

Q2'21 Business Results

Sep, 2021 | Investor Relations



Disclaimer

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

LOTTE Confectionery uses the Korean version of International Financial Reporting Standards (K-IFRS).

This document includes the prospects and judgements of LOTTE Confectionery, based on recent business circumstances.

In practice, adjustments can be made due to the likes of changes in the business environment or modifications to our strategy.

Nothing in this document shall be considered evidence of legal responsibility towards investors nor as a solicitation to invest.

We kindly remind you that LOTTE Confectionery accepts no responsibility for the actions of any third party acting on the information provided in this document.

Sep, 2021

Lotte Conf. ESG Team

Summary | H1'21

Parent Results		H1'20	H1'21	(YoY)	Issue Comment																					
Parent	Sales	754.4 Bn	754.8 Bn	0.4 Bn +0.1%	<ul style="list-style-type: none"> Confectionery sales decreased, but sales of ice cream, health food and bakery increased. Advertising costs increased, but rose via management efficiency improvements, such as cost-cutting measures. Improvement of performance slowed down compared to the Q1'21 due to insufficient performance of ice cream in Q2'21 because of bad weather. 																					
	Operating Profit	37.6 Bn	40.0 Bn	2.4 Bn +6.2%																						
	OP%	5.0%	5.3%	+0.3%P																						
Consolidated Results		H1'20	H1'21	(YoY)	Issue Comment																					
Consolidated	Sales	998.7 Bn	1,017.1 Bn	18.4 Bn +1.8%	<ul style="list-style-type: none"> Sales increased in Belgium, India (confectionery / ice cream), China and Singapore, but decreased in Kazakhstan, Pakistan, Belgium, Russia and Myanmar. Operating profit increased in Belgium, India (confectionery / ice cream) and Singapore, but decreased in Kazakhstan, Pakistan, China, Belgium, Russia and Myanmar. Devaluation of performance due to currency depreciation 																					
	Operating Profit	43.8 Bn	50.7 Bn	6.9 Bn +15.7%																						
	OP%	4.4%	5.0%	+0.6%P																						
		<table border="1"> <thead> <tr> <th></th> <th>Russia</th> <th>Kazakhstan</th> <th>India</th> <th>Pakistan</th> </tr> </thead> <tbody> <tr> <td>H1'20</td> <td>17.41 KRW/RUB</td> <td>2.99 KRW/KZT</td> <td>16.28 KRW/INR</td> <td>7.56 KRW/PKR</td> </tr> <tr> <td>H1'21</td> <td>15.04</td> <td>2.63</td> <td>15.24</td> <td>7.15</td> </tr> <tr> <td>YoY</td> <td>▲13.6 %</td> <td>▲12.0 %</td> <td>▲6.4 %</td> <td>▲5.4 %</td> </tr> </tbody> </table>						Russia	Kazakhstan	India	Pakistan	H1'20	17.41 KRW/RUB	2.99 KRW/KZT	16.28 KRW/INR	7.56 KRW/PKR	H1'21	15.04	2.63	15.24	7.15	YoY	▲13.6 %	▲12.0 %	▲6.4 %	▲5.4 %
	Russia	Kazakhstan	India	Pakistan																						
H1'20	17.41 KRW/RUB	2.99 KRW/KZT	16.28 KRW/INR	7.56 KRW/PKR																						
H1'21	15.04	2.63	15.24	7.15																						
YoY	▲13.6 %	▲12.0 %	▲6.4 %	▲5.4 %																						

Summary I Q2'21

(Unit : 100million, %, %P)

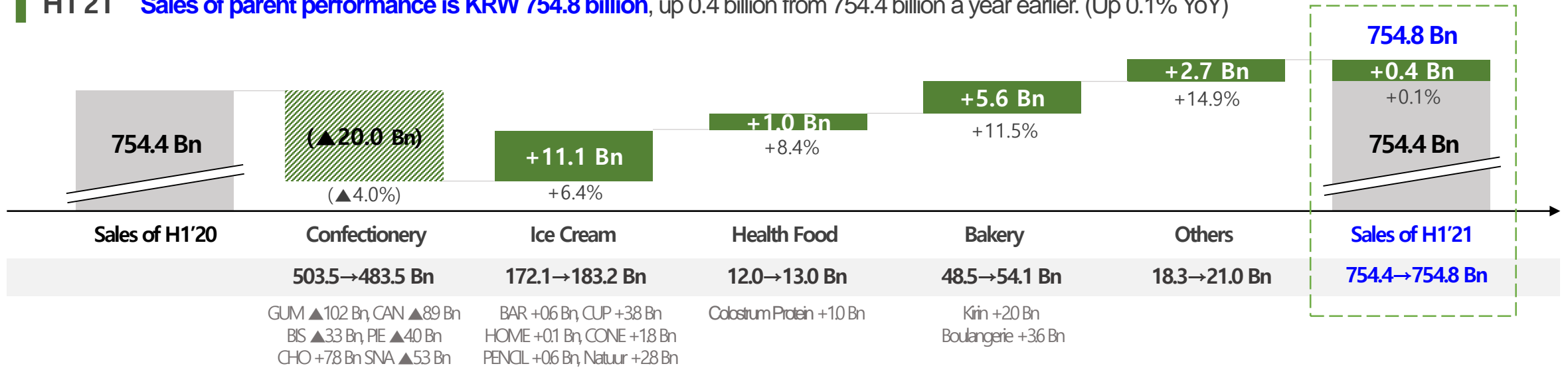
Classification		Q1				Q2				H1			
		Y19	Y20	Y21	(YoY)	Y19	Y20	Y21	(YoY)	Y19	Y20	Y21	(YoY)
Parent	Sales	3,672	3,659	3,716	57 1.6%	4,022	3,885	3,832	▲53 ▲1.4%	7,694	7,544	7,548	4 0.1%
	Operating Profit	98	138	198	✓60 43.9%	173	238	201	✓▲37 ▲15.6%	271	376	400	✓24 6.2%
	OP%	2.7	3.8	5.3	1.5P	4.3	6.1	5.2	▲0.9P	3.5	5.0	5.3	0.3P
Consoli- -dated	Sales	4,918	5,018	5,080	62 1.2%	5,457	4,970	5,091	121 2.4%	10,375	9,987	10,171	184 1.8%
	Operating Profit	151	184	259	✓75 41.0%	274	255	248	✓▲7 ▲2.5%	425	438	507	✓69 15.7%
	OP%	3.1	3.7	5.1	1.4P	5.0	5.1	4.9	▲0.2P	4.1	4.4	5.0	0.6P

Q2'21 Business Results Review

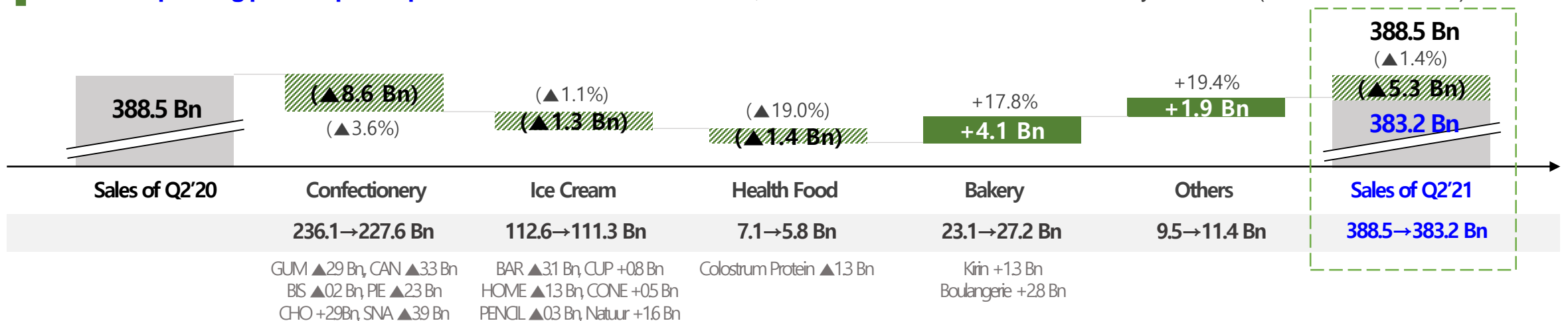


Financial Highlights (Parent) | Sales

H1'21 Sales of parent performance is **KRW 754.8 billion**, up 0.4 billion from 754.4 billion a year earlier. (Up 0.1% YoY)

