

Investor Relations

LOTTE Confectionery

1Q 2020



Disclaimer

The aim of this document is to provide practical assistance to shareholders and potential investors by reporting recent performance and business status of LOTTE Confectionery and major subsidiaries.

LOTTE Confectionery adopted K-IFRS(Korean version of International Financial Reporting Standards). This document includes prospects and judgements of LOTTE Confectionery, based on recent business circumstances.

In practice, adjustments can be made due to uncertainties such as changes in business environment and modifications in business strategy.

This document cannot serve as any evidence of legal responsibility for investors nor the outcome of the investment. We kindly remind you that LOTTE Confectionery holds no responsibility for any action of the third party followed by the information provided in this document.

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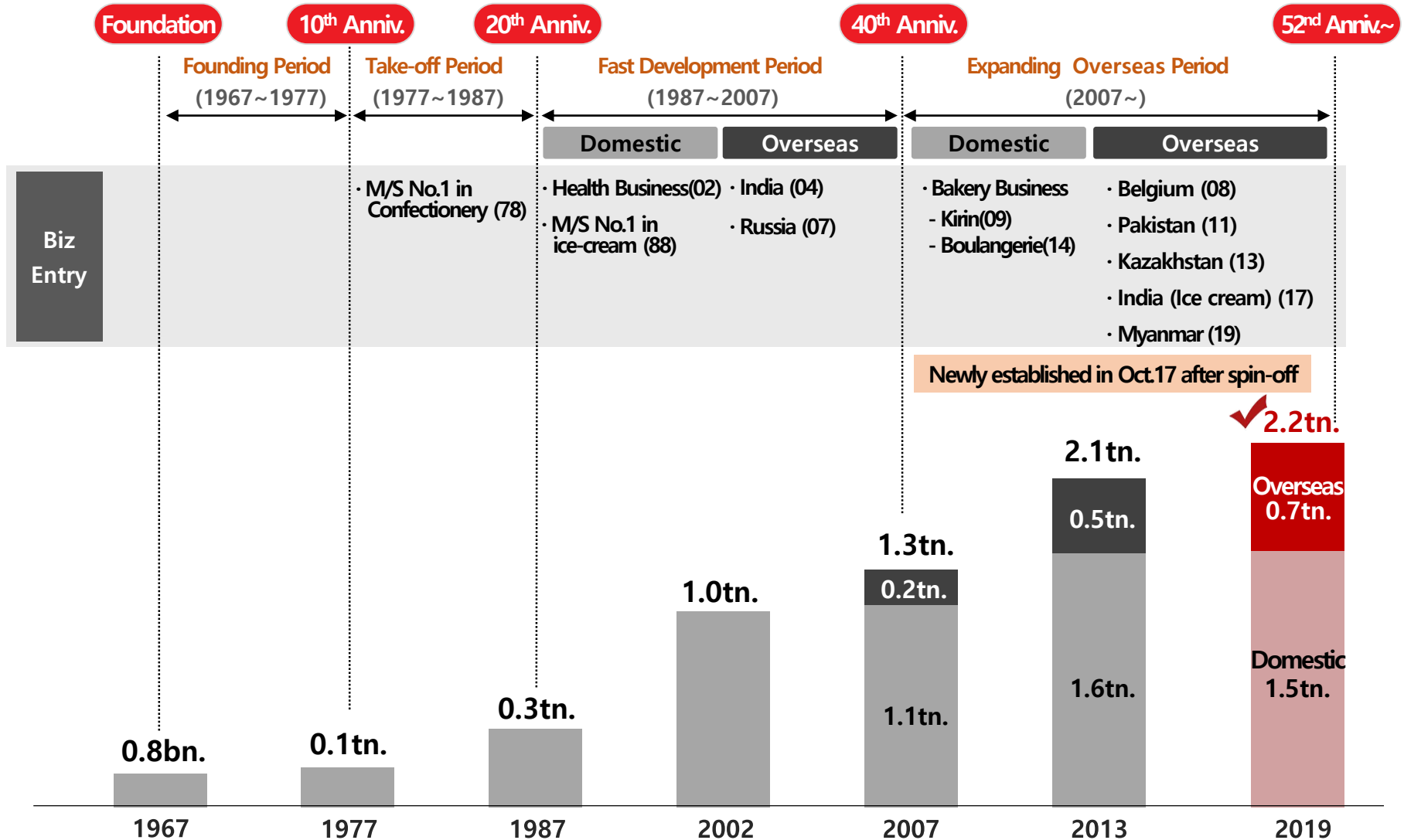
I. Overview

II. Domestic Business

III. Overseas Business

IV. CSR Information

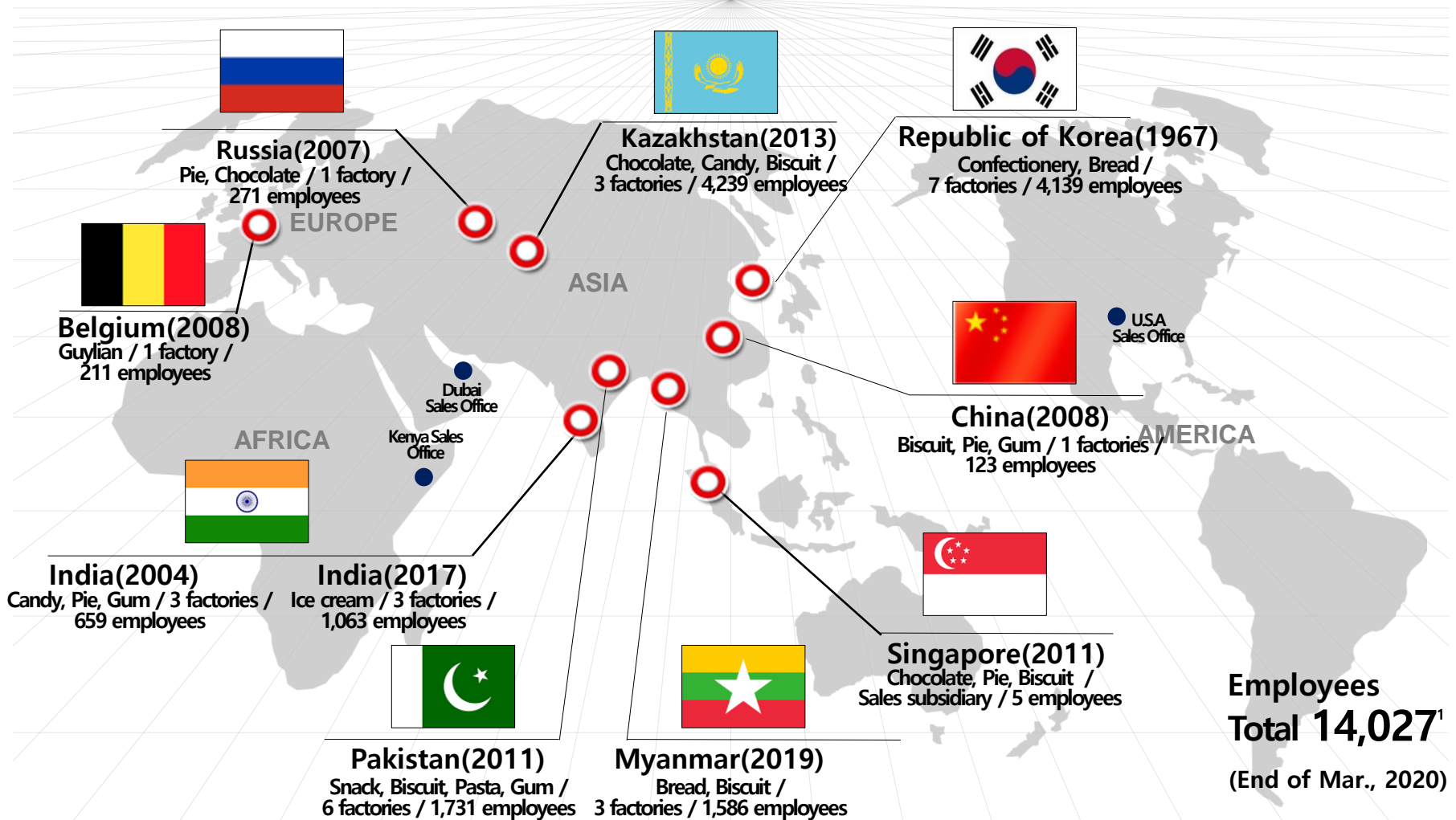
About Lotte Confectionery



Remark) 2019 : Domestic - Parent sales / Overseas – The sum of overseas subsidiaries' sales that apply the average exchange rates of 2019

Expansion around the Globe

Operating 4 Business units (Conf./Ice cream/Bakery/Health), with 7 plants in Korea
 Expanding overseas business in 8 countries with 21 plants

