

2Q22 Business Results

Aug, 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.

Earnings Summary - Lotte Confectionery Q2

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

Category		Q2'21	Q2'22	YoY	
				KRW	%(%P)
Sales	Consolidated	5,091	5,678	587	11.5
	Domestic	3,832	3,762	▲70	▲1.8
	Overseas	1,380	1,989	609	44.1
OP	Consolidated	248	250	2	0.5
	Domestic	201	136	▲65	▲32.6
	Overseas	75	137	62	82.8
%	Consolidated	4.9	4.4	▲0.5P	
	Domestic	5.2	3.6	▲1.6P	
	Overseas	5.4	6.9	1.5P	

Note1. As of July 1st, Lotte Confectionery Co., Ltd. absorbed and merged Lotte Food Co., Ltd., and Lotte Food Co., Ltd. ceased to exist. The above performance is for Lotte Confectionery Co., Ltd. before the merger. Please refer to p8 for Lotte Food Co., Ltd.'s Q2 performance.

Note2. The sum of domestic and overseas earnings is different from consolidated earnings. (Excluding other sales and consolidation adjustments, etc.)

+11.5% increase in sales, +0.5% increase in operating profit

Based on consolidated performance

Sales increased by 44.1% (+19.4% compared to Q2 2019) thanks to a sharp recovery in demand following the re-opening of overseas subsidiaries

India Ice Cream +150.7%, India Confectionery +82.6%, Kazakhstan +32.9%

There are some factors that slow down sales growth in building a domestic revenue model (reduced promotional sales, optimized SKU operations, reduced new product launches, etc.).

▲0.4% decrease in Confectionery, ▲0.2% decrease in Ice Cream, +13.6% increase in Bakery

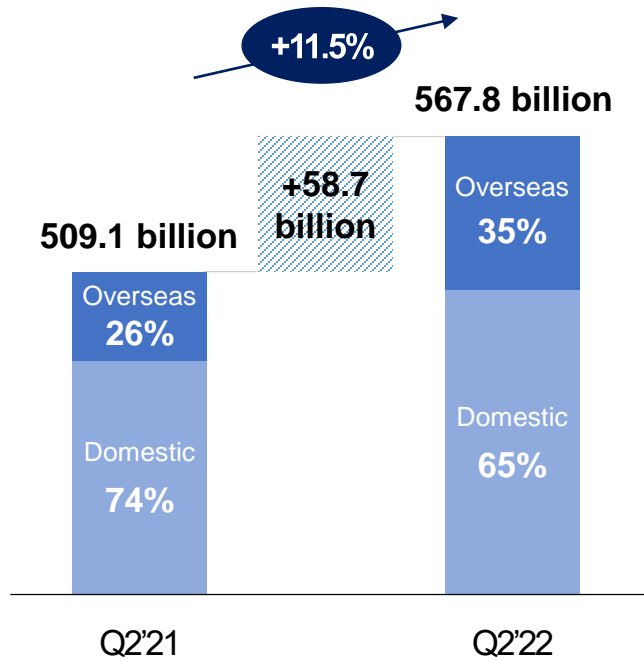
Domestic operating profit decreased by 32.6% despite price increase due to continued burden of raw material cost and one-time expenses related to merger

Partially offset the increase in raw material input price by raising prices and improving the revenue model.

Raw material costs are expected to increase through H2.

Sales - Lotte Confectionery Q2

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

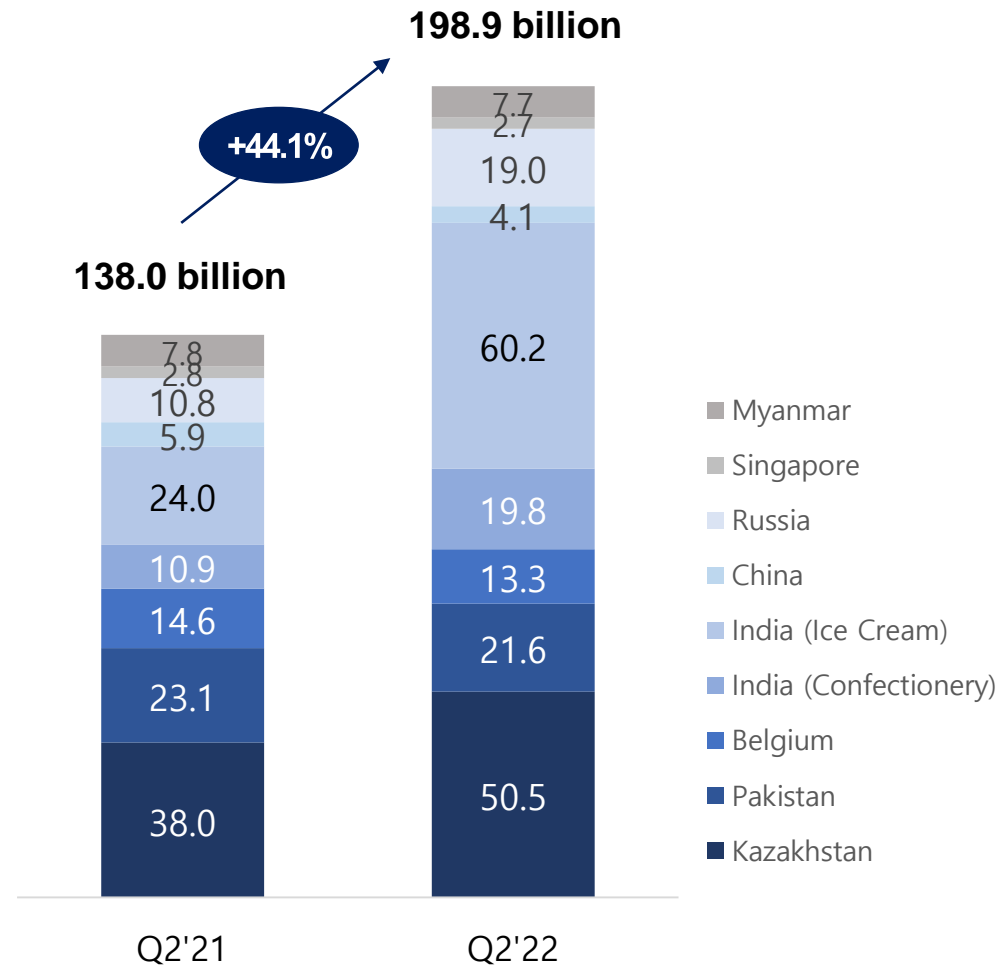


- **+11.5% growth in consolidated sales**
- Stagnant growth of domestic sales (YoY ▲1.8%)
- Steep increase in sales due to global re-opening (India Confectionery/Ice Cream, Kazakhstan, Russia)

Category	Q2			H1		
	2021	2022	YoY(%)	2021	2022	YoY(%)
Overseas	1,380	1,989	44.1	2,854	3,595	26.0
Kazakhstan	380	505	32.9	769	928	20.7
Pakistan	231	216	▲6.6	428	417	▲2.6
Belgium	146	133	▲9.1	360	339	▲5.6
India (Confectionery)	109	198	82.6	276	408	47.8
India (Ice Cream)	240	602	150.7	489	913	86.8
China	59	41	▲31.0	113	83	▲26.8
Russia	108	190	75.8	223	312	39.6
Singapore	28	27	▲3.6	59	52	▲11.9
Myanmar	78	77	▲1.5	136	143	4.9
Domestic	3,832	3,762	▲1.8	7,548	7,284	▲3.5
Confectionery	2,276	2,267	▲0.4	4,835	4,694	▲2.9
Ice Cream	1,113	1,111	▲0.2	1,832	1,847	0.8
Bakery	272	309	13.6	541	591	9.3
Human Resource Training Center	43	-	-	107	-	-

Note1. Proportion of sales in the first half of 2022: overseas 33%, domestic 67%

Sales - Lotte Confectionery Q2 - Overseas



Analysis of Key Subsidiaries

India Ice Cream (YoY +150.7%, +48.7% compared to 2019)

Increase in sales due to easing of lockdown against COVID-19 and coverage expansion (HoReCa, Push Cart)

India Confectionery (YoY +82.6%)

Increase in sales by steady expansion of distribution by customer for pie products (strengthening barriers to entry)

Candy sales increase as lockdown eases against Covid-19 (school reopening, outdoor activities increase)

Kazakhstan (YoY +32.9%)

The lifting of regulatory measures against Covid-19 and the Russian-Ukraine war have disrupted the supply of products from major competitors.

