

4Q21 Business Results

Feb, 2022 | 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.

Feb, 2022

Lotte Conf. IR

4Q21 Results Highlight

Consolidated Earnings - 4Q/FY

Sales

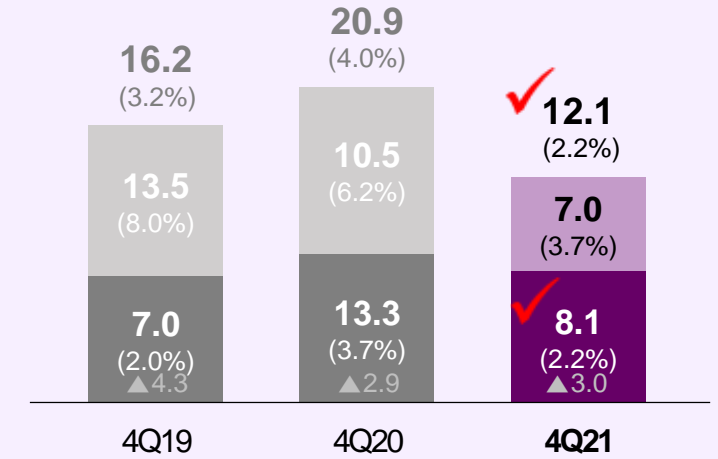
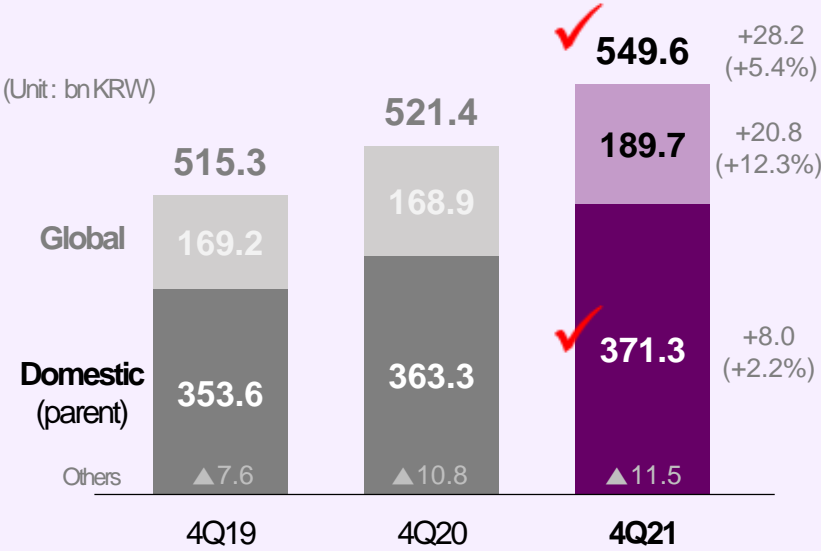
Operating Profit

[4Q21]

Consolidated Sales
549.6 Bn

Operating Profit
12.1 Bn

(Unit: bn KRW)

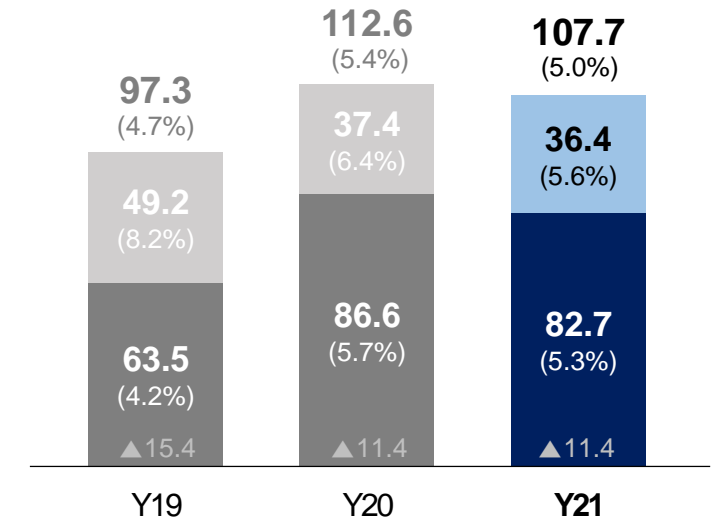
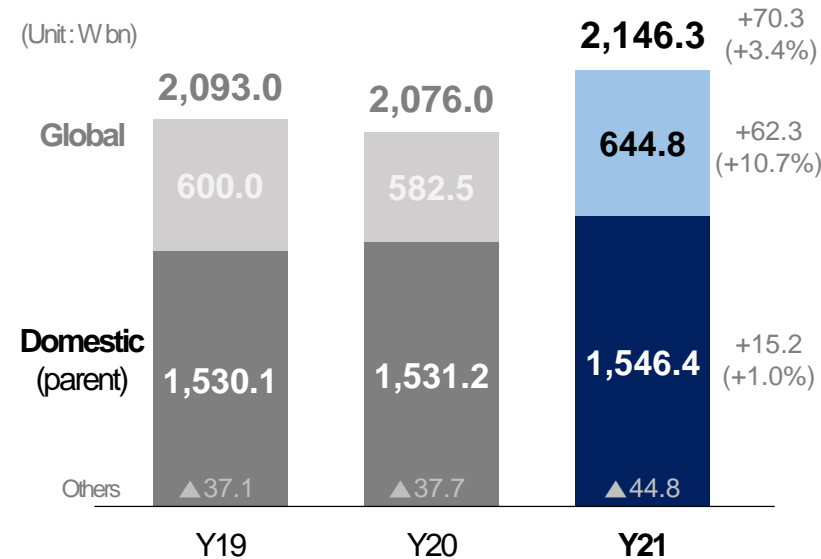


[Y21]

Consolidated Sales
2,146.3 Bn

Operating Profit
107.7 Bn

(Unit: W bn)



Summary

(Unit : bn KRW, %, %P)

		4Q20	4Q21	YoY	
				KRW	%(%P)
Sales	Consolidated ¹	521.4	549.6	28.2	5.4
	Domestic	363.3	371.3	8.0	2.2
	Global	168.9	189.7	20.8	12.3
OP	Consolidated	20.9	12.1	▲8.8	▲42.3
	Domestic	13.3	8.1	▲5.2	▲39.4
	Global	10.5	7.0	▲3.5	▲32.8
%	Consolidated	4.0	2.2	▲1.8P	
	Domestic	3.7	2.2	▲1.5P	
	Global	6.2	3.7	▲2.5P	

Note1. Consolidated result is including internal transaction and "sweetwith(subsidiary)"

Sales up +5.4%, OP decrease ▲42.3%

Consolidated result

Global sales up +12.3% due to the response to Covid-19 and base effect of low results in 4Q20

Recovery of main countries : India Ice +60.0%, India Conf +19.6%, Belgium +11.2%

Decrease of Confectionery sales was offset by increase in Ice cream and Bakery

(Ice cream) focusing on growth channels based on market dominance

(Bakery) B2B channel growth by strengthen sales

Struggling to improve profitability structure to overcome global inflation burden