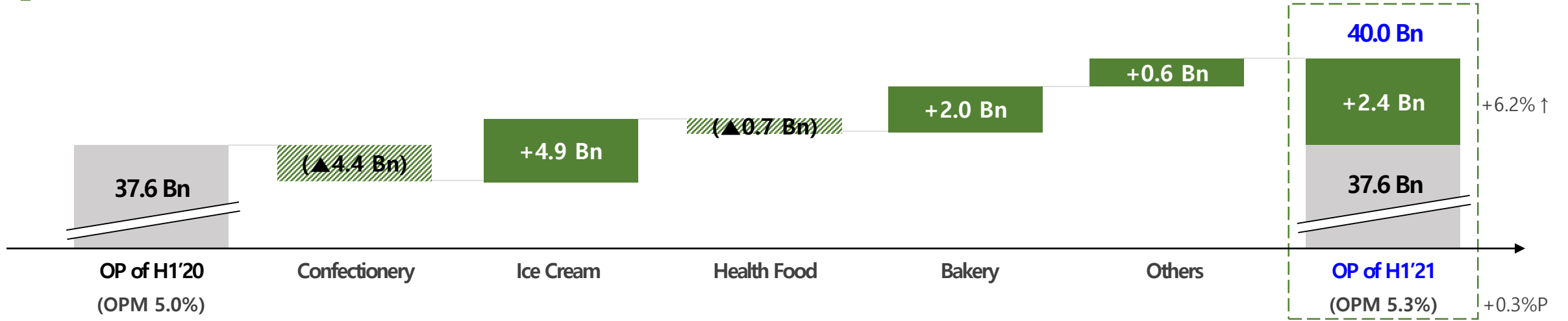


Q2'21 Operating profit of parent performance is **KRW 383.2 billion**, decrease 5.3 billion from 388.5 billion a year earlier. (Decrease 1.4% YoY)

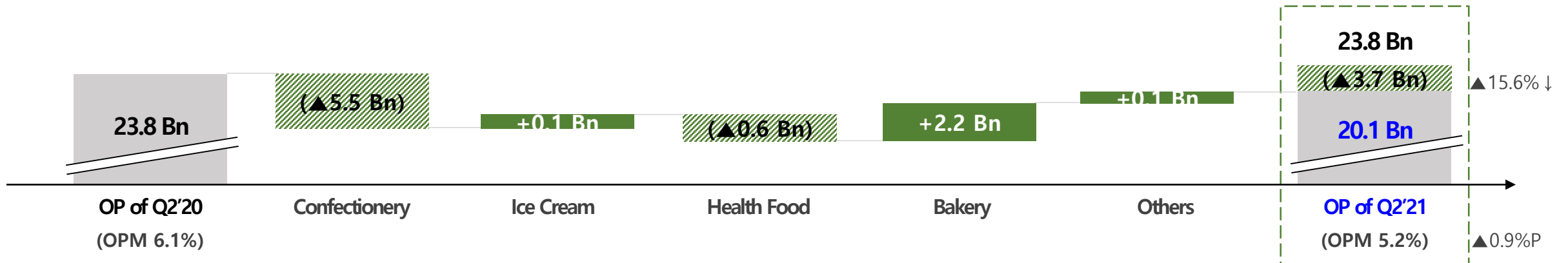


Financial Highlights (Parent) | Operating Profit

H1'21 Operating Profit of parent performance is **KRW 40.0 billion**, up 2.4 billion from 37.6 billion a year earlier. (Up 6.2% YoY)



Q2'21 Operating Profit of parent performance is **KRW 20.1 billion**, decrease 3.7 billion from 23.8 billion a year earlier. (Decrease 15.6% YoY)

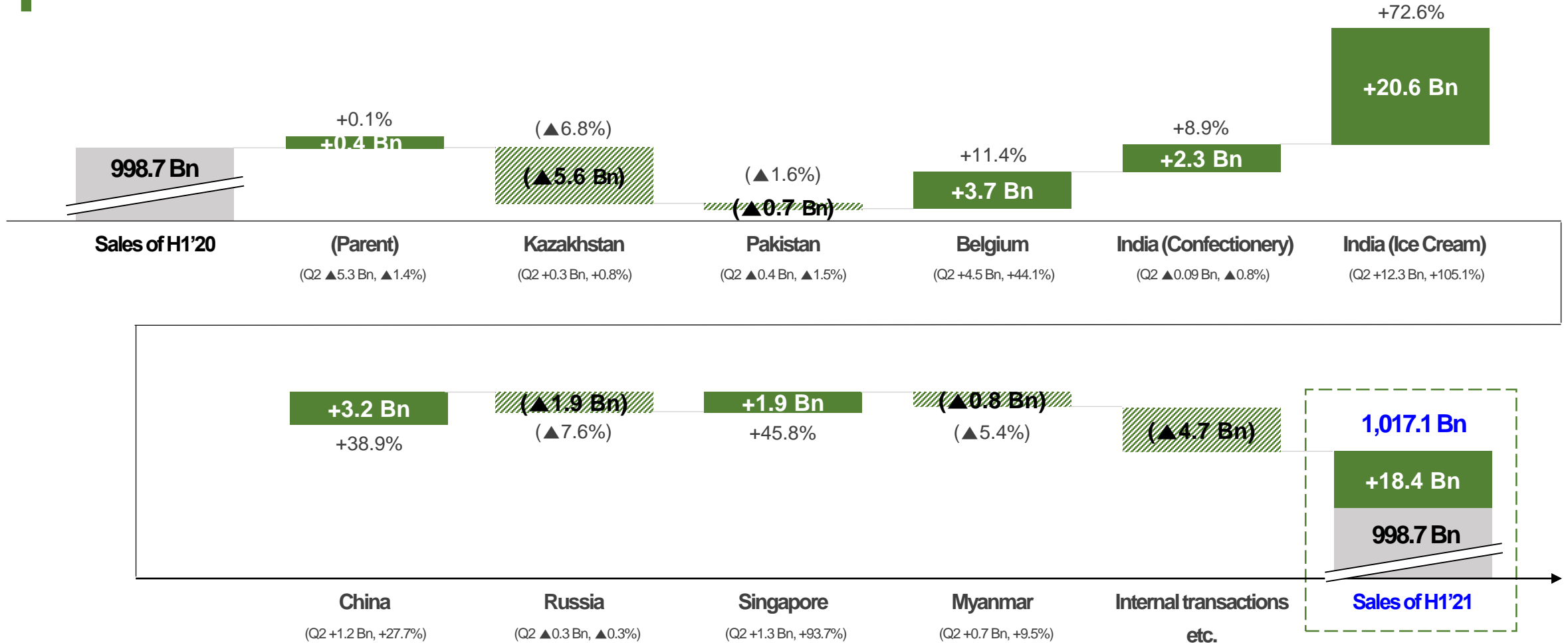


Financial Highlights (Consolidated) | Sales

H1'21 Sales of consolidated performance is **KRW 1,017.1 billion**, up 18.4 billion from 998.7 billion a year earlier. (Up 1.8% YoY)

Increase Sum of sales in Belgium, India(confectionery / ice cream), China and Singapore increased by 31.7 billion year-on-year.

Decrease Sum of sales in Kazakhstan, Pakistan, Russia and Myanmar decreased by 9.0 billion year-on-year.