Due to price increase across all categories (1st: May 2021, 2nd: April 2022)

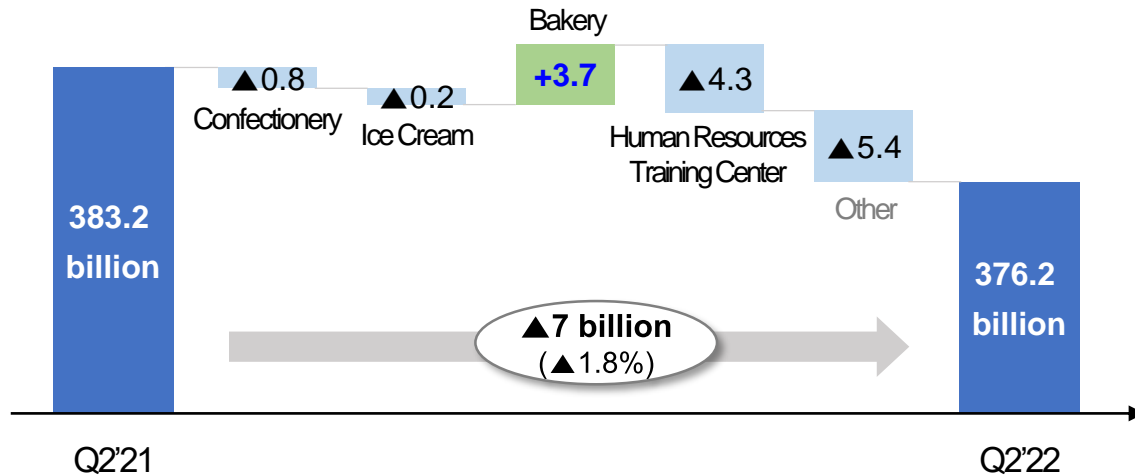
Russia (YoY +75.8%)

Price increase for Choco Pie (April 2022) and increase in production volume due to new operation of the 3rd line (November 2021)

Pakistan (YoY ▲6.6%, +4.5% based on the local currency)

Secured opportunities to increase snack sales by expanding the distribution of sales stands

Sales - Lotte Confectionery Q2 - Domestic



Sales by Confectionery Line (YoY)

	Q2	1st half
GUM	+3.2%	+0.5%
CANDY	+12.6%	+2.1%
CHOCO	▲5.9%	▲5.0%
BISCUIT	+0.3%	▲3.6%
PIE	+2.5%	▲2.8%
SNACK	▲9.2%	▲5.5%

Sales by Ice Cream Line (YoY)

	Q2	1st half
BAR	▲4.4%	▲1.3%
CONE	+5.8%	+3.9%
CUP	▲1.8%	0.0%
PENCIL	+10.8%	+11.1%
HOME	+32.9%	+20.5%
Natuur	▲33.2%	▲19.0%

Key Status Analysis

Confectionery (YoY ▲0.4%)

Sales increased in April-May (gum, candy) boosted by price increases from April 1st
 Reduced supply compared to the previous year thanks to proper summer inventory operation for chocolate products

Ice Cream (YoY ▲0.2%)

Increase in sales of home-type, pencil-type, and cone-type products mainly among the core products
 Decrease in sales due to suspension of discount events for Natuur new distribution and price increase
 Decrease in sales due to pre-orders by distributors/agencies before the price increase for ice cream bars

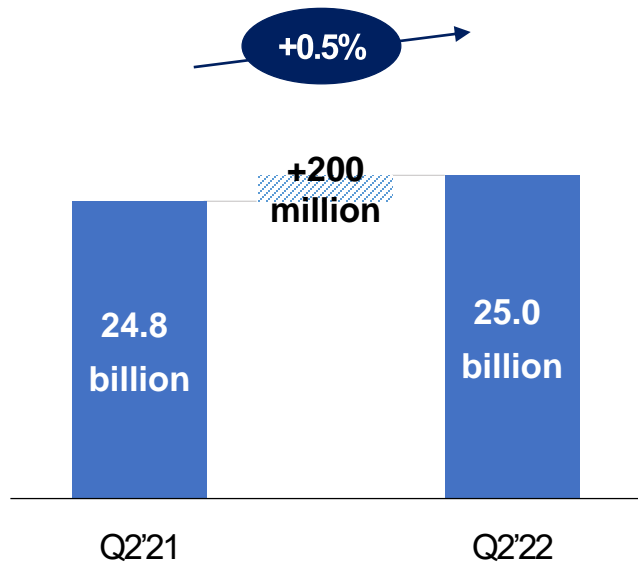
Bakery (YoY +13.6%)

Steady increase in demands for buns in B2B channels (Lotteria, Mom's Touch)

Human Resources Training Center

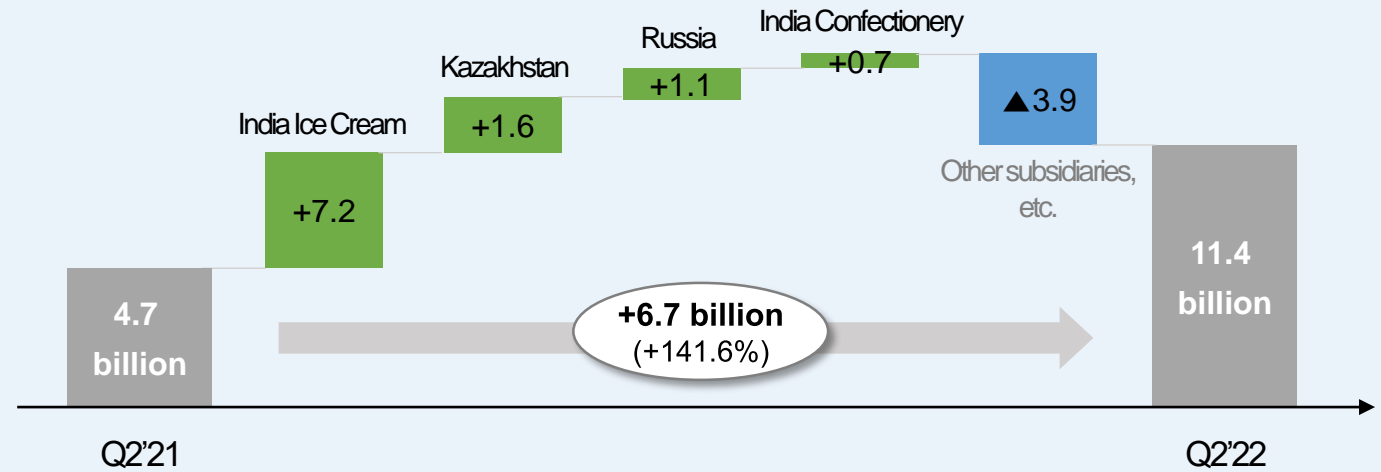
Business division transferred to Lotte Holdings (January 2022-),
 2021 Q2 sales of 4.3 billion won

Operating Profit - Lotte Confectionery Q2

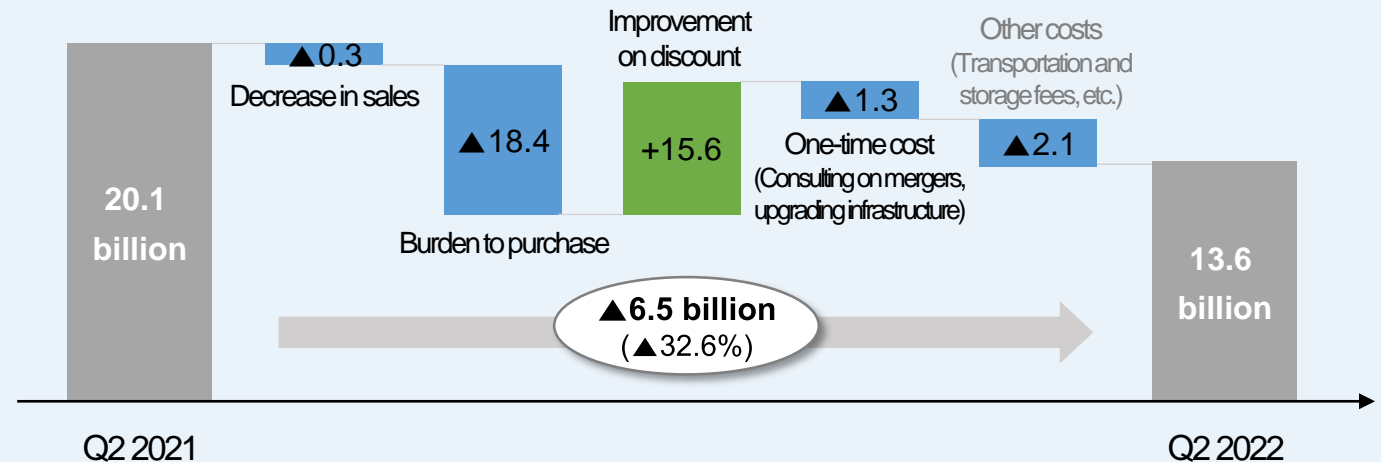


- **Consolidated OP increased by 200 million won**
- Overseas : +6.7 billion won increase,
Domestic: ▲ 6.5 billion won decrease
- The sluggish domestic demand was offset by the strong business of overseas subsidiaries.
- Continued burden for domestic business costs (SG&A ratio +2.1P increase compared to the previous year)

Overseas Operating Profit (consolidated)



Domestic Operating Profit



Earnings Summary - Lotte Foods Q2

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

Category	Q2'21	Q2'22	YoY	
			KRW	%(%P)
Sales	4,085	4,886	801	19.6
Fats and oils	1,149	1,728	579	50.4
Food, etc.	663	763	100	15.1
Ice Cream	648	651	3	0.6
Dairy	495	470	▲25	▲5.0
Processed Meats	578	620	42	7.4
HMR	534	617	83	15.5
OP	189	211	22	11.5
%	4.6	4.3	▲0.3P	

Note1. Food, etc.: Food, food additives, coffee, etc.