Effective raw material procurement, price increase, cost reduction activities

Domestic Business Results

Domestic market trends

Confectionery (Total market)

○ Channel (Unit : bn KRW, %)

		Y20	Y21	YoY
MT	Hyper	924.8	948.7	2.6
	SSM	410.6	362.0	▲11.8
	CVS	1,250.7	1,295.8	3.6
TT		1,739.6	1,575.4	▲9.4
Total		4,325.7	4,181.9	▲3.3

○ Category (Unit : bn KRW, %)

	Y20	Y21	YoY
GUM	159.8	136.2	▲14.8
CAN	470.3	440.4	▲6.3
BIS	947.0	925.6	▲2.3
CHO	827.5	811.1	▲2.0
PIE	253.2	229.1	▲9.5
SNA	1,548.6	1,520.7	▲1.8

* Total market decrease slightly ; W4.3 tn → W4.2 tn

Increase

- CVS : Increased single-person house and easy access
- Hyper : Imported products and others are increased

Decrease

- GUM : Chewing difficult due to wearing a mask
- SSM/TT : Restrict outside activities due to COVID-19

Ice Cream (Lotte conf.)

○ Channel (Unit : bn KRW, %)

		Y20	Y21	YoY
MT		122.1	117.2	▲4.0
I/C Specialty Store		30.2	45.8	51.5
Others		235.0	247.9	5.5
Total		387.3	410.9	6.1

○ Category (Unit : bn KRW, %)

	Y20	Y21	YoY
General	345.3	365.1	5.8
Premium	42.0	45.8	8.9
Total	387.3	410.9	6.1

※ General : Bar/Cone/Cup/Home
Premium : Natuur/Buon Gelato

* Nice weather during peak season (July ~ September)

Channel

- The number of I/C Specialty stores increased
- 62.3%↑ : 4,124 → 6,695 (End of Y21)
- Sales of MT channel decrease

Category

- Sales of main products is increasing
- World Cone, Snow Ice, Red bean ice flakes, etc.
- Premium products is growing (Natuur/Buon Gelato)

Bakery (Total market)

○ Total market size of mass bakery is growing (Unit : bn KRW, %)

	Y18	Y19	Y20	Y21
Market	745.0	782.0	810.2	879.0
YoY	▲1.8	5.0	3.6	8.5

* Dessert and premium products drives growth

- Generation MZ : leading value consumption
- Home café, Convenience store dessert, etc.
- Mass bakery became luxurious focused on CVS channel
→ Market size of self-employed people was reduced

Analysis by division - Conf/Ice/Bakery

Confectionery

Sales W262.5bn → **W262.1bn (YoY ▲0.1%)**

Operating profit W16.7bn → W12.9bn

- Sales decreased due to the reduced number of MT stores and visitors
- Sales increased from CVS and Online channel
- Gum sales increased due to strengthened BTS marketing

Sales by Category (YoY)

	4Q	Full-year
GUM	9.0%	▲10.3%
CANDY	▲0.4%	▲12.4%
CHOCO	▲0.2%	2.7%
BISCUIT	▲4.7%	▲3.9%
PIE	▲3.7%	▲5.9%
SNACK	▲5.6%	▲9.5%

Sales by Channel(YoY)

	4Q	Full-year
Hyper	▲14.6%	▲9.1%
SSM	▲20.1%	▲18.5%
CVS	4.3%	0.2%
MT	▲0.4%	▲0.8%
TT	▲4.8%	▲7.8%
Total	▲0.1%	▲3.0%

Ice Cream

Sales W56.7bn → **W60.8bn (YoY +7.3%)**

Operating profit ▲W2.2bn → ▲W3.0bn

- Sales increased due to the growth of major channel ICE specialty stores
- Customer demand increased during winter, growth of main products sales

Bakery

Sales W27.5bn → **W32.7bn (YoY +18.7%)**

Operating profit ▲W1.3bn → ▲W1.7bn

- B2B channel sales increased by demand expansion of buns(*hamburger)
- Special channel and CVS sales up with increasing single-person house

Global Business Results

Summary - KRW vs Local Currency

Sales Global sales +12.3% YoY due to the stabilization of the business environment and adaptation of COVID-19

Operating profit Profit improvement could not be achieved due to the burden of raw materials and logistics costs

	KRW (100 million)									Local Currency						
	Sales			Operating Profit			Operating Margin (%)			Unit	Sales			Operating Profit		
	4Q20	4Q21	%	4Q20	4Q21	%	4Q20	4Q21	%P		20.4Q	21.4Q	%	20.4Q	21.4Q	%
Global	1,689	1,897	12.3	105	70	▲32.8	6.2	3.7	▲2.5P							
Kazakhstan	523	548	4.8	79	64	▲19.7	15.1	11.6	▲3.5P	KZT 100 mn	195	201	3.2	29	23	▲20.5
Pakistan	214	211	▲1.1	10	▲1	▲105.3	4.6	▲0.2	▲4.8P	PKR mn	3,075	3,122	1.5	140	6	▲104.1
Belgium	348	387	11.2	▲13	▲3	75.5	▲3.8	▲0.8	3.0P	EUR 100 thou	260	286	10.1	▲10	▲2	75.6
India(Conf)	163	194	19.6	7	3	▲57.9	4.4	1.6	▲2.8P	INR mn	1,063	1,233	16.0	46	19	▲57.8
India(Ice)	137	218	60.0	3	6	132.2	1.9	2.7	0.8P	INR mn	903	1,375	52.3	15	33	129.9
China	55	63	15.1	0	▲4	▲3,299.6	0.2	▲6.5	▲6.7P	CNY 100 thou	325	343	5.6	1	▲23	▲3,061.7
Russia	134	159	18.4	11	2	▲80.7	8.2	1.3	▲6.9P	RUB mn	900	985	9.4	76	15	▲80.5
Singapore	34	30	▲12.7	▲0.4	▲0.0	87.8	▲1.1	▲0.2	0.9P	SGD 100 thou	40	34	▲16.1	▲0.4	▲0.1	77.9
Myanmar	82	86	4.9	9	4	▲56.6	10.5	4.4	▲6.1P	MMK 100 mn	100	117	16.6	11	5	▲49.8

Note1. 19.4Q : Sales 169.2bn, Operating Profit 13.5bn

Overview - India Conf/ICE

India Confectionery

Sales **W16.3bn** → **W19.4bn (YoY +19.6%)**

Operating profit **W0.7bn** → **W0.3bn**

- Base effect and better environment by easing the COVID-19 blockade
- Pie sales increased due to the expansion of channel distribution
- Maintain leadership by improving product quality and focusing on marketing