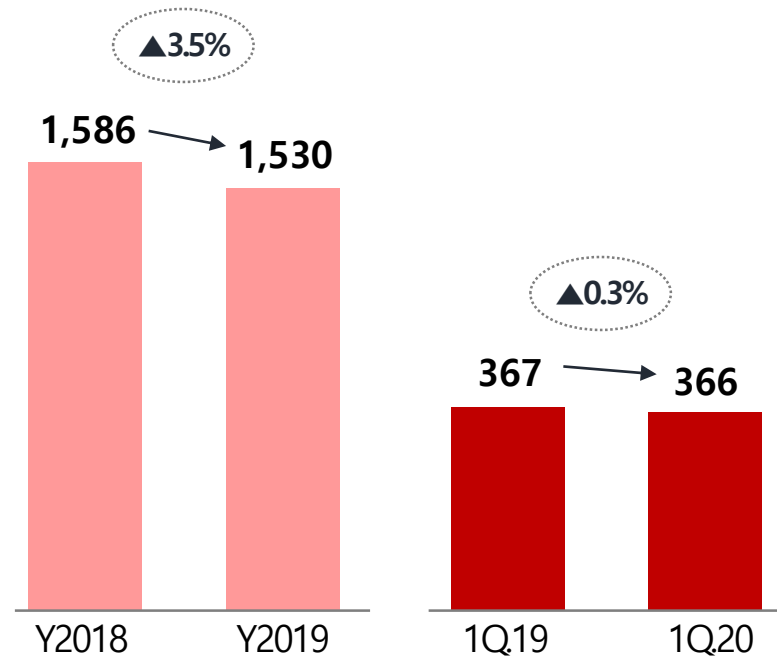


Remark) Employees of Korea and overseas

✓ 1Q.20 Parent Sales KRW 366B (YoY ▲0.3%) / OPM 3.8% (YoY +1.1P)

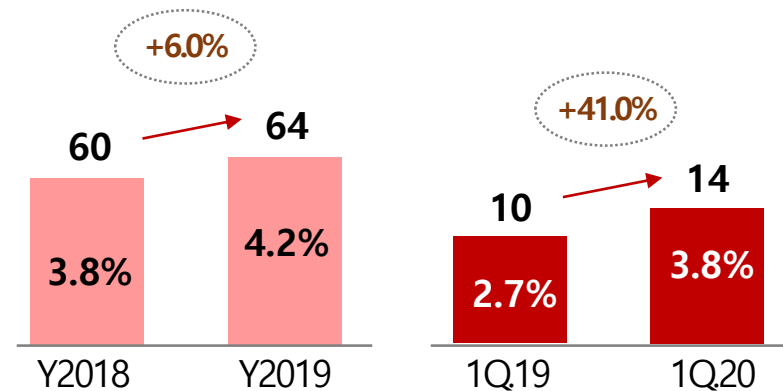
Sales Trend

(KRW, Billion, %)

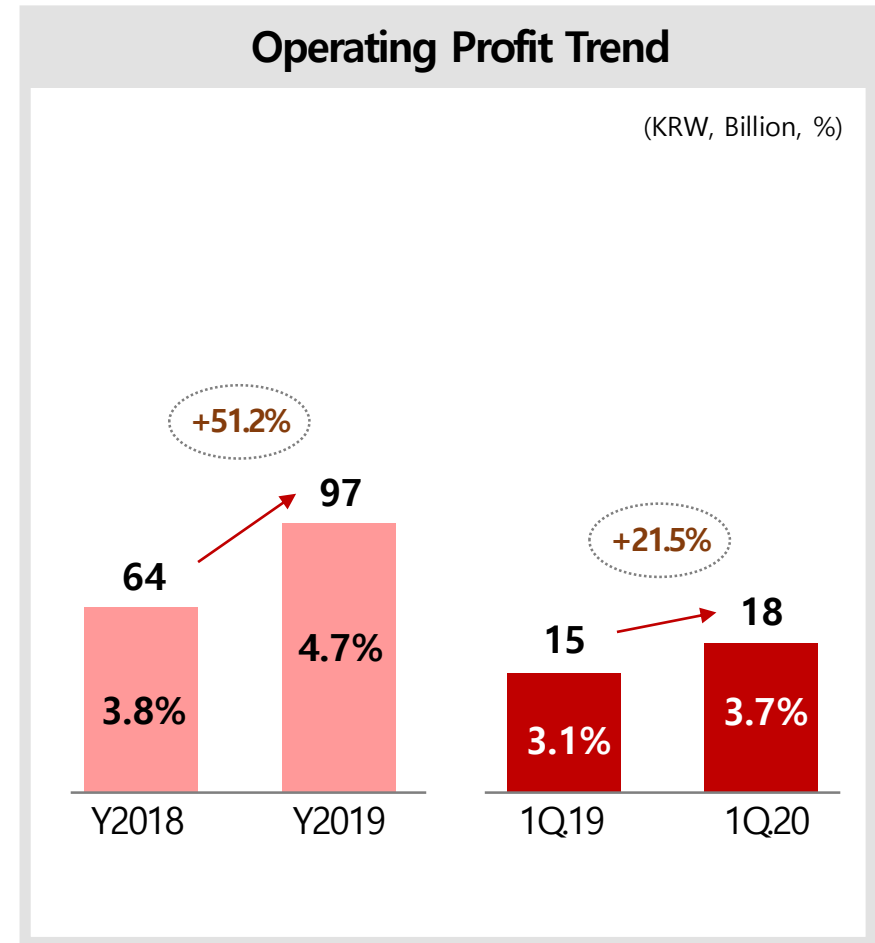
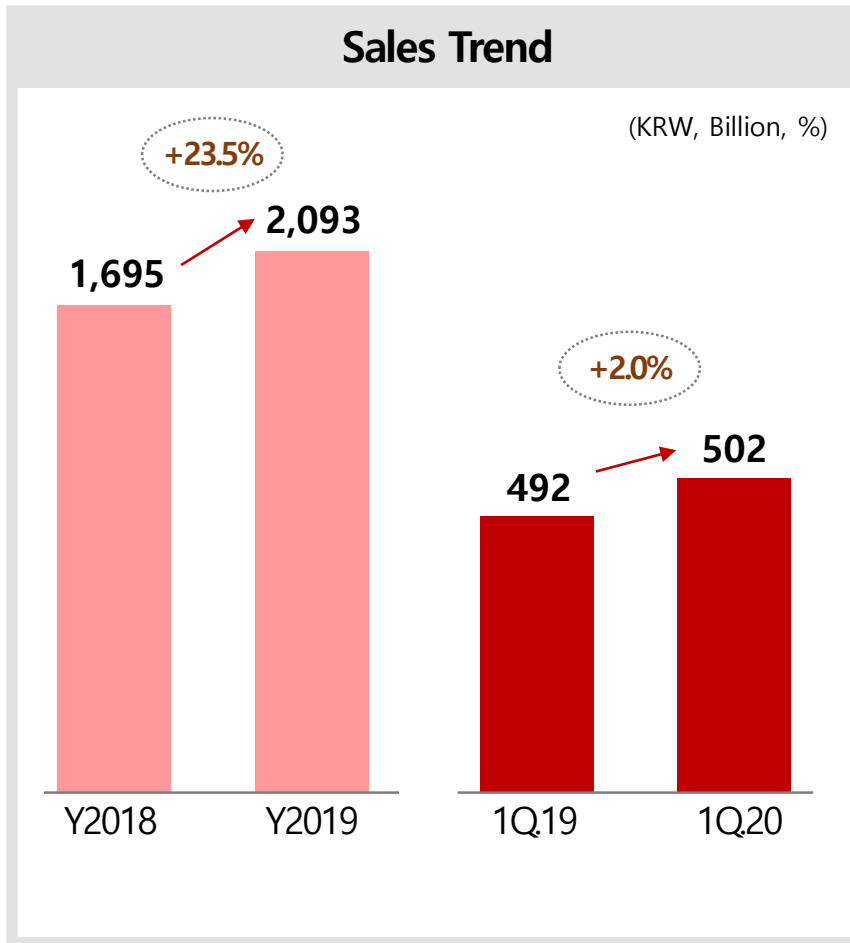


Operating Profit Trend

(KRW, Billion, %)



✓ 1Q.20 Consolidated Sales KRW 502B (YoY 2.0%) / OPM 3.7% (YoY +0.6P)



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1Q.20 Domestic Business Sales : Divisional Trend

✓ Covid-19 Effects : (Positive) → Ice Cream/Health, (Negative)→ Confectionery

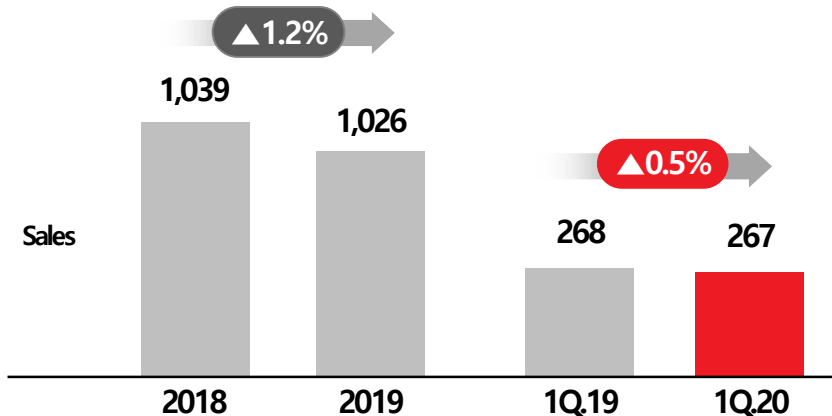
| (KRW, Billion, %) | Fiscal Year | | | | 1Q | | | |
|-----------------------|--------------|--------------|--------------|--------------|------------|--------------|------------|--------------|
| | 2018 | | 2019 | | 2019 | | 2020 | |
| | AMT | % | AMT | % | AMT | % | AMT | % |
| Sales(Total) | 1,586 | 100.0 | 1,530 | 100.0 | 367 | 100.0 | 366 | 100.0 |
| Confec-tionery | 1,039 | 65.5 | 1,026 | 67.1 | 268 | 73.1 | 267 | 73.0 |
| Ice Cream | 327 | 20.6 | 323 | 21.1 | 54 | 14.7 | 58 | 15.8 |
| Health | 13 | 0.8 | 14 | 0.9 | 4 | 1.0 | 5 | 1.3 |
| Bakery/ Others | 207 | 13.1 | 167 | 10.9 | 41 | 11.2 | 36 | 9.9 |

