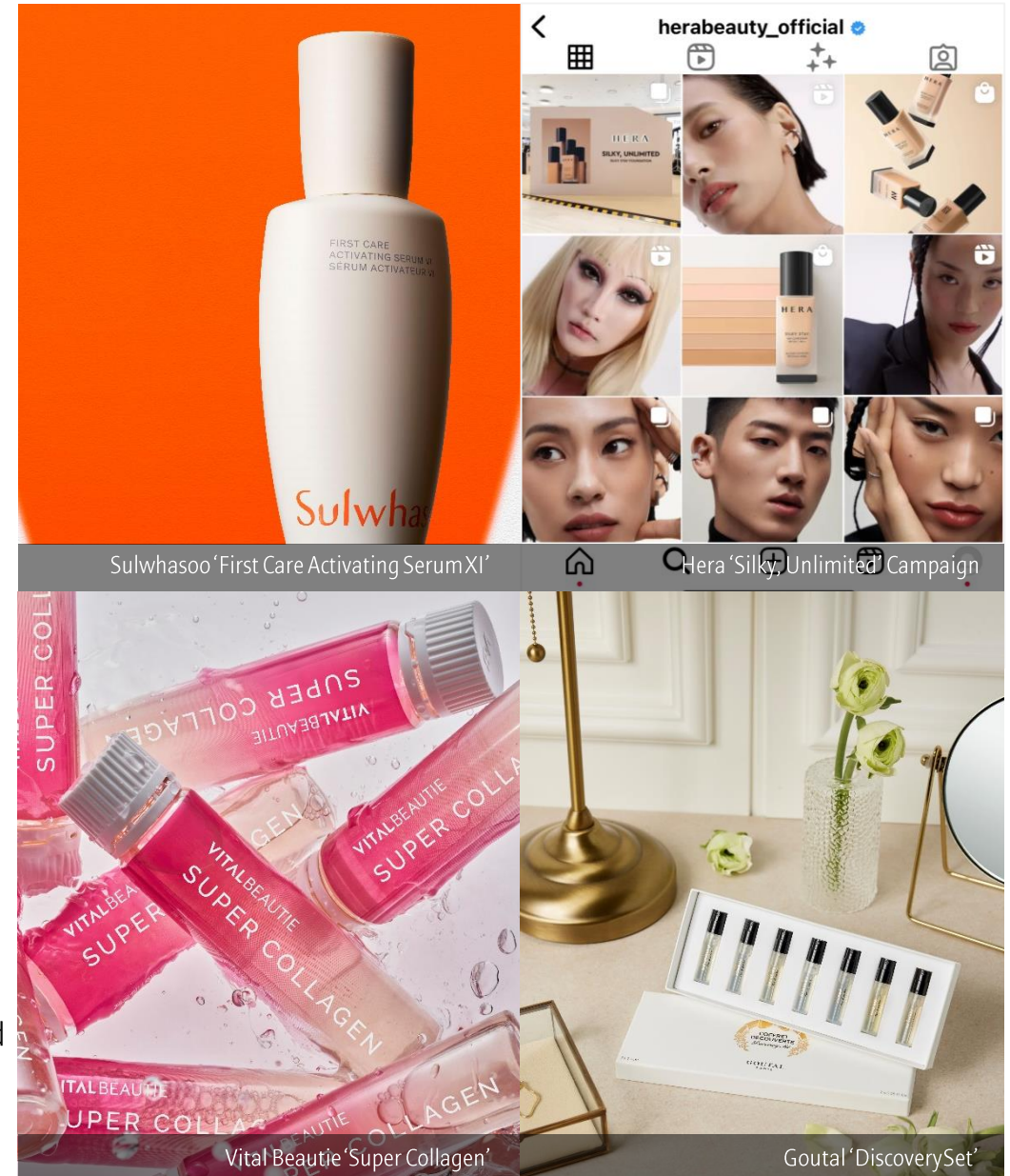
1) Others: OEM, Rental Income, etc.

