

1Q23 Business Results

May, 2023 | 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 Wellfood and its major subsidiaries.

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

This document includes the prospects and judgements of LOTTE Wellfood, 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 Wellfood accepts no responsibility for the actions of any third party acting on the information provided in this document.

May, 2023
Lotte Wellfood. IR

1Q 2023 Business Results

(Unit : 100mn, %, %P)

Classification	1Q 2022	1Q 2023	YoY	
			Amount	%(%P)
Sales	9,219	9,596	377	4.1
Confectionery	3,922	4,104	182	4.6
Foods	3,601	3,671	70	1.9
Global	1,607	1,909	302	18.8
Operating profit	136	186	50	36.5
Confectionery	89	158	69	77.7
Foods	30	▲29	▲59	Turned to deficit
Global	51	89	38	74.8
Margin(%)	1.5	1.9	0.4P	
Confectionery	2.3	3.8	1.5P	
Foods	0.8	▲0.8	▲1.6P	
Global	3.2	4.7	1.5P	

Note1. This data is based on Pro-Forma after merger

Sales +4.1%, Operating profit +36.5% Increase

Confectionery



Confectionery (gum, candy, chocolate, etc.), ice cream, bakery, etc.

Defended profitability by offsetting sales decline due to ice cream SKUs and sales force effectiveness through expansion of high-profit confectionery categories (gum, chocolate, etc.)

Foods



Fats&oils, food materials, processed meats, Pasteur, HMR

Profit decreased YoY due to the fats&oils cost burden following the decline in crude oil prices despite absorbing the B2C sector cost burden by improving processed meats/HMR price

Global

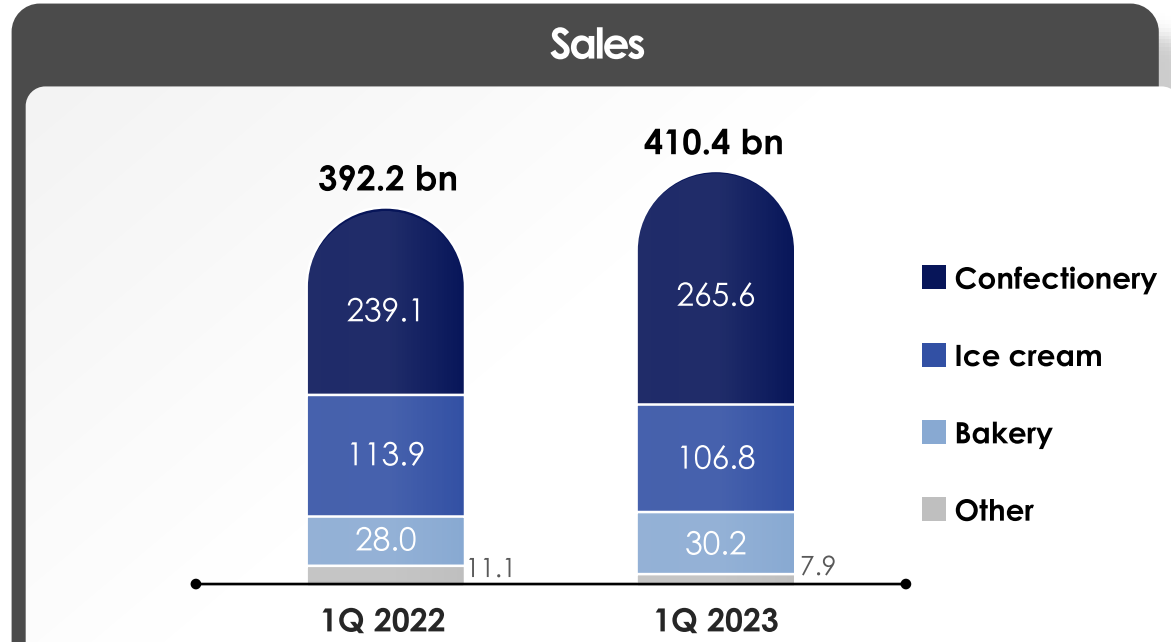


India, Kazakhstan, Belgium, Russia, Pakistan, etc.

Profitability improved from the effect of price hike with increased distribution of major subsidiaries in India and the CIS region

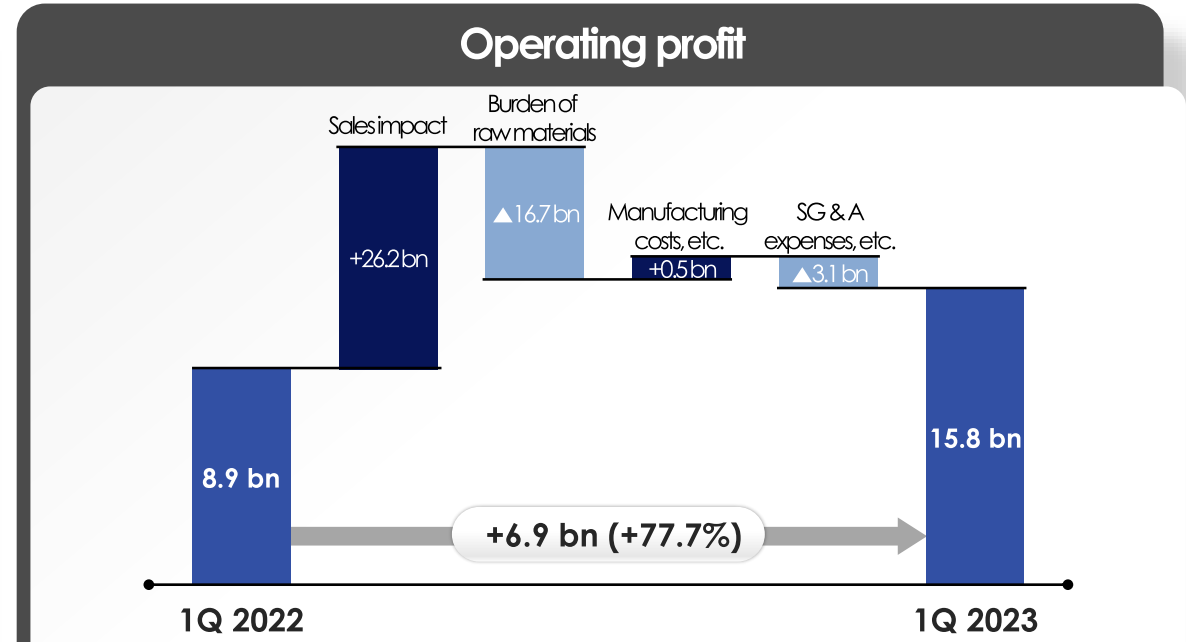
Confectionery Business

Defended profitability by offsetting sales decline due to ice cream SKUs and sales force effectiveness through expansion of high-profit confectionery categories (gum, chocolate, etc.)



