

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

2023 Earnings Release

2024. 1. 30



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AMORE PACIFIC
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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.

The company hereby expressly disclaims any and all liabilities resulting from investors' reliance on the information contained herein.

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Amorepacific Group FY 2023 Earnings Summary

Revenue down 10.5% to KRW 4.0 trillion, Operating profit down 44.1% to KRW 152.0 billion

Major subsidiary Amorepacific's revenue down 11.1% to KRW 3.7 trillion, operating profit down 49.5% to KRW 108.2 billion

(Unit: KRW bn)

	2022		2023		YoY(%)
Revenue	4,495.0		4,021.3		-10.5
Amorepacific	4,134.9		3,674.0		-11.1
Beauty Subsidiaries ¹⁾	523.8		517.0		-1.3
Others ²⁾	-163.8		-169.6		-
	2022	OP Margin(%)	2023	OP Margin(%)	YoY(%)
Operating Profit	271.9	6.0	152.0	3.8	-44.1
Amorepacific	214.2	5.2	108.2	2.9	-49.5
Beauty Subsidiaries ¹⁾	53.1	10.1	39.9	7.7	-24.9
Others ²⁾	4.5	-	3.9	-	-
Net Profit	149.2	3.3	234.7	5.8	+57.3

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 4Q 2023 Earnings Summary

Revenue down 14.0% to KRW 1.0 trillion, Operating profit down 62.0% to KRW 29.9 billion

Major subsidiary Amorepacific's revenue down 14.9% to KRW 926 billion, operating profit down 63.7% to KRW 20.7 billion

(Unit: KRW bn)

	2022 4Q		2023 4Q		YoY(%)
Revenue	1,183.9		1,018.0		-14.0
Amorepacific	1,087.8		926.0		-14.9
Beauty Subsidiaries ¹⁾	136.7		133.3		-2.5
Others ²⁾	-40.5		-41.3		-
	2022 4Q	OP Margin(%)	2023 4Q	OP Margin(%)	YoY(%)
Operating Profit	78.6	6.6	29.9	2.9	-62.0
Amorepacific	57.0	5.2	20.7	2.2	-63.7
Beauty Subsidiaries ¹⁾	20.1	14.7	6.6	5.0	-67.0
Others ²⁾	1.5	-	2.5	-	-
Net Profit	10.7	0.9	47.9	4.7	+348.7

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

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2023 Earnings Release

Earnings by Subsidiary
Amorepacific

Amorepacific FY 2023 Earnings Summary

Revenue down 11.1% to KRW 3.7 trillion, Operating profit down 49.5% to KRW 108.2 billion

Domestic revenue down 14.4%, operating profit down 34.0%. Overseas revenue down 5.5%, operating profit turned to red

(Unit: KRW bn)

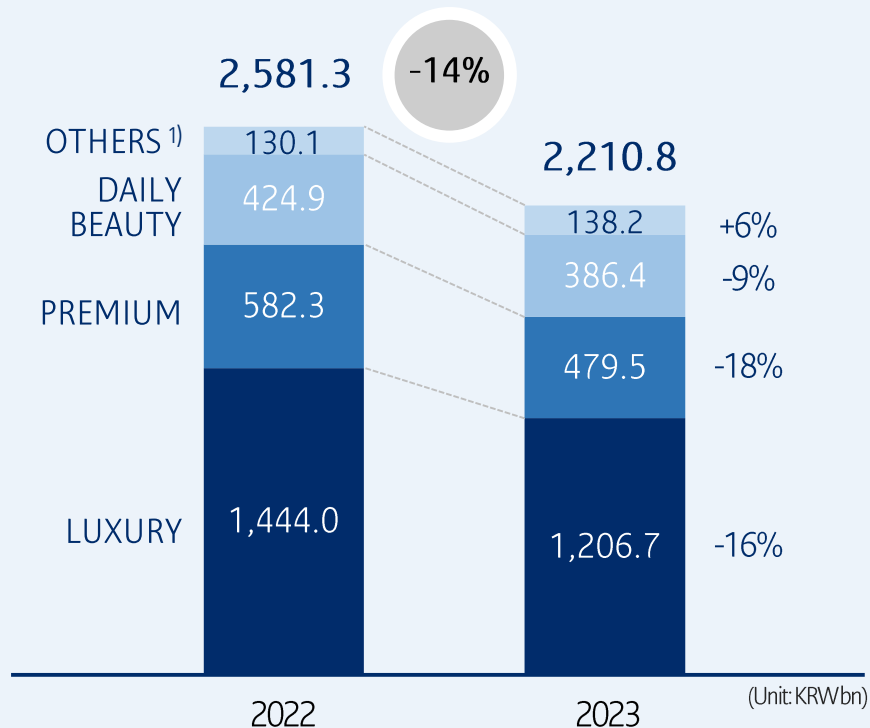
	2022	% of Revenue	2023	% of Revenue	YoY(%)
Revenue ¹⁾	4,134.9	100.0	3,674.0	100.0	-11.1
Domestic	2,581.3	62.4	2,210.8	60.2	-14.4
Cosmetics	2,156.4	52.2	1,824.4	49.7	-15.4
Daily Beauty	424.9	10.3	386.4	10.5	-9.1
Overseas	1,473.3	35.6	1,391.8	37.9	-5.5
	2022	OP Margin(%)	2023	OP Margin(%)	YoY(%)
Operating Profit ¹⁾	214.2	5.2	108.2	2.9	-49.5
Domestic	221.8	8.6	146.4	6.6	-34.0
Cosmetics	214.2	9.9	136.1	7.5	-36.5
Daily Beauty	7.6	1.8	10.3	2.7	+35.8
Overseas	2.5	0.2	-43.2	-3.1	Turned to red
Net Profit	129.3	3.1	173.9	4.7	+34.5