1Q.20 Domestic Business : Confectionery

✓ A Slight downturn in Sales ; Covid-19 Negative Effects

Sales Trend

(KRW, Billion, %)



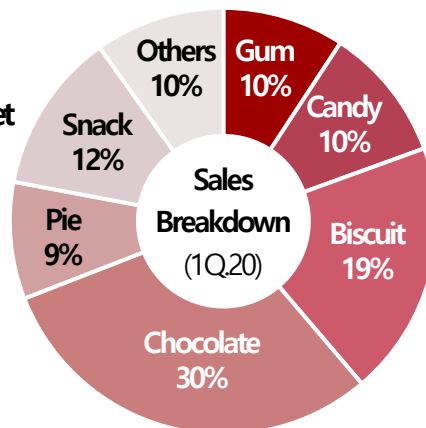
M/S : 1Q.20 ¹

✓ No.1 in Domestic Conf. Market

M/S 26%

No.1 Category in Conf. Market

Gum / Biscuit / Chocolate



Market Trend

● M/S by Category (1Q.20)

| Item | Gum | Biscuit | Chocolate |
|-------------|---------|-----------------------------|----------------------|
| M/S | 79% | 25% | 42% |
| Main Brands | Xylitol | Custard/Margaret /Chic Choc | Pepero/ Ghana/Crunky |

| Item | Candy | Pie | Snack |
|-------------|------------|---------|--------------------|
| M/S | 25% | 33% | 11% |
| Main Brands | Jellycious | Moncher | Popping Corn Chips |

● New Products Information

| Gum | Biscuit | Snack | Chocolate |
|---|---|---|---|
|  |  |  |  |
| Xylitol Mouth Water (May, 2020) | Monster Margaret (May, 2020) | Air Baked (June, 2020) | Crunky Pepero (April, 2020) |

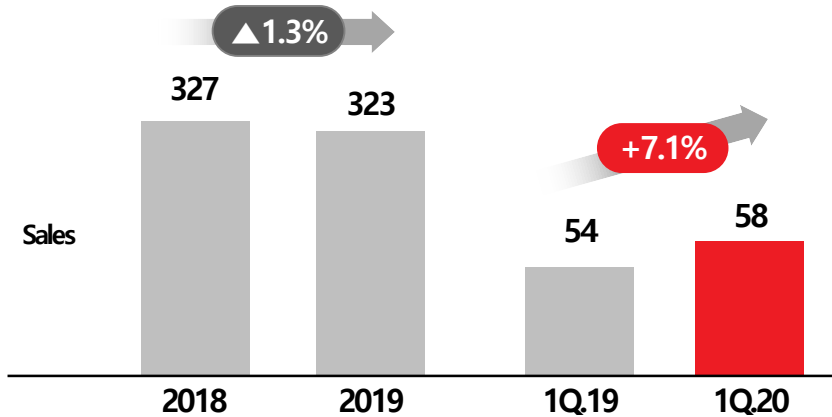
Remark) M/S(Market Share) : Based on Nielson POS data(Imports included)

1Q.20 Domestic Business : Ice Cream

✓ Increase in Sales ; Improvement in Off-Season Performance

Sales Trend

(KRW, Billion, %)



Market Trend

● M/S by Category (1Q.20)

| Item | Bar | Cone | Cup |
|-------------|-------------------------|------------------------------|------------------------------|
| M/S | 35% | 42% | 35% |
| Main Brands | Okdongja/ Screw/Jaws | World Cone/ Double Bianco | I'm MoChi (Rice ice cake) |

| Item | Pencil | Home | Premium |
|-------------|----------|--------|---------|
| M/S | 22% | 23% | 28% |
| Main Brands | Snow Ice | Weezle | Nàtuur |

● New Products Information

| Bar | Cup | Home | |
|------------------------------|--|-------------------------------------|-----------------------------|
| | | | |
| Jawcbak Bar (March, 2020) | Café Presso Einspanner (April, 2020) | ChicChoc in Weezle (April, 2020) | Nàtuur Vegan (May, 2020) |

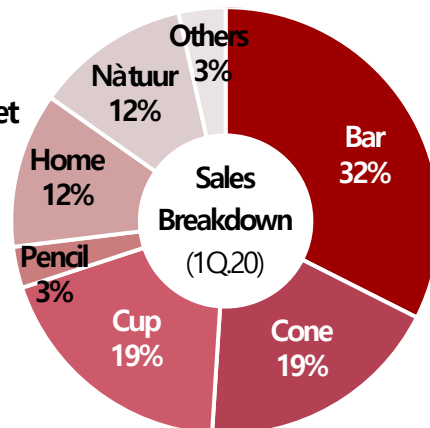
M/S : 1Q.20 ¹

✓ No.1 in Domestic Ice Market

M/S 33%

No.1 Category in Ice Market

Bar / Cone

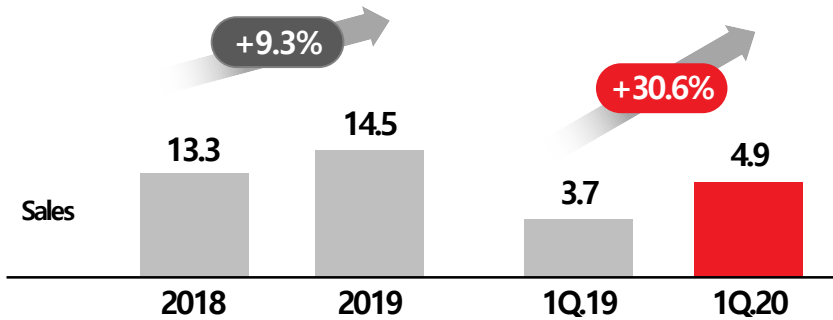


Remark) M/S(Market Share) : Based on Nielson POS data(Imports included)

✓ Launching Differentiated New Product & Promoting "Health-One" Brand

Sales Trend

(KRW, Billion, %)



Market Trend

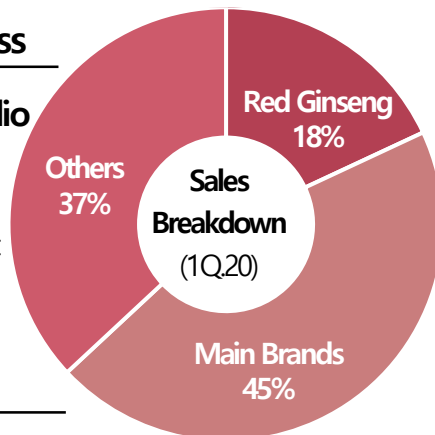
- **Launching Brand "Colostrum Protein" (Jan,2020)**
 - Premium material ; French colostrum protein
 - Home Shopping MKT ; Raising awareness
- **Improving Profitability by selling inefficient factory(Mar,2020)**
 - Convert manufacturing to "OEM" ; Leading the Trend quickly
- **Boosting Online Channel (Sales share over 50%)**
 - Having exhibitions in major supermarket
 - Expanding entrance in Online Mall
- **Promoting differentiated Brands by category**
 - Discovering Fresh leading market trend consistently



Improve Brand awareness

- ✓ **Building Health-One Portfolio**
- Brand **"Familiarization"**

Composition of Main Brand's Product



| Red Ginseng | Others ("Health-One" BRAND) | | | |
|-------------|-----------------------------|----------|------------|------------|
| | Protein | Collagen | Probiotics | Lutein |
| Hwang Jak | Colostrum Protein | S-Return | Ultlacto | Duoxanthin |

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✓ Increase in Sales ; Growth of Chocolate and Biscuit

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|---------|-------|-------|------|------|------|------|------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (1,893) | 1,928 | 34 | 1.8 | 432 | 448 | 17 | 3.8 |
| OP | (278) | 254 | ▲24 | ▲8.6 | 55 | 59 | 4 | 7.7 |
| % | (14.7) | 13.2 | ▲1.5P | | 12.8 | 13.3 | 0.5P | |

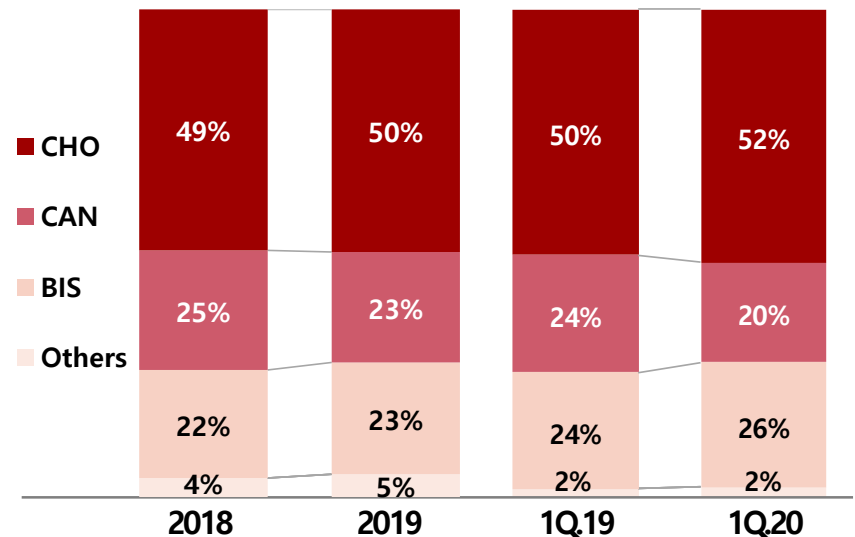
● Based on Local Currency

(KZT, Billion, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|--------|------|-------|------|------|------|------|------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (59) | 63 | 4 | 7.2 | 14 | 15 | 0 | 1.5 |
| OP | (9) | 8 | ▲0 | ▲3.8 | 2 | 2 | 0 | 5.2 |
| % | (14.7) | 13.2 | ▲1.5P | | 12.8 | 13.3 | 0.5P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Chocolate | Candy | Biscuit |
|---------------|--------|------------|
| Kazakhstanski | Vecher | Arisobaya |
| | | Yablachiko |