Amorepacific Domestic Business

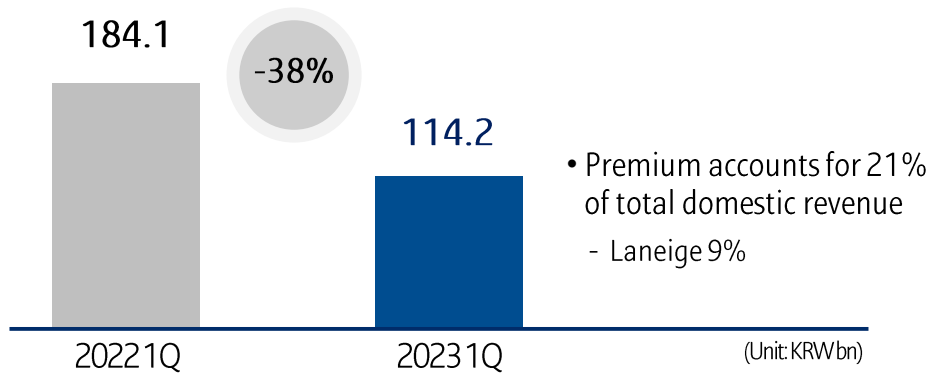
LUXURY



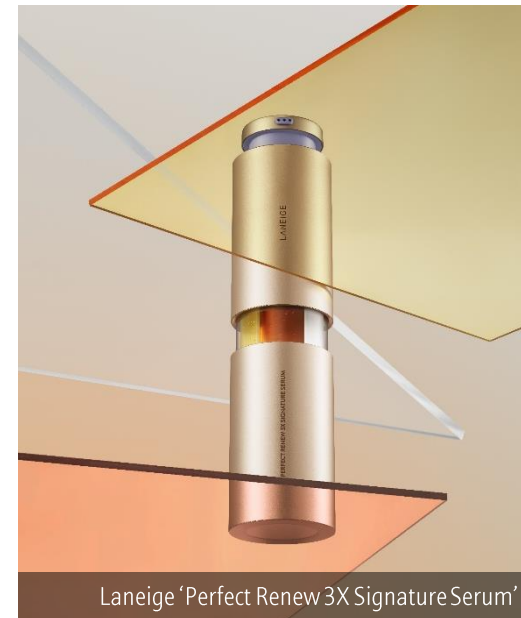
- Despite decline in travel retail and global e-commerce channel revenue, major pure domestic channel (department store, domestic online) sales grew
- Solidified foundation as a luxury functional brand and increased sales mix of hero products by communicating marketing messages focused on key ingredient and product of Sulwhasoo
 - Launched 'First Care Activating Serum VI' and executed global brand campaign
- Hera brand sales grew by double digit from solid sales of makeup category
 - Launched 'SilkyStay Foundation' and executed online and offline campaign
- Enhanced product competitiveness through renewal of iconic products and launch of new products
 - [Vital Beautie] Renewed 'Super Collagen', announced a new brand ambassador
 - [Goutal] Launched 'Discovery Set', a collection of best-selling perfumes



PREMIUM



- Multi-brand shop channel sales grew, but overall premium cosmetics sales decreased due to sales decline in travel retail and global e-commerce channel
- Strengthened premium brand competitiveness within e-commerce and multi-brand shop channel through solid sales and launch of new products
 - [Laneige] Renewed key product line by launching 'Perfect Renew 3X Signature Serum', 'Neo Essential Blurring Finish Powder' was sold out within 3 days of its pre-launch in Amore Mall
 - [Aestura] Diversified product category with the launch of 'Derma UV 365' Line, ranked No.1 market share brand in Olive Young within dermo-cosmetic category
- Robust sales of 'Be Ready', 'Holital' brands from customer targeting activities and diversifying channel portfolio
 - [Be Ready] Executed 'Airy Hair Styling' product launch campaign and opened online D2C mall
 - [Holital] Expanded sales in new commerce channel and reinforced sales of key products