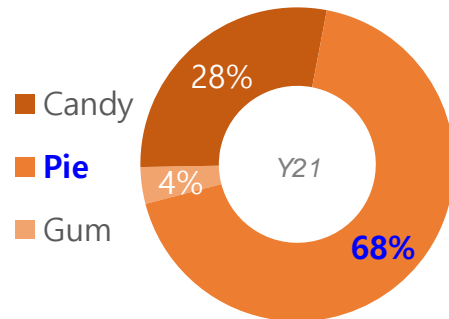
Key plan of Y22

Maintain pie market leadership

- Strategy to strengthen market position
 - Quality : Change the ingredients portion
 - Sales : Expand channel distribution (MT, TT, Online)
 - MKT : Focus on brand ads using digital channel
- Launching a new product
 - Pruto pie (Jan, 2022)



<Proportion by category>



India Ice Cream

Sales **W13.7bn** → **W21.8bn (YoY +60.0%)**

Operating profit **W0.3bn** → **W0.6bn (YoY +132.2%)**

- Base effect and better environment by easing the COVID-19 blockade
- Expand channel distribution focus on retail and pushcart
- Launched LOTTE “Worldcone” and expanded in India (Apr, 2021)

Key plan of Y22

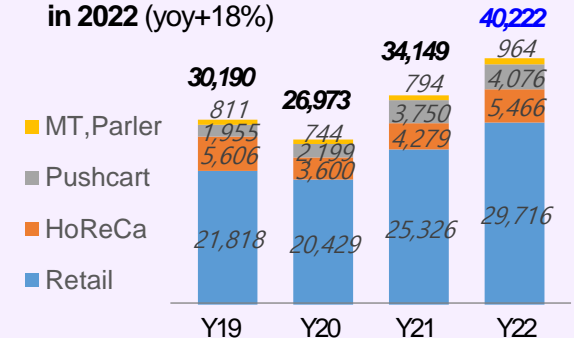
Plan to expand LOTTE brand

- Launched Worldcone (Apr, 21)
 - three flavors
- Plan to launch Snow ice (1st half, 22)



Plan to expand channel coverage

- Plan to increase 6,000 number of account in 2022 (yoy+18%)

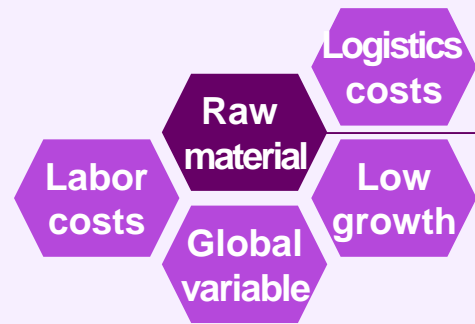
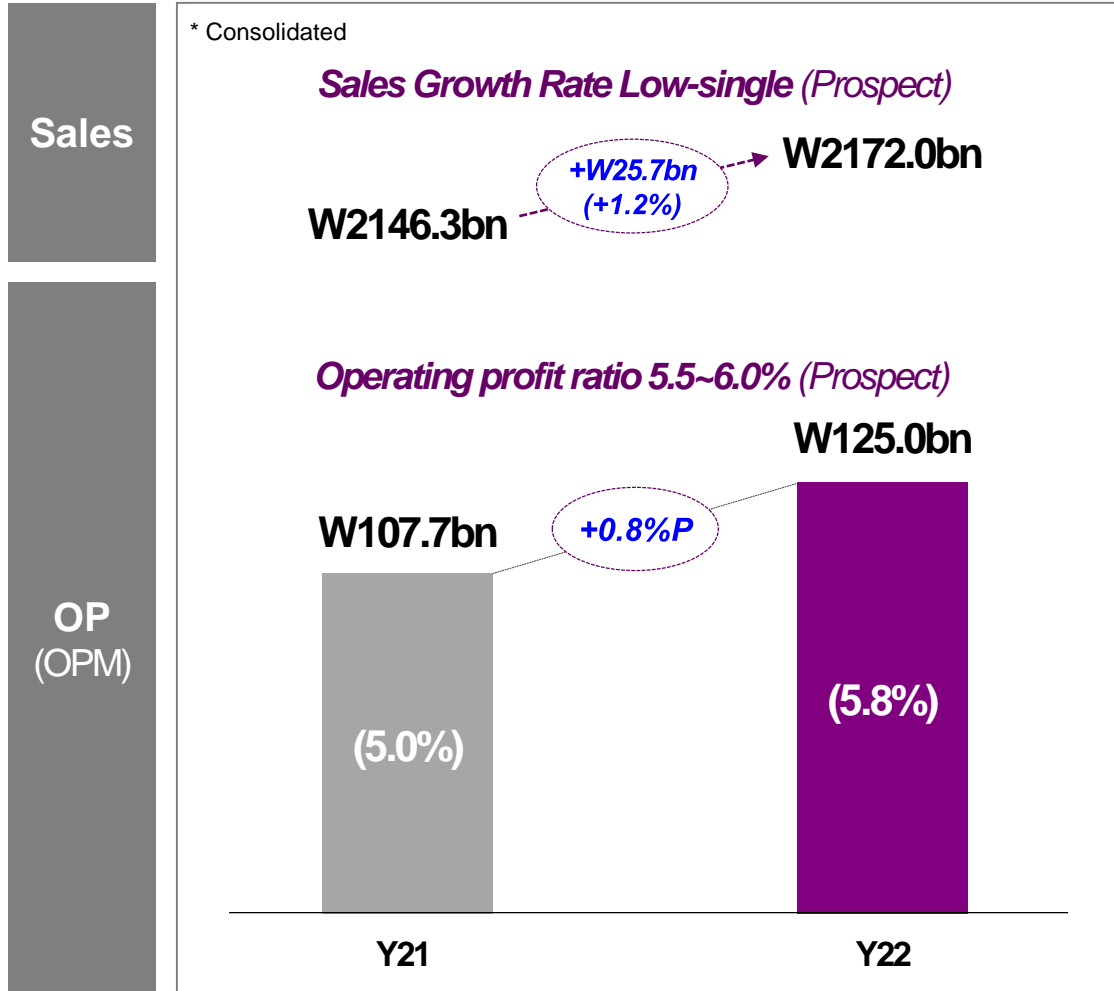


Key Business Strategy

Y2022 Guidance

Global supply chain issues continue, such as the burden of raw materials and rising export logistics costs due to prolonged inflation

We will minimize external variable risks and manage sustainable growth through activities to establish and implement internal improvement tasks



The burden of **raw materials** is expanding from the previous year, and **logistics costs** are also rising. Also, unfriendly situations such as **stagnant growth** of confectionery market and **political issues** in several countries (Kazakhstan, Myanmar) continue.

