

3Q23 Business Results

November, 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.

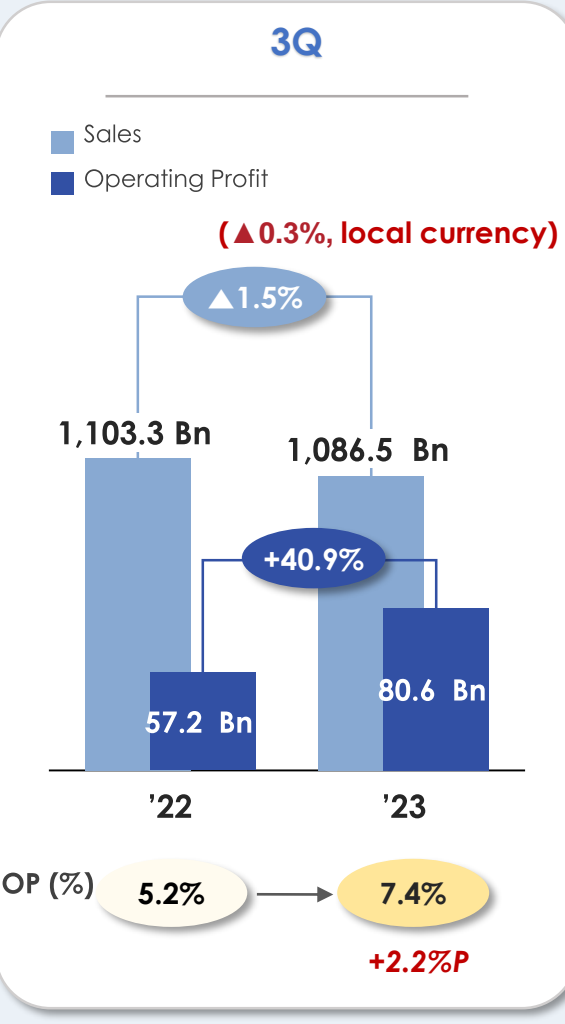
Nothing in this document shall be considered evidence of legal responsibility towards investors nor as a solicitation to invest.

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.

November, 2023
Lotte Wellfood. IR

3Q '23 Business Results

Consolidation Criteria



(Unit : 100mn, %, %P)

	3Q			
	'22	'23	YoY	
			amount	%(%P)
Sales	11,033	10,865	▲168	▲1.5
Domestic Business	9,082	8,955	▲127	▲1.4
Exports	443	451	8	1.8
Global Business	2,086	1,993	▲93	▲4.5
Operating Profit	572	806	234	40.9
Domestic Business	491	663	172	35.0
Exports	44	51	7	15.9
Global Business	117	182	65	56.0
Margin(%)	5.2	7.4	2.2P	
Domestic Business	5.4	7.4	2.0P	
Exports	9.9	11.3	1.4P	
Global Business	5.6	9.1	3.5P	

Sales decreased by ▲1.5%,
operating profit increased by +40.9% ✓

Domestic Business



Confectionery, Ice cream, Bakery, Fats and Oils, Processed Meat, Pasteur, HMR, etc.

Sales decreased by ▲1.4%, operating profit increased by +35.0%

[Confectionery] Expanded sales of flagship categories (gum, snacks)

[Ice cream] Expanded the lineup during the peak season and improved logistics efficiency

[Fats and Oils] shrunk sales due to falling market prices

[Export] Slowdown in sales growth caused by suspended milk powder supply for export (China)

Global Business



India, Kazakhstan, Belgium, Russia, Pakistan, etc

Sales decreased by ▲4.5%, operating profit increased by +56.0%

Sales in KRW slowed due to exchange rate impact
→ Sales increased by +2.1% in local currency

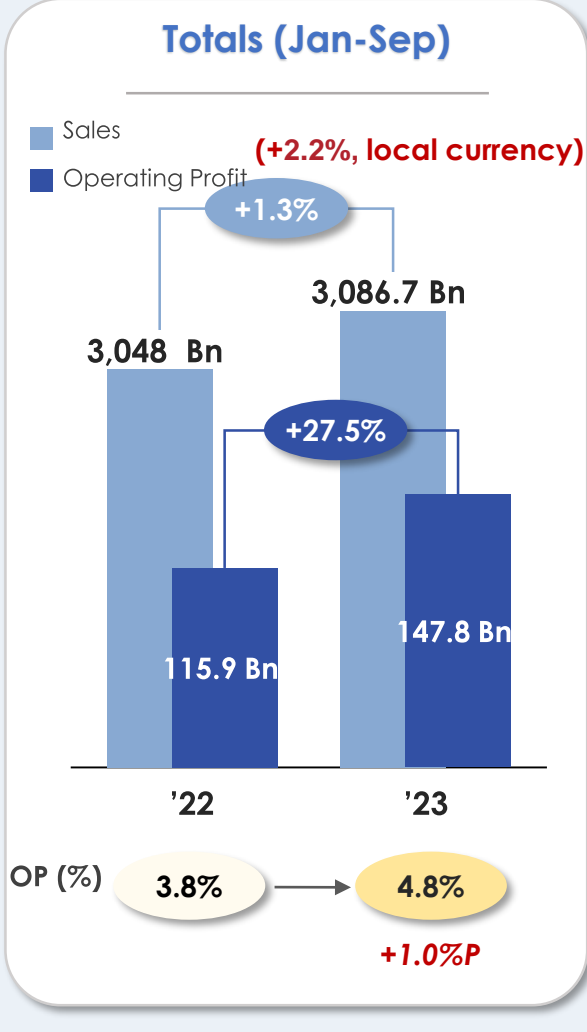
Increased profitability driven by improved productivity and expanded sales

Note 1. Each business performance is separate except for overseas business totaling overseas subsidiaries. Company-wide aggregate reflects consolidation adjustments for subsidiaries.