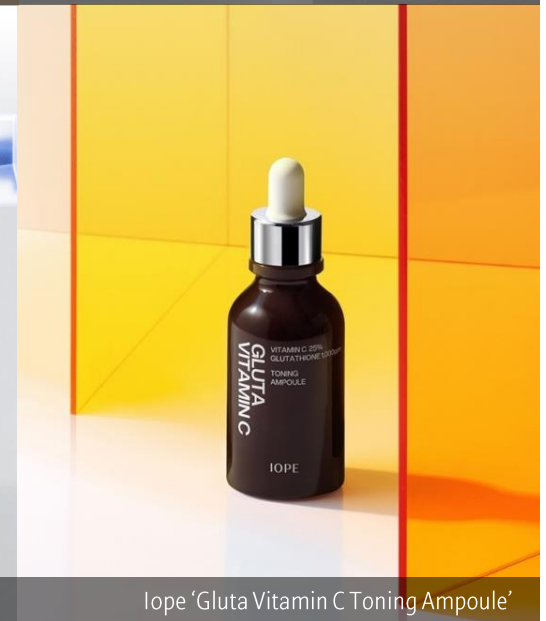
Laneige 'Perfect Renew 3X Signature Serum'



Aestura 'Derma UV 365' Line

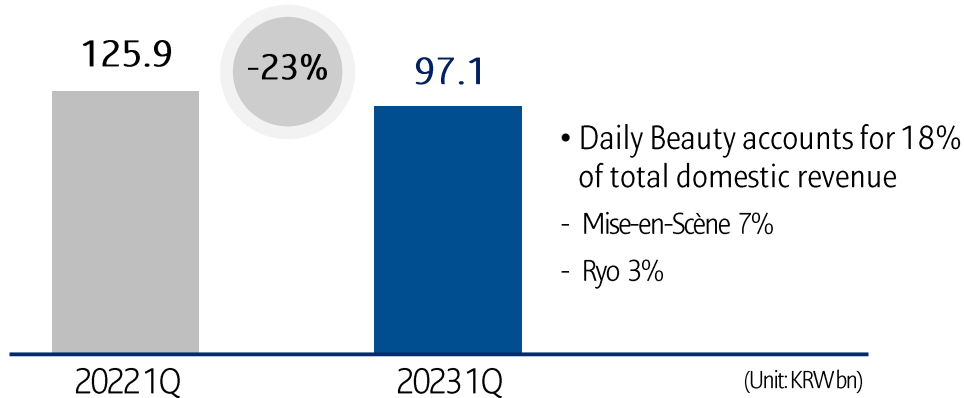


Be Ready 'Airy Hair Styling' Line



Iope 'Gluta Vitamin C Toning Ampoule'

DAILY BEAUTY



- Overall revenue decreased with reduced sales from less gift set sales to improve margin structure and reorganization of product portfolio
- Key product sales grew by revitalizing brand identities
 - [Ryo] Launched and expanded sales of 'ROOT:GEN', a hair loss treatment for women
 - [Mise-en-Scène] Accelerated multi-brand shop/online channel sales by reinforcing professional hair care brand image from packaging design renewal and new product category of 'Salon 10'
 - [Illiyoon] 'Ceramide Ato' sales grew by emphasizing brand expertise in 'functional derma' category
- Executed omni-channel marketing activities through offline space that embodies brand belief and story
 - [Longtake] Opened a forest theme popup store at '29CM SEONG SU' and 29CM Mall



Ryo 'ROOT:GEN'



Mise-en-Scène 'Salon 10 No-wash Ampoule Treatment'