Remark1) exchange rate(KZT) : (1Y) 18Y 3.20, 19Y 3.04(▲5.0%), (1Q) 19Y 2.98, 20Y 3.05(+2.3%)

Remark2) Investment in kind completed through increasing capital by issuing new stocks from Lotte Corp. to Lotte Conf.(Dec,2018)

1Q.20 Overseas Business : Pakistan

✓ Decrease in Sales ; Prohibiting citizen moving and shop business

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|---------|-----|-------|-------|------|------|-------|--------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (1,037) | 919 | ▲118 | ▲11.4 | 225 | 200 | ▲25 | ▲10.9 |
| OP | (11) | 1 | ▲10 | ▲92.2 | ▲2 | ▲4 | ▲2 | ▲116.8 |
| % | (1.1) | 0.1 | ▲1.0P | | ▲0.8 | ▲1.9 | ▲1.1P | |

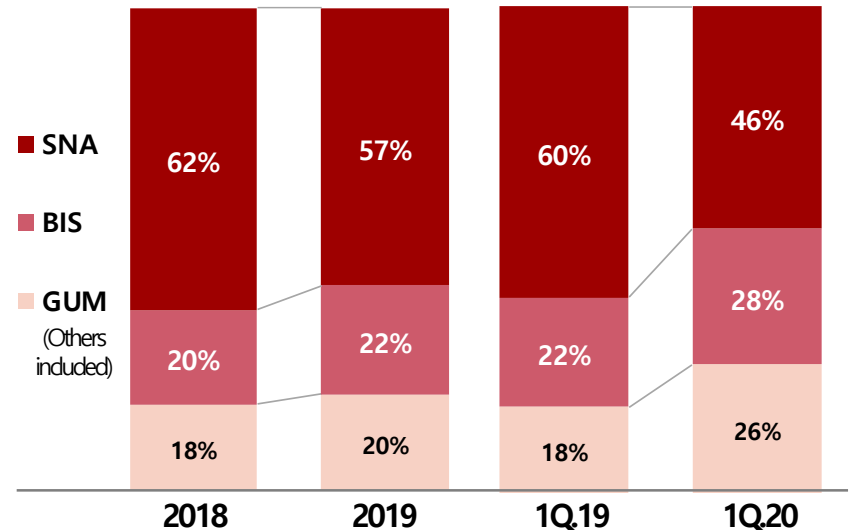
● Based on Local Currency

(PKR, 10 Million %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|---------|-------|-------|-------|------|------|-------|--------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (1,143) | 1,183 | 39 | 3.4 | 279 | 261 | ▲18 | ▲6.4 |
| OP | (12) | 1 | ▲11 | ▲90.9 | ▲2 | ▲5 | ▲3 | ▲127.8 |
| % | (1.1) | 0.1 | ▲1.0P | | ▲0.8 | ▲1.9 | ▲1.1P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Snack | Pie | Gum | Others |
|--------|-----------|-------|----------|
| Slanty | Choco-Pie | Spout | Macaroni |

Remark1) exchange rate(PKR) : (1Y) 18Y 9.1, 19Y 7.8(▲14.3%), (1Q) 19Y 8.1, 20Y 7.7(▲4.8%)

Remark2) Investment in kind completed through increasing capital by issuing new stocks from Lotte Corp. to Lotte Conf.(Dec,2018)

1Q.20 Overseas Business : Belgium

✓ A Slight downturn in Sales ; Reduction of tourists using duty free shop

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|---------|-------|-------|------|------|------|-------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (1,115) | 1,054 | ▲61 | ▲5.5 | 224 | 221 | ▲3 | ▲1.3 |
| OP | (62) | 56 | ▲5 | ▲8.8 | 10 | 7 | ▲4 | ▲36.3 |
| % | (5.5) | 5.3 | ▲0.2P | | 4.6 | 3.0 | ▲1.6P | |

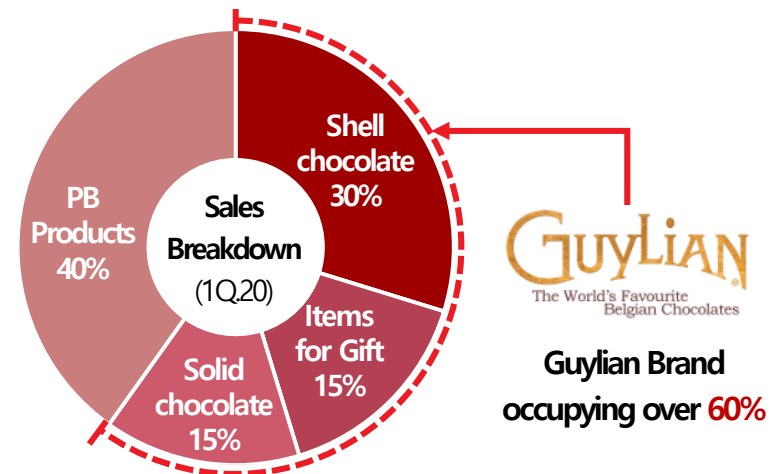
● Based on Local Currency

(EUR, Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-------|-----|-------|------|------|------|-------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (86) | 81 | ▲5 | ▲5.9 | 18 | 17 | ▲1 | ▲4.2 |
| OP | (5) | 4 | ▲0 | ▲9.3 | 1 | 0 | ▲0 | ▲38.2 |
| % | (5.5) | 5.3 | ▲0.2P | | 4.6 | 3.0 | ▲1.6P | |

Main Information

● Sales Breakdown by chocolate category



● Major Products Information

| Shell chocolate | Items for Gift | | Solid chocolate |
|-----------------|--------------------|-------------|-----------------|
| | | | |
| Sea Shells | Master's Selection | La Truffina | Guylian Bar |

Remark1) exchange rate(EUR) : (1Y) 18Y 1,299, 19Y 1,305(+0.5%), (1Q) 19Y 1,278, 20Y 1,317(+3.0%)

Remark2) Investment in kind completed through increasing capital by issuing new stocks from Lotte Corp. to Lotte Conf.(Dec,2018)

✓ Decrease in Sales ; Covid-19 Negative Effects (Executing blockade policy)

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-------|-------|-------|-------|-------|------|-------|--------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (679) | (698) | 19 | 2.8 | (164) | 144 | ▲20 | ▲123 |
| OP | (39) | (22) | ▲16 | ▲42.4 | (10) | ▲4 | ▲13 | ▲136.2 |
| % | (5.7) | (3.2) | ▲2.5P | | (5.9) | ▲2.4 | ▲8.3P | |

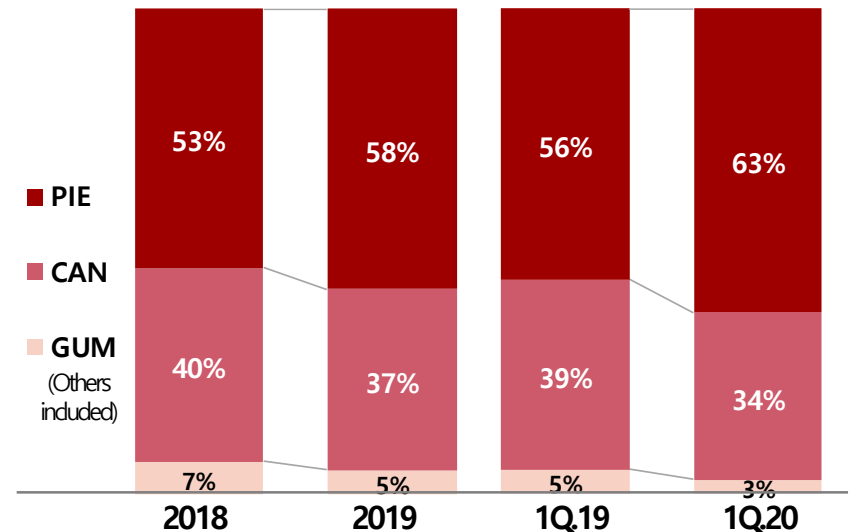
● Based on Local Currency

(INR, 10 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-------|-------|-------|-------|-------|------|-------|--------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (421) | (422) | 0 | 0.0 | (103) | 87 | ▲15 | ▲14.9 |
| OP | (24) | (13) | ▲11 | ▲44.0 | (6) | ▲2 | ▲8 | ▲135.1 |
| % | (5.7) | (3.2) | ▲2.5P | | (5.9) | ▲2.4 | ▲8.3P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Pie | Candy | Gum |
|-----------|-----------|-------------|
| Choco-Pie | Cacao-Pie | Coffee Bite |
| | | Spout |

Remark1) exchange rate(INR) : (1Y) 18Y 16.1, 19Y 16.6(+2.8%), (1Q) 19Y 16.0, 20Y 16.5(+3.1%)

Remark2) Share acceptance completed from Lotte Corp. to Lotte Conf.(Aug,2019)

✓ Decrease in Sales ; Covid-19 Negative Effects (Executing blockade policy)

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|------|-------|-------|------|------|------|--------|--------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | 907 | 1,020 | 113 | 12.5 | 204 | 166 | ▲38 | ▲18.7 |
| OP | 96 | 101 | 5 | 5.0 | 18 | ▲8 | ▲26 | ▲147.7 |
| % | 10.6 | 9.9 | ▲0.7P | | 8.6 | ▲5.1 | ▲13.7P | |