Confectionery Business Sales increased by +4.6% YoY (+18.2 billion)

	Details	YoY
Confectionery	Growth in both selling price/quantity based on market position (gum, chocolate)	+11.1%
Ice cream	Quantity reduction due to SKU and sales force effectiveness	▲6.3%
Bakery	Expansion of new products (character bread) and improvement in selling price	+7.6%
Other	Base effect from the suspension of the Health1 business in September 2022 (▲2.5 billion)	▲29.2%



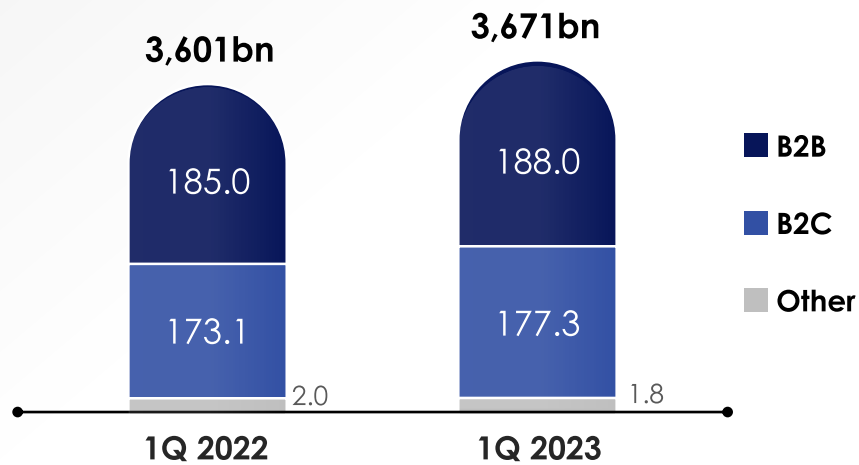
Confectionery Business Operating profit increased by +77.7% YoY

	Details	YoY
Sales impact	Selling price improvement effect, etc.	+26.2 bn
Burden of raw materials	Dairy products 6.8, fats&oils 1.2, flour 1.2, etc.	▲16.7 bn
Manufacturing costs, etc.	Utility cost increase, labor expense improvement, etc.	+0.5 bn
SG&A expenses, etc.	Increase in BDE (Base effect in the previous year) and labor costs, etc.	▲3.1 bn

Foods Business

Profit decreased YoY due to the fats&oils cost burden following the decline in crude oil prices despite absorbing the B2C sector cost burden by improving processed meats/HMR price

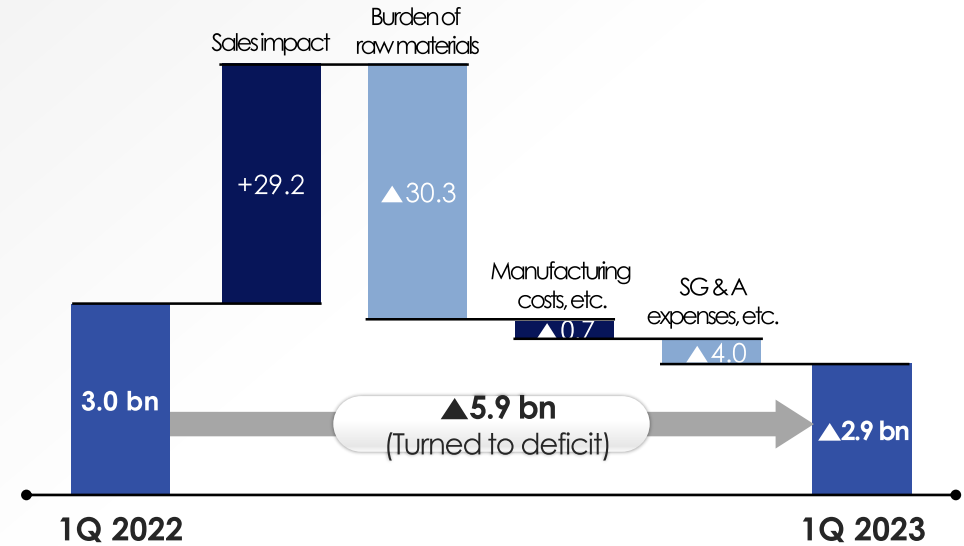
Sales



Foods Business Sales increased by +1.9% YoY (+7 bn)

	Details	YoY
B2B	Fats&oils sales declined due to falling crude oil prices, but overall sales grew based on increased demand for food materials, etc. (Fats&oils ▲5.6%, food materials +16.6%)	+1.6%
B2C	Sales of Pasteur decreased due to control of powdered milk prices, but overall sales grew based on increased demand for HMR (HMR +12.6%, Meat processing ▲0.2%, Pasteur ▲6.1%)	+2.4%

Operating profit

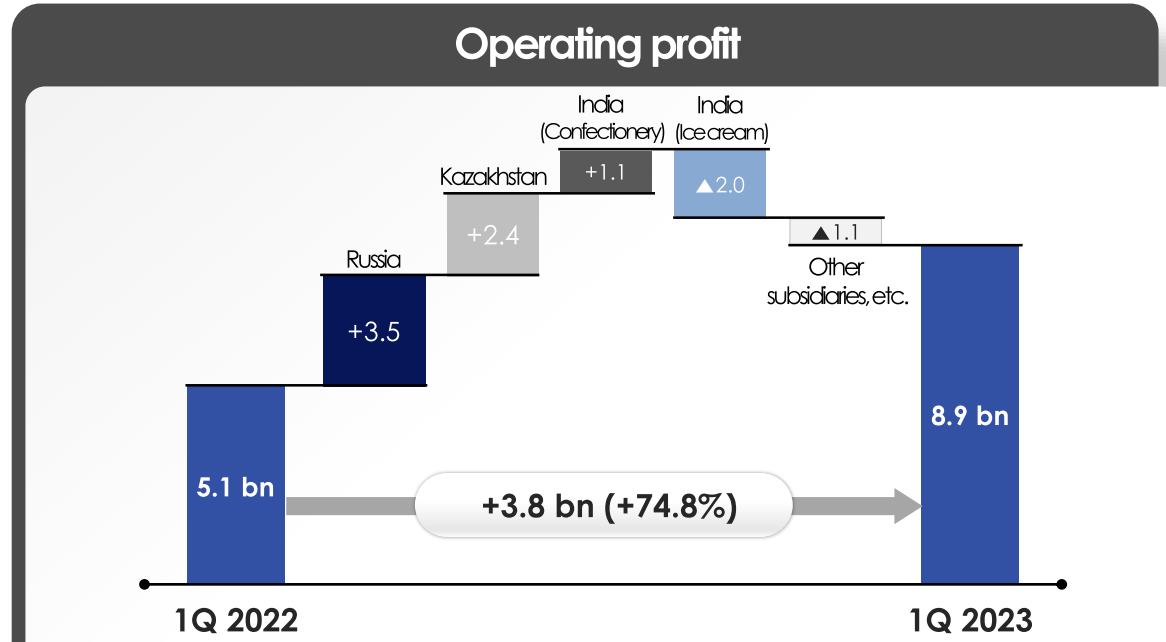
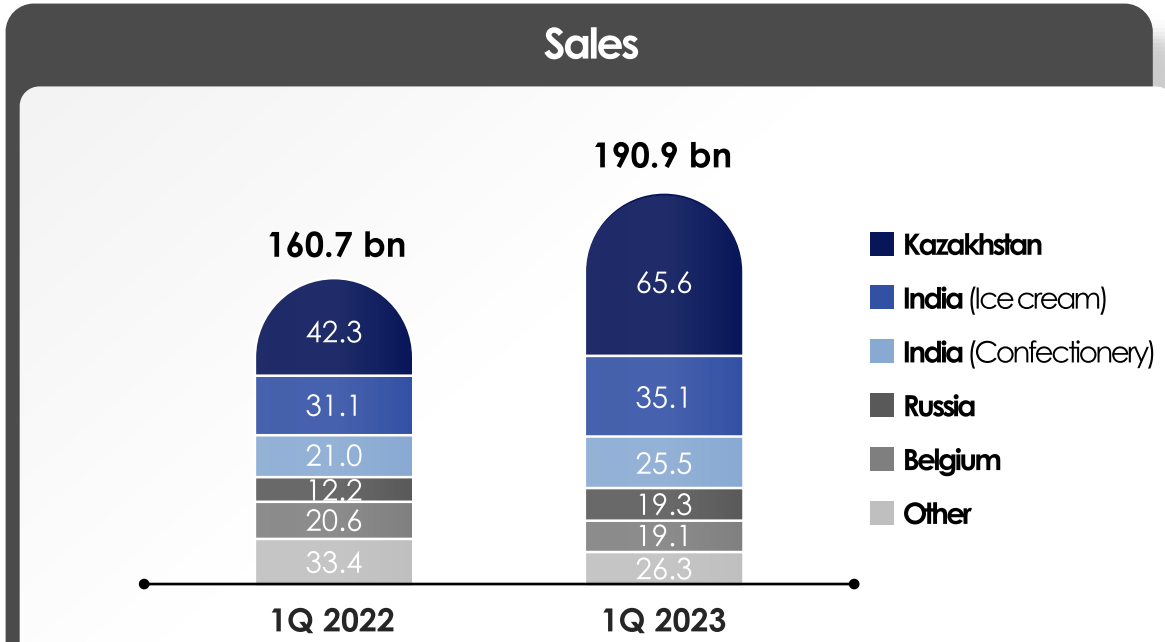