Cumulative Result (Jan – Sep)

Consolidation Criteria

(Unit : 100mn, %, %P)



	Totals (Jan-Sep)			
	'22	'23	YoY	
			amount	%(%P)
Sales	30,480	30,867	387	1.3
Domestic Business	25,079	25,145	66	0.3
Exports	1,214	1,325	111	9.1
Global Business	5,681	5,978	297	5.2
Operating Profit	1,159	1,478	319	27.5
Domestic Business	942	1,141	199	21.2
Exports	96	125	30	30.9
Global Business	305	428	123	40.6
Margin(%)	3.8	4.8	1.0P	
Domestic Business	3.8	4.5	0.7P	
Exports	7.9	9.5	1.6P	
Global Business	5.4	7.2	1.8P	

Sales increased by +1.3 %, operating profit increased by +27.5 % ✓

Domestic Business

Confectionery, Ice cream, Bakery, Fats and Oils, Processed Meat, Pasteur, HMR, etc.

Sales increased by +0.3 %, operating profit increased, by +21.2 %

- [Confectionery] Improved profitability backed by streamlined SKU and restructuring
- [Ice Cream] Synergies of integration manifested in production streamlining, etc.
- [Fats and Oils] Profitability recovery delayed by high-cost inventory burdens
- [Export] Growth bolstered by promotion and distribution expansion (Pepero, Canned ham)

Global Business

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

Sales increased by +5.2% and operating profit increased by +40.6% ,

Continued sales growth, mainly in India and Kazakhstan
→ +10.2% in sales in local currency

Improved profitability with enhanced productivity and increased sales

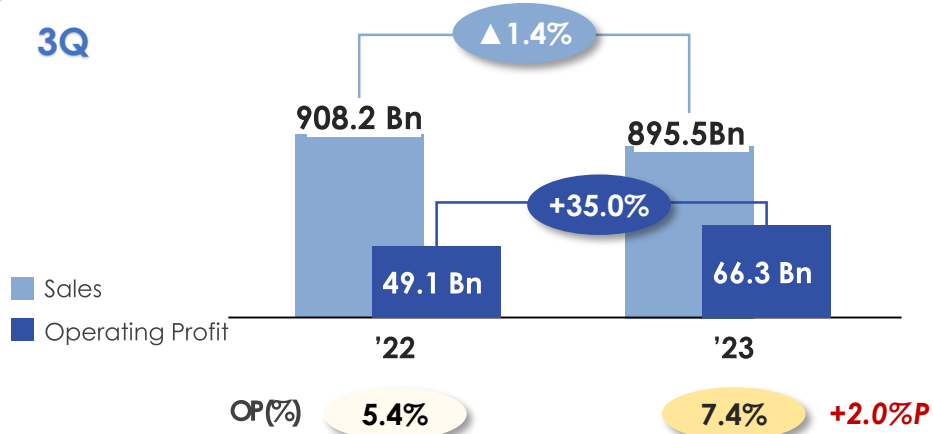
Note1. Jan. ~Sep. performance is based on Pro-Forma after the merger

Note2. Each business performance is separate except for overseas business totaling overseas subsidiaries. Company-wide aggregate reflects consolidation adjustments for subsidiaries.

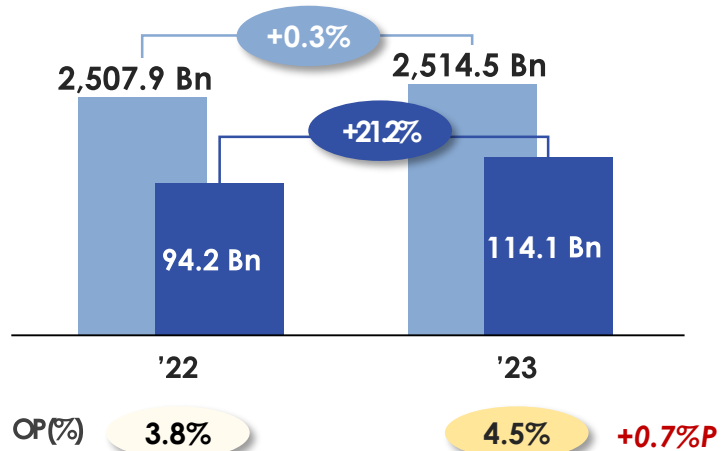
Domestic Business

Business Performance

3Q



Jan ~ Sep



Key Takeaways

Reasons for 3Q earnings increase or decrease

- ✓ (Confectionery) sales growth driven by major and key categories (gum +24.1%, snacks +11.7%)
- ✓ (Ice Cream) Stable market penetration of 3 new ZERO products in 1H M&A synergies driven by SKU efficiencies and infrastructure integration
- ✓ (Fats & Oils) Continued inventory burden with falling market prices
- ✓ (Processed Meat) Decline in sales due to reduction of SKUs and promotions in pursuit of improving profitability

Sales by Major Business

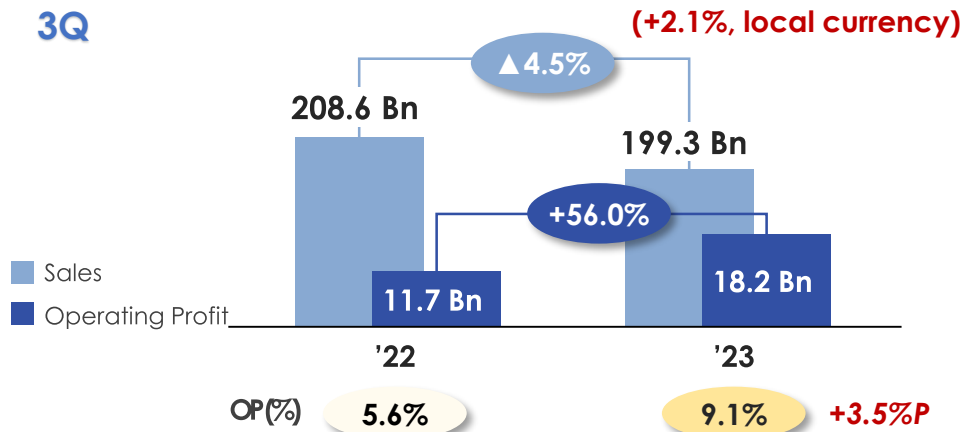
(Unit : 100mn)