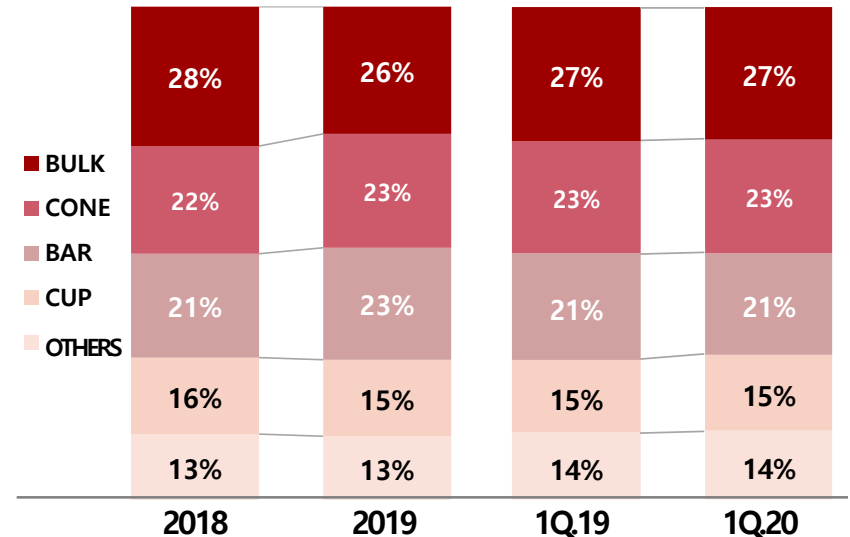
● Based on Local Currency

(INR, 10 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|------|-----|-------|------|------|------|--------|--------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | 563 | 616 | 53 | 9.4 | 128 | 101 | ▲27 | ▲21.1 |
| OP | 60 | 61 | 1 | 2.2 | 11 | ▲5 | ▲16 | ▲146.3 |
| % | 10.6 | 9.9 | ▲0.7P | | 8.6 | ▲5.1 | ▲13.7P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Cone | Cup | Bar | Bulk |
|----------------|-------------|---------|---------|
| | | | |
| Chocolate Cone | Vanilla Cup | Zulubar | Vanilla |

1Q.20 Overseas Business : **Russia**

✓ Increase in Sales ; Growth of Choco-Pie

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-------|-----|------|-------|------|------|-------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (390) | 514 | 124 | 31.8 | 112 | 133 | 21 | 18.6 |
| OP | (23) | 49 | 27 | 115.9 | 4 | 19 | 14 | 327.1 |
| % | (5.9) | 9.6 | 3.7P | | 3.9 | 13.9 | 10.0P | |

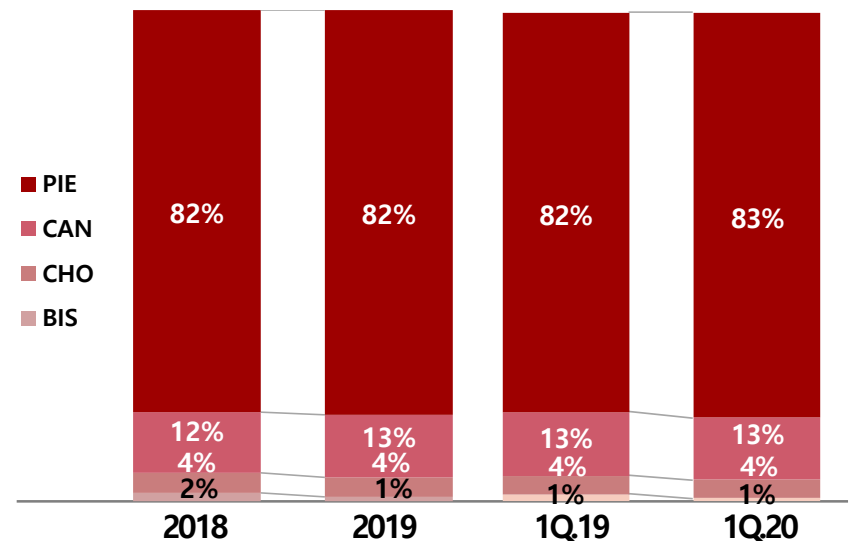
● Based on Local Currency

(RUB, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-------|-----|------|-------|------|------|-------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | (22) | 29 | 6 | 28.6 | 7 | 7 | 1 | 12.8 |
| OP | (1) | 3 | 1 | 110.6 | 0 | 1 | 1 | 306.4 |
| % | (5.9) | 9.6 | 3.7P | | 3.9 | 13.9 | 10.0P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Pie | Candy | Chocolate | Biscuit |
|-----------|-----------------------------------|-----------|---------|
| | | | |
| Choco-Pie | Kuznechik (Made in Kazakhstan) | Pepero | Kandho |

Remark1) exchange rate(RUB) : (1Y) 18Y 17.6, 19Y 18.0(+2.5%), (1Q) 19Y 17.1, 20Y 17.9(+5.1%)

Remark2) Share acceptance completed from Lotte Corp. to Lotte Conf.(May,2018) / 18Y Record : adding up record before M&A

✓ Increase in Sales ; Growth of Bakery products

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-----|-----|-----|------|------|------|------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | - | 302 | - | - | 65 | 73 | 8 | 12.3 |
| OP | - | 29 | - | - | 3 | 7 | 4 | 112.3 |
| % | - | 9.7 | - | - | 5.1 | 9.6 | 4.5P | |

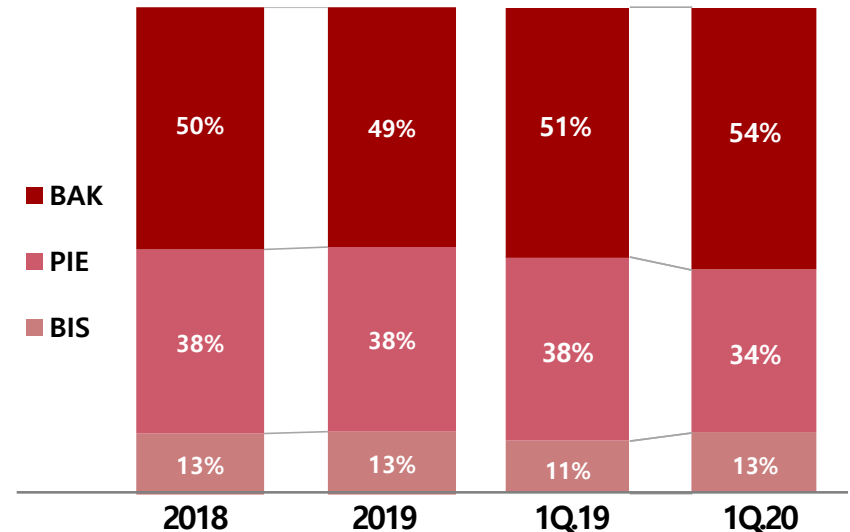
● Based on Local Currency

(MMK, Billion, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-----|-----|-----|------|------|------|------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | - | 40 | - | - | 9 | 10 | 1 | 6.2 |
| OP | - | 4 | - | - | 0 | 1 | 0 | 100.7 |
| % | - | 9.7 | - | - | 5.1 | 9.6 | 4.5P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Mass-produced | Pie | | Biscuit |
|---------------|------------|----------------|-------------|
| | | | |
| Square Bread | Layer Cake | O-Mar Cup Cake | Wafer Stick |

Remark1) exchange rate(MMK) : (1Y) 18Y 0.78, 19Y 0.76(▲2.3%), (1Q) 19Y 0.73, 20Y 0.77(+5.8%)

Remark2) M&A completed(Jan,2019)

1Q.20 Overseas Business : Qingdao, China

✓ A Slight downturn in Sales ; Covid-19 Negative Effects

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|------|------|-------|------|------|------|-------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | 105 | 155 | 50 | 47.9 | 37 | 35 | ▲2 | ▲4.7 |
| OP | ▲16 | ▲1 | 14 | 91.0 | 0 | ▲2 | ▲3 | ▲6345 |
| % | ▲148 | ▲0.9 | 13.9P | | 1.3 | ▲7.0 | ▲8.3P | |

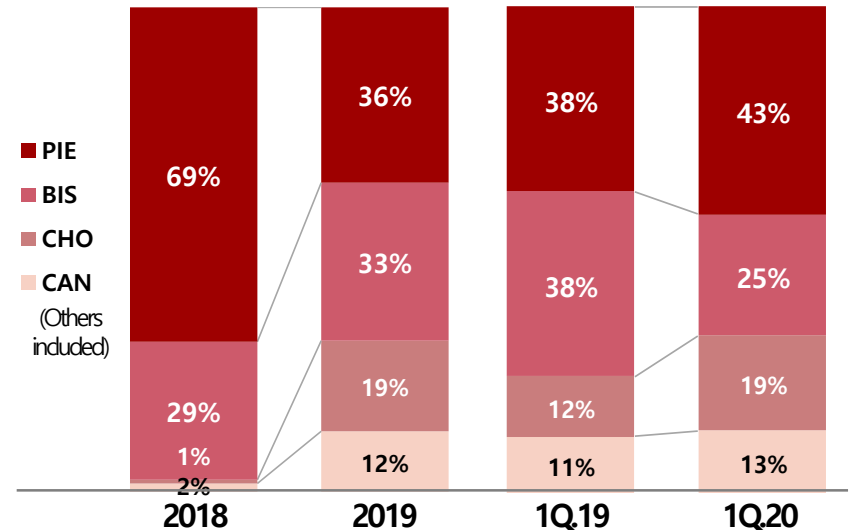
● Based on Local Currency

(CNY, Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|------|------|-------|------|------|------|-------|-------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | 63 | 92 | 29 | 46.0 | 22 | 20 | ▲2 | ▲7.2 |
| OP | ▲9 | ▲1 | 9 | 91.1 | 0 | ▲1 | ▲2 | ▲6209 |
| % | ▲148 | ▲0.9 | 13.9P | | 1.3 | ▲7.0 | ▲8.3P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Pie | Biscuit | Candy | Chocolate |
|-----------|---------|---------------------------------|---------------------------|
| | | | |
| Choco-Pie | Koala | Yogurt Jelly (Made in Korea) | Pepero (Made in Korea) |