1) Includes intercompany transactions, revenue and operating profit from Cosvision, Wedream etc.

Amorepacific FY 2023 Domestic Business

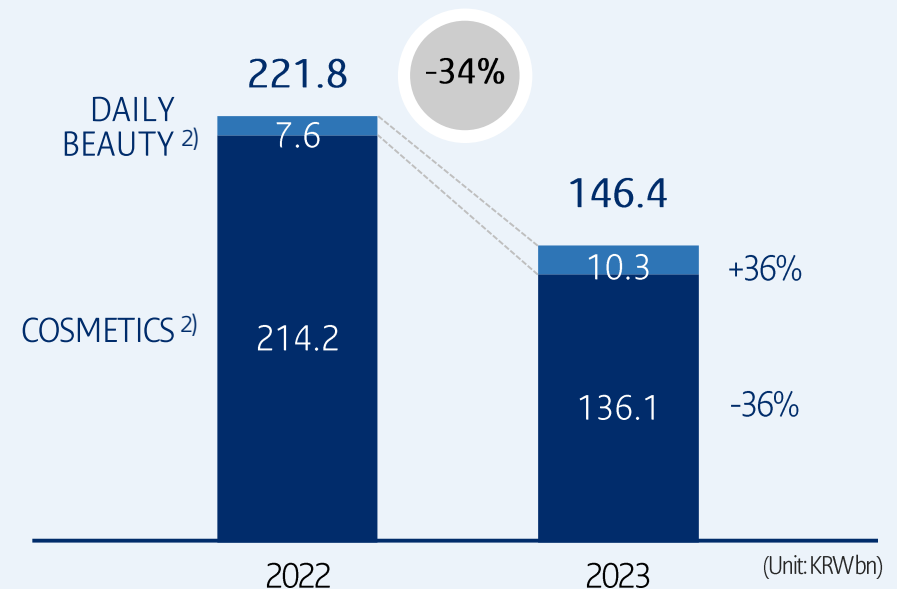
Revenue declined 14%

- Travel retail channel sales declined by double digit (20% of total domestic revenue)
- Multi-brand shop channel posted more than 40% growth
- Despite double digit decline of total online sales, pure domestic online sales grew by acquiring #1 market share in the cosmetics e-commerce space



Operating profit decreased 34%

- Cosmetics operating profit decreased due to sales decline in travel retail and online channels as well as increase in marketing expense
- Daily Beauty operating profit increased with stronger portion of sales of premium products