	3Q '23			Jan~Sep '23		
	Sales	YoY		Sales	YoY	
		amount	%		amount	%
Confectionery	2,713	184	7.3	7,873	701	9.8
Ice Cream	2,235	150	7.2	5,157	174	3.5
Fats & Oils	1,100	▲244	▲18.2	3,420	▲770	▲18.4
Meat processing	707	▲83	▲10.5	2,003	▲91	▲4.4
Domestic Totals	8,955	▲127	▲1.4	25,145	66	0.3

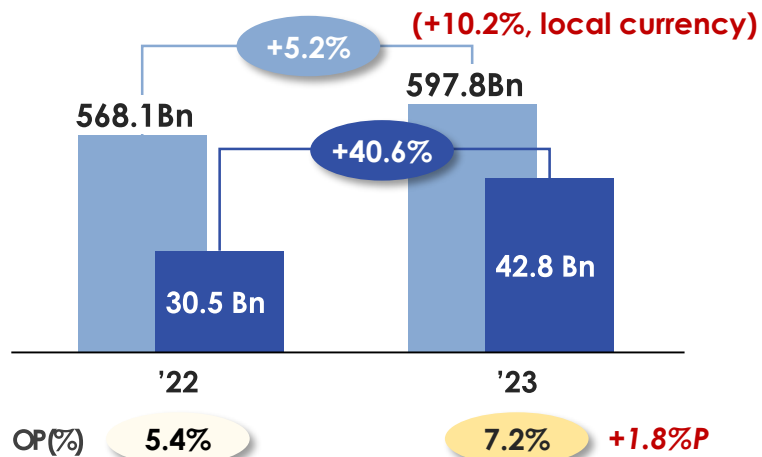
Global Business

Business Performance

3Q



Jan ~ Sep



Key Takeaways

Reasons for 3Q earnings increase or decrease

- ✓ Continued growth in key regions such as India and CIS (8.4% in India, 7.7% in Kazakhstan, etc.)
- ✓ Impact of rising influx of low-cost Russian products into Kazakhstan and reduced exports
- ✓ Distribution expansion in the Russian MT market and productivity increase

(Sales growth rate ▲ 15.5%, +16.1% in local currency)

Sales by Subsidiary

(Unit : 100mn)

	3Q '23			Jan~Sep '23		
	Sales	YoY		Sales	YoY	
		amount	%		amount	%
India (Ice Cream)	390	34	9.6	1,378	109	8.6
India (Confectionery)	289	19	6.8	767	89	13.2
Kazakhstan	638	46	7.7	1,963	442	29.1
Russia	196	▲36	▲15.5	576	32	5.9
Global Totals	1,993	▲93	▲4.5	5,978	297	5.2

Business Strategy _ Domestic Sales Strategy

Key Progress

Reinforce market dominance

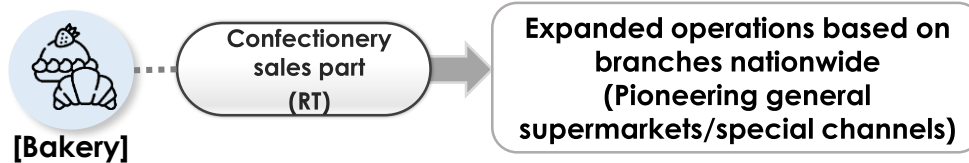
- Revamp sales structure (SKU streamlining, pull sales settlement, establishment of merger synergy)
- Enhance DDMP Strategy-based sales/marketing capabilities
 - Boost product rotation through display management
 - Reduction of returns (cumulative as of 3Q ▲3.2 Bn)

Regain profitability of fats & oils

- Visualize high-cost inventory depletion and profitability recovery
 - Sales activities pursuing price competitiveness and M/S recovery

B2C Competency Enhancement

- Facilitate distribution driven by cross-sale utilizing bakery and confectionery sales part



RT : Room Temperature

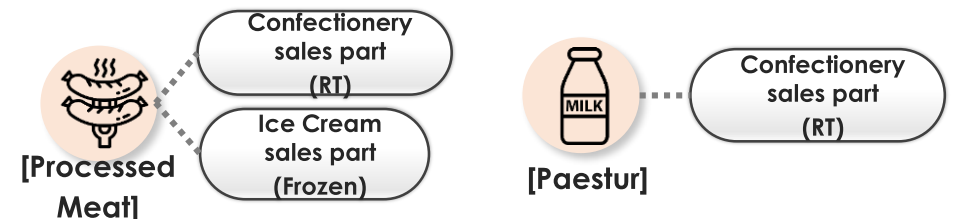
Promotion Direction

- Expand Mega Brand-Focused Marketing
 - Promote a campaign with 'NewJeans' as a global model
- Introduce new products reflecting consumer needs, strengthen market position
 - Broaden target/GP aiming confectionery market for adults



- Fats & Oils focus on restoring cost competitiveness and enhancing profitability
- Expand business by diversifying product portfolios such as non-edible fats & oils.

- Expand cross-sale scope by utilizing confectionery and ice cream sales parts, revamp profit structure



Business Strategy _ Health & Wellness

Building a sustainable portfolio through the design of a H&W brand / Enhancing GP margin via over 2 times revenue growth by 2027

H&W Items

Reducing harmful ingredients

Low-sugar,
Low-sodium Products

Containing healthy ingredients

High protein and
Fortified products

Plant-based / Organic

Organic ingredients,
Plant based alternatives

'23 New products

May.2023

ZERO Ice cream



Jun.2023

Sausage
(chicken breast)



Jul.2023

Ham (Low-sodium)



Aug.2023

Snacks (Rice)



Nov.2023

ZERO Confectionery



4Q23(E)

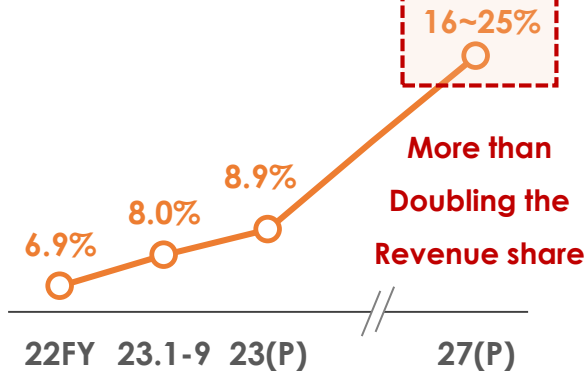
Health-focused Snacks,
ZERO Candy,
Rice Snacks
(Different flavors)