1Q.20 Overseas Business : Singapore

✓ Decrease in Sales ; Downsized volume of distributor's business

Financial Highlights

● Based on Domestic Currency

(KRW, 100 Million, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-----|-----|-------|-------|------|------|------|------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | 124 | 108 | ▲16 | ▲132 | 29 | 26 | ▲3 | ▲113 |
| OP | 7 | 3 | ▲4 | ▲55.8 | 1 | 1 | 0 | 15.1 |
| % | 5.6 | 2.9 | ▲2.8P | | 3.5 | 4.6 | 1.1P | |

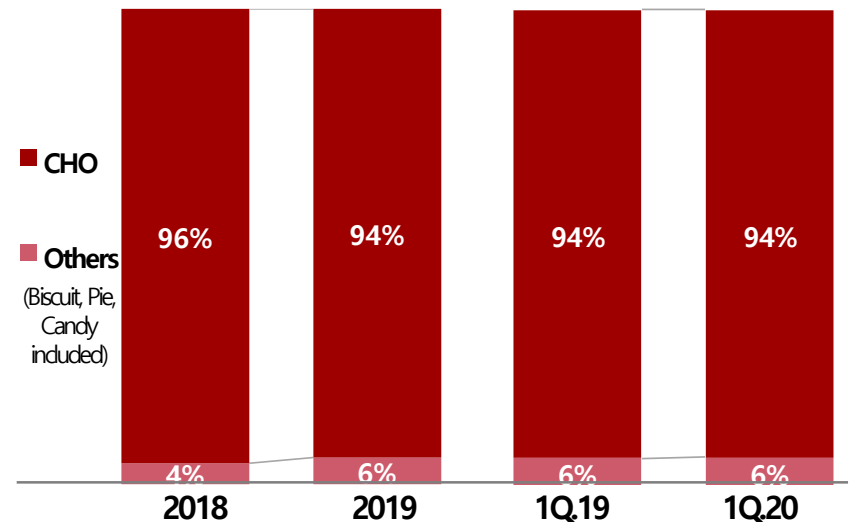
● Based on Local Currency

(SGD, 100 Thousand, %)

| | 18Y | 19Y | YoY | | 1Q19 | 1Q20 | YoY | |
|-------|-----|-----|-------|-------|------|------|------|------|
| | | | AMT | %(P) | | | AMT | %(P) |
| Sales | 153 | 126 | ▲26 | ▲172 | 35 | 30 | ▲5 | ▲145 |
| OP | 9 | 4 | ▲5 | ▲57.8 | 1 | 1 | 0 | 11.0 |
| % | 5.6 | 2.9 | ▲2.8P | | 3.5 | 4.6 | 1.1P | |

Main Information

● Sales Breakdown by category



● Major Products Information

| Chocolate | Pie | Biscuit | |
|-----------|-----------|---------|-----------|
| | | | |
| Pepero | Choco-Pie | Custard | Chic Choc |

Contents

I . Overview

II. Domestic Business

III. Overseas Business



IV. CSR Information

Social Contribution

Present

- **Sweet Factory (2010~)**
 - Experience-based confectionery museum in the head office, Seoul
- **Dr. Xylitol Bus (2013~)**
 - Dental care service for marginalized children (through proceeds from Xylitol)
- **Sweet Home (2013~)**
 - Established 8 children care center (through proceeds from Pepero)

Planned

- **Sweet School (1st store in 2020)**
 - For improving after-school surrounding (through proceeds from Pepero)
- **Sweet Brand (Expected in 2021)**
 - Extending win-win brand with community (Sweet Bread, 大大 café, etc)

Eco-friendly Move



Present

- **Smart Recycle (2018~)**
 - Introducing package for easier separation (Xylitol, Pepero, Nàtuur, etc)
- **Eco Package (2019~)**
 - Using eco ink with less-harmful solvent (Pre-test for inner package of Choco-Pie)

[Viny] constructure
- **Nàtuur Forest (2019~)**
 - Executives-involved campaign for raising urban forest

Planned

- **Green Certification (Aug, 2020)**
- **Extending Eco package (Expected in 2020)**

| Eco Printing / Less Package Usage | Paper package with less plastic |
|--|--|
|  <p>[Simplified design]</p> |  <p>[Paper cap] [Paper package]</p> |

Sweet home - Completion Status

“Sweet Home¹” Completed 1 per year since 2013, 7 in total

New construction of rural after-school care center, through proceeds from Pepero

“Sweet Sharing with People”

롯데제과가 맛있는 나눔, 따뜻한 세상을 만들어갑니다



Hongseong, Gangwon(2016)



Yeongwol, Gangwon(2015)



Tae-an, Chungnam(2019)



Bonghwa, Gyeongbuk(2018)



Wanju, Jeonnam(2013)



Yecheon, Gyeongbuk(2014)



Yeonggwang, Jeonnam(2017)



Completion in November

Shin-an, Jeonnam(2020)

Remark) Sweet Home : Establishment Project of care centers for rural children through proceeds from Pepero
(In relationship with 'Save the Children', the International Relief Development NGO)

MISSION

사랑과 신뢰를 받는
제품과 서비스를 제공하여
인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing
superior products and services that
our customers love and trust



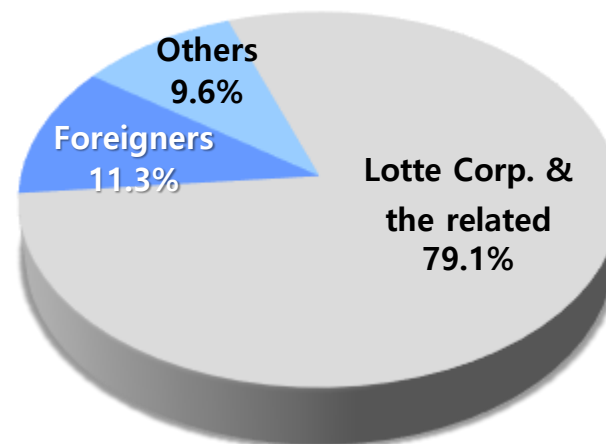
Appendix



Principal Shareholder Status

| Shareholders | Ownership(%) |
|------------------------------|--------------|
| Lotte Corporation | 48.4% |
| Lotte Aluminum | 10.0% |
| Lotte Holdings | 6.5% |
| Lotte Scholarship Foundation | 5.7% |
| Shin, Kyuk Ho | 4.5% |

Remark) As of April 13, 2020 (Number of shares issued : 6,416,717)



* Foreigners : Excluding Lotte Holdings



Dividend / Payout Ratio

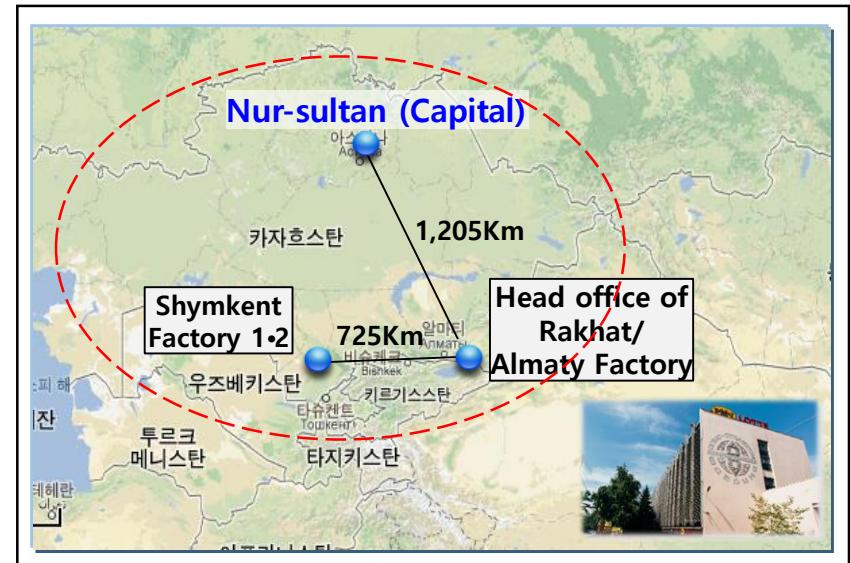
| | Pre-split (Ex.Lotte Confectionery) | | After Split | | |
|------------------------------------|------------------------------------|---------|-------------|---------|---------|
| | 2015 | 2016 | 4Q.2017 | 2018 | 2019 |
| Share Price (₩) | 2,279,000 | 178,500 | 146,000 | 151,000 | 149,500 |
| Cash Dividend (₩million) | 16,019 | 16,062 | 1,177 | 8,336 | 8,336 |
| Dividend Rate (DPS/face value) | 225.4% | 226.0% | 56.0% | 260.0% | 260.0% |
| Dividend Per Share | 11,270 | 1,130 | 280 | 1,300 | 1,300 |
| Dividend Yield (DPS/Share Price) | 0.5% | 0.6% | 0.2% | 0.9% | 0.9% |
| Payout Ratio (Dividend/Net Profit) | 20.2% | 21.3% | 58.1% | 89.0% | 21.9% |