+19.6% increase in sales, +11.5% increase in operating profit

Based on consolidated performance

Steep sales growth of more than +20% since May
Affected by rising crude oil prices, re-opening of restaurants, and increasing demand for convenience food

Fats and Oils +50.4%, Food, etc +15.1%, HMR +15.5%

Lack of improvement in operating profit despite increase in sales
Deterioration of profitability of Dairy/Processed Meats/HMR businesses

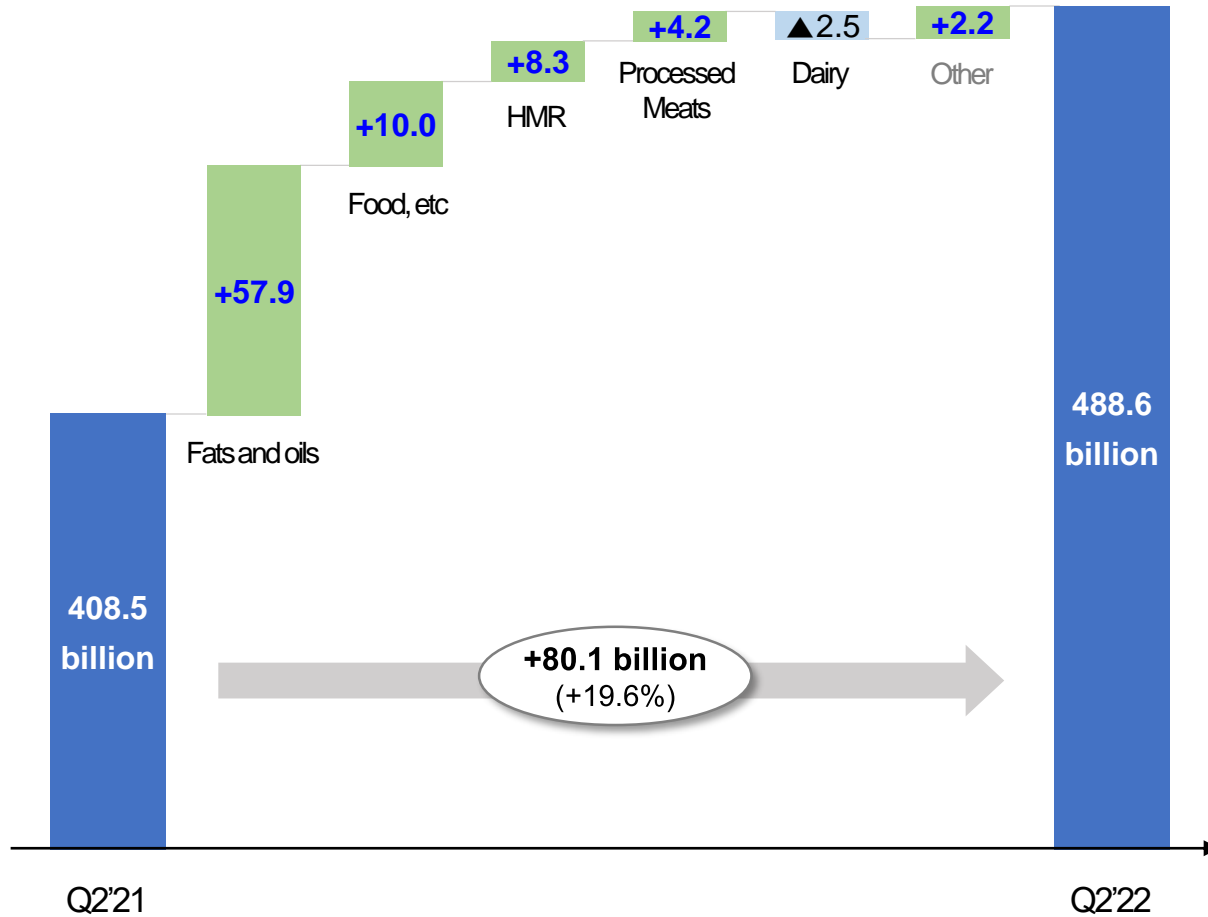
Dairy : burden of decreased sales and increased cost ratio (reduced proportion of powdered milk)

Processed Meats : despite the price increase as of April 1, it is insufficient to offset the burden of fixed manufacturing costs and raw material costs.

Due to fluctuations in the main raw material prices, the selling price may be further increased.

Average price increase of 9.0% for some processed meat/HMR products (August 2022-)

Sales - Lotte Foods Q2



Key Status Analysis

Fats and oils (YoY +50.4%)

Increased the selling price of B2B products based on market dominance
Overcame the rise in crude oil prices caused by deepening inflation

Food, etc (YoY +15.1%)

Demand for dine-out increased due to re-opening,
resulting in increased sales volume (food materials, ingredients, coffee)

HMR (YoY +15.5%)

Increased sales due to increased demand for home meal replacement products
(group distributors, external sales channels)

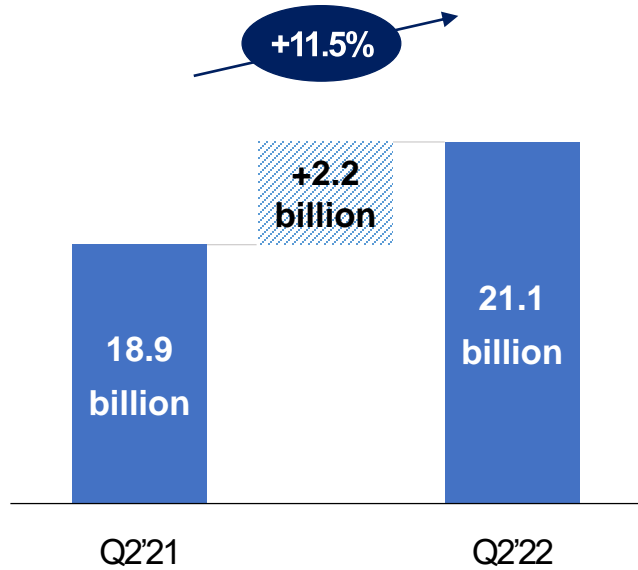
Processed Meats (YoY +7.4%)

Increase in burger patty supply by franchise channels
activated by re-opening

Dairy (YoY ▲5.0%)

Decrease in sales of powdered milk due to a decrease
in the number of births in Korea