1H24(E)

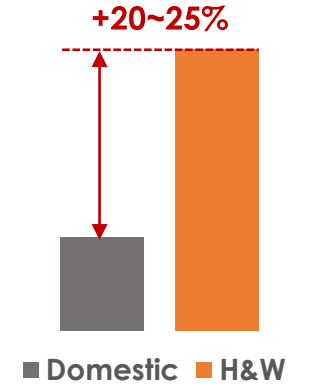
"Continued portfolio expansion"

Sales Status

H&W Revenue Composition



GP Comparison



Growth rate of Key H&W Brands' sales (Jan - Sep.2023)



+17%



+60%



+17%



+61%

Business Strategy _ Global Business

Expand production bases and secure future growth engines based on profitability from core regions

Promotion Status of Major Subsidiaries

<p>Havmor +9%</p>	<ul style="list-style-type: none"> ✓ West region-based (63% of sales) → Expanded national coverage ✓ LOTTE brand lineup expansion (World Cone in '21, Megaton in '23, etc.)
<p>Lotte India +13%</p>	<ul style="list-style-type: none"> ✓ No. 1 in Choco Pie market share in India, high brand awareness ✓ Operation of the 3rd Choco Pie production line for further sales growth (Oct. '23)
<p>Kazakhstan +29%</p>	<ul style="list-style-type: none"> ✓ Solidify the No. 1 market share in the Kazakhstan chocolate market ✓ Sales increase boosted by growth in the domestic market and exports to neighboring CIS countries
<p>Russia +6% +24%(local currency)</p>	<ul style="list-style-type: none"> ✓ Sales growth sustained despite protracted Russia/Ukraine dispute ✓ Improved profitability bolstered by base effects such as MNC withdrawal and production stabilization

Strengthen core production base (India)

Secure key drivers for future growth

- ✓ Broaden regional coverage and secure leading position based on investment in production facilities,
- ✓ Solidify “national player” position in the high-potential Indian market

Chennai Factory (Confectionery)

Current	Mainly in Haryana(North) and Chennai (South)
New	Expand eastern region by adding lines
Effect ✓	Improve productivity (1.5x CAPA) Expand core TT channel competitiveness

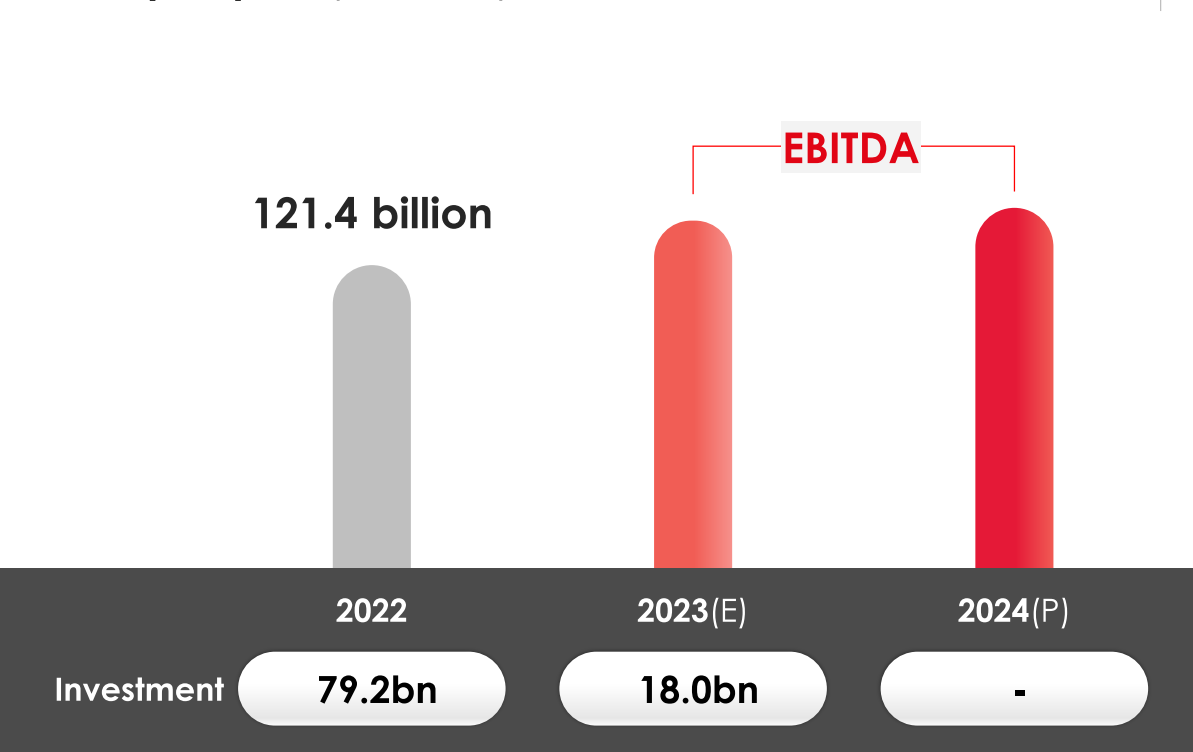
New ice cream factory in Pune (Apr. '24)

Current	Mainly Gujarat (West/North)
New	Secure a base for expanding coverage in the middle and south
Effect ✓	Resolve CAPA shortages during high season Consider introducing additional LOTTE brand lines

Note1. Cumulative sales growth from Jan. ~ Sep. '23

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

A¹

	End of Sep. 2022	End of Sep.2023
Assets	4,105.3 Bn	4,317.1Bn
Stockholders' Equity	2,111.6 Bn	2,188.4Bn
Liabilities	1,993.6 Bn	2,128.7Bn
Total Debt	1,247.3 Bn	1,339.0Bn
Net Debt	846.4 Bn	720.3Bn
(Debt Ratio)	94.4%	97.3%
(Total Debt Ratio)	31.3%	31.0%
Sales	4,074.5 Bn	3,086.7Bn
Operating Profit	135.3 Bn	148.7Bn
(OPM)	3.3%	4.8%
Annual Basis EBITDA	318.6 Bn	376.5Bn