Remark) 2015-2016: Ex. Lotte Confectionery / Results under IFRS

Summary of Country

| | Subject | Unit | Contents | Remark |
|--------------|----------------|-----------------|---|-----------|
| Country | Continent | - | • Asia | Mar, 2020 |
| | Capital | - | • Nur-Sultan | |
| | Area | km ² | • 2,724,900km ² (27 times of Korea) | |
| | Language | - | • Kazakh, Russian | |
| | Currency | - | • Tenge (400KZT=1\$, 0.328KZT=1₩) | |
| | GDP | KRW | • 239 trillion (0.1 times of Korea) | |
| | GDP per capita | KRW | • 12.74 million (0.33 times of Korea) | |
| Demographics | Population | - | • 19 million (0.4 times of Korea) | |
| | Under 10 | % | • 17.4% (3.3 million) | |
| | Under 20 | % | • 15.2% (2.9 million) | |
| | Under 30 | % | • 13.5% (2.6 million) | |
| | Under 40 | % | • 14.1% (2.7 million) | |
| | Over 40 | % | • 39.8% (7.6 million) | |
| Market | Total size | KRW | • 1.2 trillion | |
| | Competitors | - | • Mars, Mondelez | |

Status of Factory / Corporation



| Subject | Contents | Remark |
|---------------------|--|-------------|
| Name of Corp. | • Rakhat JSC | Annual('19) |
| Website | • www.rakhat.kz | |
| Sales | • 192.8 billion | |
| Main product | • Chocolate(Kazakhstanski), Biscuit(Yablachiko), Candy(Arisobaya) | |
| Factories(3) | • Almaty Factory, Shymkent Factory 1+2 | |
| Date of Acquisition | • (1 st)'13 Nov./ (2 nd)'18 Dec. | |
| Number of workers | • 4,239 | |

Summary of Country

| | Subject | Unit | Contents | Remark |
|--------------|----------------|-----------------|---|-----------|
| Country | Continent | - | • Asia | Mar, 2020 |
| | Capital | - | • Islamabad | |
| | Area | km ² | • 0.8 million km ² (3.6 times of Korea) | |
| | Language | - | • Urdu, Punjabi, Sindhi | |
| | Currency | - | • Rupee (156.25=\$1, 0.13=W1) | |
| | GDP | KRW | • 346 trillion (0.17 times of Korea) | |
| | GDP per capita | KRW | • 1.69 million (0.04 times of Korea) | |
| Demographics | Population | - | • 233 million (4.5 times of Korea) | |
| | Under 10 | % | • 36% (84 billion) | |
| | Under 20 | % | • 19% (45 billion) | |
| | Under 30 | % | • 35% (81 billion) | |
| | Under 40 | % | • 6% (13 billion) | |
| | Over 40 | % | • 4% (10 billion) | |
| Market | Total size | KRW | • 1.3 trillion | |
| | Competitors | - | • Pepsico, EBM, Mondelez | |

Status of Factory / Corporation



| Subject | Contents | Remark |
|---------------------|--|-------------|
| Name of Corp. | • Lotte Kolson(Pvt.) Ltd. | Annual('19) |
| Website | - | |
| Sales | • 91.9 billion | |
| Main products | • Snack(Slanty), Biscuit(Bravo), Pasta | |
| Factories (6) | • Islamabad Factory 1, Lahore Factory 2, Karachi Factory 4 | |
| Date of Acquisition | • (1 st)Jan, 2011 / (2 nd)Dec, 2018 | |
| Number of workers | • 1,731 | |

Summary of Country

| | Subject | Unit | Contents | Remark |
|--------------|----------------|-----------------|---|-----------|
| Country | Continent | - | • Europe | Mar, 2020 |
| | Capital | - | • Brussels | |
| | Area | km ² | • 30,530km ² (0.3 times of Korea) | |
| | Language | - | • Dutch, French, German | |
| | Currency | - | • Euro (€0.9=\$1, €0.0008=W1) | |
| | GDP | KRW | • 631 trillion (0.3 times of Korea) | |
| | GDP per capita | KRW | • 55.1 million (1.4 times of Korea) | |
| Demographics | Population | - | • 11.7 million (0.2 times of Korea) | |
| | Under 10 | % | • 17.2% (2 million) | |
| | Under 20 | % | • 11.2% (1.3 million) | |
| | Under 30 | % | • 39.2% (4.6 million) | |
| | Under 40 | % | • 13.1% (1.5 million) | |
| | Over 40 | % | • 19.2% (2.3 million) | |
| Market | Total size | KRW | • 697 billion | |
| | Competitors | - | • Godiva, Lindt, etc | |

Status of Factory / Corporation

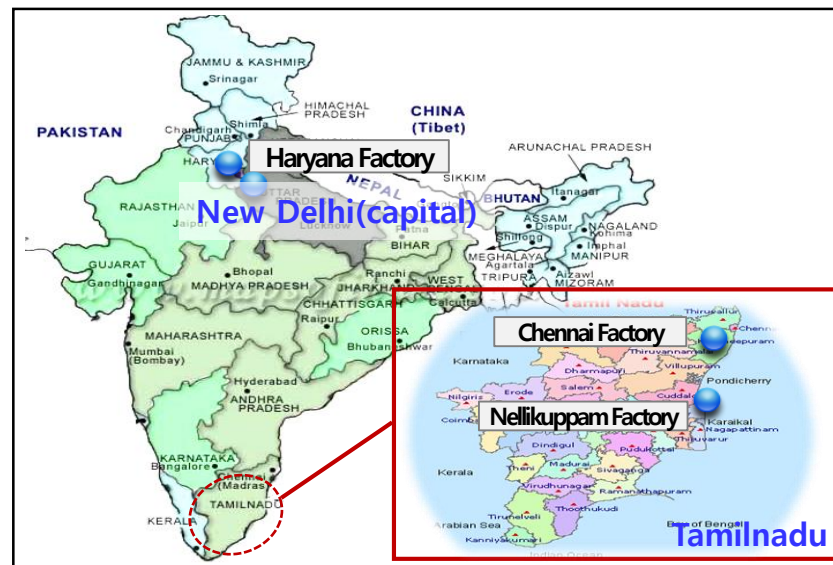


| Subject | Contents | Remark |
|---------------------|---|-------------|
| Name of Corp. | • Guylian N.V. | Annual('19) |
| Website | • www.guylian.com | |
| Sales | • 105.4 billion | |
| Main product | • Chocolate (Sea shells, Bar, Master's Selection) | |
| Factory(1) | • St. Nicholas Factory | |
| Date of Acquisition | • (1 st)Jul, 2008 / (2 nd)Dec, 2018 | |
| Number of workers | • 211 | |

Summary of Country

| Subject | Unit | Contents | Remark |
|--------------|----------------|---|-----------|
| Country | Continent | - • Asia | Mar, 2020 |
| | Capital | - • New Delhi | |
| | Area | km ² • 3,287,263km ² (15 times of Korea) | |
| | Language | - • Hindi, English, etc | |
| | Currency | - • Rupee (0.0138=\$1, 0.06=₩1) | |
| | GDP | KRW • 3,238 trillion (1.5 times of Korea) | |
| | GDP per capita | KRW • 2.43 million (0.06 times of Korea) | |
| Demographics | Population | - • 1.33 billion (26 times of Korea) | |
| | Under 10 | % • 26.31% (0.34 billion) | |
| | Under 20 | % • 17.51% (0.23 billion) | |
| | Under 30 | % • 41.56% (0.56 billion) | |
| | Under 40 | % • 7.91% (0.1 billion) | |
| | Over 40 | % • 6.72 (0.1 billion) | |
| Market | Total size | KRW • 6.8 trillion | |
| | Competitors | - • ITC | |

Status of Factory / Corporation

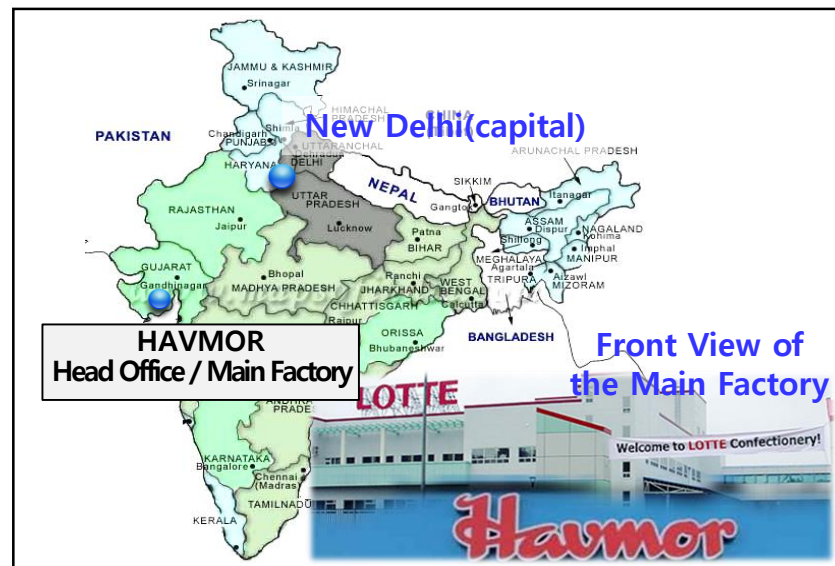


| Subject | Contents | Remark |
|---------------------|---|-------------|
| Name of Corp. | • LOTTE INDIA Co.,Ltd | Annual('19) |
| Website | • www.lotteindia.com | |
| Sales | • 69.8 billion | |
| Main product | • Pie(Choco-Pie), Candy(Coffee bite), Gum(Spout-for export) | |
| Factories(3) | • Nellikuppam, Haryana, Chennai Factory | |
| Date of Acquisition | • (1 st)May, 2004 / (2 nd)Aug, 2019 | |
| Number of workers | • 659 | |