Foods Business Operating profit decreased by ▲5.9 bn

	Details	YoY
Sales impact	Selling price improvement effect, etc.	+29.2bn
Burden of raw materials	Crude oil 16.1, agricultural products 5.1, livestock/fishery products 3.5, etc.	▲30.3bn
Manufacturing costs, etc.	Labor expense improvement, utility cost increase, etc.	▲0.7bn
SG&A expenses, etc.	Increase in labor costs, welfare expenses, etc.	▲4.0bn

Global Business

Profitability improved from the effect of price hike with increased distribution of major subsidiaries in India and the CIS region



Global Business Sales increased by +18.8% YoY (+30.2 bn)

	Details	YoY
Kazakhstan	Base effects such as selling price hikes (twice in 2022) and disputes between Russia and Ukraine	+55.1%
India	Ice cream : Expanding coverage in the western region Confectionery: Increasing sales of pies (choco pie, etc.)	+16.1%
Russia	Base effect and price hike impact of Russia-Ukraine dispute	+58.1%
Belgium	Discontinuation of low-margin PB products and impact of slowing consumption	▲7.3%

Global Business Operating profit increased by +74.8% YoY

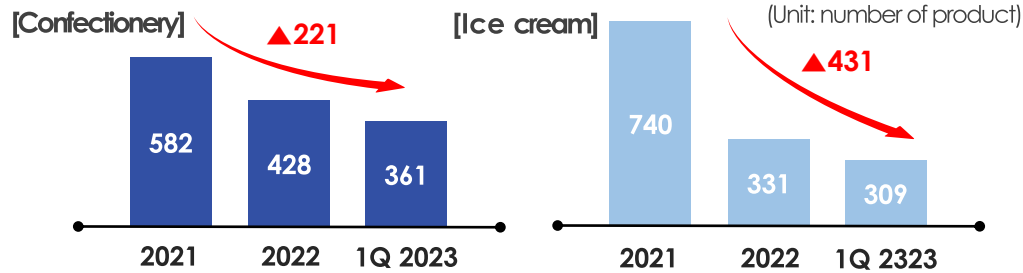
	Details	YoY
Russia	Productivity improvement with increased sales and stabilized supply	+3.5 bn
Kazakhstan	Reduction of the fixed cost burden from growth in sales	+2.4 bn
India (Confectionery)	Sales growth and cost burden reduction	+1.1 bn
India (Ice cream)	Cost burden increase (skim milk powder, processed butter, etc.)	▲2.0 bn
China	Fixed cost burden due to discontinuation of sales (Feb. 2023~)	▲1.5 bn

Business Strategy_ Profitability enhancement / GP improvement

- To improve GP, ① Optimize product operation, ② Normalize selling prices, ③ Increase the proportion of high value-added products such as H&W, and ④ Implement operational excellence

① Optimize product operation

• Improve profitability through efficient SKU operation



② Normalize selling price

• Settle in the market by implementing consistent policies

YoY (1Q)	Details
Confectionery	DC ▲0.4P / Returns ▲1.9 bn / ASP +8.2%
Ice cream	DC ▲12.3P / ASP +21.6%
Processed meats	Reduction of inefficient PR events (▲0.6 bn)

③ Increase the proportion of high value-added products

• Health & Wellness
Preoccupy the H&W market and reinforce its position
(Zero brand product in 2023
4 ice cream and 7 confectionery)



- Increase gum and chocolate sales and strengthen the competitiveness of snacks
- Expand high-profit categories such as butter and whipped cream

④ Operational Excellence

- Build a DT-based decision-making system
- Advance sales/marketing support (adopt global standards)
- Maximize value chain efficiency
- Integrate and automate production/logistics bases

Business Strategy _ Health & Wellness

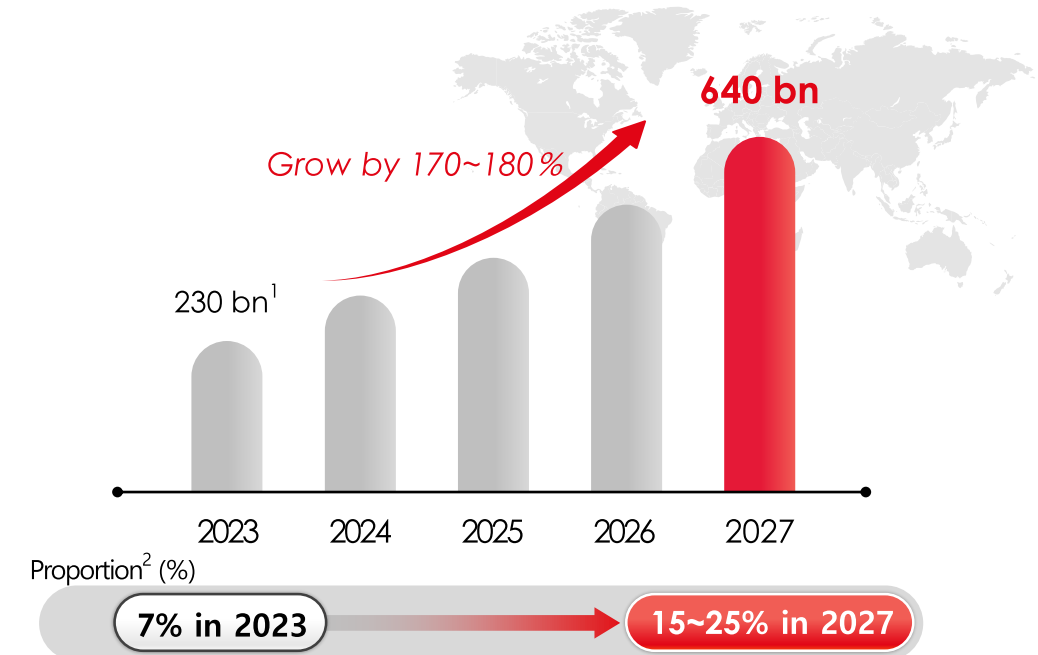
- Double the sales proportion of high value-added Health & Wellness product categories by 2027 (7% → 15~25%)

Health & Wellness Products

Long-term Direction

<p>① Reduced ingredients</p>	<p>ZERO (Low sugar)</p> <p>Sugar alternatives</p>
<p>② Health care products containing healthy ingredients</p>	<p>Contains polyphenol</p> <p>Contains dietary fiber</p> <p>Contains oat</p> <p>Throat health</p>
<p>③ Organic/Plant-based</p>	<p>Non-antibiotic certified</p> <p>Vegan-certified ice cream</p> <p>100% plant-based ingredients</p>
<p>For better food & happier life</p>	<ul style="list-style-type: none"> • Develop products presenting new value to consumers <ul style="list-style-type: none"> - Products easy to chew and digest (infants and toddlers, the elderly, patients, etc.) - Eco-certified products, etc.