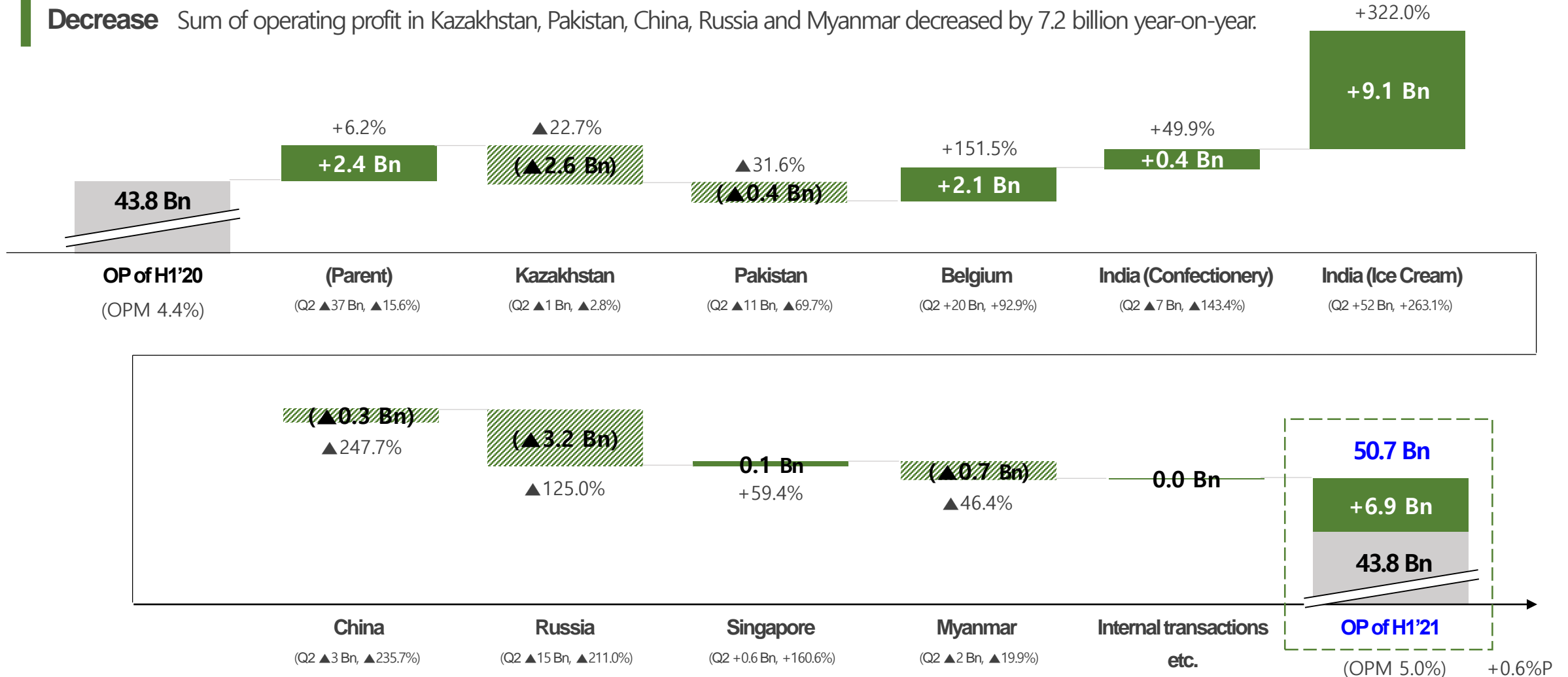


Financial Highlights (Consolidated) | Operating Profit

H1'21 Operating profit of consolidated performance is KRW 50.7 billion, up 6.9 billion from 43.8 billion a year earlier. (Up 15.7% YoY)

Increase Sum of operating profit in Belgium, India(confectionery / ice cream) and Singapore increased by 11.7 billion year-on-year.

Decrease Sum of operating profit in Kazakhstan, Pakistan, China, Russia and Myanmar decreased by 7.2 billion year-on-year.



2021Y Guidance



2021Y Guidance

Parent Results

		Y2019	Y2020	Y21 Guidance	Results of H1		
					H1'20	H1'21	(YoY)
Parent	Sales	1,530.1 Bn	1,531.2 Bn	<i>Sales Growth Rate Low-single (Prospect)</i>	754.4 Bn	754.8 Bn	0.4 Bn +0.1%
	Operating Profit	63.5 Bn	86.6 Bn	<i>Operating Profit 6.5~7.5% (Prospect)</i>	37.6 Bn	40.0 Bn	2.4 Bn +6.2%
	OP%	4.2%	5.7%		5.0%	5.3%	+0.3%P

Consolidated Results

		Y2019	Y2020	Y21 Guidance	Results of H1		
					H1'20	H1'21	(YoY)
Consolidated	Sales	2,093.0 Bn	2,076.0 Bn	<i>Sales Growth Rate Low-single (Prospect)</i>	998.7 Bn	1,017.1 Bn	18.4 Bn +1.8%
	Operating Profit	97.3 Bn	112.6 Bn	<i>Operating Profit 6.5~7.5% (Prospect)</i>	43.8 Bn	50.7 Bn	6.9 Bn +15.7%
	OP%	4.7%	5.4%		4.4%	5.0%	+0.6%P

2021Y Guidance | Key Management Status

[Results of H1]



Expand online	Total sales of online channel increased by 40.0% year-on-year (+13.9Bn) - Direct sales increase by 56.8% / Expansion of online marketing and event
Improve profitability	Operating profit rate Parent 5.3% (+0.3%P) / Consolidated 5.0% (+0.6%P) - Slowdown in trend compared to Q1 (* Parent +1.5%P / Consolidated +1.4%P)
NEW ITEM	Confectionery - Dessert-typed / Issue-leading / Requested by consumers Ice Cream - Requested by consumers / renewed / premium
POST Covid-19	Delay of sales recovery in GUM/CANDY due to market shrink - Activating GUM consumption with model BTS / reinforcing SNACK category
Global business	Performance improved despite of weakened currency in emerging market - Sales overseas increased by +8.6%, operating profit increased by +38.9% (KRW)
ESG management	Declaration of Sweet ESG Management based on sustainability - Sustainability report to be published from 2022

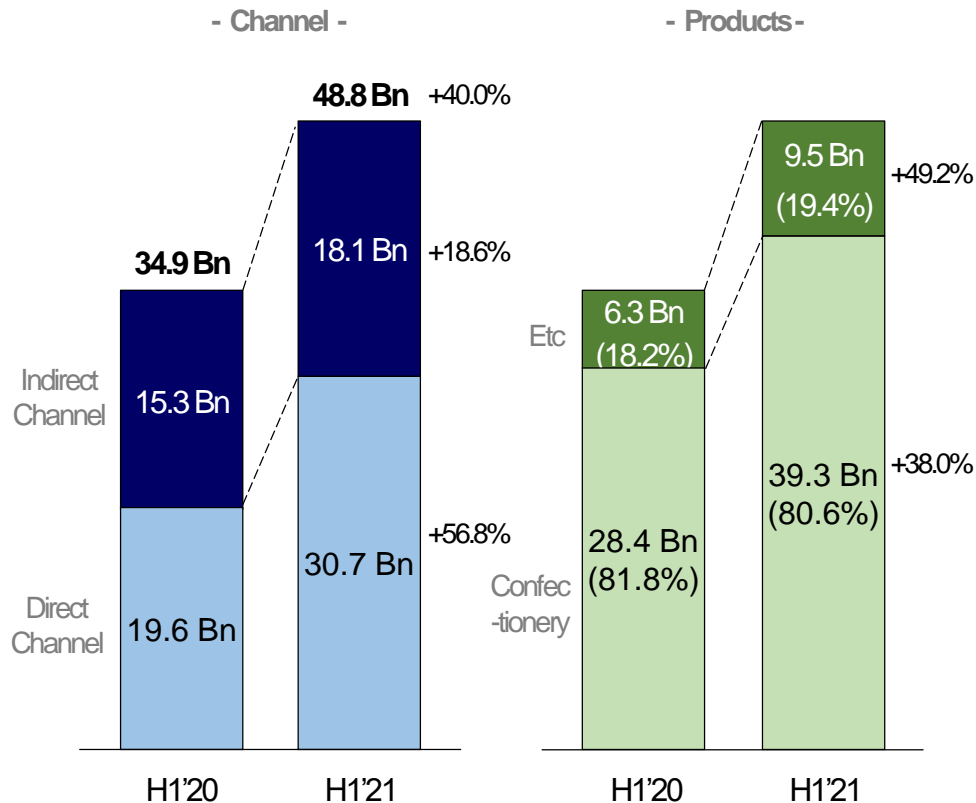
2021Y Guidance | Expand Online

Sales H1'21 Sales of online channel is 48.8Bn, **increased 40.0% year-on-year**. Especially, sales of direct online channel has increased **56.8% year-on-year**.

Products Sales of confectionery increased 38.0% year-on-year, and the other categories (Ice cream/Natuur/Baekry) increased **49.2% year-on-year**.

MKT Sales led consistently through active marketing on social network. (i.e. **launching subscription service, online limited edition**)

[Sales of Online channel]



[Main Performance]

Online Products

- Expanding subscription services
 - Launching 'Monthly Ice' (follow-up of 'Monthly Snack')
 - Quaker regular delivery
- Online limited edition
 - Xylitol - BTS, Kokkal Com - Mad Monster



Online Marketing

- Constant marketing on social network
 - Leading issues through PPL on entertainment show
 - Instagram, Facebook, YouTube (Lotte Sweet TV)
- Expanding events on own online mall
 - Pre-launching new products
 - 'Yummy lab', character business, etc.



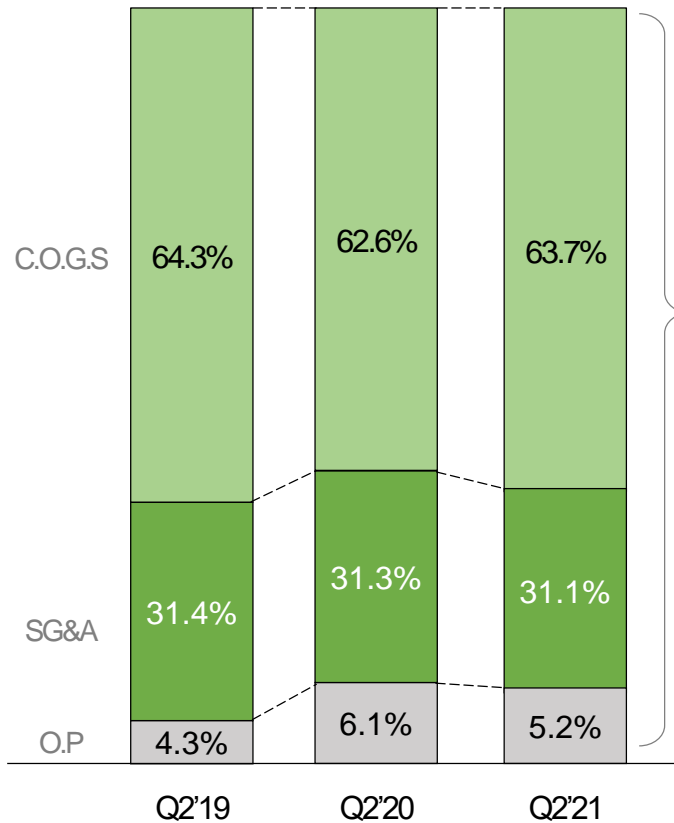
Remark) Indirect channel : Online mall of distribution company, Direct channel : direct delivery by Lotte Confectionery / Delivery by vendors

2021Y Guidance | Improve Profitability

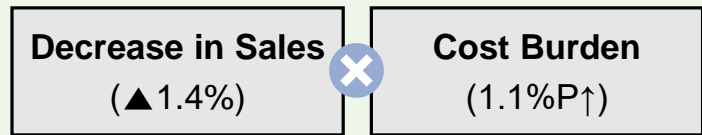
Q2'21 Operating profit in Q2 decreased by **▲0.9%P** due to **sales downturn, cost burden**, and etc.