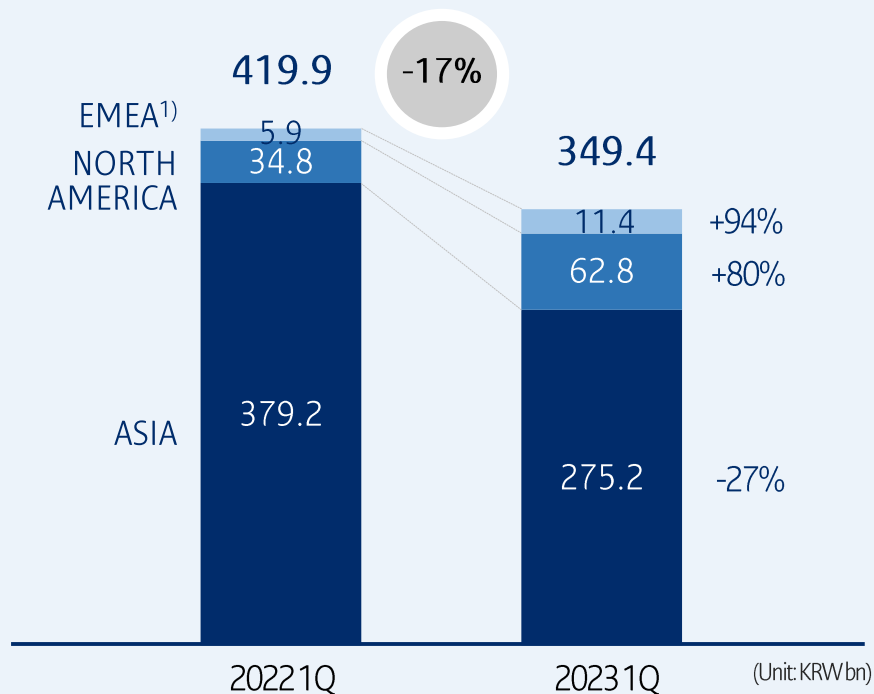
Longtake x 29CM SEONGSU Popup Store



Illiyoon 'Red-itck Care Oil'

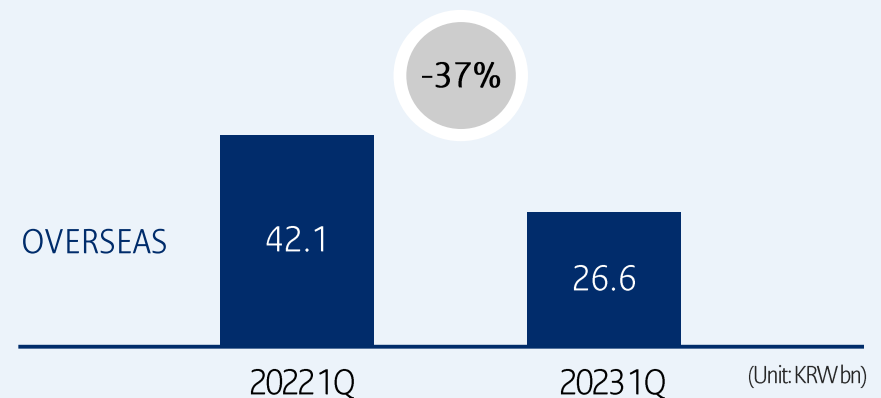
Revenue declined 17%

- Asia revenue declined by 27%
(China accounts for over 50% of Asia sales)
- North America sales posted 80% growth driven by reinforcing major brand marketing
- EMEA revenue increased 94% with strong sales growth from all brands



Operating profit decreased 37%

- Asia operating profit decreased due to decline in China revenue
- Combined operating profit of North America and EMEA increased with strong revenue growth



1) EMEA includes Europe and the Middle East. The geographical zone is reorganized from 1Q 2023 and revenue of 1Q 2022 was restated accordingly.

Amorepacific Overseas Business

ASIA

- China revenue declined more than 40% in Korean won
 - Overall revenue declined due to weak demand and restructuring of offline channel
 - Sulwhasoo launched 'First Care Activating Serum VI' and initiated rebranding campaign
 - Reinforced foundation for quality growth by launching new products of Laneige('Perfect Renew 3X Serum') and Innisfree (China exclusive 'Black Tea Peptide Anti-Wrinkle Line') and reorganizing channel portfolio
- Other Asia revenue posted solid growth
 - ASEAN revenue grew through key product marketing of Laneige('Water Bank', 'Perfect Renew') and Innisfree('Green Tea Seed Serum')
 - Laneige and Innisfree increased brand presence in Japan by expanding e-commerce and multi-brand shop channel portfolio