- Maximize product development capabilities based on the collaboration of Lotte Central Research Institute and our marketers



Note 1. 2023 sales target total for our Health & Wellness brands
 Note 2. Proportion calculated by comparing Health & Wellness brand sales against domestic sales

Business Strategy _ Operational Excellence

- Secure sales competitiveness through advanced sales and marketing support
- Company-wide profitability improvement based on mid- to long-term production/logistics efficiency

DT – based Operational Efficiency

Advance sales/marketing support

Establish a sales DDMP management system

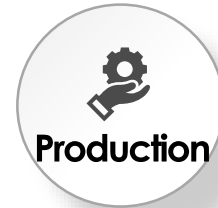
- Systemize distribution / display / merchandising / pricing management
- Reinforce sales / marketing capabilities by establishing an IT system for supply planning and price management

Implement an integrated IT system

- Improve work efficiency through process unification of all business areas (Jan. 2024~)

Increase sales prediction rate by enhancing S&OP

- Improve SCM efficiency based on real-time communication



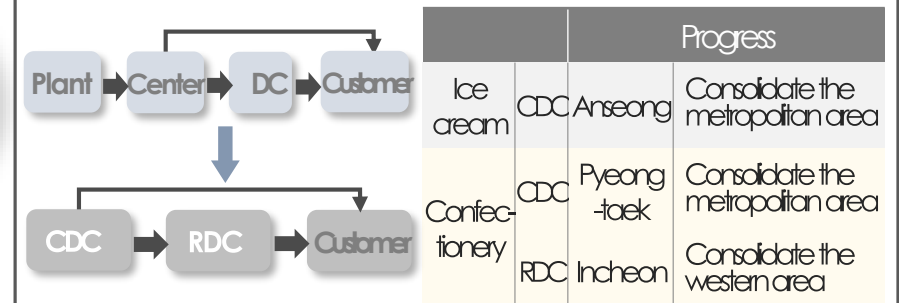
Value Chain Efficiency

Secure manufacturing competitiveness based on product line rearrangement/process automation

	Progress
Confectionery	Turn Pyeongtaek Plant into a regional center for the metropolitan area
Ice cream	Turn Cheonan Plant into a regional center for the central area
Processed meats	Improve costs through factory integration and efficiency



Optimize the logistics network by integrating and automating regional centers



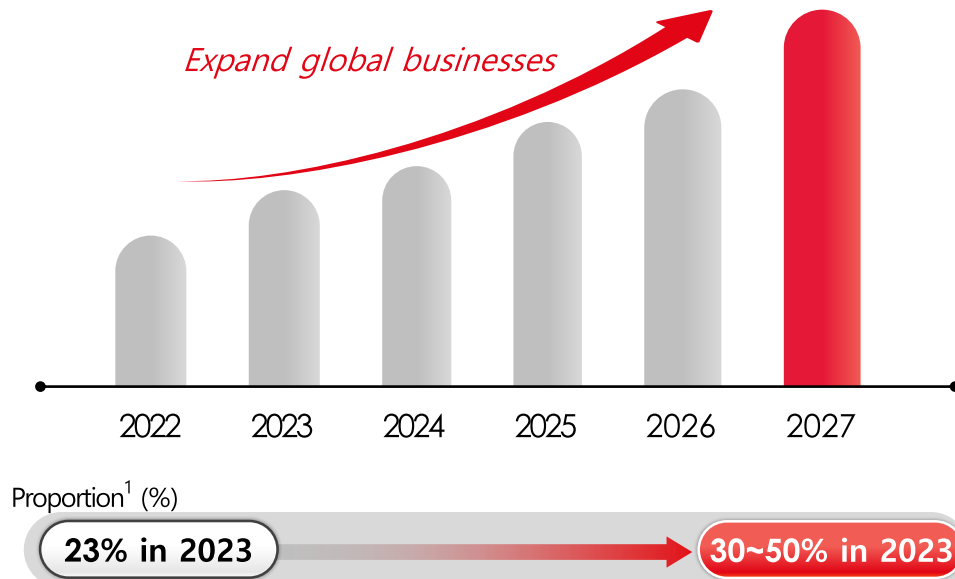
Note1. This plan is subject to change depending on the company's circumstances

Business Strategy _ Global Business

- Increase proportion of global sales to 30-50% by 2027 by focusing on global businesses

Direction Global Business Strategies

『 Foster LOTTE Brand and expand categories & regions 』

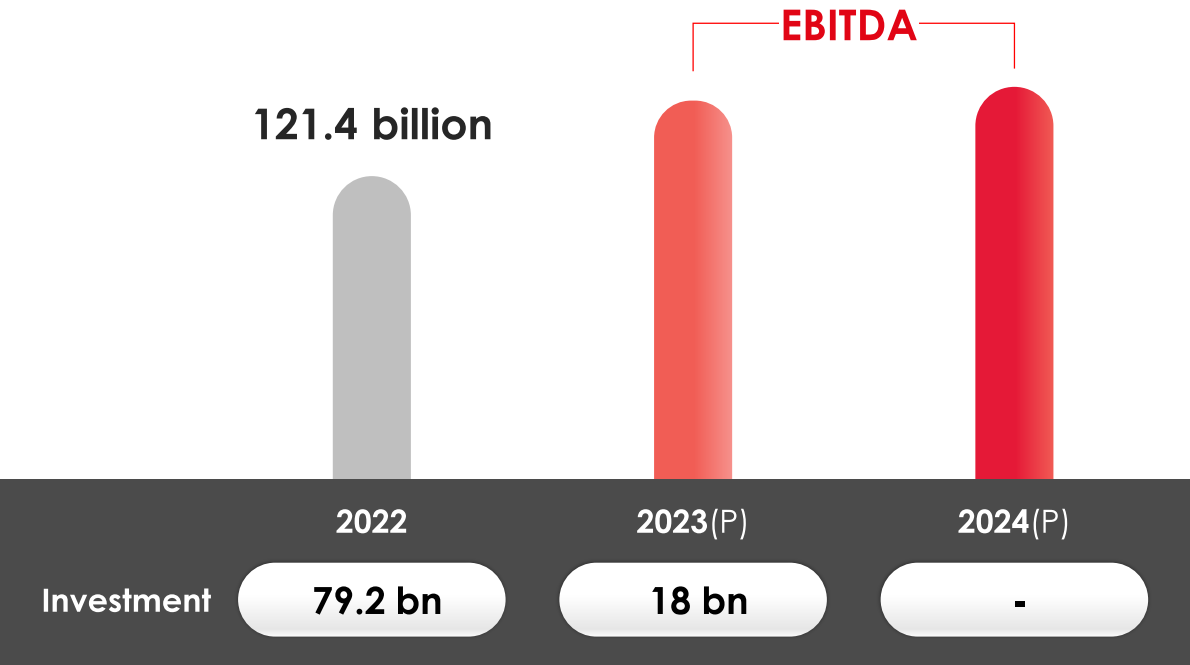


Note 1. Proportion calculated by adding the performance of overseas subsidiaries and export performance

Increase management efficiency through integrated operation	<ul style="list-style-type: none"> • Achieve operational efficiency in other countries considering political and economic circumstances <ul style="list-style-type: none"> – Integrate existing countries considering growth/profitability/expansion – Establish a Wait & See strategy given political unrest and economic feasibility
Focus on nurturing Lotte brands	<ul style="list-style-type: none"> • Intensively develop LOTTE Mega Brands <ul style="list-style-type: none"> – Choco Pie: 3rd line in India (Sep. 23), expand distribution in the CIS region – Pepero: Consumer trials in India, expand into the East Asian region
Increase new K Food-based categories	<ul style="list-style-type: none"> • Strengthen global business capabilities based on the K-food categories <ul style="list-style-type: none"> – Review entrance into the overseas K-food market with products from the food business group from the food business group
Expand market through global M&A's	<ul style="list-style-type: none"> • Increase market and improve profitability by expanding global M&A's <ul style="list-style-type: none"> – Emerging countries → Review M&A in developed countries (USA, Europe, etc.)

Capex / Financial Highlights

Capex plan (domestic)



1 Stabilization of subsidiaries ➔ Gradual reduction of investment

- Investment in 2022 : 12 billion in Russia, 29.8 billion for the 3rd Choco Pie line in India, new business, etc.

2 Plans to make stable investment by considering cash flow

- Establish strategy based on scenarios with increased volatility in the capital market.