Key Strategy of Y22

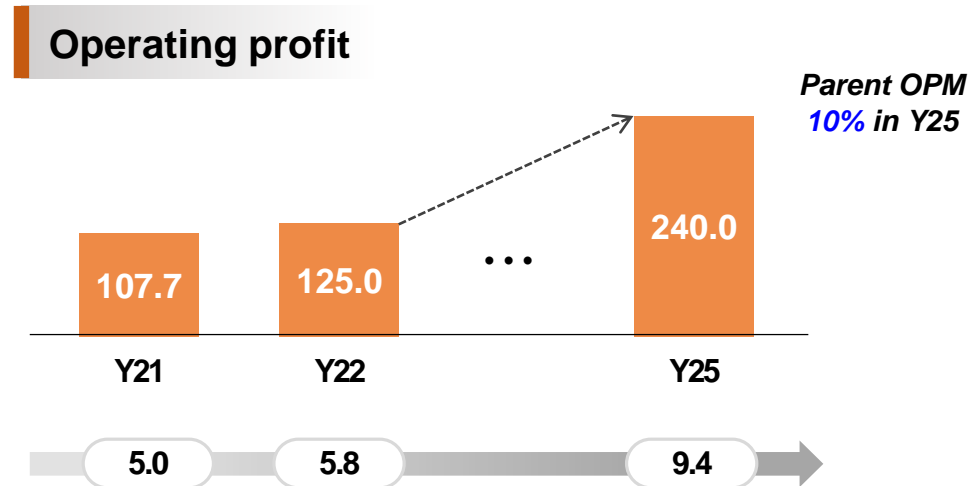
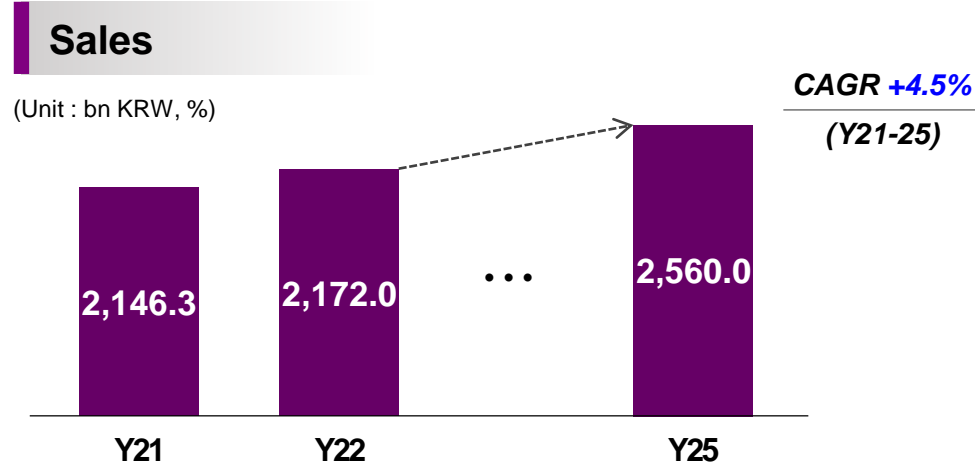
- Reduce the low efficiency of SKU and activate the Mega brands
- Establish a sustainable profit and loss structure : price stabilization
- Reduce operating costs by eliminating inefficient factors
 - Slimming organizations, Optimizing logistics network by building RDC
- Save extra costs by the project “ZBB (Zero-based budgeting)”
- Expand sales and manage profitability focused on global core brands
 - Expand sales : entering new market, construction of a new factory, etc
 - Manage profitability : increasing the price, localization supply chain of raw materials

Note1. The forecast is likely to change depending on the timing of preparation, and it includes subjective judgment of the company.

Midterm VISION

In order to strengthen business growth engines and lay the foundation for stable profitability-based future growth,

We will establish a product development strategy from a consumer perspective and reorganize the value chain of company to strengthen its profit structure



[Midterm key business strategies]

Main project	<ul style="list-style-type: none"> • Establish and implement projects for each sector of company <ul style="list-style-type: none"> - MKT (Reduce SKU), Sales (price stabilization) - Product & SCM (maintain automation investment)
Future growth engine	<ul style="list-style-type: none"> • Leading changes in market and consumer trends <ul style="list-style-type: none"> - New : find and invest growth theme (alternative food, food tech, etc) - Existing : price stabilization, focus on growth segment (dessert, etc)
Strengthen investment	<ul style="list-style-type: none"> • Investment to increase the overall efficiency of company <ul style="list-style-type: none"> - System : Improving the efficiency of linking programs (SAP, ERP) - Relocation product lines, Integrated SCM base for automation
ZBB (Zero-based budgeting)	<ul style="list-style-type: none"> • Establish a foundation for future growth based on profitability <ul style="list-style-type: none"> - Optimizing logistics network by building RDC - Relocation product lines, Integrated SCM base for automation

* Consolidated

Global Midterm Strategy

Achieving market leadership in overseas subsidiary by establishing LOTTE & LOCAL brand

Portfolio reorganization for sustainable growth focused on LOTTE brands

LOTTE (promote)

Focus on LOTTE MEGA BRAND

- **Choco-pie**
(Russia, India, China, Pakistan, Kazakhstan)
- **Pepero**
(Russia, India, Kazakhstan)

Continue ads on LOTTE BRAND

- **Advertise LOTTE corporation**
(Collaborate w/ local and affiliates)
- **Sponsor ESG and culture biz**

LOCAL (streamline)

Foster key categories

- **Establish standards of rationalization**
(Profitability, Growth & Expansion potential)

Intensive investment by line

- **Kazakhstan** (chocolate)
- **Pakistan** (snack)
- **India - Havmore** (cone, snow ice)

Utilize current infra

Secure competitiveness in production infrastructure

- **Production modernization**
(High quality+Automation)

Expand Brand investment

- **Invest in intensive fostering brands first**

Secure global human resources

- **Secure and foster outstanding local personnel**

Future continuous growth

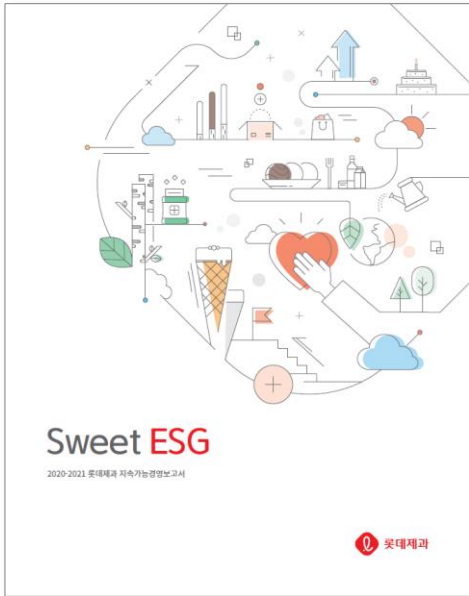
Expand the business focus on brand value-oriented

- **M&A local companies in emerging economies**
(Mainly review global mega brand)
- **Focus on expansion potential connected with existing business**



Publish sustainability report

Through this report, ESG management activities and achievements are transparently disclosed. In the future, we will publish sustainable management reports every year and grow into a more sustainable company.