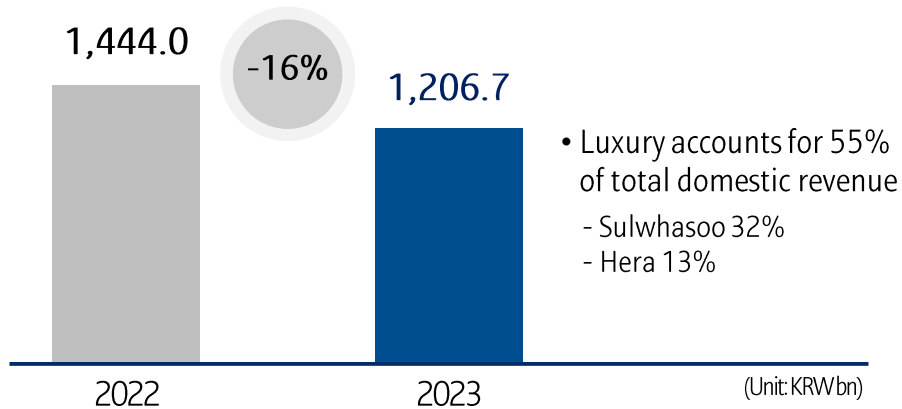


1) OEM, Rental Income etc.

2) Partial changes were made to domestic 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 2022 were restated accordingly.

Amorepacific FY 2023 Domestic Business

LUXURY



- Although overall luxury cosmetics revenue declined due to decrease in travel retail and global e-commerce channel sales, sales from pure domestic channels (department store, domestic e-commerce) posted growth
- Strengthened brand attractiveness by launching new products and executing brand campaigns
 - [Sulwhasoo] Executed 'First Care Activating Serum VI' campaign and launched 'The Ultimate S Cream'
 - [Hera] Launched 'Glow Lasting Foundation' and executed 'How Far Can You Go' brand campaign both online and offline with its global ambassador
 - [Primera] Launched 'Organiance Barrier Repair' line and conducted ambassador campaign
- Reinforced brand positioning within major channels through launch of limited edition products
 - [Vital Beautie] Launched 'Meta Green Slim Up x Pochacco' edition
 - [Goutal] Launched 'Petite Chérie Color Edition,' 'Petite Chérie Candle' to mark the 25th anniversary of 'Petite Chérie'



Sulwhasoo 'The Ultimate S Cream'



Hera 'Glow Lasting Foundation'



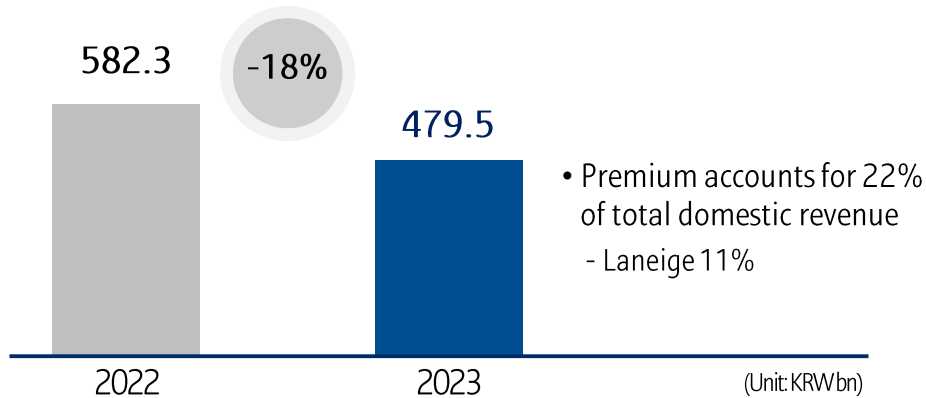
Primera 'Organiance Barrier Repair' Line



Vital Beautie 'Meta Green Slim Up x Pochacco'

Amorepacific FY 2023 Domestic Business

PREMIUM



- Although premium cosmetics revenue declined due to decrease in travel retail and global e-commerce channels, multi-brand shop sales increased with enhanced competitiveness
- Strengthened product portfolio and reinforced foundation for growth
 - [Laneige] Launched new key products ('Perfect Renew 3X Serum', renewed 'Neo Cushion') and enhanced brand attractiveness by strengthening digital marketing, resulting in solid sales growth in multi-brand shop channel
 - [Aestura] Diversified product category through sun care ('Derma UV 365'), and slow-aging ('Regederm 365') products, ranked #1 market share in dermo-cosmetics category for Olive Young 2023 Awards
 - [Iope] Entered Olive Young and posted strong sales for its key product ('Retinol Super Bounce Serum') by focusing on marketing product efficacy
 - [Hanyul] Implemented rebranding marketing campaign and strengthened functional skin care product category ('Pure Artemisia Calming Water Cream', 'Red Rice Moisture Firming Essence Skin')
- Nurtured new growth categories of home-aesthetics brand and men's cosmetics
 - [Holitua] Posted strong revenue growth by focusing on door to door channel and generating new customer demand
 - [Men's Cosmetics] B. Ready, Odyssey increased new product launches and grew in sales with enhanced brand newness