Financial Highlights

Credit rating

Long term

AA
Stable

Short term

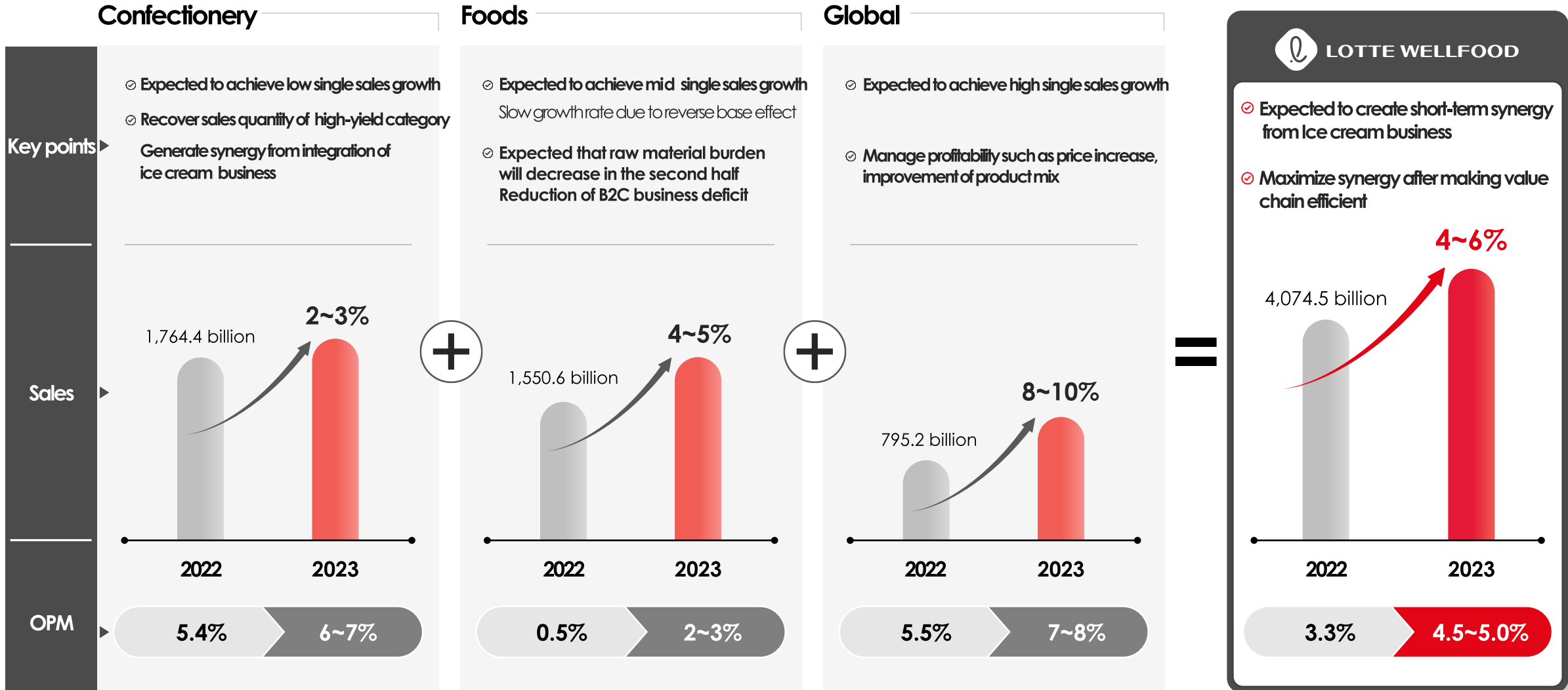
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	End of Dec. 2022	End of Mar. 2023
Assets	4,105.3 Bn	4,273.0 Bn
Stockholders' Equity	2,111.6 Bn	2,116.0 Bn
Liabilities	1,993.6 Bn	2,157.0 Bn
Total Debt	1,286.4 Bn	1,480.6 Bn
Net Debt	885.4 Bn	904.8 Bn
(Debt Ratio)	94.4%	101.9%
(Total Debt Ratio)	31.3%	34.7%
Sales	4,074.5 Bn	959.6 Bn
Operating Profit	135.3 Bn	18.6 Bn
(OPM)	3.3%	1.9%
Annual Basis EBITDA	318.6 Bn	258.1 Bn

Note1. Cumulative profit and loss as of Dec. 2022. Based on Pro-Forma after merger.

Note2. Calculation method of 2023 annual basis EBITDA is quadrupling of the 1Q23.

2023 Guidance



Note1. The data is based on Pro-Forma after merger.

Sustainability

- Actively implementing ESG activities by setting **Wellness for Planet, People, and Company** as the company's core values to create sustainable value

Recognition of Major ESG Activities

- Obtained 'Grade A' in ESG evaluation by Korea Institute of Corporate Governance and Sustainability (KCGS) for four consecutive years
- Received a commendation from the Minister of Trade, Industry, and Energy, a government award for contribution to sustainable management, in 2022
- Received the 'Minister of Environment Award' as an outstanding K-EV100 (Conversion to Korean-style zero-emission vehicle 100) Company
 - Converted the largest number of zero-emission vehicles in the commercial sector among the 332 companies declaring K-EV100
 - 478 vehicles in 2021 → 171 vehicles in 2022 → Plan to convert 138 vehicles in 2023
- Joined the global RE100 and declared the promotion of using 100% renewable energy by 2040



Dec. 2022



Mar. 2023



Apr. 2023

Recent Achievements by Sector

- Eco-friendly packaging using water-based ink without plastic applied to 'Custard'

- Received the 'Minister of Environment Award' at the 12th Green Packaging Contest
- The expected amount of ink/organic solvent reduction to be about 100 tons/year



- Renewed ISO45001 (ISO certification for safety and health management system) integrated corporation qualification

- Obtained safety and health management system certification for the first time in the confectionery industry in 2021
- Established a mid-to-long-term roadmap for safety and health by hiring external experts and executives in 2022

- Obtained ISO37301 (ISO certification for standard compliance management system) for the first time


- Established a solid compliance management system with ISO37001 acquired in 2019
- Exerted efforts, including declaring anti-corruption policies, fostering internal auditors, and building a management system

Conclusion

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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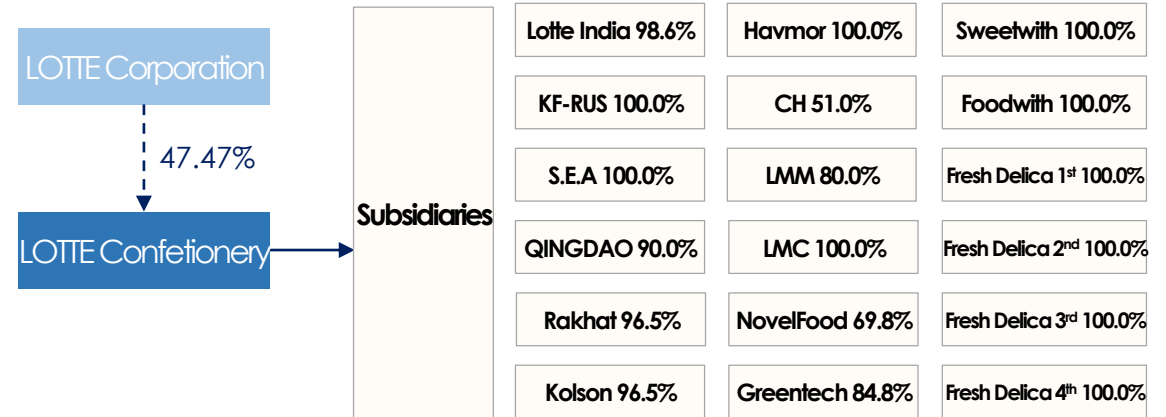
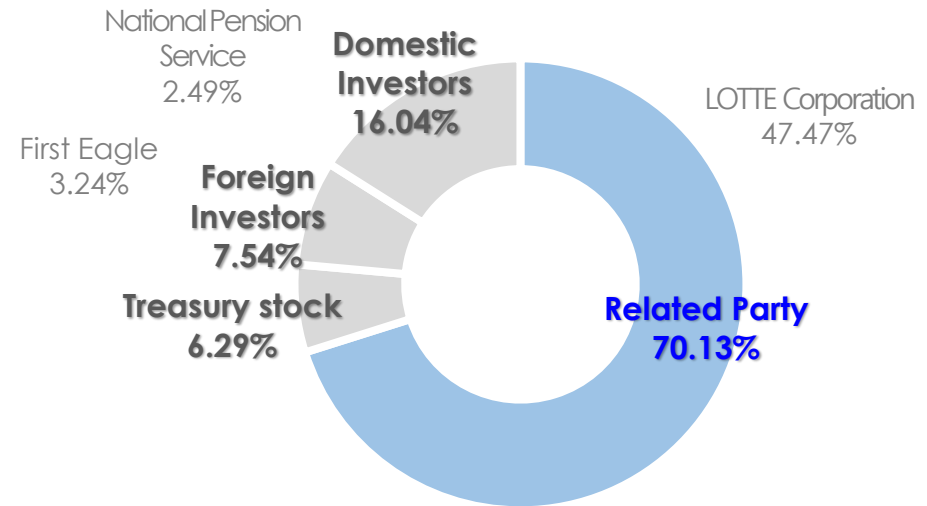
Appendix _Company Overview