	Details
Date	Jan 28 th 2022
Name	Lotte confectionery Sustainability report 2020-2021
Verification	Korea Management Registrar inc.
Standard	GRI Standards (Global Reporting Initiative)
Contents	Financial and non-financial info. (Period : Jan 1 st 2020 ~ Jun 30 th 2021)

- Details of this report can be found on our [Homepage and DART](#)
 - Homepage : <https://www.lotteconf.co.kr/>
 - DART : <https://dart.fss.or.kr/dsaf001/main.do?rcpNo=20220128800117>
- **English version report** will be posted on our Homepage after Feb 28th 2022

ESG Evaluation grade

Lotte Confectionery has been given an integrated A grade for three consecutive years since 2019. It's the top of the list in the same industry.

Year	Integrated	Environmental(E)	Social(S)	Governance(G)
Y21	A	A	A	A
Y20	A	A	A ⁺	B ⁺
Y19	A	A	A	B ⁺
Y17	B ⁺	A	A ⁺	B

Note1. Evaluation Institution : KCGS (KOREA CORPORATE GOVERNANCE SERVICE)
 Note2. The 2018 evaluation was not carried out due to the establishment of a Corporation in 2017

Major activities

- E Establish a carbon emission target / Use sustainable raw materials**
 - Reduce GHG emissions by 30% compared to BAU in 2030, Accomplish EV100 by 2025
 - Use RA-certified flavoring in Natuur, eco-friendly package using discarded cacao byproducts, etc
- S Launch products considering customers' health**
 - 'Beyond Sweet' project based on concept of 'Adding health to taste', 'Zero' brand created sweet taste using an alternative sweetener instead of sugar
- G Enhancing shareholder value / Developed a ESG management system**
 - Adoption of online voting system, established the ESG committee in board of directors

Dividends/Shareholding Structures

Dividends

	Y2019	Y2020	Y2021	Remarks
Par Value (KRW)	500	500	500	
Price (KRW)	149,500	102,000	120,500	• Closing Price
Net profit (100 million KRW)	381	410	308	• Domination shares
Cash Dividends (100 million KRW)	83	103	103	• DPS x number of shares
DPS (KRW)	1,300	1,600	1,600	
Dividend Rate	260%	320%	320%	• DPS ÷ Par Value
Dividend Yield	0.9%	1.6%	1.3%	• DPS ÷ Price
Dividend Rate	21.90%	25.03%	33.35%	• Cash Dividends ÷ Net profit

[Refer] Mid-term Dividend Policy

- Set the goal of 30% of dividend rate considering factors such as mid-term business plan, dividend yield, and FCF
- DPS target fluctuations within ±20% of the previous year for stable dividend payments

Shareholding Structures

	No. of Shares	Ownership(%)	Remarks
LOTTE Corporation	3,106,984	48.42	
LOTTE Aluminum Co., Ltd.	643,381	10.03	
LOTTE Holdings Co., Ltd.	416,338	6.49	
LOTTE Scholarship Foundation	365,937	5.70	
SHIN, Yeong ja	202,031	3.15	
SHIN, Dong bin	119,753	1.87	
Jang, Jeong-An	12,964	0.20	
OGO YAYOI	302	0.00	
Lee, Kyung-Hwon	100	0.00	
Lee, Dong-Jin	50	0.00	
Park, Kyung-Seop	50	0.00	
Related Party Total	4,867,890	75.86	
Others	1,548,827	24.14	→ include treasury stock
Total	6,416,717	100.00	

Note. Jan 18th 2022 updated

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 !



Lotte Conf. IR

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Overview - Kazakhstan/Pakistan

Kazakhstan

Sales W52.3bn → **W54.8bn (YoY +4.8%)**

Operating profit W7.9bn → W6.4bn

- Sales of all channel increased by base effect (TT+3.1%, MT+8.6%, Export+4.8%)
- Cost burden increased due to the price of raw materials and wages
- Increase the sales price to overcome cost burden (May, 21)

Note1. TT : Traditional Trade, MT : Modern Trade

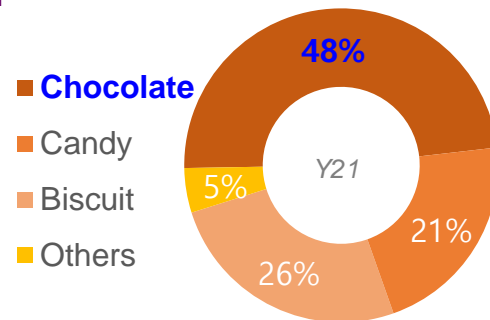
Key plan of Y22

Increase sales by launching new chocolate bar

- Launched chocolate bar SNATCH (Jan, 2021)
- Additional extension products will be released



<Proportion by category>



Pakistan

Sales W21.4bn → **W21.1bn (YoY ▲1.1%, Excl. FX effects +1.5%)**

Operating profit W1.0bn → W▲0.1bn

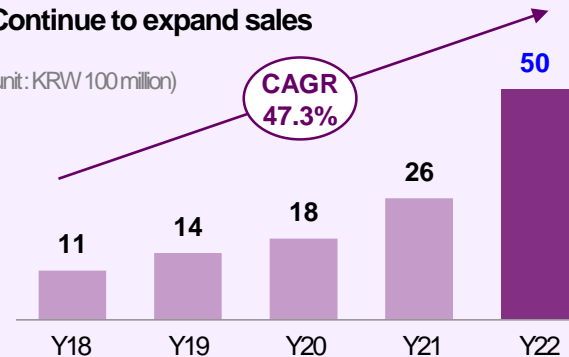
- Sales of major products increased (Slanty, Choco-pie, etc)
- Establish No.1 brand image by focusing on pie marketing
- Sales of TT channel increased +3.3% YoY (90% of total sales)

Key plan of Y22

Plan of choco-pie sales target

- Continue to expand sales

(unit: KRW 100 million)



Overview - Belgium/Russia

Belgium

Sales **W34.8bn** → **W38.7bn (YoY +4.8%)**

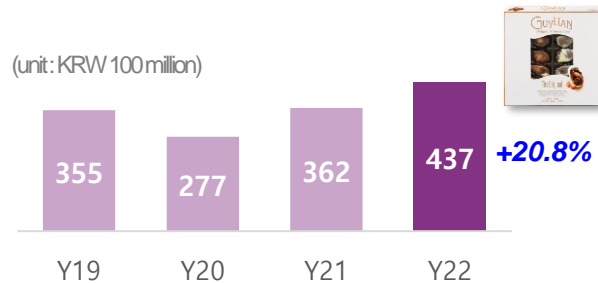
Operating profit **▲W1.3bn** → **▲W0.3bn (Reduce the deficit)**

- Sales increased due to the base effect and strategic response to COVID-19
- Sales of retail channel increased +17% YoY (64% of total sales)
- Expand sales focused on major brand “seashells”