Laneige 'Perfect Renew 3X Serum'



Aestura 'Regederm 365'



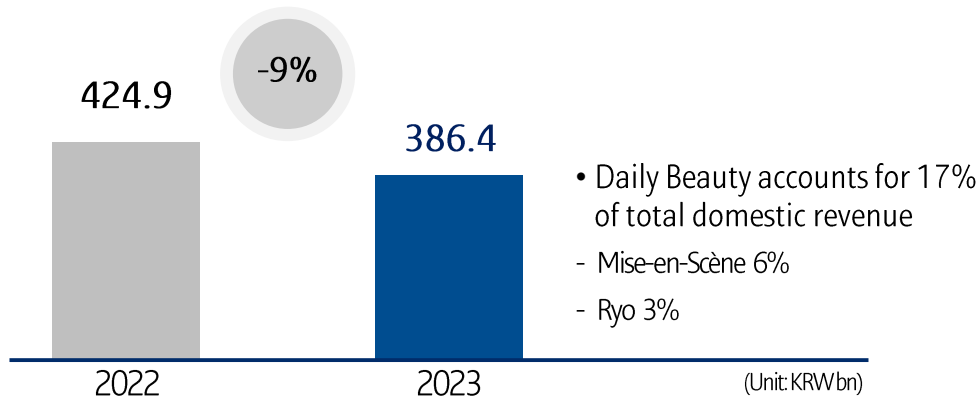
Iope 'Super Bounce Serum'



B. Ready 'True Tone Lotion'

Amorepacific FY 2023 Domestic Business

DAILY BEAUTY



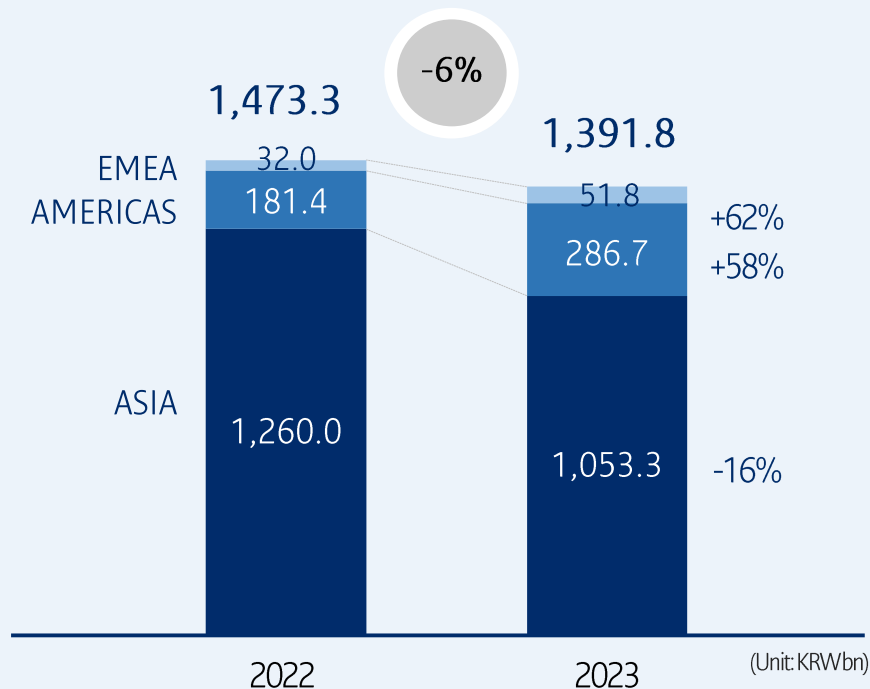
- Despite sales from multi-brand shop and pure domestic e-commerce channels grew by nurturing premium lines, overall revenue decreased due to reorganization of product portfolio
- Reinforced product competitiveness by launching new products with improved functionality and implementing product renewal
 - [Ryo] Launched a hair loss treatment for women 'ROOT:GEN' and renewed basic lines
 - [Mise-en-Scène] Introduced 'Innerplex,' applied with professional bonding technology for broken and damaged hair
 - [Longtake] Strengthened product portfolio by launching new products, 'Eau de Parfum' and 'Solid Perfume'
 - [Happybath] Enhanced brand competitiveness by diversifying 'Skin U' product portfolio
- Strengthened brand attractiveness through collaborations with popular characters and other industry brands
 - [Labo-H] Launched collaborative product with 'Chilsung Cider,' as scalp care solution for summer season
 - [Illiyoong] Increased collaborations with characters, including 'Sanrio' edition and 'Bellygom' collaborative products