General Information

- Established : Mar 24, 1967
- Credit Ratings : AA/Stable, A1
- Main Business : Total Food Company
- Homepage : <https://www.lottewellfood.com>
- Production : Domestic 17 / Overseas 21
- Shareholders : As of Mar 31, 2023

Name	No. of Shares	Ownership (%)
LOTTE Corporation	4,478,208	47.47
LOTTE Aluminum Co., Ltd.	643,381	6.82
LOTTE Scholarship Foundation	496,144	5.26
LOTTE Holdings Co., Ltd.	416,338	4.41
SHIN, Yeong ja	236,742	2.51
SHIN, Dong bin	182,117	1.93
L2 Investment Company	137,722	1.46
Jang, Jeong an	12,964	0.14
Shin, You mi	10,623	0.11
Lee, Young goo	1,000	0.01
Others	1,304	0.01
Related Party Total	6,616,543	70.13
Treasury stock	593,307	6.29
Others	2,224,724	23.58
Total	9,434,574	100.00

Shareholding Structure



Appendix_Dividends

	2019		2020		2021		2022	Remarks
	Confectionery	Foods	Confectionery	Foods	Confectionery	Foods	Well Foods	
Par Value (KRW)	500	5,000	500	5,000	500	5,000	500	
Price (KRW)	149,500	413,000	102,000	331,500	120,500	344,500	122,500	· Closing Price
Net profit (100 million KRW)	381	375	410	702	349	▲10	470	· Domination shares
Cash Dividends (100 million KRW)	83	109	103	109	103	99	203	· DPS x number of shares
DPS (KRW)	1,300	12,000	1,600	12,000	1,600	10,000	2,300	
Dividend Rate	260%	240%	320%	240%	320%	200%	460%	· DPS ÷ Par Value
Dividend Yield	0.9%	2.9%	1.6%	3.5%	1.3%	2.8%	1.8%	· DPS ÷ Price
Dividend Rate	21.90%	29.10%	25.03%	15.55%	29.40%	-	43.23%	· Cash Dividends ÷ Net profit

Dividends paid to shareholders are determined by comprehensive consideration of increasing shareholder dividends and increasing corporate value through the mid to long term investments.

In addition, in order to increase shareholder value, Lotte Confectionery set the mid to long term goal of **30% of dividend payout ratio**.

Appendix_1 Q23 Consolidated Financial Statements (disclosure basis)

Income Statement

(Unit : 100 million KRW, %)

	1Q					
	2022		2023		YoY	
	KRW	%	KRW	%	KRW	%
Sales	5,058	100.0	9,596	100.0	4,538	89.7
G.P	1,597	31.6	2,395	25.0	798	50.0
SG&A	1,489	29.4	2,209	23.0	720	48.3
O.P	108	2.1	186	1.9	78	72.9
R.P	▲41	▲0.8	27	0.3	68	turn to profit
N.P	▲40	▲0.8	0	0.0	40	turn to profit

Balance Sheet

(Unit : 100 million KRW, %)

	2022.12.31	2023.03.31	QoQ
Current assets	14,490	16,169	1,679
Non current assets	26,563	26,561	▲2
Total assets	41,053	42,730	1,677
Current liabilities	9,211	9,784	573
Non current liabilities	10,725	11,786	1,061
Borrowings (a)	12,864	14,806	1,942
Total liabilities (b)	19,936	21,570	1,634
Share capital	47	47	-
Total equity (c)	21,116	21,160	44
Debt to equity ratio (b/c)	94.4	101.9	7.5P
Borrowings to total equity ratio (a/c)	60.9	70.0	9.1P

Appendix_1 Q23 Parent Financial Statements (disclosure basis)

Income Statement

(Unit : 100 million KRW, %)

	1Q					
	2022		2023		YoY	
	KRW	%	KRW	%	KRW	%
Sales	3,922	100.0	7,775	100.0	3,853	98.2
G.P	1,348	34.4	1,942	25.0	594	44.1
SG&A	1,259	32.1	1,813	23.3	554	44.0
O.P	89	2.3	128	1.7	39	44.7
R.P	38	1.0	10	0.1	▲28	▲72.7
N.P	34	0.9	8	0.1	▲26	▲76.7

Balance Sheet

(Unit : 100 million KRW, %)

	2022.12.31	2023.03.31	QoQ
Current assets	10,805	12,383	1,578
Non current assets	26,780	26,562	▲218
Total assets	37,585	38,945	1,360
Current liabilities	7,751	8,288	537
Non current liabilities	9,615	10,647	1,032
Borrowings (a)	11,819	13,729	1,910
Total liabilities (b)	17,366	18,936	1,570
Share capital	47	47	-
Total equity (c)	20,218	20,010	▲208
Debt to equity ratio (b/c)	85.9	94.6	8.7P
Borrowings to total equity ratio (a/c)	58.5	68.6	10.1P

Appendix_Sales Breakdown

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Sales	8,551	9,438	9,623	8,703	8,579	8,803	9,699	8,679	8,756	9,150	10,108	9,361	9,129	10,462	11,168	10,343	9,684
Confectionery	3,952	4,618	4,709	3,767	3,962	4,518	4,821	3,905	4,072	4,469	4,953	4,022	3,922	4,405	5,051	4,266	4,104
Confectionery	2,667	2,451	2,436	2,637	2,650	2,333	2,489	2,606	2,523	2,258	2,392	2,585	2,391	2,251	2,529	2,911	2,656
Ice Cream	851	1,701	1,845	719	908	1,773	1,901	859	1,084	1,755	2,088	930	1,139	1,758	2,085	922	1,068
Bakery	305	293	245	286	250	230	231	271	265	269	283	324	280	308	332	368	302
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	2,086	2,271	1,909
Kazakhstan	432	444	468	584	448	377	435	523	389	380	437	548	423	505	592	817	656
Pakistan	225	232	229	233	200	235	218	214	197	231	216	211	201	216	219	201	158
Belgium	224	184	266	379	221	101	225	348	213	146	255	378	206	133	260	310	191
India(Conf)	-	-	-	-	144	109	166	163	168	109	198	194	210	198	270	250	255
India(Ice)	204	405	219	192	166	117	168	137	249	240	287	218	311	602	356	275	351
China	37	36	36	47	35	47	49	55	54	59	54	63	42	41	39	40	8
Russia	112	113	138	151	133	108	145	134	115	108	143	159	122	190	232	262	193
Singapore	29	28	28	23	26	15	29	34	31	28	27	30	25	27	29	32	31
Myanmar	65	75	79	83	73	71	74	82	59	78	81	86	67	77	88	83	66
Foods	3,270	3,304	3,451	3,243	3,169	3,105	3,369	3,085	3,210	3,301	3,459	3,451	3,601	4,068	4,031	3,806	3,671
B2B	1,603	1,672	1,652	1,644	1,508	1,514	1,546	1,512	1,518	1,677	1,673	1,806	1,850	2,309	2,072	1,994	1,880
Fats&Oils	945	934	912	932	898	898	925	953	954	1,058	1,054	1,179	1,248	1,598	1,344	1,285	1,178
Food materials	658	738	740	712	610	616	621	559	564	619	620	627	602	711	728	709	702
B2C	1,647	1,612	1,779	1,578	1,640	1,572	1,800	1,556	1,673	1,606	1,767	1,618	1,731	1,735	1,941	1,793	1,773
Pasteur	516	524	541	483	509	484	489	460	480	495	469	455	472	468	444	459	444
Processed Meats	677	617	763	606	678	600	774	543	675	577	720	586	684	620	790	655	682
HMR	454	471	475	489	453	488	537	553	518	534	578	577	575	647	707	679	647