Solutions (Short term) Against cost burden by profitable cost plan & launch new products / (Long term) Establish master plan about factory streamlining.

[Cost – Parent Income Statement]



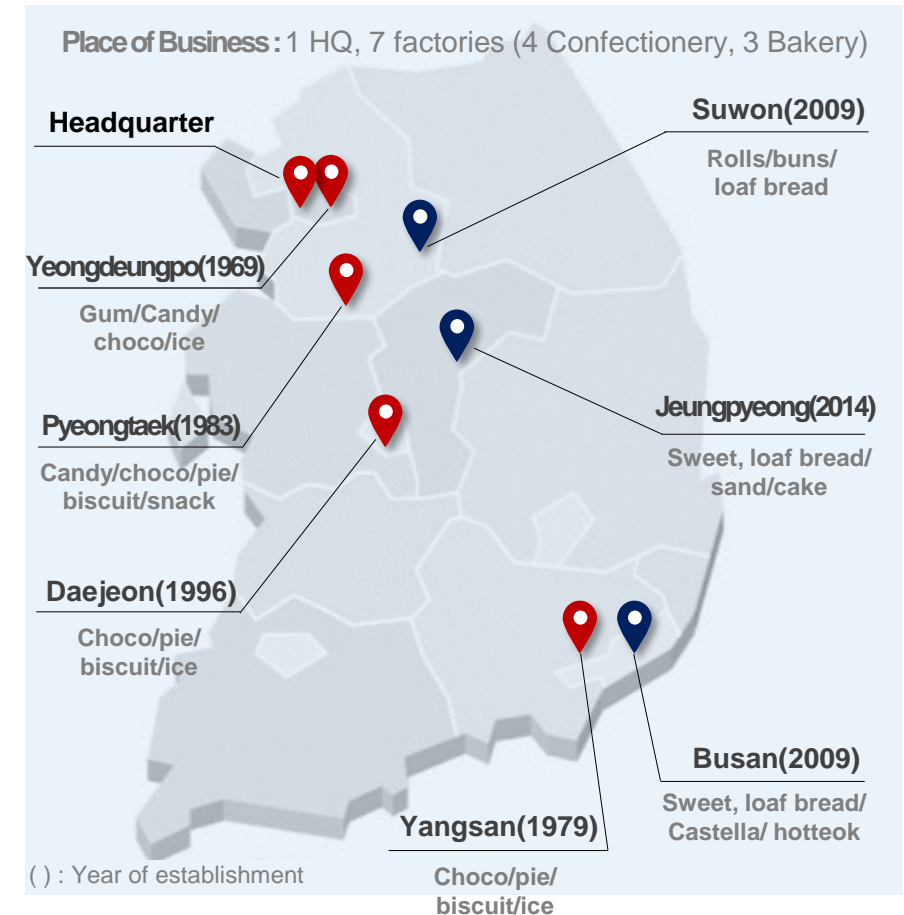
[Short term - Reason for slump & Solution]



- **Minimizing impact of high purchasing cost**
 - Varying supply chain (Oil, sugar, flour)
 - Strategic purchase at lowest point (Cocoa bean)
- **Expanding release of high-profit products**
 - Releasing new items, discontinuing low-profit items
- **Changing production structure efficiently**
 - Line consolidation, packaging automation

+ α (Ideation for profitability)

[Long term – Factory automation & streamlining]



2021Y Guidance | NEW ITEM

Confectionery Launched **Issue leading** (Corn-flavored Pepero), **Dessert-typed** (ChicChoc secret, etc.) and **Requested products** (Mint chocolate sand, etc.)

Ice Cream Launched **Dessert-typed** (Natuur, etc.), **Premium** (Worldcone strawberry, etc.) and **Requested products** (Snow Ice cookies & cream, etc.)

[Confectionery – Issue-leading, requested products]



"맛이 없을 수 없다" 롯데제과 '꼬깔콘 배베로' 출시
 롯데제과는 '꼬깔콘 배베로'가 '크런키 배베로'에 이은 새로운 성장동력이 될 것으로 기대하며 배베로의 주요 제품 라인업에 포함, 향후 다양한 마케팅 활동을 전개...
 롯데제과, '꼬깔콘 배베로' 출시... '실패 없는 몰라보 ... 위클리오늘 2021.04.28.
 롯데제과, 맛있는 이색 조합 2탄 '꼬깔콘 배베로' 출시 데이더스 2021.04.28.
 '역대급 조합' 2탄.. 롯데제과 '꼬깔콘 배베로' 출시 Korea IT Times 2021.04.28.
 롯데제과, '꼬깔콘 배베로' 출시 시민일보 2021.04.28.

관련뉴스 44건 전체보기 >



롯데제과, '칙촉 시크릿'과 '까망 카스타드 더블초코' 2종 출시
 롯데제과 관계자에 따르면 '칙촉 시크릿'은 비스킷 위에 알알이 박힌 초콜릿 덩어리가 특징인 오리지널 '칙촉'의 제품 콘셉트도 유지하면서 속에 부드러운 초코스...
 롯데제과, 신제품 '칙촉 시크릿·까망 카스타드 더블초코' 2... FETV 2021.06.03.
 롯데제과, '칙촉 시크릿'과 '까망 카스타드 더블초코' ... 업다운뉴스 2021.06.03.
 롯데제과, '칙촉 시크릿·까망 카스타드 더블초코' 출시 미디어펜 2021.06.03.
 롯데제과, 칙촉 시크릿·까망 카스타드 더블초코 선... 라이선스뉴스 2021.06.03.

관련뉴스 35건 전체보기 >



대세는 민초단...롯데제과, '롯데민트초코' 8년만 재출시
 하지만 최근 '민트초코 애호가'들이 많아지고 재출시 요구가 이어지면서, 8년 만에 '롯데민트초코'를 출시하게 됐다고 롯데제과 관계자는 설명했다. '롯데민트'는 1977년...
 [신상품 라운지]롯데제과, '롯데민트초코'... 머니투데이 2021.06.28. 네이버뉴스
 롯데제과, '롯데민트초코' 선배 시민일보 2021.06.28.
 "민초단, 롯데민트 맛보자" 롯데제과, 여름한정 ... 뉴스1 2021.06.28. 네이버뉴스
 롯데제과, '롯데민트초코' 선배 글로벌경제 2021.06.28.

관련뉴스 13건 전체보기 >

[Ice Cream – Renewed, premium products]



나뚜루, 더 진하고 더 풍부한 맛으로 진화하다
 나뚜루 리뉴얼 @롯데제과 - 원료 배합 변경 및 함량 증대 등 '진하고 풍부한 맛' 극대화 롯데제과의 프리미엄 아이스크림 나뚜루가 일부 제품의 품질 개선을 시행...
 롯데제과, 나뚜루 리뉴얼.. "진하고 풍... 파이낸셜뉴스 2021.04.29. 네이버뉴스
 나뚜루 리뉴얼 통한 품질 개선 핀포인트뉴스 2021.04.29.
 롯데제과, 나뚜루 리뉴얼... "더 진하고 풍부하게" 뉴스웍스 2021.04.29.
 나뚜루 '진하고 풍부한 맛' 중심으로 제품 품질 개선 전지일보 2021.04.29.



롯데제과, '월드콘 까마로사 딸기' 출시
 롯데제과는 광고모델인 배우여제 김연경을 앞세우고 월드콘에 대한 적극적인 마케팅 활동을 펼치며 올 여름 빙과 시장 주도권을 잡겠다는 계획이다. 롯데제과 월...
 '고품질' 프리미어 라벨 부착..롯데제과 '월드콘 까마로사 딸기'... 청년일보 2021.05.06.
 롯데제과 '월드콘 까마로사 딸기' 출시 비온드포스트 2021.05.06.
 롯데제과 '월드콘 까마로사 딸기' 출시 전지일보 2021.05.06.
 [신제품] 롯데제과 '월드콘 까마로사 딸기' 굿모닝경제 2021.05.06.