Amorepacific FY 2023 Overseas Business

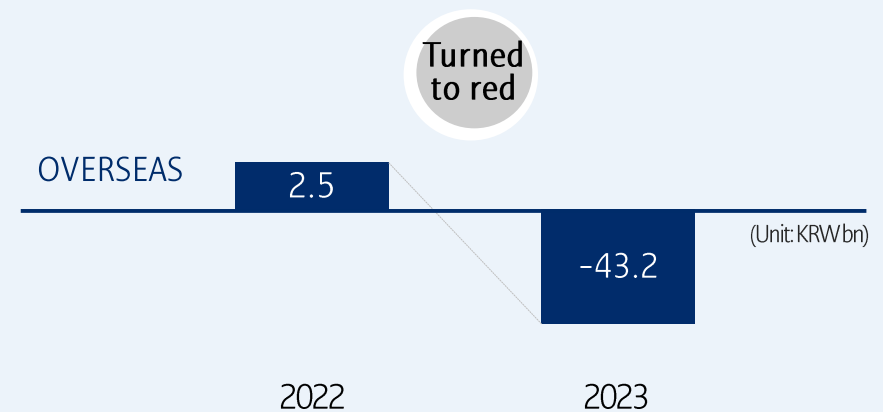
Revenue declined 6%

- Asia revenue declined by 16% (China sales accounts for early 50% of Asia sales)
- Americas' revenue increased by 58% driven by strong sales of Laneige
- EMEA revenue posted 62% growth through business expansion in new countries (UK, Middle East)



Operating profit turned to red

- Total Asia operating profit turned to red due to loss incurred from China business, but other Asia operating profit increased
- Operating profit of North America and EMEA combined increased with revenue growth



*Partial changes were made to domestic 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 2022 were restated accordingly

Amorepacific FY 2023 Overseas Business

ASIA

- China revenue declined by mid 20% (local currency)
 - Overall revenue declined due to brand renewals restructuring of offline stores, and downsizing inventory in major channels
 - Laneige sales grew driven by e-commerce channel growth by focusing on marketing key products ('Perfect Renew 3X Serum') and strengthening digital marketing content
 - Sulwhasoo ('First Care Activating Serum V1', 'Ultimate S Cream') and Innisfree ('Green tea Seed Hyaluronic Serum') enhanced brand competitiveness by launching high-functional products and executing rebranding campaigns
- Other Asia (ASEAN, Japan) revenue increased driven by Japan
 - [ASEAN] Total revenue was similar to last year. Laneige revenue increased due to strong sales of key products
 - [Japan] Revenue grew by 30% (local currency) with solid sales growth of Laneige and Innisfree sustained by strengthening relationship with major channels, and with new brand launches of Hera and Aestura



Pop-up store of Sulwhasoo's 'First Care Activating Serum V1' (China)



Laneige 'Perfect Renew 3X Serum' (China/ASEAN)