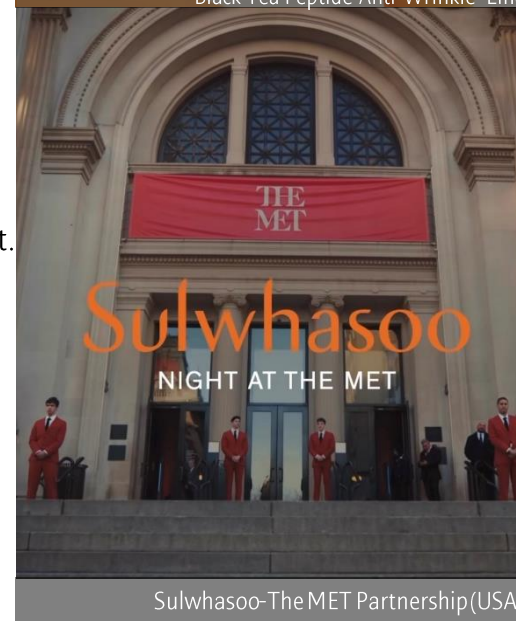
Innisfree China exclusive
'Black Tea Peptide Anti-Wrinkle' Line



Laneige 'Perfect Renew 3X Serum'
Marketing in China/ASEAN

NORTH AMERICA & EUROPE

- North America continued strong growth by reinforcing marketing activities of major brands
 - Laneige drove overall growth with strong sales of 'Lip Sleeping Mask' travel kit. Expanded 'Water Bank' line marketing activities with pop-up store in LA
 - Sulwhasoo sales grew from the launch of 'First Care Activating Serum Limited Edition' and nurturing key products. Enhanced customer communication by announcing global ambassadors and announcing partnership with the MET*
 - Innisfree posted strong growth from solid sales of key products in multi-brand shop and e-commerce channel
- EMEA revenue increased with all brands achieving solid growth
 - Laneige continued strong sales growth from 'Lip Sleeping Mask'
 - Goutal sales grew with 25th anniversary marketing campaign of 'Petite Chérie' and robust sales growth in major channels

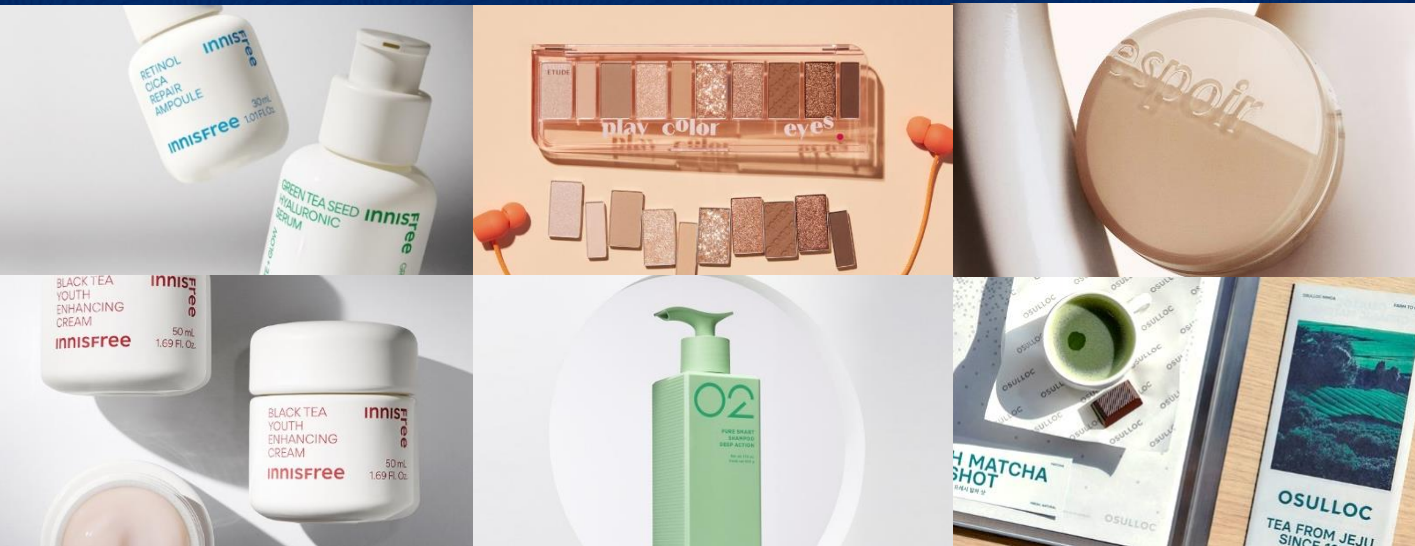


Sulwhasoo-The MET Partnership(USA)