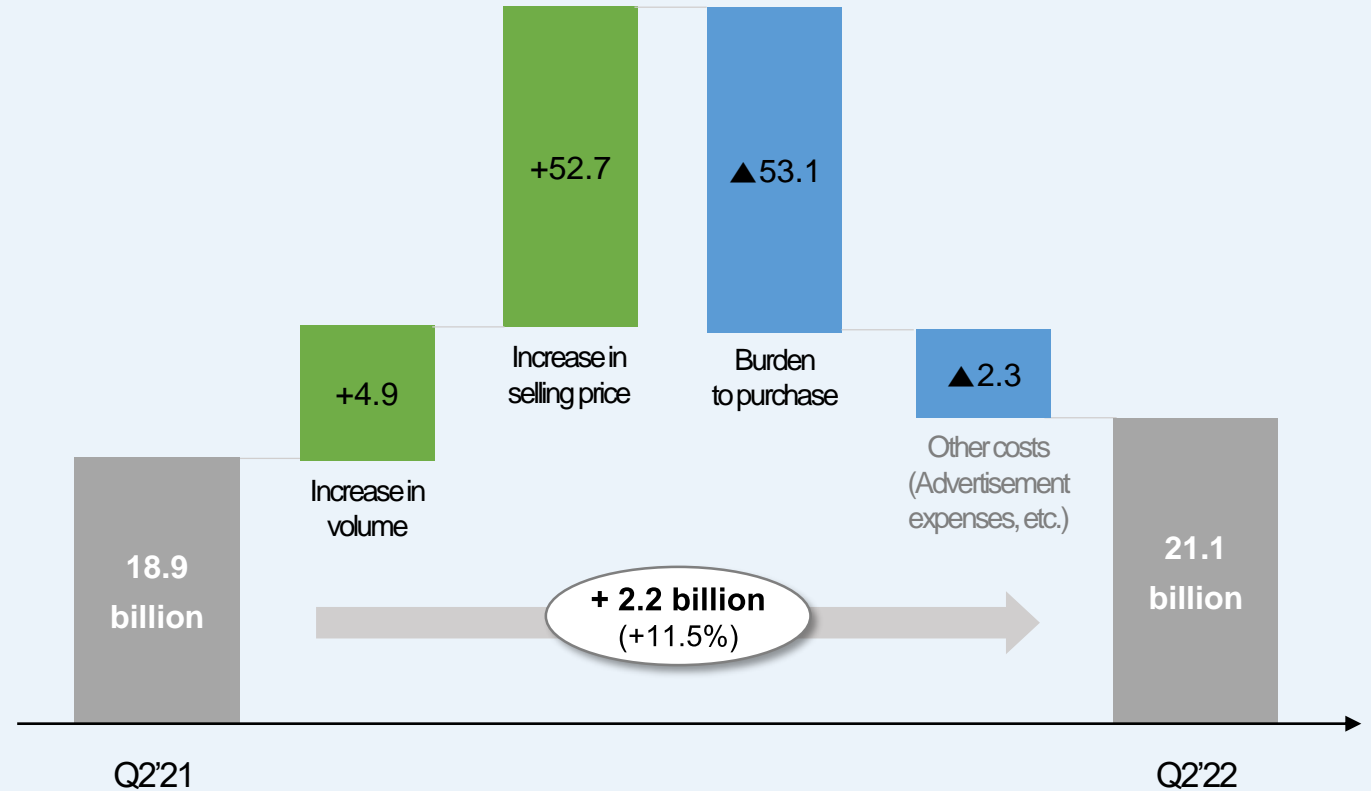
Operating Profit - Lotte Foods Q2



- Consolidated OP increased by 2.2 billion won

- +1.8P increase in COGS-to-sales ratio compared to the previous year
- SG&A ratio ▲ 1.5P decrease compared to the previous year
- Turnaround to profit in 2Q thanks to offsetting the burden of raw material costs by aggressively raising the sales prices

Factors contributing to the increase or decrease in operating profit



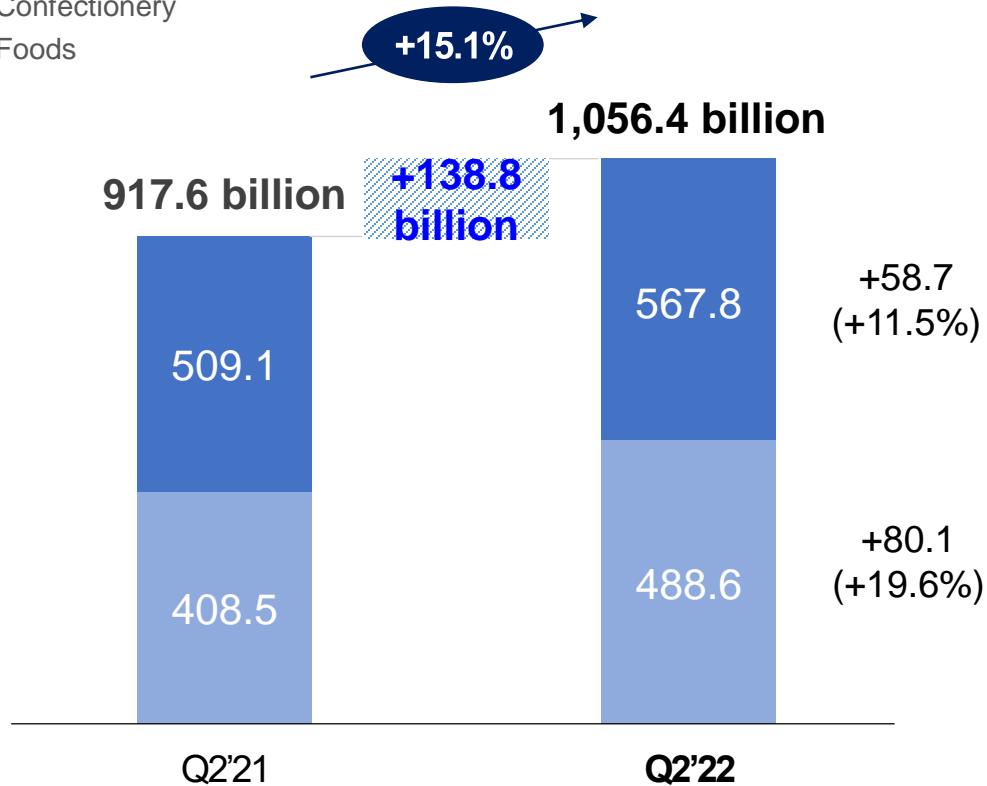
Improving profitability by aggressively adjusting selling prices based on B2B market dominance of oils and fats products and others

Earnings Summary - Q2 Combined

Sales

- Sales of the merged corporation increased by +138.8 billion won (+15.1%)
- Confectionery + 58.7 billion, Food + 80.1 billion

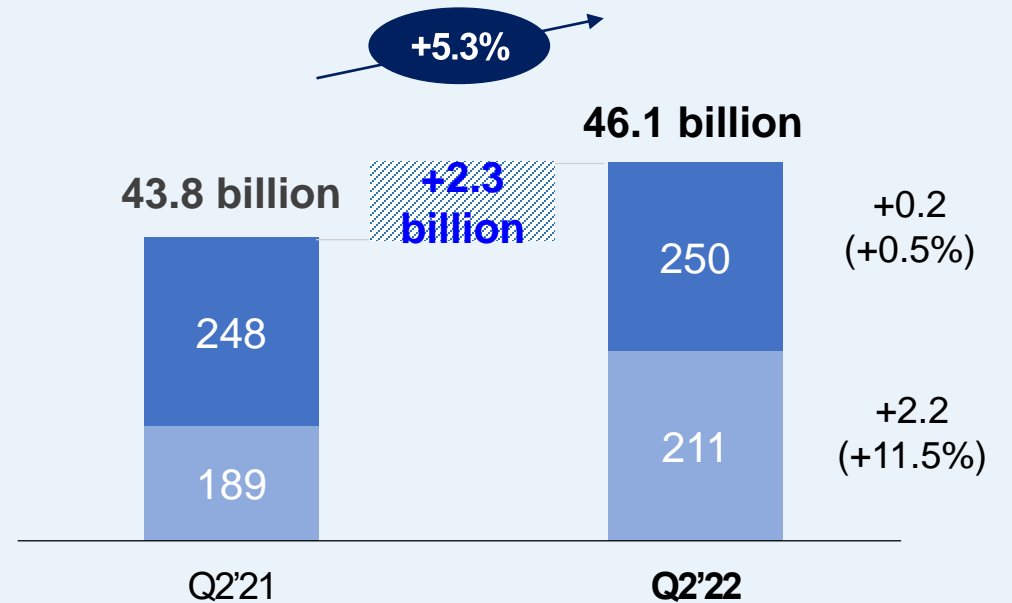
■ Confectionery
■ Foods



Operating Profit

- Sales of the merged corporation increased by +2.3 billion won (+5.3%)
- Confectionery +0.2 billion, Food +2.2 billion

■ Confectionery
■ Foods



Business Strategy - Improving Domestic Profitability

Improving Revenue Streams

Products

- **Avoid recklessly launching products**
(focus on developing large-scale new products)
- **Optimize SKU Operations**
 - Confectionery: 582 SKUs (December 2021) → 452 SKUs (June 2022)
 - Ice cream: 191 SKUs (December 2021) → 154 SKUs (June 2022)