AMERICAS & EMEA

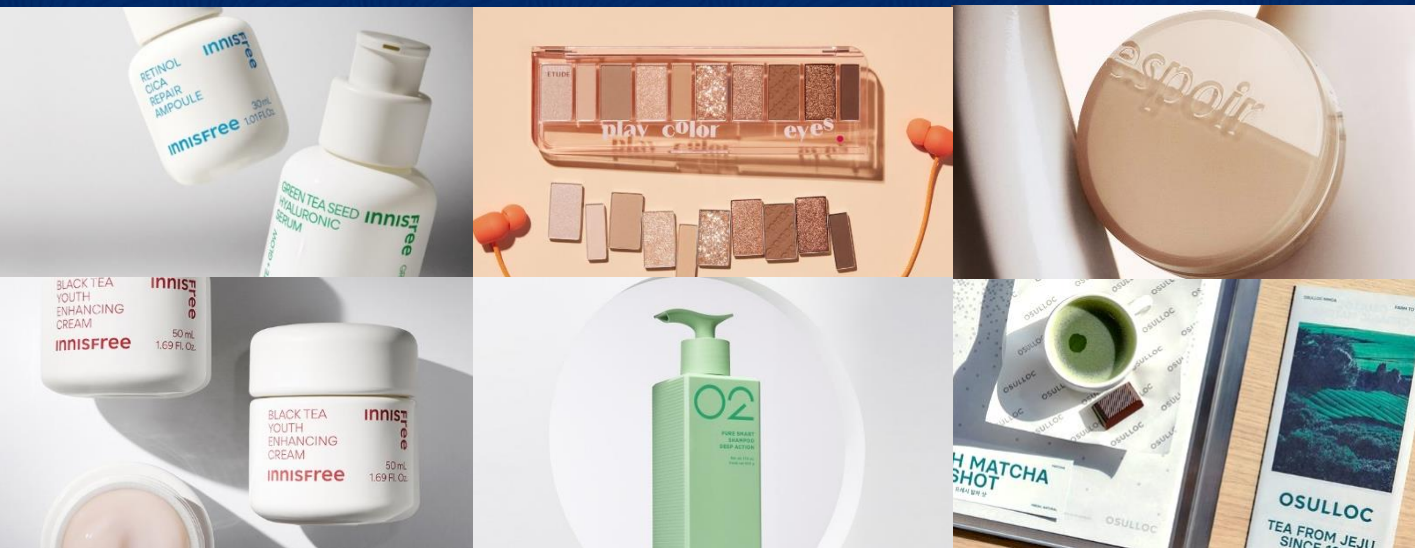
- Americas sales grew by 58% by reinforcing major brands' product portfolios and offline channel expansion
 - Laneige reinforced its competitiveness in lip category by diversifying its product portfolio. Strong performance of e-commerce and multi-brand shop channel drove overall growth
 - Innisfree and Sulwhasoo posted revenue growth through expansion in multi-brand shop channel and strengthening brand competitiveness
- EMEA revenue increased by 62% with all brands achieving sales growth
 - Laneige expanded its brand presence by entering 'Space NK' in UK and Sephora in Middle East



Laneige 'Waterboat Event' along the Seine river (France)



Innisfree 'West Coast Truck Tour' (North America)



2023 Earnings Release

Earnings by Subsidiary
Major Subsidiaries

FY 2023 Major Subsidiaries Earnings

Revenue		(Unit: KRWbn)	
	2022	2023	YoY(%)
Innisfree	299.7	273.8	-8.7
Etude	106.0	111.0	+4.7
Espoir	51.6	58.0	+12.4
Amos Professional	66.5	74.2	+11.6
Osulloc	81.4	83.9	+3.0



• Launched 'THE NEW ISLE' rebranding campaign and strengthened its positioning as a highly effective, nature-powered skincare brand. Reinforced green tea product equity with the launch of 'Vitamin C Green Tea Enzyme Brightening Serum,' 'Collagen Green Tea Ceramide Bounce Cream'

• Overall revenue decreased due to restructuring of offline stores and online channels. Operating profit declined with the opening of flagship store to strengthen customer experience and increased marketing investment on new product launches

• Strengthened brand competitiveness in major make up categories proven by popular demand for key products 'Curl Fix Mascara,' 'Fixing Tint,' 'Contour Powder.' Elevated brand attractiveness among Millennials and Gen Z customers through collaboration with 'Musinsa,' 'Ginger Sugar,' and singer 'SHINee'

• Opened stores in tourist areas to meet demands of foreign customers and multi-brand shop channel sustained strong growth leading to overall growth in revenue. Operating profit greatly improved through enhanced profit structure of online and offline channels

• Ranked #1 for premium foundation and launched 'Be Velvet Cushion New Class,' 'Be Velvet Fluid Foundation,' reinforcing its status as a premium face make up brand. Enhanced customer experience via '&Play,' 'Touch Up' services available at Yeonnam Content Store

• Overall revenue increased with the growth of online channel driven by major and specialty online platforms and the strong growth continued in multi-brand shop channel. Operating profit slightly declined due to increased marketing investments related to the opening of Yeonnam Content Store and appointment of new ambassadors (Sana and Winter)

• Launched a rebranding campaign for Amos and enhanced brand attractiveness by increasing salon networking activities such as 'Salon Connection 2023.' Enhanced customer engagement by operating pop up salon for Ayuncheon and omni-channel events, bolstering brand appeal towards newly rising salons

• Overall revenue posted growth driven by new growth channels. Operating profit slightly reduced with increased marketing expenses spent on rebranding activities.