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

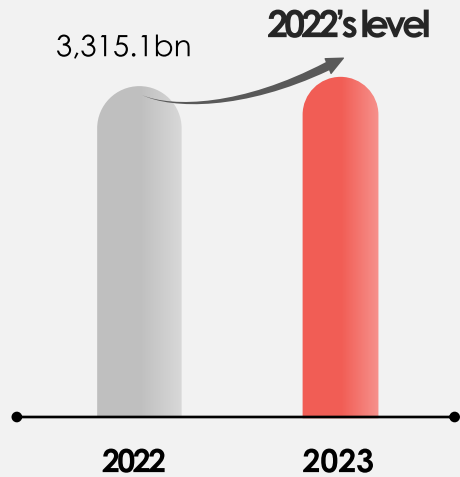
Note2. Calculation method of 2023 annual basis EBITDA is 4/3 times of the 3Q23 cumulative.

2023 Guidance

- Key Points
- Sales
- OPM

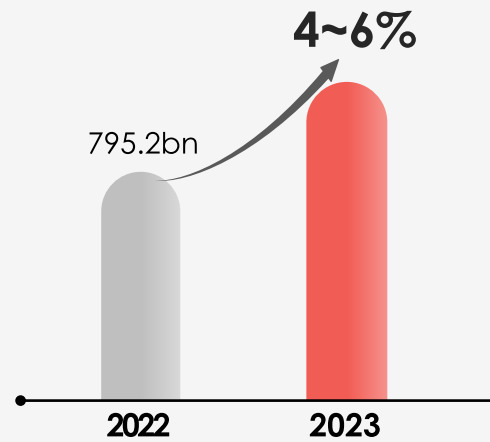
Domestic Business

- ⊙ Sales forecast at 2022's level
 - Despite growth in confectionery and ice cream, fats&oils recovery delayed.
- ⊙ High-margin category sales recovery, merger synergy in the ice cream



Global Business

- ⊙ Sales forecast for mid-single growth
 - Considering exchange rates, especially in Russia
- ⊙ Improved profitability due to price increases and production expansion



=

- ⊙ Building a profit structure through operational enhancements
- ⊙ Realizing integration synergies from the merger

Year	Sales (bn)
2022	4,074.5
2023	4,158.5 (1~2% growth)

Year	OPM (%)
2022	3.3%
2023	Around 5.0%

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

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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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

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

11th-year MOU with Save the Children for 'Happy Home' project

- Establishing local children's centers with a portion of Pepero sales revenue since 2013



Mar.2023



Apr.2023



June.2023

Recent Achievements by Sector

E

- Expanding the use of eco-friendly plastic containers for HMR**
 - First in the food industry to apply biodegradable plastic containers to four lunchbox varieties (Mar.2023)
 - Expanding the application of Delica sandwiches to 13 varieties. (Sep.2023), Ongoing expansion plans.
- Natuur mini cup plastic spoon material changes to birch wood.**
 - Utilizing spoons made of birch wood results in an annual reduction of 5 tons of plastic usage.

S

- Collaborating with the Korean Dental Association for the "Healthy Teeth, Healthy Korea" campaign.**
 - Providing free dental check-ups and oral health education every month since 2013.

G

- 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

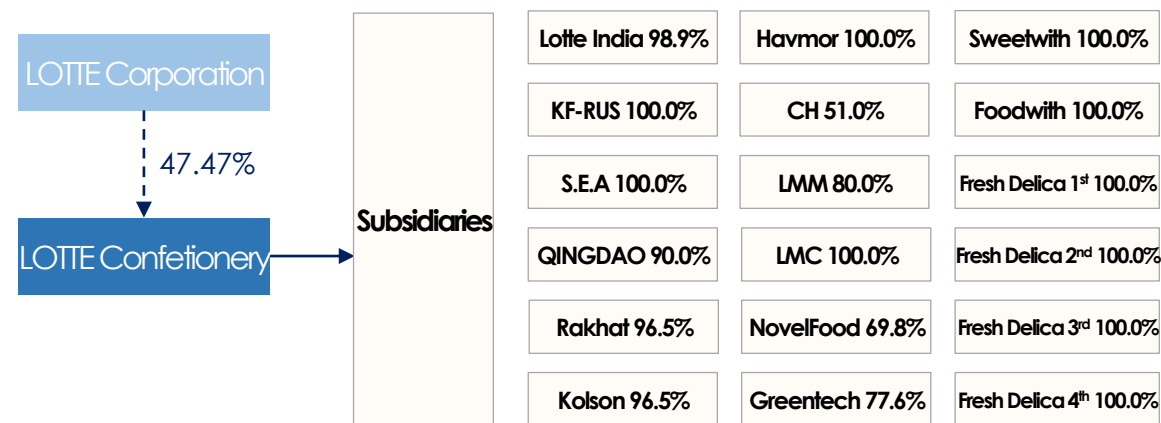
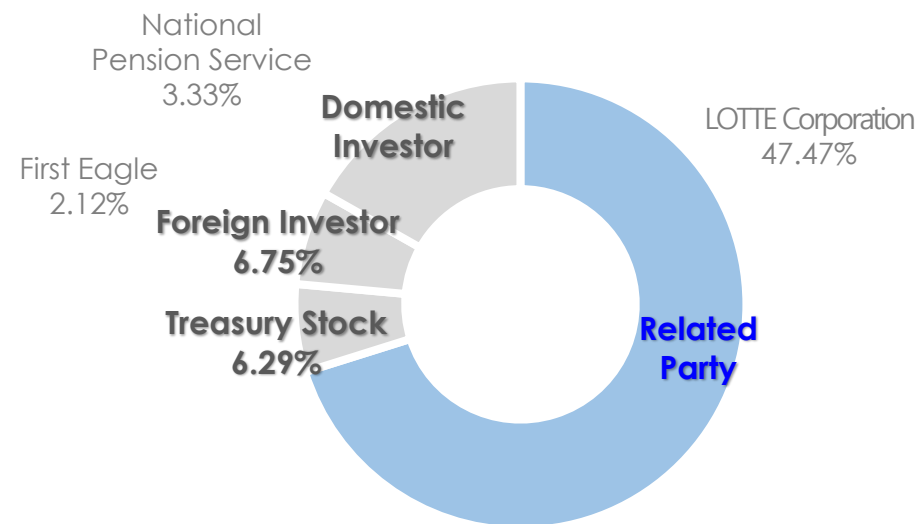
Appendix _Company Overview