관련뉴스 32건 전체보기 >



6년 만에 돌아온 롯데제과 설레임 쿠키앤크림
 ▲사진 = 롯데제과 제품 설레임 쿠키앤크림은 2015년 당시 밀크셰이크 맛 다음으로 높은 인기를 얻었다. 하지만 오리지널 맛에 집중한다는 내부 운영 방침에 따라...
 6년 만에 왜? 롯데제과, '설레임 쿠키앤크림' 재... Korea IT Times 2021.05.21.
 롯데제과, 설레임 쿠키앤크림 6년 만에 다시 내놔 라이선스뉴스 2021.05.21.
 롯데제과, "설레임 쿠키앤크림 6년 만에 재출시로 ... 열린뉴스통신 2021.05.21.
 [시경Today-식품] 롯데제과, 설레임 쿠키앤크림... 시장경제신문 2021.05.21.

관련뉴스 47건 전체보기 >

Remark | Ice cream Specialty Store

Sales The number of ice cream specialty store (unstaffed, cashier free) has been rapidly increased last 2 years, settling down as a main channel in ice cream market.

Weather We expect sales of ice cream will increase rapidly from July due to favorable hot weather.

[About Ice cream Specialty Store]

Rapid growth of unstaffed ice cream store

There is serving various brands and products, so consumer purchase more frequently compared to other channels.



① Unstaffed store (open 24 hours)

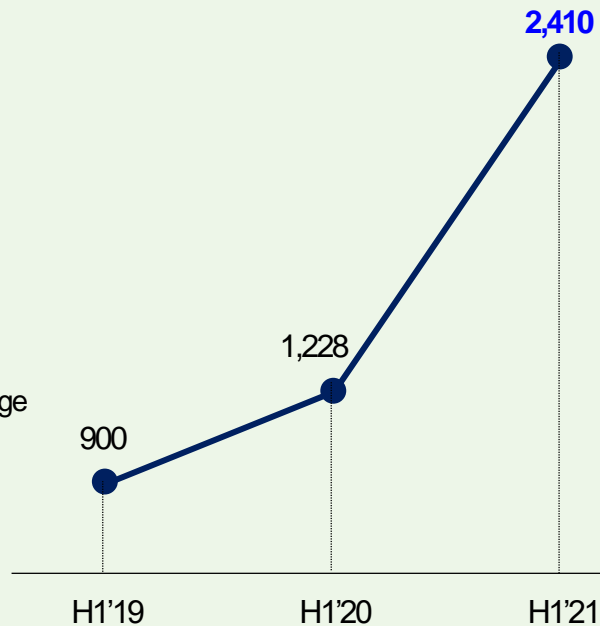


② Displaying ice cream by price range



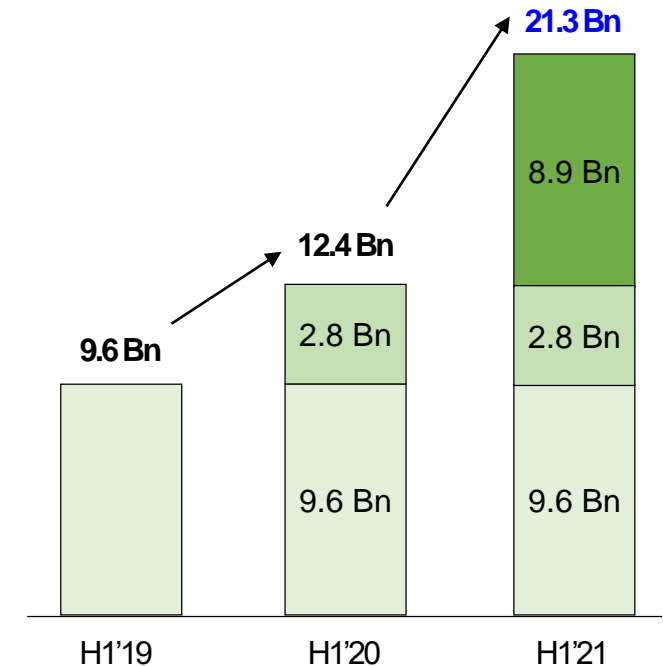
③ Self-paying

Number of Ice cream Specialty Stores in H1'21
168%↑ on H1'19 / 96%↑ on H1'20



[Our performance]

Sales of ice specialty store in H1'21
122%↑ on H1'19 / 72%↑ on H1'20



Remark) Number of stores : Based on direct delivery (Excluding distributor)

2021Y Guidance | NEW ITEM

Health Food Differentiated products (Vegan vitamin, Brain booster, etc.) have been launched and reinforcing marketing toward **Colostrum protein 365**.

Wholesome Launching **health-orienting products** (Herb candy propolis, etc.), and expansion of concept such as **sugar-free, vegan, etc.** be scheduled.

[Health Food]



롯데제과 헬스원, '비건바이타민' 출시

롯데제과 헬스원이 '비건바이타민'을 출시했다. 100% 식물성으로 설계, 한국비건인증원으로부터 비건 인증을 받았다. 이산화규소, 합성착색료 등 9가지 부형제를 사

- 롯데제과 헬스원, 식물성 멀티 비타... 파이낸셜뉴스 2021.04.14. 네이버뉴스
- 롯데 헬스원, 100% 식물성 비타민 '비건... 부산일보 2021.04.14. 네이버뉴스
- 롯데제과 헬스원, 식물성 비타민 '비건... 머니투데이 2021.04.14. 네이버뉴스
- 롯데 헬스원, '비건바이타민' 출시 로이슈 2021.04.14.



롯데제과 헬스원, '두뇌인지원' 출시

▲ 두뇌 인지원 (사진제공=롯데제과) 롯데제과 헬스원은 한의사 이경제 원장과 공동연구개발한 기억력·인지력 개선 건강기능식품 '두뇌 인지원'을 출시했다고 7일...

- 롯데제과 헬스원, 두뇌건강식품 '활작 두뇌인지원' ... 데일리한국 2021.05.07.
- 롯데제과 헬스원, '활작 두뇌 인지원' ... 아시아경제 2021.05.07. 네이버뉴스
- 롯데제과 헬스원, '활작 두뇌 인지원' 출시 뉴스웍스 2021.05.07.

관련뉴스 30건 전체보기 >



Colostrum Protein 365 - Sold over KRW 20 bn in a year

- Fierce competition in colostrum protein category
- To be re-released with improved quality after August
- Brand-new model to be appointed, targeting 2040 women

[Wholesome Project]

Develop a health-orienting project "Beyond Sweet"



롯데제과는 비온드스위트 프로젝트를 위해 건강에 도움을 줄 수 있는 원료를 첨가 하되 맛있는 과자의 맛을 유지하기 위해 원료 배합에 신경을 썼다. 해당 프로젝트...

- 롯데제과, 건강 지향 프로젝트 '비온드 스위트' 진행 FETV 2021.05.17.
- 롯데제과, '맛·건강' 다 잡는다. 비온드스위트 전개 공공뉴스 2021.05.17.

Herb Candy Propolis (May '21)



Dream Cacao 56 Vitamin E (May '21)



Malang Cow Colostrum Protein (July '21)



Future Plans



- Sugar-free – Ice cream / Chocolate / Candy



- Vegan – Ice cream / Pie

Others

- Ketogenic, Organic

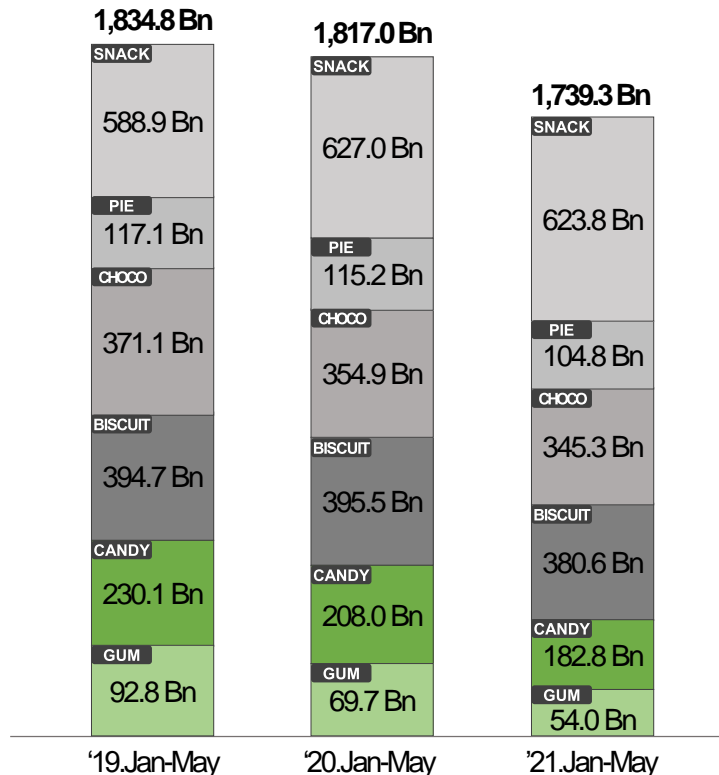
2021Y Guidance | POST Covid-19

COVID-19 GUM/CANDY sales has decreased by 19.1 Bn with market shrink in H1. However, less decreasing trend is expected in H2.