Summary of Country

| Subject | Unit | Contents | Remark |
|--------------|----------------|---|-----------|
| Country | Continent | - • Asia | Mar, 2020 |
| | Capital | - • New Delhi | |
| | Area | km ² • 3,287,263km ² (15 times of Korea) | |
| | Language | - • Hindi, English, etc | |
| | Currency | - • Rupee (0.0138=\$1, 0.06=₩1) | |
| | GDP | KRW • 3,238 trillion (1.5 times of Korea) | |
| | GDP per capita | KRW • 2.43 million (0.06 times of Korea) | |
| Demographics | Population | - • 1.33 billion (26 times of Korea) | |
| | Under 10 | % • 26.31% (0.34 billion) | |
| | Under 20 | % • 17.51% (0.23 billion) | |
| | Under 30 | % • 41.56% (0.56 billion) | |
| | Under 40 | % • 7.91% (0.1 billion) | |
| | Over 40 | % • 6.72 (0.1 billion) | |
| Market | Total size | KRW • 2.2 trillion | |
| | Competitors | - • Amul, Vadilal | |

Status of Factory / Corporation



| Subject | Contents | Remark |
|---------------------|---|-------------|
| Name of Corp. | • Havmor Pvt Ltd | Annual('19) |
| Website | - | |
| Sales | • 102 billion | |
| Main product | • Ice cream | |
| Factories(3) | • 1 Main Factory, 2 Outsourcing Factories | |
| Date of Acquisition | • Dec, 2017 | |
| Number of workers | • 1,063 | |

Summary of Country

| | Subject | Unit | Contents | Remark |
|--------------|----------------|-----------------|---|-----------|
| Country | Continent | - | • Europe | Mar, 2020 |
| | Capital | - | • Moscow | |
| | Area | km ² | • 17million km ² (170.6 times of Korea) | |
| | Language | - | • Russian | |
| | Currency | - | • Ruble (66.7=\$1, 0.056=W1) | |
| | GDP | KRW | • 2,023 trillion (Same as Korea) | |
| | GDP per capita | KRW | • 13.77 million (0.36 times of Korea) | |
| Demographics | Population | - | • 140 billion (2.7 times of Korea) | |
| | Under 10 | % | • 17.24% (24 billion) | |
| | Under 20 | % | • 9.54% (13 billion) | |
| | Under 30 | % | • 43.38% (61 billion) | |
| | Under 40 | % | • 14.31% (20 billion) | |
| | Over 40 | % | • 15.53% (22 billion) | |
| Market | Total size | KRW | • 19.6 trillion | |
| | Competitors | - | • Orion, etc | |

Status of Factory / Corporation



| Subject | Contents | Remark |
|---------------------|---|-------------|
| Name of Corp. | • Lotte KF RUS | Annual('19) |
| Website | - | |
| Sales | • 51.4 billion | |
| Main product | • Pie(Choco-Pie) | |
| Factory(1) | • Kaluga Factory | |
| Date of Acquisition | • (Est.)Apr, 2007 / (2 nd)May, 2018 | |
| Number of workers | • 271 | |

Summary of Country

| | Subject | Unit | Contents | Remark |
|--------------|----------------|-----------------|---|-----------|
| Country | Continent | - | • Asia | Mar, 2020 |
| | Capital | - | • Yangon | |
| | Area | km ² | • 676,578km ² (6.78 times of Korea) | |
| | Language | - | • Burmese | |
| | Currency | - | • Kyat (1547.72=\$1, 12967=₩1) | |
| | GDP | KRW | • 82 trillion (0.04 times of Korea) | |
| | GDP per capita | KRW | • 145 million (0.04 times of Korea) | |
| Demographics | Population | - | • 56.5 million (1.1 times of Korea) | |
| | Under 10 | % | • 25.97% (14.7 million) | |
| | Under 20 | % | • 17.0% (9.6 million) | |
| | Under 30 | % | • 42.76% (24.2 million) | |
| | Under 40 | % | • 8.22% (4.7 million) | |
| | Over 40 | % | • 6.04% (3.7 million) | |
| Market | Total size | KRW | • 666 billion | |
| | Competitors | - | • Mybaco Manufacturing | |

Status of Factory / Corporation



| Subject | Contents | Remark |
|---------------------|---|-------------|
| Name of Corp. | • L&M Mayson Company Limited | Annual('19) |
| Website | - | |
| Sales | • 30.2 billion | |
| Main product | • Biscuit(Fresko), Pie(Amico), Mass-produced bread(Good Morning) | |
| Factories(3) | • Factory 1~3 | |
| Date of Acquisition | • Jan, 2019 | |
| Number of workers | • 1,586 | |

Summary of Country

| Subject | Unit | Contents | Remark |
|--------------|----------------|---|-----------|
| Country | Continent | - • Asia | Mar, 2020 |
| | Capital | - • Beijing | |
| | Area | km ² • 9,597,000km ² (96 times of Korea) | |
| | Language | - • Chinese | |
| | Currency | - • CNY (0.1431=\$1, 0.00585=₩1) | |
| | GDP | KRW • 16,6 quadrillion (8 times of Korea) | |
| | GDP per capita | KRW • 11.9 million (0.3 times of Korea) | |
| Demographics | Population | - • 14.4 trillion (28 times of Korea) | |
| | Under 10 | % • 17.29% (0.25 trillion) | |
| | Under 20 | % • 11.48% (0.17 trillion) | |
| | Under 30 | % • 46.81% (0.67 trillion) | |
| | Under 40 | % • 12.08% (0.17 trillion) | |
| | Over 40 | % • 12.34% (0.18 trillion) | |
| Market | Total size | KRW • 42.7 trillion | |
| | Competitors | - • Mars, Want Want, Orion | |

Status of Factory / Corporation

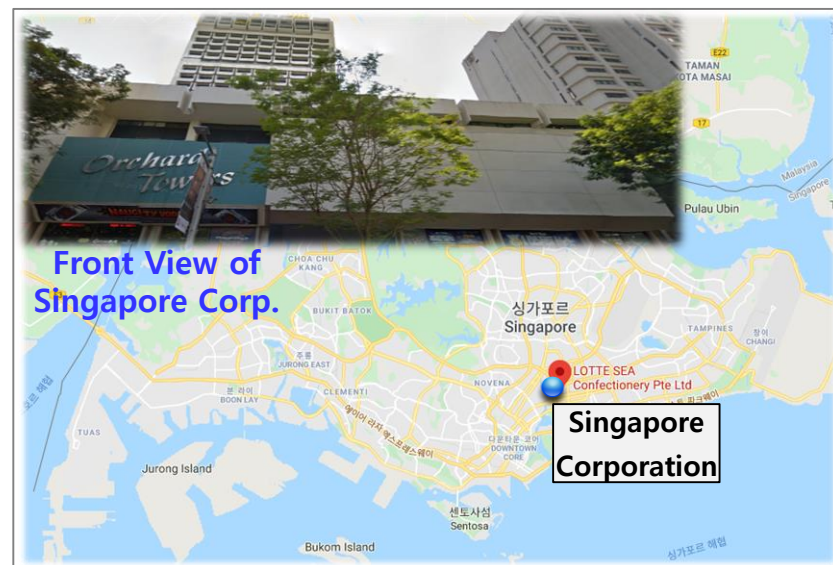


| Subject | Contents | Remark |
|---------------------|---------------------------|-------------|
| Name of Corp. | • LOTTE Qingdao Foods | Annual('19) |
| Website | - | |
| Sales | • 15.5 billion | |
| Main product | • Pie, Biscuit, Chocolate | |
| Factory(1) | • Qingdao Factory | |
| Date of Acquisition | • Mar, 2005 | |
| Number of workers | • 123 | |

Summary of Country

| | Subject | Unit | Contents | Remark |
|--------------|----------------|-----------------|---|-----------|
| Country | Continent | - | • Asia | Mar, 2020 |
| | Capital | - | • Singapore(City-State) | |
| | Area | km ² | • 719.2km ² (0.01 times of Korea) | |
| | Language | - | • Chinese, English, Malaysian | |
| | Currency | - | • Singapore Dollar (SGD) (1.39=\$1, 0.0012=₩1) | |
| | GDP | KRW | • 395 trillion (0.2 times of Korea) | |
| | GDP per capita | KRW | • 63.64 million (1.8 times of Korea) | |
| Demographics | Population | - | • 6 million (0.12 times of Korea) | |
| | Under 10 | % | • 12.8% (0.79 million) | |
| | Under 20 | % | • 15.0% (0.93 million) | |
| | Under 30 | % | • 50.7% (3.15 million) | |
| | Under 40 | % | • 10.6% (0.66 million) | |
| | Over 40 | % | • 10.9% (0.68 million) | |
| Market | Total size | KRW | • 603.5 trillion | |
| | Competitors | - | - | |

Status of Factory / Corporation



| Subject | Contents | Remark |
|---------------------|---|-------------|
| Name of Corp. | • LOTTE Confectionery (SEA.) PTE LTD. | Annual('19) |
| Website | • https://www.lottesea.com | |
| Sales | • 10.8 billion | |
| Main product | • Pie, Chocolate, Biscuit, etc | |
| Factory(0) | • Sales Corporation | |
| Date of Acquisition | • May, 2011 | |
| Number of workers | • 5 | |