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 Sep 30, 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, Chang yeop	1,100	0.01
Lee, Young goo	1,000	0.01
Others	1,904	0.01
Related Party Total	6,618,243	70.15
Treasury stock	593,307	6.29
Others	2,223,024	23.56
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 income (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 income

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_3Q23 Consolidated Financial Statements (disclosure basis)

Income Statement

(Unit : 100 million KRW, %)

	3Q					
	2022		2023		YoY	
	KRW	%	KRW	%	KRW	%
Sales	11,033	100.0	10,865	100.0	▲168	▲1.5
Gross Profit	3,035	27.5	3,253	29.9	218	7.2
SG&A	2,463	22.3	2,447	22.5	▲16	▲0.7
Operating Profit	572	5.2	806	7.4	234	40.9
Ordinary Profit	440	4.0	960	8.8	520	118.0
Net Income	354	3.2	713	6.6	359	101.5

Balance Sheet

(Unit : 100 million KRW, %)

	2022.12.31	2023.09.30	QoQ
Current assets	14,490	16,367	1,877
Non current assets	26,563	26,804	241
Total assets	41,053	43,171	2,118
Current liabilities	9,211	9,232	21
Non current liabilities	10,725	12,055	1,330
Borrowings (a)	12,473	13,390	917
Total liabilities (b)	19,936	21,287	1,351
Share capital	47	47	-
Total equity (c)	21,116	21,884	768
Debt to equity ratio (b/c)	94.4	97.3	3.0P
Borrowings to total equity ratio (a/c)	59.1	61.2	2.0P

Appendix_3Q23 Parent Financial Statements (disclosure basis)

Income Statement

(Unit : 100 million KRW, %)

	3Q					
	2022		2023		YoY	
	KRW	%	KRW	%	KRW	%
Sales	9,082	100.0	8,955	100.0	▲127	▲1.4
Gross Profit	2,523	27.8	2,731	30.5	208	8.2
SG&A	2,032	22.4	2,068	23.1	36	1.8
Operating Profit	491	5.4	663	7.4	172	35.0
Ordinary Profit	416	4.6	892	10.0	476	114.5
Net Income	339	3.7	696	7.8	357	105.3

Balance Sheet

(Unit : 100 million KRW, %)

	2022.12.31	2023.09.30	QoQ
Current assets	10,805	12,820	2,015
Non current assets	26,780	26,698	▲82
Total assets	37,585	39,518	1,933
Current liabilities	7,751	7,749	▲2
Non current liabilities	9,615	10,898	1,283
Borrowings (a)	11,539	12,504	965
Total liabilities (b)	17,366	18,647	1,281
Share capital	47	47	-
Total equity (c)	20,218	20,871	653
Debt to equity ratio (b/c)	85.9	89.3	3.0P
Borrowings to total equity ratio (a/c)	57.1	59.9	3.0P

Appendix_Sales Breakdown

(Unit : 100 million KRW)

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Sales	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	10,492	10,948
Domestic	7,131	7,623	8,190	6,990	7,282	7,770	8,412	7,473	7,523	8,473	9,082	8,072	7,775	8,415	8,955
Confectionery	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	2,504	2,713
Ice cream	908	1,773	1,901	859	1,084	1,755	2,088	930	1,139	1,758	2,085	922	1,068	1,854	2,235
Bakery	250	230	231	271	265	269	283	324	280	308	332	368	302	305	297
Fats&Oils	898	898	925	953	954	1,058	1,054	1,180	1,248	1,598	1,344	1,285	1,178	1,142	1,100
Food Materials	610	616	621	559	564	619	620	628	602	711	728	709	702	755	664
Pasteur	509	484	489	460	480	495	469	454	472	468	444	459	444	459	460
Processed Meats	678	600	774	543	675	577	720	586	684	620	790	655	682	613	707
HMR	453	488	537	553	518	534	578	577	575	647	707	679	647	698	694
Global	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	2,077	1,993
Kazakhstan	448	377	435	523	389	380	437	548	423	505	592	817	656	669	638
Pakistan	200	235	218	214	197	231	216	211	201	216	219	201	158	158	138
Belgium	221	101	225	348	213	146	255	378	206	133	260	310	191	89	207
India (Conf)	144	109	166	163	168	109	198	194	210	198	270	250	255	224	289
India (Ice)	166	117	168	137	249	240	287	218	311	602	356	275	351	637	390
China	35	47	49	55	54	59	54	63	42	41	39	40	8	0	0
Russia	133	108	145	134	115	108	143	159	122	190	232	262	193	187	196
Singapore	26	15	29	34	31	28	27	30	25	27	29	32	31	34	35
Myanmar	73	71	74	82	59	78	81	86	67	77	88	83	66	79	100

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

Appendix_Average Exchange Rate

Unit : KRW / Local currency

Country	Jan ~ Jun				Jan ~ Sep			
	2021	2022	2023	YoY(%)	2021	2022	2023	YoY(%)
Kazakhstan (KZT)	2.63	2.74	2.86	4.4	2.64	2.77	2.87	3.6
Pakistan (PKR)	7.15	6.63	4.77	▲28.1	7.14	6.42	4.68	▲27.1
Belgium (EUR)	1,346.83	1,346.94	1,399.88	3.9	1345.72	1347.13	1409.37	4.6
India (INR)	15.24	16.18	15.75	▲2.7	15.24	16.38	15.79	▲3.6
China (CNY)	172.75	190.04	186.80	▲1.7	172.33	191.84	184.79	▲3.7
Russia (RUB)	15.04	16.59	16.83	1.4	14.95	18.53	15.86	▲14.4
Singapore (SGD)	838.79	903.02	969.23	7.3	838.25	921.61	970.13	5.3
Myanmar (MMK)	0.84	0.70	0.62	▲11.0	0.84	0.70	0.62	▲10.8