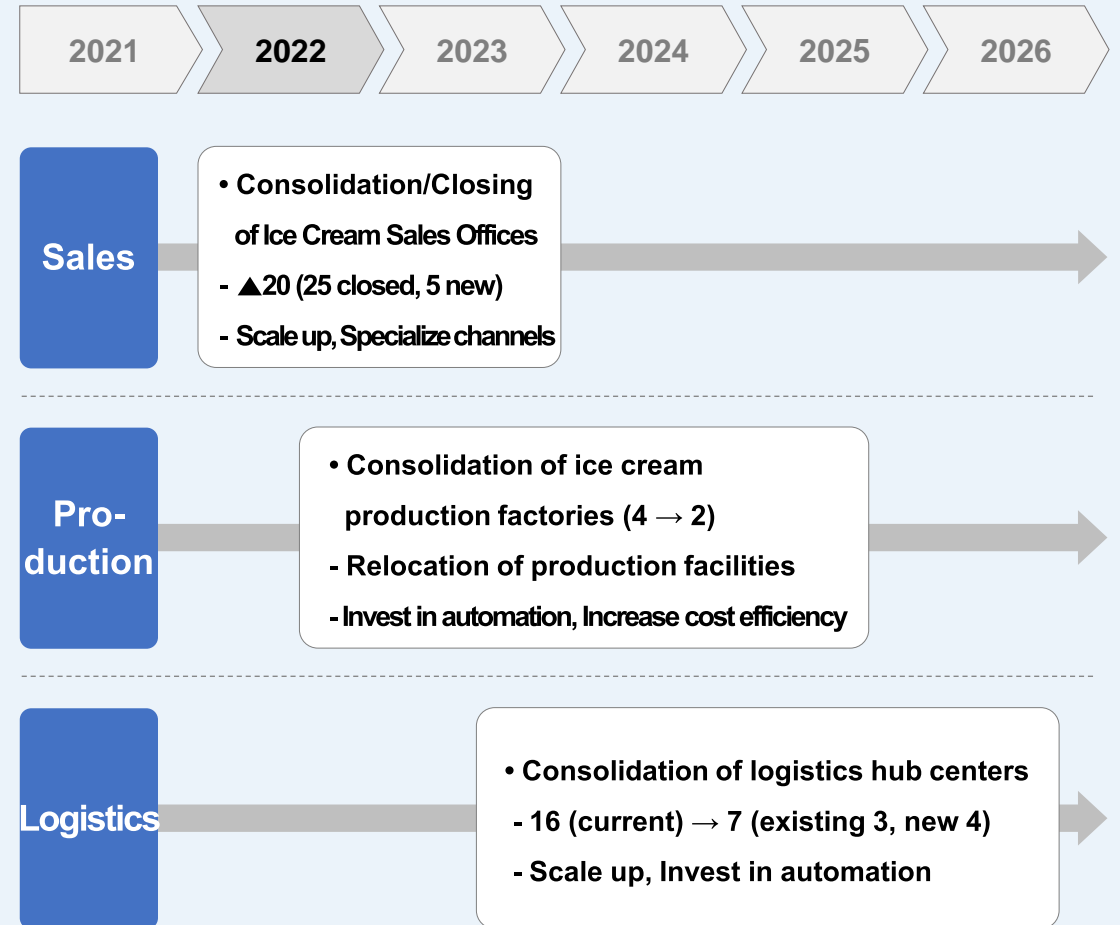
Channels

- **Reduce promotional sales**
(suspend super special price, expand fixed price)
 - Discount rate (January-June): Confectionery ▲3.8P, Ice Cream ▲8.8P
 - Sales unit price (January-June): Confectionery +9.4%, Ice Cream +14.9%
- **Eliminate coercive sales / Stop trading with low-sales distributors**
 - Returns (January-June) : Confectionery ▲ 1.1 billion

Price

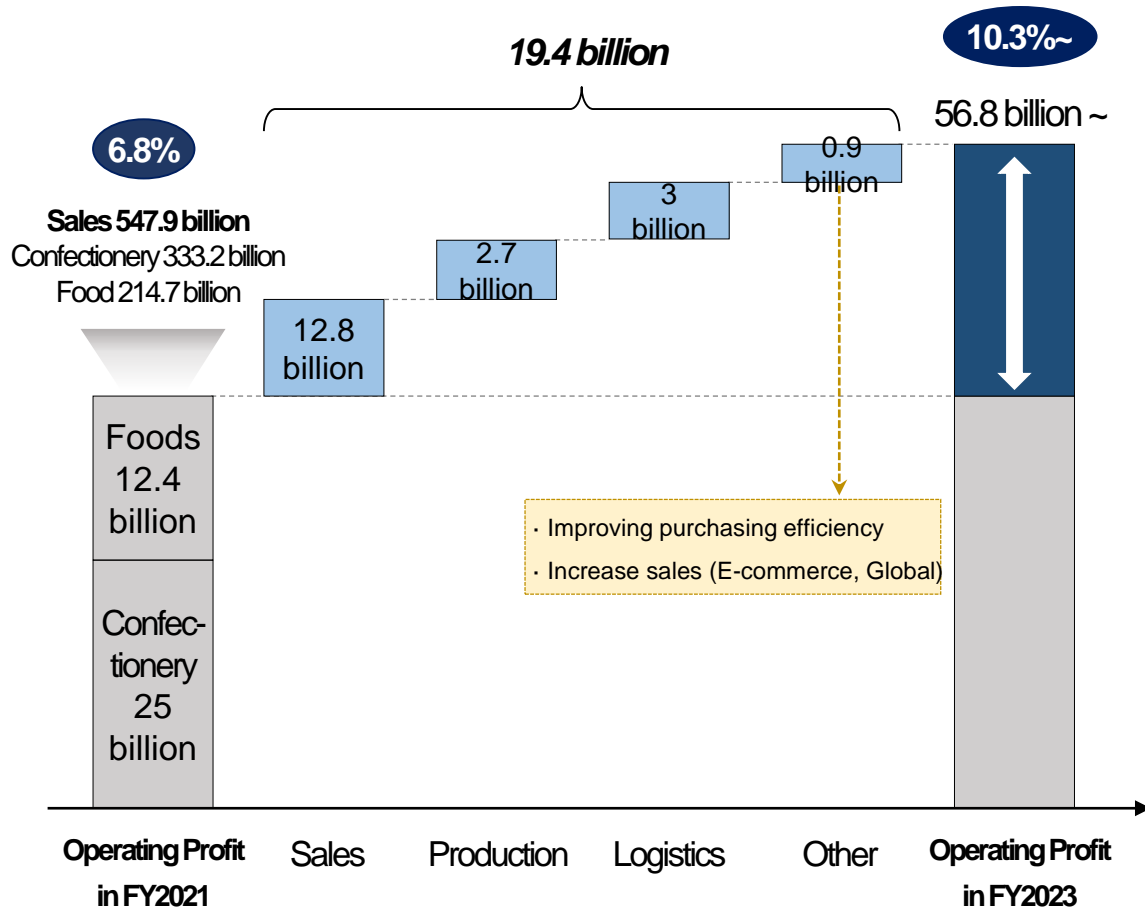
- **Minimize the burden of purchasing raw materials by increasing prices**
 - Completed price increases for core products in the first half → offset some of the burden
 - Input cost expected to rise until the second half of the year

Improving Value Chain Efficiency



Business Strategy - Improving the Profitability of Ice Cream Business

Operating Profit Synergy (Estimated)



Short-Term Synergy Categories

Sales

- **Streamlining overlapping features in the Ice Cream division**
 - Consolidation/Closure of Sales Offices ▲Planned for 20 Offices (current) 63 → (end of 2022) 49 → (end of 2023) 43

- **Lowering standards for variable costs for Confectionery/Food's distributors**
 - Promotional incentives, contract subsidy rates, retailer margins

Production

- **Reducing manufacturing cost through efficient operation of existing infrastructure**
 - Relocation of products in high-efficiency lines and expansion of insourcing
 - Integrate Confectionery/Food's outsourced production → Expand Buying Power

Logistics

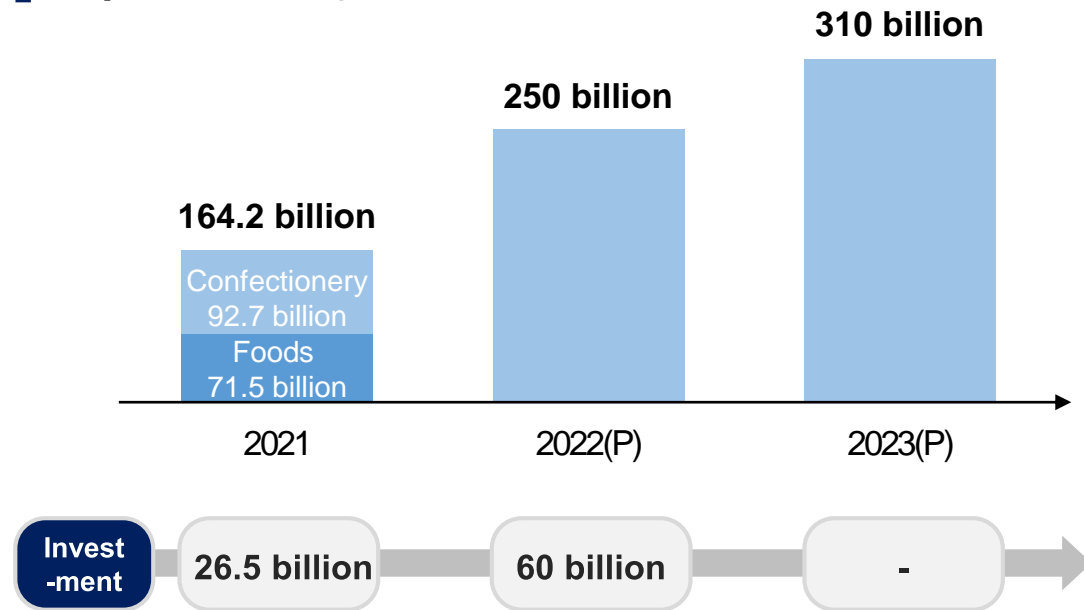
- **Reducing logistics costs by improving the operational efficiency of existing infrastructure**
 - Joint shipping to the same distributor/retailer
 - Reduce the delivery distance by adjusting the delivery area for each center

Other

- **Increasing online sales: Expanding and diversifying items**
- **Expanding exports: Integrated operation for retail customers and items, and entry into unexplored countries**

Capex / Financial Status

Capex Plan (Merged Corporation)



1. **Stabilization of overseas subsidiaries' business**
 → Gradual reduction in the proportion of investment
 - Investment in 2021 : 22.5 billion won in Russian corporation, etc.
2. **Plans to make stable investments in consideration of operating cash flow**

Statement of Financial Position (2021)