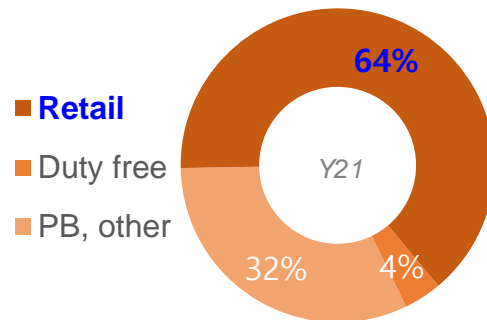
Key plan of Y22

Plan of major brand “seashells” sales target

- Secure growth engines using product profitability



<Proportion by channel>



Proportion	Y19	Y20	Y21	Y22
	36.1%	35.6%	41.7%	47.6% (+5.9P)

Russia

Sales **W13.4bn** → **W15.9bn (YoY +18.4%)**

Operating profit **W1.1bn** → **W0.2bn**

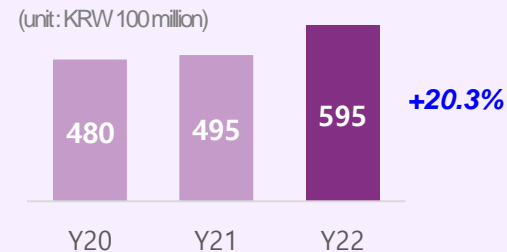
- Sales increased due to choco-pie growth and expansion of sales coverage
- Profit decreased due to increased raw material costs and high cost products
- Increase the sales price : CP 5%, NCP 7% (May, 21) → TT NCP 3% (Nov, 21)

Note1. CP : Choco pie, NCP : Non Choco pie

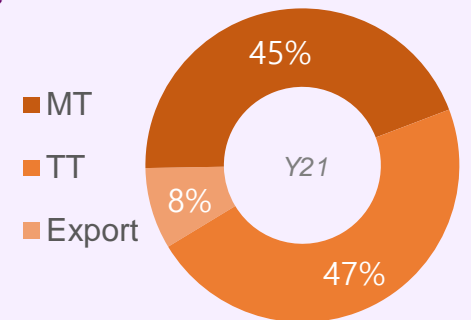
Key plan of Y22

Expand choco-pie sales based on 3rd product line

- Focus on sales using upgraded capacity (Nov, 21)



<Proportion by channel>



Plan to product and sale “Mon-cher” in local (1st half, 22)

Overview - Myanmar/China

Myanmar

Sales **W8.2bn** → **W8.6bn** (YoY +4.9%, Excl. FX effects +16.6%)

Operating profit **W0.9bn** → **W0.4bn**

- Defended sales decline by preemptive response to COVID-19 and coups
- Cost burden increased due to the price of raw materials and exchange rates
- Increase the sales price to overcome cost burden (Jun, 21/Oct, 21)

Key plan of Y22

Expand LOTTE brands

- 12SKU imported from Korea (Dec, 20)
- MKT (Outdoor commercial, SNS, etc)



<Yangon, Oct, 21~>



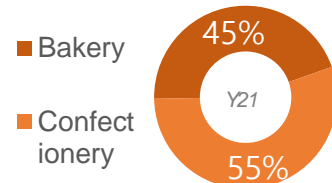
<Lotte Facebook>

Redefine local brands and foster

- Streamline bakery brands from 4 to 2
- Good Morning, Garden



<Proportion by category>



China

Sales **W5.5bn** → **W6.3bn** (YoY +15.1%)

Operating profit **W0.0bn** → **W0.4bn**

- Sales increased by expansion of domestic coverage (TT, MT)
- Sales of pie rapidly increased by ISP promotion
- Profit decreased due to increased export and shipping cost

Note1. ISP : In-store Promotion

Key plan of Y22

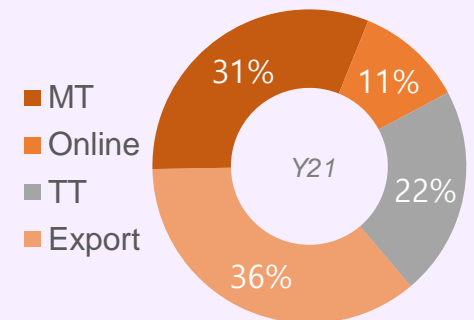
Profit improvement by focusing on domestic sales

- Expand coverage of channel (TT, MT, etc)

Focused on 3 major brands

- Choco-pie, pepero, Koala

<Proportion by channel>



Summary of Balance Sheet/Financial indicators

Summary of Balance Sheet - Consolidated

(unit : KRW 100 million)

	End of Y19	End of Y20	End of Sep, 21
Total Assets	27,162	26,430	27,153
Current Assets	7,711	8,301	8,338
Quick Assets	5,360	5,990	6,011
Inventories	2,351	2,310	2,327
Non-Current Assets	19,451	18,130	18,815
Investments	1,573	1,432	1,552
Tangible Assets	13,642	13,054	13,565
Intangible Assets	4,055	3,467	3,503
Other Fixed Assets	181	177	195
Total Liabilities & Equity	27,162	26,430	27,153
Total Liabilities	14,154	13,631	13,545
Current Liabilities	5,009	5,081	6,708
Non-Current Liabilities	9,145	8,550	6,837
Total Equity	13,008	12,799	13,608
Current Capital	32	32	32
Capital Surplus	11,785	11,785	11,785
Other Capital Items	▲60	▲60	▲60
Other Accumulated Earnings	▲22	▲579	▲274
Retained Earnings	361	696	1,175
Minority Interest	912	925	950

Financial indicators - Consolidated

(unit : KRW 100 million, %, multiples)

	End of Y19	End of Y20	End of Sep, 21	Note
EBITDA	2,219	2,361	1,851	· OP+Depreciation fee (include for intangible assets)
Total Debt	9,337	9,080	8,530	
Cashable assets	2,682	3,525	3,194	
Net Debt	6,655	5,555	5,336	· Total Debt - Cashable assets
FCF	959	1,188	420	
CAPEX	772	705	1,064	
Total Liabilities /Total Equity	108.8	106.5	99.5	· Ratio of Liabilities
Net Debt /Total Assets	24.5	21.0	19.7	· Dependence on Net Debt
Net Debt/EBITDA	3.0	2.4	2.2	
FCF/Total Debt	10.3	13.1	6.6	

Note1. Indicators for evaluation financial stability

Parent Income Statement

(unit : KRW 100million, %, %P)