Goutal 'Petite Chérie'
25th Anniversary campaign (France)

* The MET: New York Metropolitan Museum of Art



1Q 2023 Earnings Release

Earnings by Subsidiary
Major Subsidiaries

Major Subsidiaries Earnings

Revenue		(Unit: KRWbn)	
	2022 1Q	2023 1Q	YoY(%)
Innisfree	71.8	66.7	-7.1
Etude	26.0	28.3	+8.8
Espoir	13.6	13.8	+1.8
Amos Professional	18.1	19.5	+7.9
Osulloc	23.2	22.2	-4.3

Operating Profit		(Unit: KRWbn)	
	2022 1Q	2023 1Q	YoY(%)
Innisfree	3.4	5.7	+67.5
Etude	0.3	5.3	+1746.2
Espoir	0.2	0.7	+184.4
Amos Professional	4.4	3.6	-17.1
Osulloc	4.3	2.1	-51.3



- Strengthened brand competitiveness by executing 'THE NEW ISLE' rebranding campaign and renewing key product 'Green Tea Seed Hyaluronic Serum'
- Overall revenue declined due to channel restructuring, but operating profit increased



- Sales grew by strong performance of special eye makeup set product and collaborative product with YouTube influencer 'Hyojin Cho' within multi-brand shop channel
- Operating profit increased due to restructuring of travel retail and offline channels



- Reinforced brand foundation as a premium make up brand by launching and achieving strong sales of 'The Sleek Lipstick' and 'Be Natural' cushion foundation product
- Revenue and operating profit grew through focus on domestic e-commerce and multi-brand shop channel



- Maintained sales growth momentum with strong performance of Amos in-salon treatment product('It's Glow') and diversified product portfolio of Ayunche 'Art Vibe'
- Operating profit declined with increased marketing investments to rebrand and reinforce brand aspiration of Amos Professional brand



- Amore Mall and global e-commerce sales grew, but overall sales declined due to limited operation of Tea Museum for store renewal
- Operating profit decreased from increase in brand investment including overseas branding activities and Tea Museum renewal

New Product Launches and Marketing Activities

Green Tea Seed Hyaluronic Serum



No-Sebum AC Powder



'THE NEW ISLE' Rebranding Campaign



Innisfree

Strengthened key product category by launching 'Green Tea Seed Hyaluronic Serum' and 'No-Sebum AC Powder'. Executed rebranding campaign 'THE NEW ISLE' and introduced Innisfree's new brand belief and story

Tokyo, Japan New Product Meetup



Curl Fix Mascara



Etude

Presented new product showcase in Tokyo with brand ambassador 'Kazuha', celebrating Etude's 10th anniversary in Japan. Launched grey brown color of 'Curl Fix Mascara', one of the key products in multi-brand shop channel

New Product Launches and Marketing Activities



Be Natural Cushion



The Sleek Lipstick

Espoir

Secured foundation as a makeup brand by launching functional skincare cushion foundation 'Be Natural Cushion' and premium lip product 'The Sleek Lipstick'



Announced new logo and brand design of Amos Professional

AMOS PROFESSIONAL



Pro Art Vibe

Amos Professional

Announced new logo and packaging design to rebrand Amos Professional brand. Ayunche launched new color of 'Pro Art Vibe'