Note1. The combined performance of the business sector differs from the overall consolidated performance (Excluding consolidation adjustment between subsidiaries)

Appendix_Exchange Rate

(Unit : KRW/Local currency)

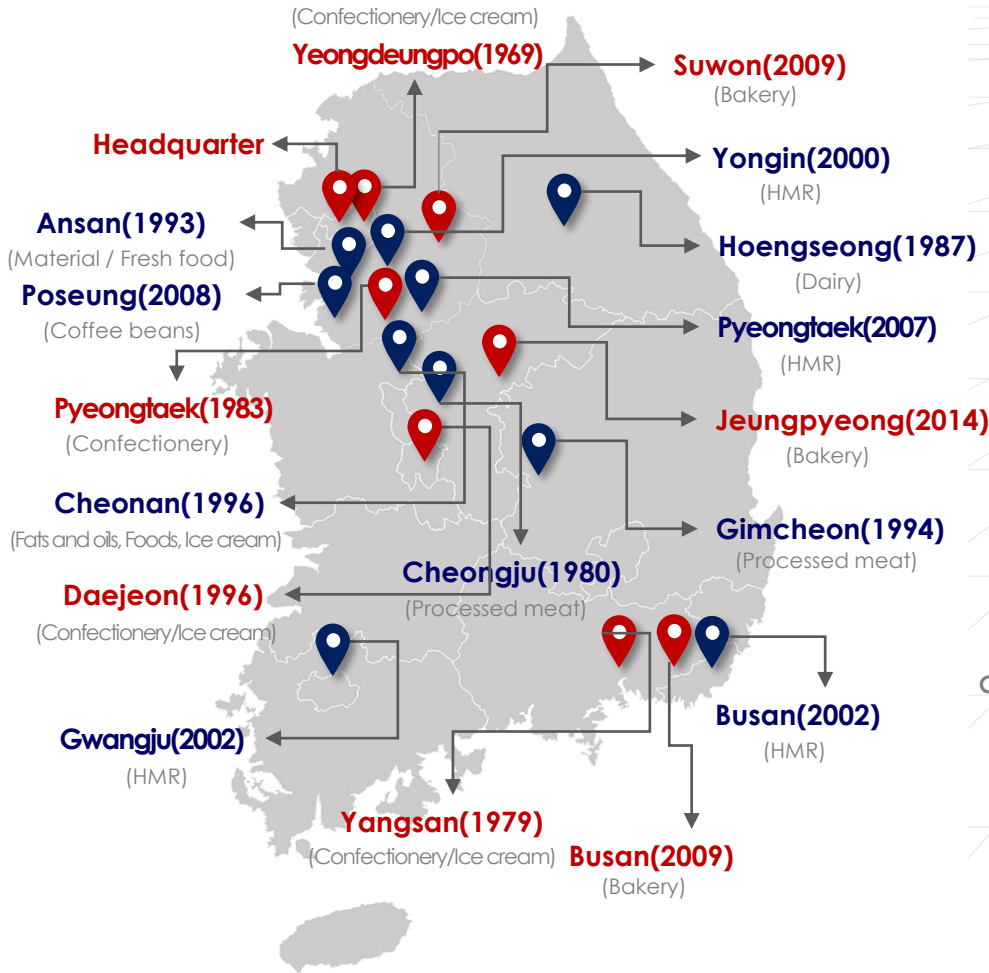
Country	Jan ~ Dec				Jan ~ Mar			
	2020	2021	2022	YoY(%)	2021	2022	2023	YoY(%)
Kazakhstan (KZT)	2.86	2.68	2.80	4.5	2.65	2.64	2.8	6.1
Pakistan (PKR)	7.29	7.03	6.33	▲10.0	7.02	6.79	4.92	▲27.5
Belgium (EUR)	1345.99	1352.79	1357.38	0.3	1342.62	1352.44	1368.51	1.2
India (INR)	15.92	15.48	16.43	6.1	15.28	16.02	15.51	▲3.2
China (CNY)	170.88	177.43	191.57	8.0	171.95	189.64	186.18	▲1.8
Russia (RUB)	16.41	15.53	19.32	24.4	14.96	14.06	17.43	24.0
Singapore (SGD)	855.11	851.47	936.47	10.0	836.13	891.11	956.81	7.4
Myanmar (MMK)	0.7987	0.78	0.6835	▲12.4	0.8426	0.6839	0.6100	▲10.8

Note1. Standard Exchange Rate : Cumulative average exchange rate between Jan 1st~Present