	4Q19		4Q20		4Q21		YoY		Y19		Y20		Y21		YoY	
	KRW	%	KRW	%	KRW	%	KRW	%(%P)	KRW	%	KRW	%	KRW	%	KRW	%(%P)
1. Sales	3,536	100.0	3,633	100.0	3,713	100.0	80	2.2	15,301	100.0	15,312	100.0	15,464	100.0	152	1.0
Confectionery	2,641	74.7	2,625	72.3	2,621	70.6	▲4	▲0.1	10,240	66.9	10,173	66.4	9,870	63.8	▲303	▲3.0
Ice Cream	474	13.4	567	15.6	608	16.4	41	7.3	3,279	21.4	3,480	22.7	3,759	24.3	279	8.0
Health Food	24	0.7	65	1.8	50	1.3	▲15	▲23.8	145	0.9	259	1.7	233	1.5	▲26	▲10.1
Bakery	290	8.2	275	7.6	327	8.8	52	18.7	1,139	7.4	995	6.5	1,154	7.5	159	15.9
Others	107	3.0	101	2.8	107	2.9	6	6.2	499	3.3	404	2.6	448	2.9	44	10.9
2. C.O.G.S	2,337	66.1	2,296	63.2	2,350	63.3	54	0.1P	9,884	64.6	9,646	63.0	9,753	63.1	107	0.1P
3. G.P	1,199	33.9	1,337	36.8	1,363	36.7	26	▲0.1P	5,417	35.4	5,666	37.0	5,710	36.9	44	▲0.1P
4. SG & A	1,129	31.9	1,204	33.1	1,283	34.5	79	1.4P	4,782	31.3	4,800	31.4	4,883	31.6	83	0.2P
Salaries	310	8.8	317	8.7	331	8.9	14	0.2P	1,304	8.5	1,264	8.3	1,269	8.2	5	▲0.1P
Others	819	23.2	887	24.4	951	25.6	64	1.2P	3,478	22.7	3,537	23.1	3,614	23.4	77	0.3P
(Advertising)	97	2.8	132	3.6	134	3.6	2	0.0P	358	2.3	427	2.8	466	3.0	39	0.2P
(Depreciation)	64	1.8	61	1.7	53	1.4	▲8	▲0.3P	242	1.6	245	1.6	236	1.5	▲9	▲0.1P
(Amortization)	2	0.1	1	0.0	1	0.0	0	0.0P	10	0.1	7	0.0	5	0.0	▲2	0.0P
5. O.P	70	2.0	133	3.7	81	2.2	▲52	▲1.5P	635	4.2	866	5.7	827	5.3	▲39	▲0.4P
6. Other Income	25	0.7	47	1.3	123	3.3	76	2.0P	106	0.7	124	0.8	179	1.2	55	0.4P
7. Other Expense	72	2.0	316	8.7	489	13.2	173	4.5P	196	1.3	413	2.7	578	3.7	165	1.0P
8. Finance Income	▲58	▲1.7	86	2.4	5	0.1	▲81	▲2.3P	157	1.0	201	1.3	265	1.7	64	0.4P
9. Finance Expense	▲20	▲0.6	126	3.5	36	1.0	▲90	▲2.5P	235	1.5	277	1.8	240	1.6	▲37	▲0.2P
10. R.P	▲269	▲7.6	▲176	▲4.8	▲316	▲8.5	▲140	▲3.7P	212	1.4	500	3.3	452	2.9	▲48	▲0.4P
11. Income tax	▲12	▲0.3	▲16	▲0.4	0	0.0	16	0.4P	101	0.7	135	0.9	149	1.0	14	0.1P
12. N.P	▲256	▲7.3	▲160	▲4.4	▲316	▲8.5	▲156	▲4.1P	111	0.7	365	2.4	304	2.0	▲61	▲0.4P

Consolidated Income Statement

(unit : KRW 100million, %, %P)

	4Q19		4Q20		4Q21		YoY		Y19		Y20		Y21		YoY	
	KRW	%	KRW	%	KRW	%	KRW	%(%P)	KRW	%	KRW	%	KRW	%	KRW	%(%P)
1. Sales	5,153	100.0	5,214	100.0	5,496	100.0	282	5.4	20,930	100.0	20,760	100.0	21,463	100.0	703	3.4
Parent	3,536	68.6	3,633	69.7	3,713	67.6	80	2.2	15,301	73.1	15,312	73.8	15,464	72.0	152	1.0
Global																
Kazakhstan	584	11.3	523	10.0	548	10.0	25	4.8	1,928	9.2	1,784	8.6	1,754	8.2	▲30	▲1.7
Pakistan	233	4.5	214	4.1	211	3.8	▲3	▲1.1	919	4.4	867	4.2	855	4.0	▲12	▲1.4
Belgium	379	7.4	348	6.7	387	7.0	39	11.2	1,054	5.0	896	4.3	1,002	4.7	106	11.8
India(Conf)	(183)	-	163	3.1	194	3.5	31	19.6	(698)	-	582	2.8	668	3.1	86	14.9
India(Ice)	192	3.7	137	2.6	218	4.0	81	60.0	1,020	4.9	587	2.8	994	4.6	407	69.3
China	47	0.9	55	1.1	63	1.2	8	15.1	155	0.7	185	0.9	230	1.1	45	24.4
Russia	151	2.9	134	2.6	159	2.9	25	18.4	514	2.5	521	2.5	525	2.4	4	0.8
Singapore	23	0.4	34	0.7	30	0.5	▲4	▲12.7	108	0.5	103	0.5	116	0.5	13	12.3
Myanmar	83	1.6	82	1.6	86	1.6	4	4.9	302	1.4	300	1.4	303	1.4	3	1.0
Sweet With	3	0.1	3	0.1	3	0.1	0	0.7	12	0.1	13	0.1	12	0.1	▲1	▲10.7
Adjustment	▲79	▲1.5	▲112	▲2.1	▲118	▲2.1	▲6	▲5.5	▲383	▲1.8	▲390	▲1.9	▲460	▲2.1	▲70	▲17.9
2. C.O.G.S	3,473	67.4	3,424	65.7	3,651	66.4	227	0.7P	13,910	66.5	13,568	65.4	14,104	65.7	536	0.3P
3. G.P	1,680	32.6	1,790	34.3	1,845	33.6	55	▲0.7P	7,020	33.5	7,192	34.6	7,359	34.3	167	▲0.3P
4. SG & A	1,517	29.4	1,581	30.3	1,724	31.4	143	1.1P	6,046	28.9	6,066	29.2	6,282	29.3	216	0.1P
Salaries	390	7.6	396	7.6	423	7.7	27	0.1P	1,608	7.7	1,588	7.7	1,605	7.5	17	▲0.2P
Others	1,128	21.9	1,184	22.7	1,301	23.7	117	1.0P	4,438	21.2	4,478	21.6	4,677	21.8	199	0.2P
(Advertising)	124	2.4	160	3.1	183	3.3	23	0.2P	469	2.2	513	2.5	589	2.7	76	0.2P
(Depreciation)	98	1.9	89	1.7	79	1.4	▲10	▲0.3P	352	1.7	351	1.7	334	1.6	▲17	▲0.1P
(Amortization)	37	0.7	30	0.6	31	0.6	1	0.0P	137	0.7	129	0.6	122	0.6	▲7	0.0P
5. O.P	162	3.2	209	4.0	121	2.2	▲88	▲1.8P	973	4.7	1,126	5.4	1,077	5.0	▲49	▲0.4P
6. Other Income	59	1.1	38	0.7	39	0.7	1	0.0P	264	1.3	144	0.7	164	0.8	20	0.1P
7. Other Expense	361	7.0	284	5.4	407	7.4	123	2.0P	541	2.6	440	2.1	562	2.6	122	0.5P
8. Finance Income	▲29	▲0.6	107	2.1	19	0.3	▲88	▲1.8P	147	0.7	213	1.0	188	0.9	▲25	▲0.1P
9. Finance Expense	▲1	▲0.0	105	2.0	62	1.1	▲43	▲0.9P	317	1.5	483	2.3	326	1.5	▲157	▲0.8P
10. R.P	▲167	▲3.2	▲35	▲0.7	▲291	▲5.3	▲256	▲4.6P	526	2.5	559	2.7	539	2.5	▲20	▲0.2P
11. Income tax	▲70	▲1.4	▲3	▲0.1	4	0.1	7	0.2P	110	0.5	142	0.7	218	1.0	76	0.3P
12. N.P	▲97	▲1.9	▲32	▲0.6	▲295	▲5.4	▲263	▲4.8P	416	2.0	417	2.0	321	1.5	▲96	▲0.5P