Osulloc Matcha Chocolate Collection



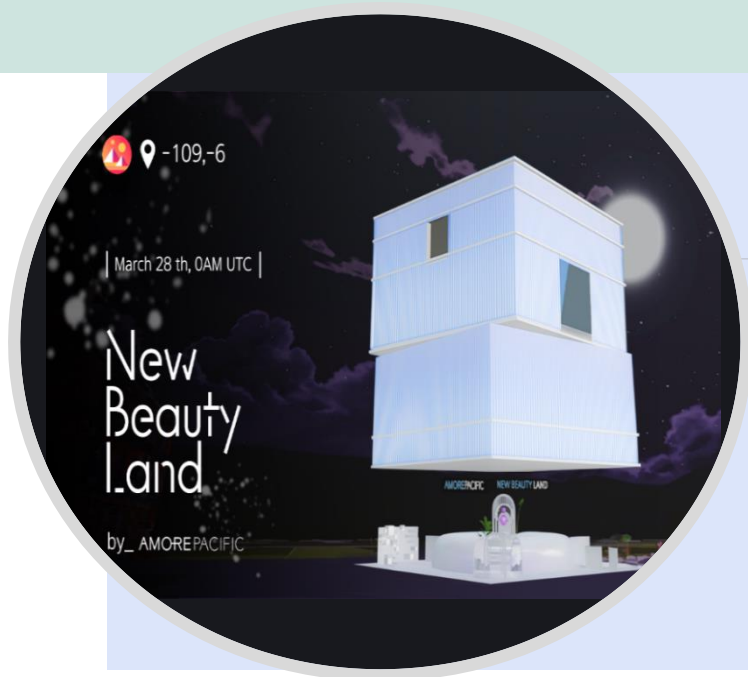
Osulloc MMCA (National Museum of Modern and Contemporary Art) Branch

Osulloc

Launched Valentine's Day limited edition 'Matcha Chocolate Collection'
Opened Osulloc Tea House MMCA branch

CUSTOM.ME Launches 'Bespoke Essence', AI Customized Skincare Product

CUSTOM.ME, Amorepacific's customizable skincare brand, unveiled its new product 'Bespoke Essence'. Based on skin analysis technology with artificial intelligence and lifestyle demands of individual customers, customers are offered 1:1 personalized skincare solutions and provided the on-demand manufacturing products.



Amorepacific Opens 'New Beauty Land' in Metaverse

Amorepacific opened a metaverse space 'New Beauty Land' with the Web3 metaverse platform 'Decentraland'. New Beauty Land's exterior motif lies in Amorepacific's headquarters in Yongsan, Seoul. The space will present Amorepacific's vision of "Live Your New Beauty" and provide brands experience for global customers.

*Decentraland is a major Ethereum blockchain based global metaverse platform.

Amorepacific Becomes the First Cosmetics Company to Obtain Highest Zero Waste-to-Landfill Certification

Daejeon Daily Beauty manufacturer and COSVISION obtained Platinum level ¹⁾ rating of ZWTL(Zero Waste To Landfill) as the first cosmetics company in Korea. Amorepacific is committed to establishing a circular economy by reducing waste to landfill to almost zero across all its establishments, as a '2030 A MORE Beautiful Promise' initiative.

1) Platinum rating indicates 100% recycle rate.

*In 2022, Osan Amore Beauty Park received ZWTL Silver level rating as the country's first in cosmetics field.



Amorepacific Celebrates 500th 'Hope Store' Opening

Amorepacific's 'micro credit' program 'Hope Store' which supports single mothers to achieve economic autonomy by providing loans to start businesses, celebrated its 20th anniversary. Since the opening of the first 'Hope Store' in 2004, the program opened its 500th store in 2023. Amorepacific will provide welfare support to women and children by running the program.



Amorepacific Group Financial Summary

Income Statement

(Unit: KRW bn, %)

	2022 1Q		2023 1Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,262.8	100.0	1,009.1	100.0
Cost of sales	372.5	29.5	307.5	30.5
Gross Profit	890.3	70.5	701.6	69.5
SG&A Expenses	719.1	56.9	620.0	61.4
Operating Profit	171.2	13.6	81.6	8.1
Other Income	6.2		49.2	
Profit Before Tax	177.4	14.0	130.8	13.0
Consolidated Net Income	132.2	10.5	115.6	11.5

Statement of Financial Position

(Unit: KRW bn)

	2022.12	2023.03
Assets	7,651.0	7,753.0
Current Assets	2,566.4	2,691.7
Trade receivables	301.0	329.5
Inventories	460.0	440.9
Non-current Assets	5,084.6	5,061.3
Property, Plant and Equipment	2,820.7	2,827.2
Intangible Assets	856.4	864.5
Investments in associates	330.0	336.3
Liabilities	1,117.5	1,162.9
Current Liabilities	851.9	905.6
Non-current Liabilities	265.6	257.3
Shareholder's Equity	6,533.5	6,590.1
Capital Stock	48.0	48.0
Retained Earnings	2,781.8	2,812.5
Non-controlling Interest	3,177.1	3,217.2