Appendix Locations

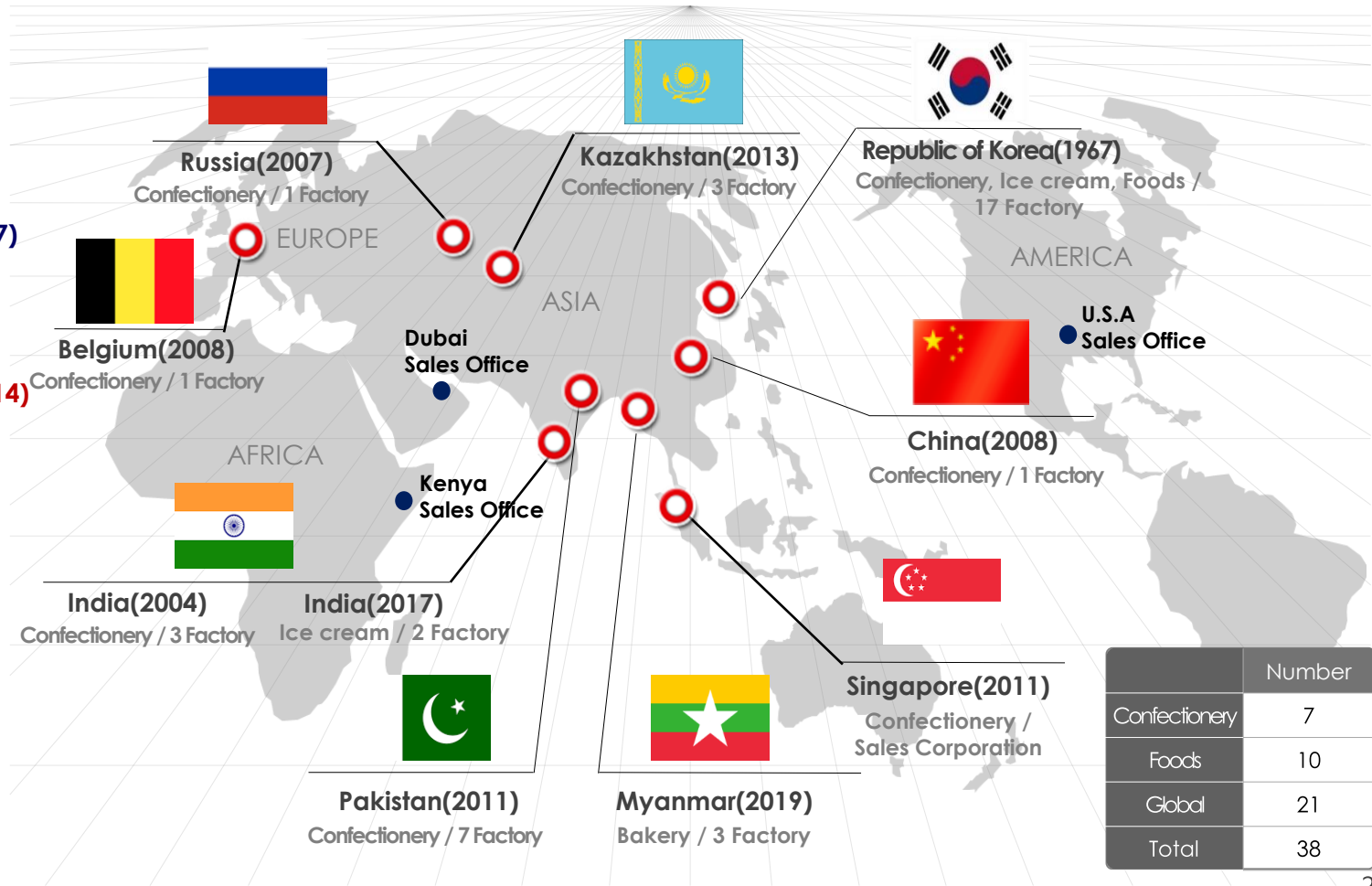
Domestic

Headquarter : 10, Yangpyeong-ro 21-gil, Yeongdeungpo-gu, Seoul
Factory : Confectionery 7 (Yeongdeungpo, Daejeon, Yangsan, etc.)
Foods 10 (Cheonan, Hoengseong, etc.)


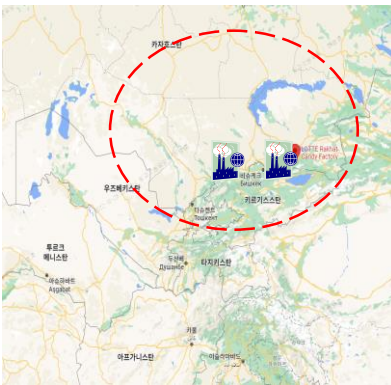


Overseas



Overseas : 8 Nations (Kazakhstan, Pakistan, Belgium, India, Russia, Myanmar, China, Singapore)
Factory : 21 (Kazakhstan 3, Pakistan 7, Belgium 1, India(Conf) 3, India(Ice) 2, Russia 1, Myanmar 3, China 1)



Appendix_Overview of Main Subsidiaries

	India	Kazakhstan
	<p>LOTTE INDIA The first subsidiary of Confectionery</p>	<p>LOTTE RAKHAT JSC The largest subsidiary in sales</p>
Status	<p>HAVMOR The first subsidiary of Ice Cream</p>  <p>Acquisition (M&A) : May 2004</p> <p>Ownership : 98.57%</p> <p>Number of employees : 590</p> <p>Number of business establishments : 3</p> <ul style="list-style-type: none"> • Take over Parry's Confectionery in 2004 • Operates mainly in southern Chennai and northern Haryana • Candy, Choco pie, and gum (Spout) are sold throughout India • Have 1,400 distributors and 5,000 sub distributors 	 <p>Acquisition (M&A) : Nov 2013</p> <p>Ownership : 95.57%</p> <p>Number of employees : 3,787</p> <p>Number of business establishments : 3</p> <ul style="list-style-type: none"> • Take over "No1. Chocolate company" Rakhat in 2013 • Population, sales and GDP continue to grow • Chocolate, biscuit and candy are sold mainly in southeastern region • Expand both domestic and export sales to nearby CIS countries such as Russia
Business Strategy	<ul style="list-style-type: none"> • Securing No.1 market position of Choco pie <ul style="list-style-type: none"> - To be established Choco pie 3rd line in 2023 • To be released domestic LOTTE mega brand products in India <ul style="list-style-type: none"> - Pepero, etc 	<ul style="list-style-type: none"> • Strengthen brand and expand channel in CIS region • Settling the choco bar market • Entering the Russian modern trade chain and e-commerce

Appendix_Overview of Main Subsidiaries

	Russia	Belgium
	<p>KF RUS The first subsidiary in CIS countries</p>	<p>GUYLIAN The first subsidiary in Western Europe</p>
Status	 <p>Acquisition (Greenfield investments) : Mar 2007</p> <p>Ownership : 100%</p> <p>Number of employees : 332</p> <p>Number of business establishments : 3</p> <ul style="list-style-type: none"> • Establish a sales corporation in 2007 and production corporation in 2008 → Combine sales and production corporations in 2012 • Operate products such as Crunch Candy and Choco Pie • Expand production capacity by building the 3rd line of Choco Pie in Nov, 2021 • Gain reflective profits due to global companies withdraw from Russian-Ukraine conflict 	 <p>Acquisition (M&A) : Jul 2008</p> <p>Ownership : 51%</p> <p>Number of employees : 192</p> <p>Number of business establishments : 1</p> <ul style="list-style-type: none"> • Operate 5 sales corporations in Europe and the United States (Europe : Germany, Portugal, England, Belgium) • Mainly operate chocolate products and brands such as Seashells and Seahoreses • Expand sales channels through premium brand differentiation and renewal • Export to over 140 countries around the world, Aggressive marketing such as TV advertising is underway in the European market
Business Strategy	<ul style="list-style-type: none"> • Expand market share of the LOTTE mega brand such as Choco pie • Minimize the Impact of the Russian-Ukraine conflict <ul style="list-style-type: none"> - Stabilize supply and demand of raw materials and respond to exchange rate volatility • Expand product line-up and sales coverage, Increase profits by increasing productivity 	<ul style="list-style-type: none"> • Market positioning through Guylian brand renewal and reorganization • Vitalize travel, retail and duty-free channels • Focus on improving profitability and fundamental capabilities

Appendix_ Overview of Main Subsidiaries

	Line-up	Brand / Product				Note
Confectionery	Gum, Candy					
	Chocolate, Biscuit					
	Pie, Snack					
Ice Cream	Bar, Pencil					
	Cone, Cup					
	Home					
Bakery	Mass produced, Bread, Pastry, etc					

	Line-up	Brand / Product				Note
Fats&Oils	Processed oil, Shortening, Magarine, Butter, etc					
Food Materials	Roasted coffee, RTD(Ready to drink), Set, etc					
	Additives, Chocolate, Processed food materials					
	Seasoning food, Agricultural products, Food ingredients, etc					
Pasteur	Milk, Dairy products, Baby food, etc					
Processed Meats	Ham, Sausage, Fish and meat, Set, etc					
HMR	Frozen food, Dumpling					

Appendix_ Overview of Main Subsidiaries

Corporation	Line-up	Brand / Product	Note
Kazakhstan (Rakhat)	Choco, Biscuit, Candy	Kazakhstanski Tomiris Yablachiko Aigerim	
Pakistan (Kolson)	Snack, Pasta, Biscuit, Gum	Slanty Pasta Macaroni Choco Pie	
Belgium (Guylian) <small>The World's Favourite Belgian Chocolates</small>	Chocolate (Guylian brand, Private brand)	Guylian Seashell Master's Selection Opus Guylian Bar	
India Conf. (Lotte India)	Pie, Candy, Gum	Choco Pie Cacao Pie Coffee Bite Spout	
India Ice. (Havmor)	Ice Cream (Bulk, Bar, Cone, Cup, etc.)	Vanilla Zulubar AAM CANDY World Cone	
Russia (KF-RUS)	Pie, Candy, Pepero	Choco Pie Cacao Pie Banana Pie Strawberry Pie	
Myanmar (L&MM)	Bakery (Mass-produced bread, Artisan bread)	Fruit cake Layer cake Cup cake Square Bread	
China (QINGDAO)	Pie, Biscuit, Candy	Choco Pie Koda's March Yogurt Jelly Pepero	
Singapore (S.E.A)	Sales Corporation (Import and sales of domestic product)	Pepero Choco Pie Custard Chic-choc	