Note1. Base exchange rate : 1/1~ Month-to-date average exchange rate

Appendix_Current Exchange Rate

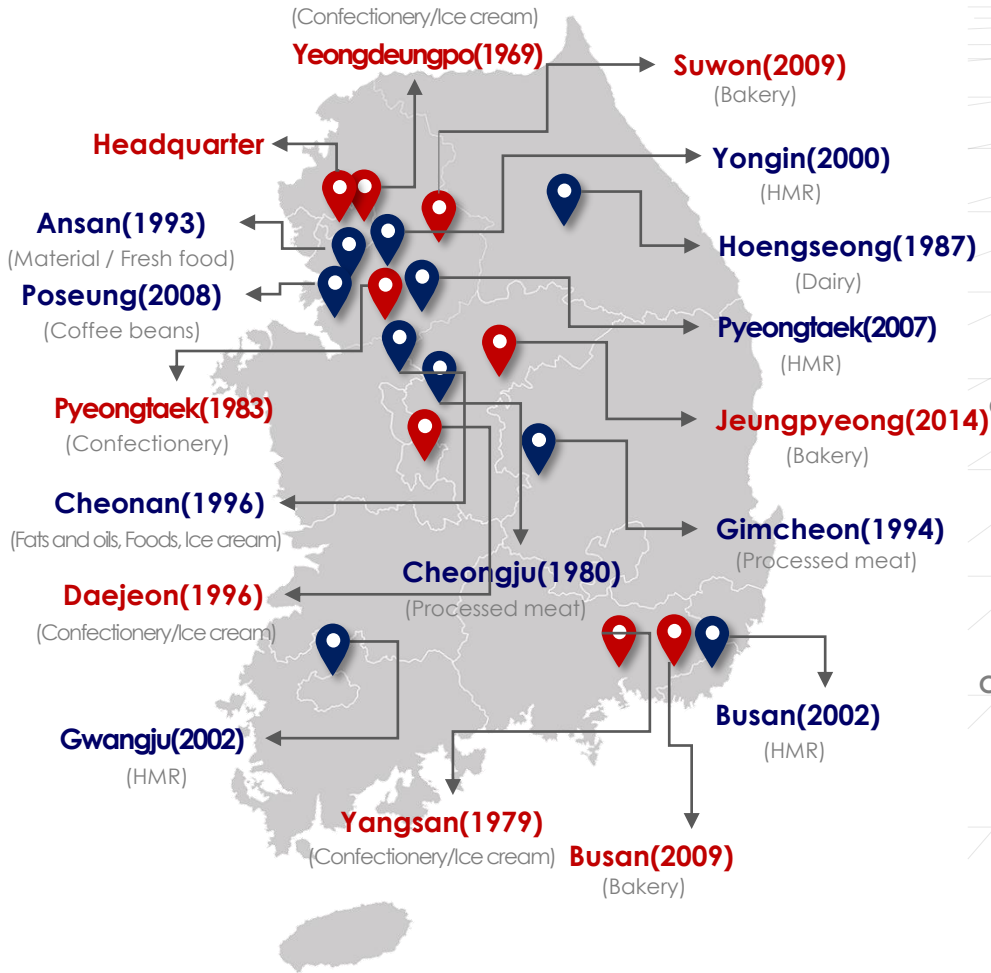
Unit : KRW / Local currency

Country	End of Dec.2022	End of Mar.2023	End of Jun.2023	End of Sep.2023	Compared to the End of 2022 (%)
Kazakhstan (KZT)	2.75	2.89	2.89	2.81	2.2
Pakistan (PKR)	5.59	4.60	4.58	4.70	▲15.9
Belgium (EUR)	1,351.20	1421.53	1426.55	1421.72	5.2
India (INR)	15.31	15.88	16.00	16.14	5.4
China (CNY)	181.44	189.13	181.05	184.27	1.6
Russia (RUB)	16.90	16.87	15.11	14.13	▲16.4
Singapore (SGD)	943.11	982.04	967.96	982.07	4.1
Myanmar (MMK)	0.60	0.62	0.63	0.64	6.5