Consolidated Income Statement (KRW vs Local Currency)

(unit : KRW 100million, %, %P)

		Sales					Operating Profit					Operating Margin (%)				Note
		Y19	Y20	Y21	YoY		Y19	Y20	Y21	YoY		Y19	Y20	Y21	%P	
					KRW	%				KRW	%					
Total Consolidated	KRW100mn	20,930	20,760	21,463	703	3.4	973	1,126	1,077	▲49	▲4.3	4.7	5.4	5.0	▲0.4P	
Parent	KRW100mn	15,301	15,312	15,464	152	1.0	635	866	827	▲39	▲4.5	4.2	5.7	5.3	▲0.4P	
Global	KRW100mn	6,000	5,825	6,448	623	10.7	492	374	364	▲10	▲2.6	8.2	6.4	5.6	▲0.8P	
Kazakhstan	KRW100mn	1,928	1,784	1,754	▲30	▲1.7	254	258	198	▲60	▲23.2	13.2	14.5	11.3	▲3.2P	
	KZT 100mn	634	624	654	30	4.9	84	90	74	▲16	▲18.1	13.2	14.5	11.3	▲3.2P	
Pakistan	KRW100mn	919	867	855	▲12	▲1.4	1	36	9	▲27	▲76.1	0.1	4.2	1.0	▲3.2P	
	PKR mn	11,826	11,891	12,161	270	2.3	11	499	124	▲375	▲75.2	0.1	4.2	1.0	▲3.2P	
Belgium	KRW100mn	1,054	896	1,002	106	11.8	56	▲6	33	39	654.1	5.3	▲0.7	3.3	4.0P	
	EUR 100thou	808	666	741	75	11.2	43	▲4	25	29	651.3	5.3	▲0.7	3.3	4.0P	
India(Conf)	KRW100mn	(698)	582	668	86	14.9	(22)	13	8	▲5	▲38.6	(3.2)	2.3	1.2	▲1.1P	→ Not consolidated in 2019 (Under Lotte Corp.)
	INR mn	(4,215)	3,655	4,317	662	18.1	(135)	84	53	▲31	▲36.9	(3.2)	2.3	1.2	▲1.1P	
India(Conf)	KRW100mn	1,020	587	994	407	69.3	101	▲12	112	124	1,004.5	9.9	▲2.1	11.3	13.4P	
	INR mn	6,161	3,690	6,423	2,733	74.1	609	▲78	724	802	1,030.2	9.9	▲2.1	11.3	13.4P	
China	KRW100mn	155	185	230	45	24.4	▲1	0	▲13	▲13	▲3,130.8	▲0.9	0.2	▲5.5	▲5.7P	
	CNY 100thou	921	1,083	1,298	215	19.8	▲8	2	▲72	▲74	▲3,018.9	▲0.9	0.2	▲5.5	▲5.7P	
Russia	KRW100mn	514	521	525	4	0.8	49	51	▲7	▲58	▲114.3	9.6	9.7	▲1.4	▲11.1P	
	RUB mn	2,851	3,177	3,383	206	6.5	274	308	▲47	▲355	▲115.1	9.6	9.7	▲1.4	▲11.1P	
Singapore	KRW100mn	108	103	116	13	12.3	3	3	4	1	37.7	2.9	2.6	3.2	0.6P	
	SGD 100thou	126	120	136	16	12.8	4	3	4	1	38.3	2.9	2.6	3.2	0.6P	
Myanmar	KRW100mn	302	300	303	3	1.0	29	31	20	▲11	▲35.2	9.7	10.3	6.6	▲3.7P	
	MMK 100mn	396	376	389	13	3.4	38	39	26	▲13	▲33.6	9.7	10.3	6.6	▲3.7P	
Sweet With	KRW100mn	12	13	12	▲1	▲10.7	▲0	▲0	▲1	▲1	▲5,063.3	▲4.0	▲0.1	▲6.1	▲6.0P	
Adjustment	KRW100mn	▲383	▲390	▲460	▲70	-	▲154	▲114	▲113	1	-	-	-	-	-	

Exchange rate by country

Average exchange rate - 4Q

(unit : KRW/Local Currency)

Currency		Oct 1 st ~ Dec 31 st			YoY (%)
		Y19	Y20	Y21	
Kazakhstan	KZT	3.02	2.68	2.73	1.5
Pakistan	PKR	7.57	6.95	6.77	▲2.5
Belgium	EUR	1303.09	1339.20	1352.63	1.0
India	INR	16.50	15.29	15.76	3.1
China	CNY	167.29	169.43	184.74	9.0
Russia	RUB	18.40	14.94	16.16	8.2
Singapore	SGD	864.87	838.69	872.53	4.0
Myanmar	MMK	0.7694	0.8174	0.7355	▲10.0

Average exchange rate - Full year

(unit : KRW/Local Currency)

Currency		Jan 1 st ~ Dec 31 st			YoY (%)
		Y19	Y20	Y21	
Kazakhstan	KZT	3.04	2.86	2.68	▲6.3
Pakistan	PKR	7.77	7.29	7.03	▲3.6
Belgium	EUR	1304.81	1345.99	1352.79	0.5
India	INR	16.56	15.92	15.48	▲2.8
China	CNY	168.58	170.88	177.43	3.8
Russia	RUB	18.03	16.41	15.53	▲5.4
Singapore	SGD	854.39	855.11	851.47	▲0.4
Myanmar	MMK	0.7630	0.7987	0.7800	▲2.3