Category	Lotte Confectionery	Lotte Foods	Total
Assets	2,666.6 billion	1,271.5 billion	3,938.2 billion
Equity	1,327.0 billion	786.0 billion	2,113.0 billion
Liabilities	1,339.7 billion	485.5 billion	1,825.2 billion
Borrowings	846.5 billion	220.0 billion	1,066.5 billion
Net Debt	510.0 billion	149.6 billion	659.6 billion
(Total Debt /Equity)	101.0%	61.8%	86.4%
Sales	2,145.4 billion	1,607.8 billion	3,753.2 billion
Operating Profit	108.5 billion	38.5 billion	147 billion
(OP/Sales)	5.1%	2.4%	3.9%
EBITDA ¹	226.7 billion	94.2 billion	320.9 billion

Note1. EBITDA : Operating profit + depreciation + amortization of intangible assets

Business Strategy - Portfolio

Reinforcing Marketing for Mega-Brands

Xylitol

- Global Campaign 'Good Teeth, Good Smile' with BTS
- TV commercials : (1st) August-September → (2nd) November



Snow Ice/ World cone

- Snow Ice : Expanding the TPO for indoor eating, targeting the MZ generation
- World Cone : Supporting campaign to be continued (following up volleyball player Kim Yeon-kyung)



Ghana/ Pepero

- Pepero : Day global campaign, TV commercials (October-November)
- Ghana : Promoting the efficacy of cacao (September-), positioning of desserts (December-)

Responding to Market Trends (New Products)

ZERO

- Secure a leading position as a sugar-free brand in the confectionery market
 - Concept : 'Zero Sugar, as sweet as it is'
- Expand product lines and promote re-boom up in the second half of the year
 - Release 5 products (May) → Release 2 additional products (after September)



Protein

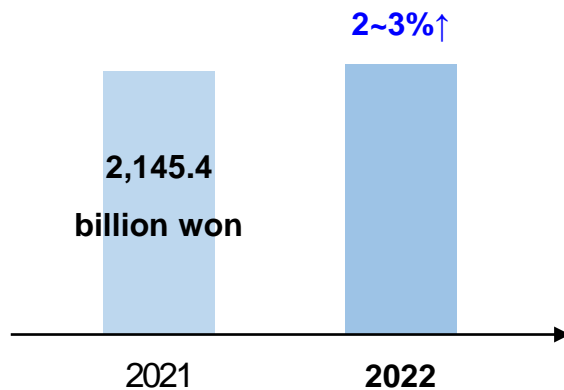
- Review the launch of a brand specializing in protein.
 - Concept: Protein bar + Chocolate (high protein, low calorie, vegetarian, etc.)

Note1. This plan is subject to change according to company policy.

Guidance

Lotte Confectionery

- Domestic sales are expected to remain at the same level as the previous year.
- Overseas sales are expected to show high single growth.
- Actively defends against increases in raw material costs by raising selling prices and improving the revenue model.

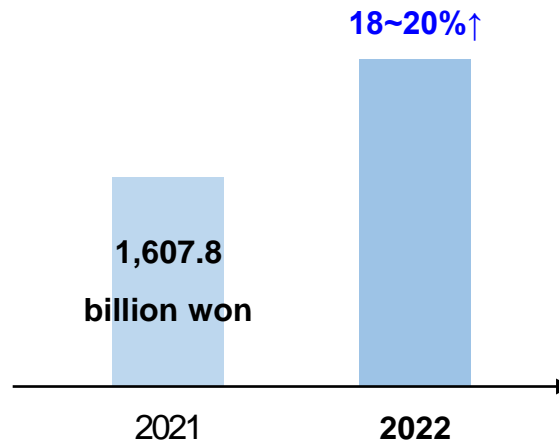


5.1%

4.5~5.0%

Lotte Food

- Expected double-digit growth in sales
 - Fat and oil, food, and HMR businesses are driving growth.
- Actively defend against rising raw material costs by raising selling prices and managing expenses efficiently.



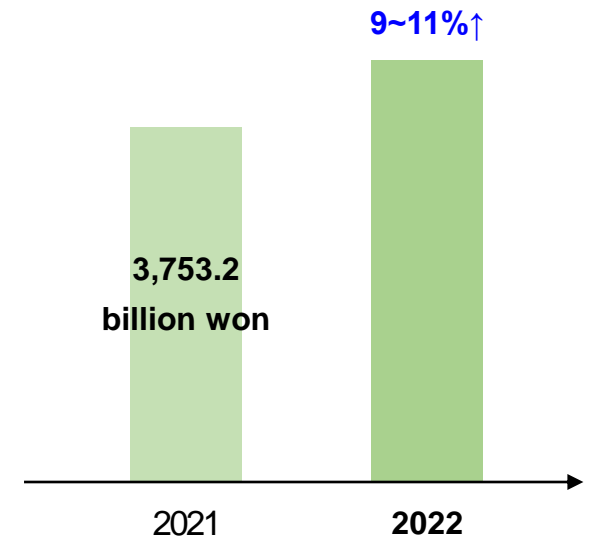
2.4%

2.0~2.5%



Lotte Confectionery (Merged Corporation)

- Expected to create short-term synergies in the ice cream business
- Maximizes synergy after improving the value chain efficiency



3.9%

3.5~4.0%

Revenue

OPM

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 !



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Appendix

Standard on merged Income Statement

(unit : 100million, %, %P)

Classification		Q1						Q2						H1					
		Y21		Y22		YoY		Y21		Y22		YoY		Y21		Y22		YoY	
		KRW	%	KRW	%	KRW	%(%P)	KRW	%	KRW	%	KRW	%(%P)	KRW	%	KRW	%	KRW	%(%P)
Lotte Conf	Sales	5,080	100.0	5,058	100.0	▲22	▲0.4	5,091	100.0	5,678	100.0	587	11.5	10,171	100.0	10,736	100.0	565	5.6
	C.O.G.S	3,345	65.8	3,461	68.4	116	2.6P	3,356	65.9	3,768	66.4	412	0.5P	6,701	65.9	7,229	67.3	528	1.4P
	SG & A	1,476	29.1	1,489	29.4	13	0.3P	1,486	29.2	1,660	29.2	174	0.0P	2,962	29.1	3,149	29.3	187	0.2P
	O.P	259	5.1	108	2.1	▲151	▲3.0P	248	4.9	250	4.4	2	▲0.5P	507	5.0	357	3.3	▲150	▲1.7P
	N.P	153	3.0	▲40	▲0.8	▲193	▲3.8P	153	3.0	300	5.3	147	2.3P	306	3.0	260	2.4	▲46	▲0.6P
Lotte Foods	Sales	3,713	100.0	4,134	100.0	421	11.3	4,085	100.0	4,886	100.0	801	19.6	7,798	100.0	9,020	100.0	1,222	15.7
	C.O.G.S	3,018	81.3	3,492	84.5	474	3.2P	3,264	79.9	3,992	81.7	728	1.8P	6,282	80.6	7,484	83.0	1,202	2.4P
	SG & A	602	16.2	615	14.9	13	▲1.3P	632	15.5	682	14.0	50	▲1.5P	1,234	15.8	1,297	14.4	63	▲1.4P
	O.P	93	2.5	27	0.6	▲66	▲1.9P	189	4.6	211	4.3	22	▲0.3P	282	3.6	238	2.6	▲44	▲1.0P
	N.P	71	1.9	34	0.8	▲37	▲1.1P	136	3.3	111	2.3	▲25	▲1.0P	207	2.7	146	1.6	▲61	▲1.1P
Total	Sales	8,793	100.0	9,192	100.0	399	4.5	9,176	100.0	10,564	100.0	1,388	15.1	17,969	100.0	19,755	100.0	1,786	9.9
	C.O.G.S	6,363	72.4	6,953	75.6	590	3.2P	6,620	72.1	7,761	73.5	1,141	1.4P	12,983	72.3	14,713	74.5	1,730	2.2P
	SG & A	2,078	23.6	2,105	22.9	27	▲0.7P	2,118	23.1	2,342	22.2	224	▲0.9P	4,196	23.3	4,447	22.5	251	▲0.8P
	O.P	352	4.0	134	1.5	▲218	▲2.5P	438	4.8	461	4.4	23	▲0.4P	790	4.4	595	3.0	▲195	▲1.4P
	N.P	224	2.6	▲6	▲0.1	▲230	▲2.7P	288	3.1	412	3.9	124	0.8P	513	2.9	406	2.1	▲107	▲0.8P

Note1. The above performance is a simple combined performance of both companies before internal transaction adjustment.