• Diversified product portfolio with new product launches such as 'Signature Earl Grey,' 'Honey Black Tea' that reflect customer preference and focused on spreading Osulloc's tea culture. Enhanced brand attractiveness through various collaborative activities, including Goutal 'Petit Chérié' tea cocktail, Snowpeak limited product, and Netflix collaboration

• Offline channel drove growth in overall revenue with enhanced customer engagement by renovating Tea Museum in Jeju Island and opening a new tea house in Gimpo Airport. Operating profit declined with openings of new stores and increased marketing investment to strengthen brand appeal

Operating Profit		(Unit: KRWbn)	
	2022	2023	YoY(%)
Innisfree	32.4	10.3	-68.2
Etude	5.0	14.8	+195.5
Espoir	2.6	2.2	-15.8
Amos Professional	13.1	12.5	-4.0
Osulloc	8.8	5.5	-37.9

FY 2023 New Product Launches and Marketing Activities



Pet Care Product Line
'Green Pet Club'

'Collagen Green Tea Ceramide Bounce Cream'



Flagship Store 'THE ISLE Sungsu'

Innisfree

Expanded product portfolio through the launch of young anti-aging product 'Collagen Green Tea Ceramide Bounce Cream' and pet care product 'Green Pet Club.' Opened 'THE ISLE Sungsu' flagship store embodying Innisfree's brand story of the isle



Photoshoot of Etude's model, SHINee



'Replay' Collection



'Reborn Maker,' co-developed with beauty influencer Hyojin Cho

Etude

Launched 'Replay' Collection composed of eye and lip products most requested for re-launch by customers and 'Reborn Maker,' a consecutive product of the popular 'Contour Powder,' both co-developed by Hyojin Cho

FY 2023 New Product Launches and Marketing Activities



Yeonnam Content Store, providing various brand experience



Amos Professional, reborn with attractive appearance



Renovation of Tea Museum in Jeju Island, operating a roasting section and offering tea products and tea course for customers



'Be Velvet Fluid Foundation,' portable and easy to use without make up tools



Festival for Salon Designers 'Salon Connection 2023'



Tea House at Gimpo Airport

Espoir

Opened Yeonnam Content Store offering product trial and pop-up for new products. Expanded product field by launching a foundation portable like cushion product

Amos Professional

Reinforced professional salon brand image through rebranding and strengthened salon designer network through 'Salon Connection 2023'

Osulloc

Renovated Tea Museum in Jeju Island that provides various customer experience and opened Tea House at Gimpo Airport, expanding customer base

Amorepacific Group Financial Summary

Income Statement

(Unit: KRW bn, %)

	2022		2023	
	Amount	% of Sales	Amount	% of Sales
Revenue	4,495.0	100.0	4,021.3	100.0
Cost of sales	1,347.8	30.0	1,165.6	29.0
Gross Profit	3,147.2	70.0	2,855.8	71.0
SG&A Expenses	2,875.3	64.0	2,703.8	67.2
Operating Profit	271.9	6.0	152.0	3.8
Other Income	16.5		201.7	
Profit Before Tax	288.4	6.4	353.7	8.8
Consolidated Net Income	149.2	3.3	234.7	5.8

Statement of Financial Position

(Unit: KRW bn)

	2022.12	2023.12
Assets	7,651.0	7,631.4
Current Assets	2,566.4	2,750.2
Trade receivables	301.0	315.0
Inventories	460.0	462.8
Non-current Assets	5,084.6	4,881.2
Property, Plant and Equipment	2,820.7	2,767.6
Intangible Assets	856.4	841.2
Investments in associates	330.0	366.1
Liabilities	1,117.5	1,106.3
Current Liabilities	851.9	856.2
Non-current Liabilities	265.6	250.1
Shareholder's Equity	6,533.5	6,525.1
Capital Stock	48.0	48.0
Retained Earnings	2,781.8	2,857.7
Non-controlling Interest	3,177.1	3,201.8