Future Plans Sales decrease in GUM/CANDY is expected to be offset by **active marketing with BTS** and **strengthen home consumption type**. (snack, dessert)

[Total confectionery market]

Total market decreased ▲4.3% YoY
GUM ▲22.5% / CAN ▲12.1%



[Management plan]

Vitalize
GUM
Consume

- Start Xylitol marketing 'Smile To Smile Project' with BTS

롯데제과 '자일리톨', BTS와 '스마일 투 스마일 프로젝트'

사진=롯데제과 롯데제과 '자일리톨' 겸이 방탄소년단(BTS)과 손잡고 신규 광고 캠페인 '스마일 투 스마일(SMILE TO SMILE) 프로젝트'를 선보인다. 이번 '자일리톨 ...



[TV commercial]



[Social network marketing]



[Promotional Product]

Recover
Reduction
in GUM

- Strengthen categories related to home consumption type against Covid-19

- Snack : Air-baked, Kokkal com, Baked Oing-chip, etc
- Desserts : Tico strawberry, Dessertoi, etc



- Expand snacking type chocolate (chocolate + biscuit)

- Pepero, ABC choco cookie, Crunky



Remark) Total market sales : based on POS data, including etc. ('19: 40.1Bn, '20: 46.8Bn, '21: 48.0Bn)

2021Y Guidance | Global business

COVID-19 Overseas business result is recovering rapidly to before Covid-19 outbreak by high-awareness local brands and sales power.

Exchange Rate Good business performances in overseas have not been properly demonstrated because of local currency depreciation. (refer to appendix)

Classification	KRW (100 million)									Local Currency						
	Sales			Operating Profit			Operating Margin (%)			Unit	Sales			Operating Profit		
	H1'20	H1'21	%	H1'20	H1'21	%	H1'20	H1'21	%P		H1'20	H1'21	%	H1'20	H1'21	%
Global	2,628	2,854	8.6	117	163	38.9	4.5	5.7	1.2P							
Kazakhstan	825	769	▲6.8	114	88	▲22.7	13.8	11.4	▲2.4P	KZT 100 mn	276	292	5.9	38	33	▲12.2
Pakistan	435	428	▲1.6	13	9	▲31.6	2.9	2.0	▲0.9P	PKR mn	5,753	5,987	4.1	166	120	▲27.7
Belgium	323	360	11.4	▲14	7	151.5	▲4.4	2.0	6.4P	EUR 100 thou	243	267	10.1	▲11	5	150.9
India(Conf)	253	276	8.9	▲8	▲4	49.9	▲3.3	▲1.5	1.8P	INR mn	1,557	1,811	16.4	▲52	▲28	46.5
India(Ice)	283	489	72.6	▲28	63	322.0	▲10.0	12.8	22.8P	INR mn	1,740	3,208	84.4	▲173	411	337.2
China	81	113	38.9	▲1	▲4	▲247.7	▲1.4	▲3.5	▲2.1P	CNY 100 thou	475	655	37.8	▲7	▲23	▲245.0
Russia	242	223	▲7.6	26	▲6	▲125.0	10.6	▲2.9	▲13.5P	RUB mn	1,389	1,486	7.0	147	▲43	▲128.9
Singapore	40	59	45.8	1.6	2.5	59.4	3.9	4.2	0.3P	SGD 100 thou	47	70	50.0	2	3	63.9
Myanmar	144	136	▲5.4	16	8	▲46.4	10.8	6.1	▲4.7P	MMK 100 mn	185	162	▲12.1	20	10	▲50.2

2021Y Guidance | ESG Management

Declare ESG Management We has declared “Sweet ESG management” worldwide with our sustainable management direction. (July 20th)

Future Goals We plan to practice reducing plastic usage by 25% or more by 2025, and carbon emissions by 30% by 2030.

[Declaration of ESG Management]

[Upgrade of ESG Management]

Recent project “Sweet ECO 2025”, Create new department about ESG,
Establish road map for making eco-friendly product by brand

롯데제과 ESG 경영 선언문

롯데제과는 Global Leading 식품사로서 환경(E), 사회(S), 지배구조(G) 개선에 대한 사명감을 가지고, 모든 이해관계자에게 지속 가능한 즐거움과 행복을 제공하기 위해, 다음과 같은 롯데제과만의 “Sweet ESG 경영”을 실천할 것을 선언한다.

Sweet ECO

5R(Reduce, Replace, Recycle, Redesign, Reuse)를 바탕으로 하는 친환경 기술 도입, 신재생 에너지 사용과 탄소 중립으로의 전환에 적극 동참한다.

- 2040년까지 탄소 중립 달성을 위해 노력하고, 모든 전력을 재생에너지로 사용하는 RE100을 실현한다.
- 2030년까지 온실가스 배출량을 BAU 대비 30% 감축한다.
- 2025년까지 제품 용기/트레이에 사용되는 플라스틱 사용량을 25% 이상 저감한다.
- 2025년까지 모든 영업용 차량을 친환경 차량으로 전환하는 EV100을 실현한다.

Sweet People

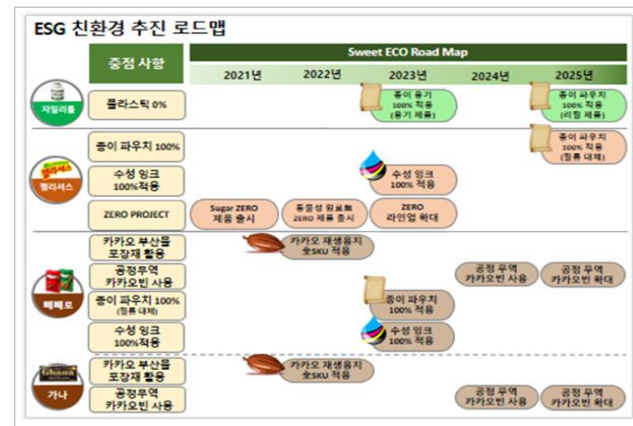
고객뿐만 아니라 파트너사, 임직원 및 지역사회 구성원의 목소리에 귀 기울이며, 공감(共感)과 상생(相生)의 자세로 사회적 책임을 지속 이행한다.

- 스위트홈/스쿨, 닥터자일리톨버스 등의 사회공헌활동 확대와 더 나은 사회를 위한 캠페인 활동에 힘쓴다.
- 임직원의 다양성을 인정하고 평등한 기회 부여, 수평적 조직문화 조성을 위해 노력한다.
- 동반성장프로그램을 고도화하고 지속적으로 상생활동을 전개한다.

Sweet Company

건전한 지배구조를 갖추고 컴플라이언스를 준수하며, 기업 정보를 투명하게 공개하는 등 이해관계자(주주)들의 신뢰를 받는 ESG 경영 모범 기업으로 거듭난다.

2021년 7월 20일
롯데제과 대표이사 민 명 기



롯데제과 ESG VISION

MISSION 사람과 신뢰를 받는 제품과 서비스를 제공하여 인류의 중요한 삶에 기여한다

VISION 언제 어디서나 즐거움과 행복을 추구하는 “입 속의 연인” (Lifetime Happiness Creator)

Environment

Sweet ECO

5R 관점의 ECO 프로젝트를 추진합니다

- Reduce : 탄소중립, 플라스틱/유해용제 축소
- Replace : 재생플라스틱 사용, 친환경포장재 확대
- Recycle : 재활용 용이한 포장재질 사용
- Redesign : 재활용 용이하도록 포장 설계
- Reuse : 재생 에너지, 원료부산물(카키오) 재활용

Social

Sweet People Sweet Company

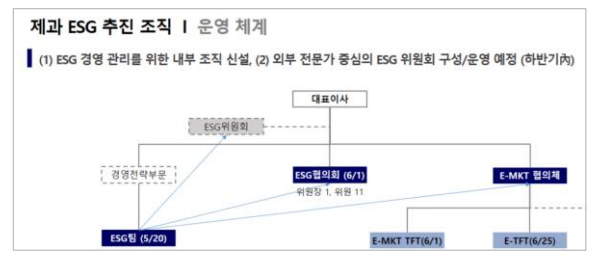
이해관계자 모두가 행복한 회사를 지향합니다

- 고 객 : 고객에게 즐거움을 주는 제품/서비스의 개발/유지/확대
- 주 주 : 기업가치제고, 건전한 지배구조, 기업정보 투명 공개
- 임직원 : 수평적 조직 문화, 다양성/평등, 공정한 평가, 성과 배분
- 파트너사 : 동반성장프로그램, 컴플라이언스 준수
- 지역사회 : 사회공헌활동 지속/확대

Governance

Sweet People Sweet Company

이해관계자 모두가 행복한 회사를 지향합니다



BAU : Business As Usual (의도적인 감축 노력을 하지 않고 지금 추세로 진행할 때)

2021Y Guidance | ESG Management

Activities in H1'21 Participate in **voluntary energy efficiency project**, and continue various **social contribution** activities. (sweet home, sweet school, etc.)