Standard on merged Income Statement

(unit : 100million, %)

Classification	Y19				Y20				Y21				Y22	
	Q1	Q2	Q3	4Q	Q1	Q2	Q3	4Q	Q1	Q2	Q3	4Q	Q1	Q2
Sales	8,635	9,528	9,664	8,774	8,640	8,862	9,769	8,713	8,793	9,176	10,169	9,394	9,192	10,564
Fats and oils	1,034	1,018	991	1,007	980	982	1,002	1,023	1,039	1,149	1,148	1,276	1,349	1,728
Food, etc.	716	799	791	765	666	666	670	605	611	663	665	672	644	763
Dairy	517	525	542	484	510	486	490	461	483	495	469	455	474	470
Processed Meats	677	617	762	606	678	600	774	543	675	578	721	586	684	620
HMR	454	471	475	489	452	487	538	553	518	534	578	577	559	617
Confectionery	2,669	2,468	2,462	2,641	2,674	2,361	2,513	2,625	2,560	2,276	2,413	2,621	2,427	2,267
Ice Cream	854	1,704	1,852	725	913	1,779	1,909	863	1,088	1,761	2,094	931	1,142	1,762
Bakery	306	294	249	290	254	231	236	275	269	272	286	327	282	309
Health Food	37	39	44	24	49	71	74	65	72	58	53	50	25	21
Global	1,329	1,516	1,463	1,692	1,448	1,180	1,509	1,689	1,474	1,380	1,697	1,888	1,607	1,989
Others	42	76	34	50	17	19	54	11	5	11	46	12	1	17
O.P	231	459	598	157	275	404	691	200	352	438	622	57	134	461
%	2.7	4.8	6.2	1.8	3.2	4.6	7.1	2.3	4.0	4.8	6.1	0.6	1.5	4.4

Note1. The above performance is a simple combined performance of both companies before internal transaction adjustment.

Note2. Food, etc.: Food, food additives, coffee, etc. / Ice Cream : Combined performance of both companies.

Consolidated Income Statement | Lotteconf

(unit : 100million, %, %P)

Classification	1Q'21		2Q'21		3Q'21		4Q'21		1Q'22		2Q'22		YoY	
	KRW	%	KRW	%	KRW	%	KRW	%	KRW	%	KRW	%	KRW	%(%P)
1. Sales	5,080	100.0	5,091	100.0	5,797	100.0	5,487	100.0	5,058	100.0	5,678	100.0	587	11.5
Parent	3,716	73.2	3,832	75.3	4,202	72.5	3,713	67.7	3,522	69.6	3,762	66.3	▲70	▲1.8
Global														
Kazakhstan	389	7.7	380	7.5	437	7.5	548	10.0	423	8.4	505	8.9	125	32.9
Pakistan	197	3.9	231	4.5	216	3.7	211	3.9	201	4.0	216	3.8	▲15	▲6.6
Belgium	213	4.2	146	2.9	255	4.4	378	6.9	206	4.1	133	2.3	▲13	▲9.1
India(Conf)	168	3.3	109	2.1	198	3.4	194	3.5	210	4.2	198	3.5	89	82.6
India(Ice)	249	4.9	240	4.7	287	4.9	218	4.0	311	6.2	602	10.6	362	150.7
China	54	1.1	59	1.2	54	0.9	63	1.2	42	0.8	41	0.7	▲18	▲31.0
Russia	115	2.3	108	2.1	143	2.5	159	2.9	122	2.4	190	3.3	82	75.8
Singapore	31	0.6	28	0.6	27	0.5	30	0.5	25	0.5	27	0.5	▲1	▲3.6
Myanmar	59	1.2	78	1.5	81	1.4	86	1.6	67	1.3	77	1.3	▲1	▲1.5
Sweet With	3	0.1	3	0.1	2	0.0	3	0.1	3	0.1	3	0.1	0	15.5
Adjustment	▲113	▲2.2	▲124	▲2.4	▲105	▲1.8	▲118	▲2.2	▲74	▲1.5	▲76	▲1.3	48	▲38.8
2. C.O.G.S	3,345	65.8	3,356	65.9	3,752	64.7	3,670	66.9	3,461	68.4	3,768	66.4	412	0.5P
3. G.P	1,735	34.2	1,734	34.1	2,045	35.3	1,817	33.1	1,597	31.6	1,909	33.6	175	▲0.5P
4. SG & A	1,476	29.1	1,486	29.2	1,596	27.5	1,689	30.8	1,489	29.4	1,660	29.2	174	0.0P
Salaries	391	7.7	396	7.8	395	6.8	423	7.7	424	8.4	422	7.4	26	▲0.4P
Others	1,085	21.4	1,090	21.4	1,201	20.7	1,266	23.1	1,066	21.1	1,238	21.8	148	0.4P
(Advertising)	126	2.5	124	2.4	156	2.7	195	3.6	110	2.2	171	3.0	47	0.6P
(Depreciation)	85	1.7	85	1.7	85	1.5	79	1.4	80	1.6	81	1.4	▲4	▲0.3P
(Amortization)	31	0.6	31	0.6	31	0.5	31	0.6	30	0.6	32	0.6	1	0.0P
5. O.P	259	5.1	248	4.9	449	7.7	128	2.3	108	2.1	250	4.4	2	▲0.5P
6. Other Income	30	0.6	26	0.5	69	1.2	31	0.6	42	0.8	74	1.3	48	0.8P
7. Other Expense	38	0.8	48	0.9	69	1.2	405	7.4	58	1.1	71	1.2	23	0.3P
8. Finance Income	70	1.4	32	0.6	66	1.1	19	0.4	80	1.6	417	7.4	385	6.8P
9. Finance Expense	114	2.2	42	0.8	109	1.9	62	1.1	212	4.2	267	4.7	225	3.9P
10. R.P	207	4.1	216	4.3	407	7.0	▲289	▲5.3	▲41	▲0.8	403	7.1	187	2.8P
11. Income tax	54	1.1	64	1.2	96	1.7	▲36	▲0.7	▲0	▲0.0	103	1.8	39	0.6P
12. N.P	153	3.0	153	3.0	310	5.4	▲253	▲4.6	▲40	▲0.8	300	5.3	147	2.3P

Parent Income Statement | Lotteconf

(unit : 100million, %, %P)

Classification	1Q'21		2Q'21		3Q'21		4Q'21		1Q'22		2Q'22		YoY	
	KRW	%	KRW	%	KRW	%	KRW	%	KRW	%	KRW	%	KRW	%(%P)
1. Sales	3,716	100.0	3,832	100.0	4,202	100.0	3,713	100.0	3,522	100.0	3,762	100.0	▲70	▲1.8
Confectionery	2,560	68.9	2,276	59.4	2,413	57.4	2,621	70.6	2,427	68.9	2,267	60.3	▲9	▲0.4
Ice Cream	719	19.3	1,113	29.0	1,319	31.4	608	16.4	736	20.9	1,111	29.5	▲2	▲0.2
Health Food	72	1.9	58	1.5	53	1.3	50	1.3	25	0.7	21	0.5	▲37	▲64.4
Bakery	269	7.2	272	7.1	286	6.8	327	8.8	282	8.0	309	8.2	37	13.6
Others	97	2.6	114	3.0	130	3.1	107	2.9	53	1.5	54	1.4	▲60	▲52.4
2. C.O.G.S	2,358	63.4	2,441	63.7	2,605	62.0	2,350	63.3	2,308	65.5	2,378	63.2	▲63	▲0.5P
3. G.P	1,359	36.6	1,391	36.3	1,597	38.0	1,363	36.7	1,214	34.5	1,384	36.8	▲7	0.5P
4. SG & A	1,160	31.2	1,190	31.1	1,251	29.8	1,283	34.5	1,129	32.0	1,248	33.2	58	2.1P
Salaries	309	8.3	315	8.2	314	7.5	331	8.9	328	9.3	325	8.6	10	0.4P
Others	851	22.9	875	22.8	937	22.3	951	25.6	801	22.7	923	24.5	48	1.7P
(Advertising)	104	2.8	103	2.7	125	3.0	134	3.6	84	2.4	106	2.8	3	0.1P
(Depreciation)	60	1.6	61	1.6	61	1.5	53	1.4	56	1.6	56	1.5	▲5	▲0.1P
(Amortization)	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0	0	0.0P
5. O.P	198	5.3	201	5.2	347	8.3	81	2.2	86	2.4	136	3.6	▲65	▲1.6P
6. Other Income	14	0.4	15	0.4	27	0.6	123	3.3	12	0.3	24	0.7	9	0.3P
7. Other Expense	20	0.5	24	0.6	45	1.1	489	13.2	29	0.8	30	0.8	6	0.2P
8. Finance Income	51	1.4	150	3.9	58	1.4	5	0.1	31	0.9	149	4.0	▲1	0.1P
9. Finance Expense	83	2.2	32	0.8	90	2.1	36	1.0	66	1.9	124	3.3	92	2.5P
10. R.P	161	4.3	310	8.1	297	7.1	▲316	▲8.5	34	1.0	155	4.1	▲155	▲4.0P
11. Income tax	34	0.9	44	1.2	70	1.7	0	0.0	4	0.1	28	0.7	▲16	▲0.5P
12. N.P	127	3.4	266	6.9	227	5.4	▲316	▲8.5	29	0.8	127	3.4	▲139	▲3.5P

Consolidated Income Statement | Lotteconf (KRW vs Local Currency)

(unit : 100million, %, %P)

Classification		Sales					Operating Profit					Operating Margin (%)			
		2Q'20	2Q'21	2Q'22	YoY		2Q'20	2Q'21	2Q'22	YoY		2Q'20	2Q'21	2Q'22	%P
					KRW	%				KRW	%				
Total Consolidated	KRW100mn	4,970	5,091	5,678	587	11.5	255	248	250	2	0.5	5.1	4.9	4.4	▲0.5P
Parent	KRW100mn	3,885	3,832	3,762	▲70	▲1.8	238	201	136	▲65	▲32.6	6.1	5.2	3.6	▲1.6P
Global	KRW100mn	1,180	1,380	1,989	609	44.1	43	75	137	62	82.8	3.6	5.4	6.9	1.5P
Kazakhstan	KRW100mn	377	380	505	125	32.9	54	53	69	16	30.3	14.4	13.9	13.7	▲0.2P
	KZT 100mn	129	146	178	32	22.5	19	20	25	5	22.3	14.4	13.9	13.7	▲0.2P
Pakistan	KRW100mn	235	231	216	▲15	▲6.6	16	5	2	▲3	▲56.4	7.0	2.1	1.0	▲1.1P
	PKR mn	3,139	3,183	3,327	144	4.5	215	68	34	▲34	▲50.9	7.0	2.1	1.0	▲1.1P
Belgium	KRW100mn	101	146	133	▲13	▲9.1	▲21	▲1	▲29	▲28	▲1,904.1	▲20.4	▲1.0	▲22.1	▲21.1P
	EUR 100thou	74	108	99	▲9	▲8.1	▲16	▲1	▲22	▲21	▲1,871.2	▲20.4	▲1.0	▲22.1	▲21.1P
India (Confectionery)	KRW100mn	109	109	198	89	82.6	▲5	▲12	▲5	7	55.8	▲4.5	▲11.0	▲2.7	8.3P
	INR mn	682	715	1,212	497	69.5	▲30	▲78	▲33	45	57.8	▲4.5	▲11.0	▲2.7	8.3P
India (Ice cream)	KRW100mn	117	240	602	362	150.7	▲20	32	104	72	221.0	▲16.9	13.5	17.2	3.7P
	INR mn	731	1,579	3,700	2,121	134.3	▲122	213	639	426	200.3	▲16.9	13.5	17.2	3.7P
China	KRW100mn	47	59	41	▲18	▲31.0	1	▲2	▲10	▲8	▲476.1	2.8	▲3.0	▲25.3	▲22.3P
	CNY 100thou	271	342	215	▲127	▲37.2	8	▲10	▲54	▲44	▲426.1	2.8	▲3.0	▲25.3	▲22.3P
Russia	KRW100mn	108	108	190	82	75.8	7	▲8	3	11	137.9	6.6	▲7.4	1.6	9.0P
	RUB mn	645	715	1,014	299	41.8	44	▲53	37	90	169.0	6.6	▲7.4	1.6	9.0P
Singapore	KRW100mn	15	28	27	▲1	▲3.6	0	1	1	0	20.9	2.5	3.4	4.3	0.9P
	SGD 100thou	17	34	30	▲4	▲11.3	0	1	1	0	11.6	2.5	3.4	4.3	0.9P
Myanmar	KRW100mn	71	78	77	▲1	▲1.5	9	7	3	▲4	▲59.2	12.0	8.8	3.6	▲5.2P
	MMK 100mn	89	92	108	16	16.9	11	8	4	▲4	▲51.0	12.0	8.8	3.6	▲5.2P
Sweet With Novel Food Adjustment	KRW100mn	3.3	2.8	3.2	0.4	15.5	0.2	▲0.1	0.2	0.3	404.4	5.9	▲2.2	5.8	8.0P
	KRW100mn	-	-	0	-	-	-	-	▲1	-	-	-	-	-	-
	KRW100mn	▲98	▲124	▲76	48	-	▲27	▲28	▲22	6	-	-	-	-	-

Consolidated Income Statement | Lotteconf (KRW vs Local Currency)

(unit : 100million, %, %P)

Classification		Sales					Operating Profit					Operating Margin (%)			
		1H'20	1H'21	1H'22	YoY		1H'20	1H'21	1H'22	YoY		1H'20	1H'21	1H'22	%P
					KRW	%				KRW	%				
Total Consolidated	KRW100mn	9,987	10,171	10,736	565	5.6	438	507	357	▲150	▲29.6	4.4	5.0	3.3	▲1.7P
Parent	KRW100mn	7,544	7,548	7,284	▲264	▲3.5	376	400	221	▲179	▲44.6	5.0	5.3	3.0	▲2.3P
Global	KRW100mn	2,628	2,854	3,595	741	26.0	117	163	188	25	15.3	4.5	5.7	5.2	▲0.5P
Kazakhstan	KRW100mn	825	769	928	159	20.7	114	88	100	12	14.1	13.8	11.4	10.8	▲0.6P
	KZT 100mn	276	292	339	47	15.9	38	33	37	4	9.5	13.8	11.4	10.8	▲0.6P
Pakistan	KRW100mn	435	428	417	▲11	▲2.6	13	9	5	▲4	▲43.6	2.9	2.0	1.2	▲0.8P
	PKR mn	5,753	5,987	6,287	300	5.0	166	120	73	▲47	▲39.1	2.9	2.0	1.2	▲0.8P
Belgium	KRW100mn	323	360	339	▲21	▲5.6	▲14	7	▲45	▲52	▲710.1	▲4.4	2.0	▲13.1	▲15.1P
	EUR 100thou	243	267	252	▲15	▲5.6	▲11	5	▲33	▲38	▲710.1	▲4.4	2.0	▲13.1	▲15.1P
India (Confectionery)	KRW100mn	253	276	408	132	47.8	▲8	▲4	1	5	131.9	▲3.3	▲1.5	0.3	1.8P
	INR mn	1,557	1,811	2,522	711	39.2	▲52	▲28	8	36	130.0	▲3.3	▲1.5	0.3	1.8P
India (Ice cream)	KRW100mn	283	489	913	424	86.8	▲28	63	149	86	138.1	▲10.0	12.8	16.3	3.5P
	INR mn	1,740	3,208	5,644	2,436	75.9	▲173	411	922	511	124.3	▲10.0	12.8	16.3	3.5P
China	KRW100mn	81	113	83	▲30	▲26.8	▲1	▲4	▲15	▲11	▲289.5	▲1.4	▲3.5	▲18.4	▲14.9P
	CNY 100thou	475	655	436	▲219	▲33.5	▲7	▲23	▲80	▲57	▲254.1	▲1.4	▲3.5	▲18.4	▲14.9P
Russia	KRW100mn	242	223	312	89	39.6	26	▲6	▲14	▲8	▲116.2	10.6	▲2.9	▲4.4	▲1.5P
	RUB mn	1,389	1,486	1,880	394	26.6	147	▲43	▲84	▲41	▲96.0	10.6	▲2.9	▲4.4	▲1.5P
Singapore	KRW100mn	40	59	52	▲7	▲11.9	2	2	2	0	▲14.9	3.9	4.2	4.1	▲0.1P
	SGD 100thou	47	70	58	▲12	▲18.2	2	3	2	▲1	▲21.0	3.9	4.2	4.1	▲0.1P
Myanmar	KRW100mn	144	136	143	7	4.9	16	8	4	▲5	▲56.7	10.8	6.1	2.5	▲3.6P
	MMK 100mn	185	162	205	43	26.7	20	10	5	▲5	▲47.7	10.8	6.1	2.5	▲3.6P
Sweet With	KRW100mn	6.6	5.8	6.1	0.3	6.0	▲0.1	▲0.4	▲0.3	0.1	26.9	▲1.1	▲6.4	▲4.4	2.0P
Novel Food	KRW100mn	-	-	0	-	-	-	-	▲1	-	-	-	-	-	-
Adjustment	KRW100mn	▲191	▲237	▲150	87	-	▲55	▲55	▲51	4	-	-	-	-	-

Average exchange rate

(unit : KRW / Local Currency)

Nation	Currency	Jan ~ Mar				Jan ~ Jun			
		Y20	Y21	Y22	YoY(%)	Y20	Y21	Y22	YoY(%)
Kazakhstan	KZT	3.05	2.65	2.64	▲0.4	2.99	2.63	2.74	4.2
Pakistan	PKR	7.66	7.02	6.79	▲3.3	7.56	7.15	6.63	▲7.3
Belgium	EUR	1316.58	1342.62	1352.44	0.7	1330.55	1346.83	1346.94	0.0
India	INR	16.47	15.28	16.02	4.8	16.28	15.24	16.18	6.2
China	CNY	170.86	171.95	189.64	10.3	171.41	172.75	190.04	10.0
Russia	RUB	17.93	14.96	14.06	▲6.0	17.41	15.04	16.59	10.3
Singapore	SGD	861.19	836.13	891.11	6.6	862.88	838.79	903.02	7.7
Myanmar	MMK	0.7712	0.8426	0.6839	▲18.8	0.7821	0.8418	0.6970	▲17.2

Note1. Standard : Average exchange rate during the period (Jan 1st ~ Now)