Sustainability Report Continue to expand ESG activities, and strengthen disclosure of data and communication with shareholder.

[Recent activities about ESG]



롯데제과, '어린이 교통안전 릴레이 챌린지' 동참
 롯데제과 롯데제과가 어린이 교통안전과 사고 예방에 대한 국민적 공감대 형성을 위한 '어린이 교통안전 릴레이 챌린지'에 참여했다. 롯데제과 민명기 대표는 롯데...
 민명기 롯데제과 대표, 미래 주역 안전 최우선..어린이... 공공뉴스 2021.04.07.
 롯데제과, '어린이 교통안전 릴레이 챌린지' 동참 위클리오늘 2021.04.07.
 [SR사회공헌] 롯데제과, '어린이 교통안전 릴레이 챌린지'... SR타임스 2021.04.07.

• **Participate children's traffic safety relay challenge**



롯데제과, 세이브더칠드런과 스위트홈·스위트스쿨 협약
 롯데제과와 세이브더칠드런 협약식. 좌측부터 세이브더칠드런 정태영 총장, 롯데제과 민명기 대표이사 (롯데제과 제공) 롯데제과와 국제구호개발NGO 세이브드...
 롯데제과, 세이브더칠드런과 안전·쾌적한 '스위트... 열린뉴스통신 2021.06.09.
 롯데제과, 세이브더칠드런과 스위트홈, 스위트스쿨 ... 업다운뉴스 2021.06.09.
 롯데제과, 세이브더칠드런과 '스위트홈·스위트스쿨' 협약식 FETV 2021.06.09.

• **Sign an agreement with NGO "Save the Children"**



'2021년 자발적 에너지효율목표제 시범사업 협약식' 개최
 박경섭 롯데제과&㈜ 생산본부장, 강영구 SKC&㈜ 생산본부장. 에너지공단 제공 한국에너지공단(이사장 김창섭)은 14일 그랜드 인터컨티넨탈 서울 파르나스 호텔에...
 한국에너지공단, '2021년 자발적 에너지효율목... 비즈니스코리아 2021.05.14.
 한국에너지공단, '2021년 자발적 에너지효율목표제 ... 팍스경제TV 2021.05.14.
 에너지공단, "21년 자발적 에너지효율목표제 시범사업... 국토일보 2021.05.14.

• **Participate in voluntary energy efficiency target project**

[Future plan about ESG]

■ Lotte Confectionery declared "Sweet ESG management"



롯데제과 'Sweet ESG 경영' 선언
 'Sweet ESG 경영' 선언은 롯데제과 전 임직원들에게 적극적인 ESG 경영 활동을 독려하고 생산, 영업, 마케팅 등 전 분야에 걸쳐 세부적인 수행 과제들을 설정하여 ...
 롯데제과, Sweet ESG 경영 선포 스포츠서울 1일 전 네이버뉴스
 롯데제과, 'Sweet ESG 경영' 선언 MTN 1일 전
 "플라스틱 25% 감축" 롯데제과 진... 파이낸셜뉴스 PICK 1일 전 네이버뉴스
 롯데제과, 스위트 ESG경영 선언..."플라스... 파이낸셜뉴스 2일 전 네이버뉴스
 관련뉴스 23건 전체보기 >

We will disclose ESG details through **publication of SR**

■ Schedule for publication of Sustainability Report of 2020

- Step1 (Aug)** • **Plan** contents / **Derive key issues** about ESG
- Step2 (Sep~Nov)** • **Gather** information → **Create** materials
- Step3 (Dec)** • Conduct 3rd party **verification** → **Publicate** report

* The timing of publication for final report can be changed.

Conclusion

The aim of this document is to provide practical assistance to shareholders and potential investors. This document cannot serve as any evidence of legal responsibility for investors nor the outcome of the investment.

If you have any questions about this document, please contact us and we will explain in detail under compliance regulations.

Thank you !

Smile to Smile Project
 XYLITOL®

 BTS



Lotte Conf. ESG Team

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Appendix I Parent Income Statement

(unit : 100million, %, %P)

Classification	2Q'19		2Q'20		2Q'21		YoY		1H'19		1H'20		1H'21		YoY	
	KRW	%	KRW	%	KRW	%	KRW	%(%P)	KRW	%	KRW	%	KRW	%	KRW	%(%P)
1. Sales	4,022	100.0	3,885	100.0	3,832	100.0	▲53	▲1.4	7,694	100.0	7,544	100.0	7,548	100.0	4	0.1
Confectionery	2,468	61.4	2,361	60.8	2,276	59.4	▲86	▲3.6	5,136	66.8	5,035	66.7	4,835	64.1	▲200	▲4.0
Ice Cream	1,082	26.9	1,126	29.0	1,113	29.0	▲13	▲1.1	1,636	21.3	1,721	22.8	1,832	24.3	111	6.4
Health Food	39	1.0	71	1.8	58	1.5	▲14	▲19.0	77	1.0	120	1.6	130	1.7	10	8.4
Bakery	294	7.3	231	5.9	272	7.1	41	17.8	600	7.8	485	6.4	541	7.2	56	11.5
Others	139	3.4	95	2.5	114	3.0	19	19.3	245	3.2	183	2.4	210	2.8	27	14.9
2. C.O.G.S	2,587	64.3	2,431	62.6	2,441	63.7	10	1.1P	4,989	64.9	4,810	63.8	4,798	63.6	▲12	▲0.2P
3. G.P	1,435	35.7	1,453	37.4	1,391	36.3	▲62	▲1.1P	2,704	35.1	2,734	36.2	2,750	36.4	16	0.2P
4. SG & A	1,261	31.4	1,215	31.3	1,190	31.1	▲25	▲0.2P	2,433	31.6	2,358	31.3	2,350	31.1	▲8	▲0.2P
Salaries	331	8.2	313	8.1	315	8.2	2	0.1P	660	8.6	632	8.4	624	8.3	▲8	▲0.1P
Others	930	23.1	902	23.2	875	22.8	▲27	▲0.4P	1,773	23.0	1,726	22.9	1,726	22.9	0	0.0P
(Advertising)	104	2.6	100	2.6	103	2.7	3	0.1P	178	2.3	196	2.6	207	2.7	11	0.1P
(Depreciation)	59	1.5	61	1.6	61	1.6	0	0.0P	118	1.5	121	1.6	122	1.6	1	0.0P
(Amortization)	2	0.1	2	0.1	1	0.0	▲1	▲0.1P	5	0.1	5	0.1	2	0.0	▲3	▲0.1P
5. O.P	173	4.3	238	6.1	201	5.2	▲37	▲0.9P	271	3.5	376	5.0	400	5.3	24	0.3P
6. Other Income	18	0.4	10	0.3	15	0.4	5	0.1P	28	0.4	63	0.8	29	0.4	▲34	▲0.4P
7. Other Expense	44	1.1	34	0.9	24	0.6	▲10	▲0.3P	91	1.2	63	0.8	44	0.6	▲19	▲0.2P
8. Finance Income	105	2.6	51	1.3	150	3.9	99	2.6P	141	1.8	152	2.0	201	2.7	49	0.7P
9. Finance Expense	73	1.8	10	0.3	32	0.8	22	0.5P	146	1.9	149	2.0	114	1.5	▲35	▲0.5P
10. R.P	179	4.4	255	6.6	310	8.1	55	1.5P	203	2.6	379	5.0	471	6.2	92	1.2P
11. Income tax	42	1.0	52	1.3	44	1.2	▲8	▲0.1P	48	0.6	80	1.1	78	1.0	▲2	▲0.1P
12. N.P	137	3.4	204	5.2	266	6.9	62	1.7P	155	2.0	299	4.0	393	5.2	94	1.2P

Appendix I Consolidated Income Statement

(unit : 100million, %, %P)

Classification	2Q'19		2Q'20		2Q'21		YoY		1H'19		1H'20		1H'21		YoY	
	KRW	%	KRW	%	KRW	%	KRW	%(%P)	KRW	%	KRW	%	KRW	%	KRW	%(%P)
1. Sales	5,457	100.0	4,970	100.0	5,091	100.0	121	2.4	10,375	100.0	9,987	100.0	10,171	100.0	184	1.8
Parent	4,022	73.7	3,885	78.2	3,832	75.3	▲53	▲1.4	7,694	74.2	7,544	75.5	7,548	74.2	4	0.1
Global																
Kazakhstan	444	8.1	377	7.6	380	7.5	3	0.8	876	8.4	825	8.3	769	7.6	▲56	▲6.8
Pakistan	232	4.3	235	4.7	231	4.5	▲4	▲1.5	457	4.4	435	4.4	428	4.2	▲7	▲1.6
Belgium	184	3.4	101	2.0	146	2.9	45	44.1	408	3.9	323	3.2	360	3.5	37	11.4
India(Conf)	(150)	-	109	2.2	109	2.1	0	▲0.8	(314)	-	253	2.5	276	2.7	23	8.9
India(Ice)	405	7.4	117	2.4	240	4.7	123	105.1	609	5.9	283	2.8	489	4.8	206	72.6
China	36	0.7	47	0.9	59	1.2	12	27.7	73	0.7	81	0.8	113	1.1	32	38.9
Russia	113	2.1	108	2.2	108	2.1	0	▲0.3	226	2.2	242	2.4	223	2.2	▲19	▲7.6
Singapore	28	0.5	15	0.3	28	0.6	13	93.7	57	0.5	40	0.4	59	0.6	19	45.8
Myanmar	75	1.4	71	1.4	78	1.5	7	9.5	140	1.3	144	1.4	136	1.3	▲8	▲5.4
Sweet With	3	0.1	3	0.1	3	0.1	0	▲15.9	6	0.1	7	0.1	6	0.1	▲1	▲12.0
Adjustment	▲84	▲1.5	▲98	▲2.0	▲124	▲2.4	▲26	26.1	▲170	▲1.6	▲191	▲1.9	▲237	▲2.3	▲46	24.2
2. C.O.G.S	3,587	65.7	3,232	65.0	3,356	65.9	124	0.9P	6,902	66.5	6,597	66.1	6,701	65.9	104	▲0.2P
3. G.P	1,870	34.3	1,738	35.0	1,734	34.1	▲4	▲0.9P	3,472	33.5	3,391	33.9	3,469	34.1	78	0.2P
4. SG & A	1,596	29.3	1,483	29.8	1,486	29.2	3	▲0.6P	3,048	29.4	2,952	29.6	2,962	29.1	10	▲0.5P
Salaries	409	7.5	395	8.0	396	7.8	1	▲0.2P	810	7.8	802	8.0	787	7.7	▲15	▲0.3P
Others	1,187	21.7	1,088	21.9	1,090	21.4	2	▲0.5P	2,237	21.6	2,150	21.5	2,175	21.4	25	▲0.1P
(Advertising)	150	2.7	114	2.3	124	2.4	10	0.1P	243	2.3	236	2.4	250	2.5	14	0.1P
(Depreciation)	84	1.5	86	1.7	85	1.7	▲1	0.0P	169	1.6	169	1.7	170	1.7	1	0.0P
(Amortization)	36	0.7	33	0.7	31	0.6	▲2	▲0.1P	66	0.6	67	0.7	61	0.6	▲6	▲0.1P
5. O.P	274	5.0	255	5.1	248	4.9	▲7	▲0.2P	425	4.1	438	4.4	507	5.0	69	0.6P
6. Other Income	88	1.6	8	0.2	26	0.5	18	0.3P	116	1.1	78	0.8	56	0.5	▲22	▲0.3P
7. Other Expense	55	1.0	46	0.9	48	0.9	2	0.0P	111	1.1	100	1.0	86	0.8	▲14	▲0.2P
8. Finance Income	2	0.0	4	0.1	32	0.6	28	0.5P	87	0.8	126	1.3	102	1.0	▲24	▲0.3P
9. Finance Expense	97	1.8	▲19	▲0.4	42	0.8	61	1.2P	190	1.8	292	2.9	156	1.5	▲136	▲1.4P
10. R.P	212	3.9	240	4.8	216	4.3	▲24	▲0.5P	327	3.2	250	2.5	424	4.2	174	1.7P
11. Income tax	60	1.1	67	1.4	64	1.2	▲3	▲0.2P	85	0.8	76	0.8	118	1.2	42	0.4P
12. N.P	152	2.8	172	3.5	153	3.0	▲19	▲0.5P	242	2.3	174	1.7	306	3.0	132	1.3P

Appendix I Consolidated Income Statement (KRW vs Local Currency)

(unit : 100million, %, %P)

Classification		Sales					Operating Profit					Operating Margin (%)				Note
		1H'19	1H'20	1H'21	YoY		1H'19	1H'20	1H'21	YoY		1H'19	1H'20	1H'21	%P	
					KRW	%				KRW	%					
Total Consolidated	KRW100mn	10,375	9,987	10,171	184	1.8	425	438	507	69	15.7	4.1	4.4	5.0	0.6P	→ Not consolidated in 2019 (Under Lotte Corp.)
Parent	KRW100mn	7,694	7,544	7,548	4	0.1	271	376	400	24	6.2	3.5	5.0	5.3	0.3P	
Global	KRW100mn	2,845	2,628	2,854	226	8.6	228	117	163	46	38.9	8.0	4.5	5.7	1.2P	
Kazakhstan	KRW100mn	876	825	769	▲56	▲6.8	102	114	88	▲26	▲22.7	11.7	13.8	11.4	▲2.4P	
	KZT 100mn	290	276	292	16	5.9	34	38	33	▲5	▲12.2	11.7	13.8	11.4	▲2.4P	
Pakistan	KRW100mn	457	435	428	▲7	▲1.6	▲4	13	9	▲4	▲31.6	▲0.8	2.9	2.0	▲0.9P	
	PKR mn	5,708	5,753	5,987	234	4.1	▲45	166	120	▲46	▲27.7	▲0.8	2.9	2.0	▲0.9P	
Belgium	KRW100mn	408	323	360	37	11.4	14	▲14	7	21	151.5	3.4	▲4.4	2.0	6.4P	
	EUR 100thou	315	243	267	24	10.1	11	▲11	5	16	150.9	3.4	▲4.4	2.0	6.4P	
India(Conf)	KRW100mn	(314)	253	276	23	8.9	(6)	▲8	▲4	4	49.9	(1.8)	▲3.3	▲1.5	1.8P	
	INR mn	(1,918)	1,557	1,811	254	16.4	(35)	▲52	▲28	24	46.5	(1.8)	▲3.3	▲1.5	1.8P	
India(Conf)	KRW100mn	609	283	489	206	72.6	94	▲28	63	91	322.0	15.5	▲10.0	12.8	22.8P	
	INR mn	3,719	1,740	3,208	1,468	84.4	575	▲173	411	584	337.2	15.5	▲10.0	12.8	22.8P	
China	KRW100mn	73	81	113	32	38.9	▲0	▲1	▲4	▲3	▲247.7	▲0.3	▲1.4	▲3.5	▲2.1P	
	CNY 100thou	430	475	655	180	37.8	▲1	▲7	▲23	▲16	▲245.0	▲0.3	▲1.4	▲3.5	▲2.1P	
Russia	KRW100mn	226	242	223	▲19	▲7.6	10	26	▲6	▲32	▲125.0	4.4	10.6	▲2.9	▲13.5P	
	RUB mn	1,283	1,389	1,486	97	7.0	57	147	▲43	▲190	▲128.9	4.4	10.6	▲2.9	▲13.5P	
Singapore	KRW100mn	57	40	59	19	45.8	2.0	1.6	2.5	0.9	59.4	3.5	3.9	4.2	0.3P	
	SGD 100thou	67	47	70	23	50.0	2	2	3	1	63.9	3.5	3.9	4.2	0.3P	
Myanmar	KRW100mn	140	144	136	▲8	▲5.4	10	16	8	▲7	▲46.4	6.9	10.8	6.1	▲4.7P	
	MMK 100mn	187	185	162	▲23	▲12.1	13	20	10	▲10	▲50.2	6.9	10.8	6.1	▲4.7P	
Sweet With	KRW100mn	6	7	6	▲1	▲12.0	▲0	▲0	▲0	0	▲435.0	▲3.3	▲1.1	▲6.4	▲5.3P	
Adjustment	KRW100mn	▲170	▲191	▲237	▲46	-	▲74	▲55	▲55	0	-	-	-	-	-	

Appendix I Average exchange rate

(unit : KRW / Local Currency)

Nation	Currency	Jan ~ Dec			Jan ~ Jun				Note
		Y19	Y20	YoY (%)	Y19	Y20	Y21	YoY (%)	
Kazakhstan	KZT	3.04	2.86	▲5.9	3.02	2.99	2.63	▲12.0	
Pakistan	PKR	7.77	7.29	▲6.2	8.01	7.56	7.15	▲5.4	
Belgium	EUR	1304.81	1345.99	3.2	1294.29	1330.55	1346.83	1.2	
India	INR	16.56	15.92	▲3.9	16.38	16.28	15.24	▲6.4	
China	CNY	168.58	170.88	1.4	168.65	171.41	172.75	0.8	
Russia	RUB	18.03	16.41	▲9.0	17.57	17.41	15.04	▲13.6	
Singapore	SGD	854.39	855.11	0.1	843.04	862.88	838.79	▲2.8	
Myanmar	MMK	0.7630	0.7987	4.7	0.7469	0.7821	0.8418	7.6	

Remark) Standard : Average exchange rate during the period (Jan 1st ~ Now)