Appendix Locations

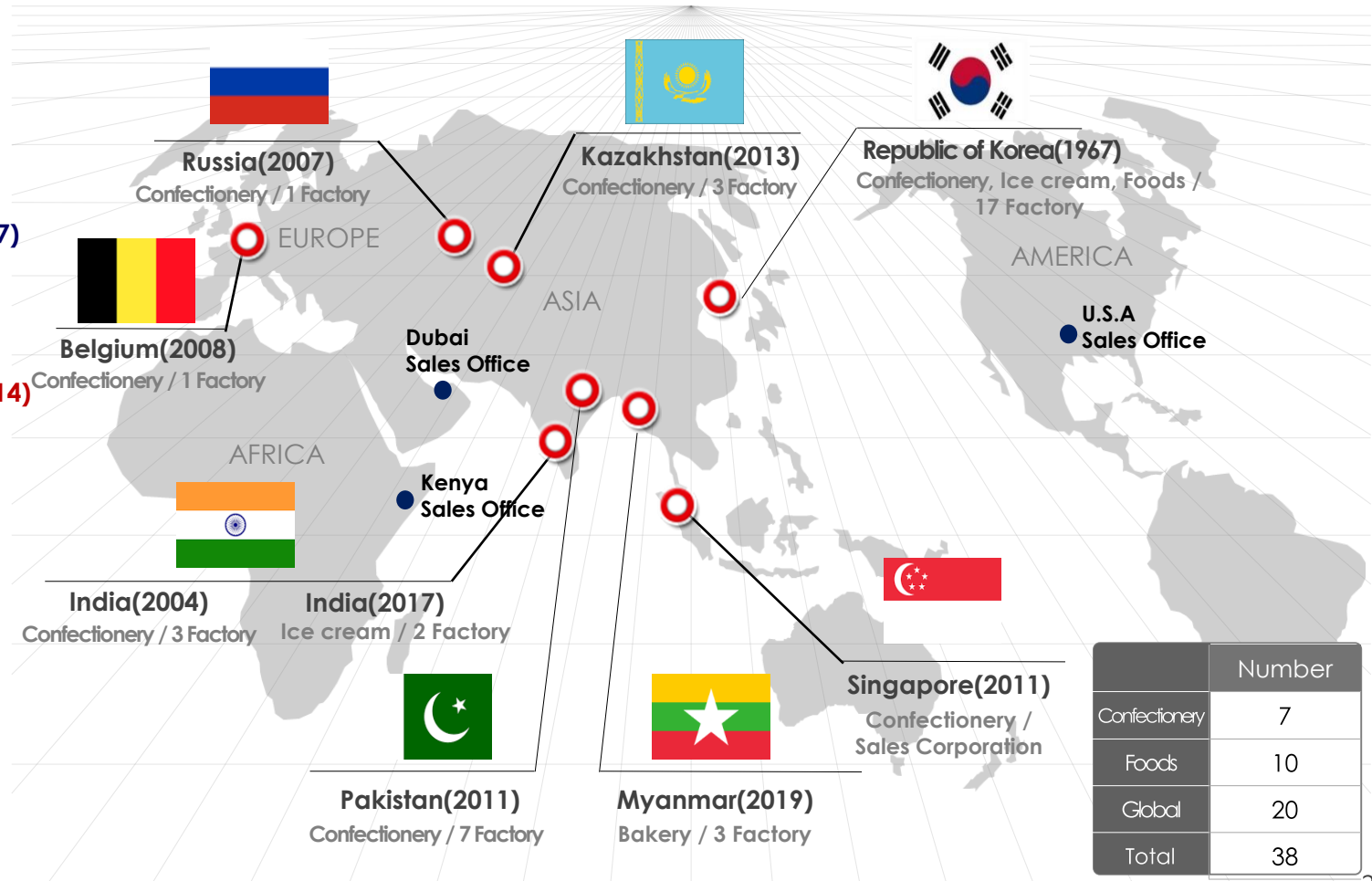
Domestic

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



Overseas

Overseas : 7 Nations (Kazakhstan, Pakistan, Belgium, India, Russia, Myanmar, Singapore)
Factory : 20 (Kazakhstan 3, Pakistan 7, Belgium 1, India(Conf) 3, India(Ice) 2, Russia 1, Myanmar 3)



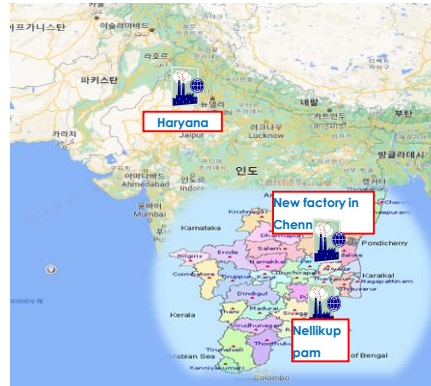
	Number
Confectionery	7
Foods	10
Global	20
Total	38

Appendix _ Status of Major Overseas Subsidiaries

Market Status

Key Points

LOTTE INDIA (Confectionery)



First Overseas Confectionery Subsidiary

- Acquisition date:** May '04
- Establishment Type :** M&A
- Ownership:** 98.9%
- Number of Employees:** 590
- Number of factories:** 3

- ✓ Future economy power recording the world's 1st largest population of 1.4 Bn and 5th highest GDP (\$3.4 tn)
- ✓ Joined the global top 5 economies, improved productivity and consumption power
- ✓ Expected to record around 10% CAGR sustained by continuously growing domestic market
- ✓ Expand the market position of the LOTTE brand and strengthen the competitiveness of the core channel (TT)

- Acquired Parry's Confectionery ('04)
- Operated mainly in Chennai (South) and Haryana (North)
- Selling existing candy products and Choco Pie and Spout (chewing gum) nationwide
- Ranked No. 1 in Choco Pie Market Share, Introduced 3rd Choco Pie line (Oct. '23)
- Consolidated market leading position and sustained growth expansion

HAVMOR (Frozen Confectionery)



First Overseas Frozen Confectionery Subsidiary

- Acquisition date:** Dec. '17
- Establishment Type :** M&A
- Ownership:** 100%
- Number of Employees:** 860
- Number of factories:** 2

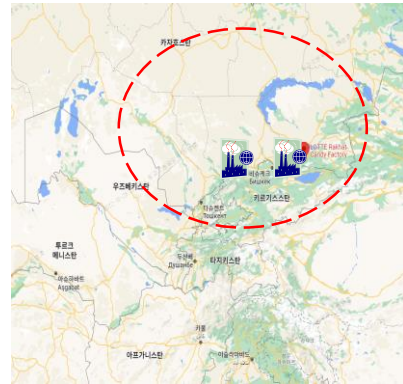
- ✓ Forecast to rise as the world's 3rd largest economy by 2027
- ✓ Category-wide growth derived from population growth and income improvement
- ✓ Rising consumption trend with less seasonal influence, stronger purchasing power
- ✓ High potential for the expansion of the ice cream market → Nationwide expansion in the mid-to-long-term

- Acquisition of Havmor ('17)
- A major production area for raw dairy products adjacent to the consumption area
- Selling ice cream products across the country mainly in Western Gujarat
- Recorded double-digit annual growth showing steady growth, except for '19
- Plan to boost productivity and sales through the construction of a new factory in Pune (Apr. '24)

Appendix _ Status of Major Overseas Subsidiaries

Market Status

LOTTE RAKHAT JSC Overseas subsidiary recording highest sales



Acquisition date: Nov. '13
Establishment Type : M&A
Ownership: 95.57%
Number of Employees: 3,787
Number of factories: 3

- ✓ An economy with a population of about 20M people and a GDP of about \$220.6 bn.
- ✓ Growing backed by the development of natural resources, enlarging consumer market
- ✓ Attracting a large number of companies by actively unfolding investment inducement policies due to the Russia and Ukraine dispute → High potential domestic market expansion and market growth

- Acquired Rakhat, No. 1 chocolate company in sales ('13)
- Selling chocolates, biscuits, and candies in the southeast of Kazak
- Expand exports and e-commerce targeting CIS countries such as Russia beyond the domestic market
- Endeavor to expand mid- to long-term MT market (Domestic / Russia)

KF RUS The first subsidiary entered into the CIS region

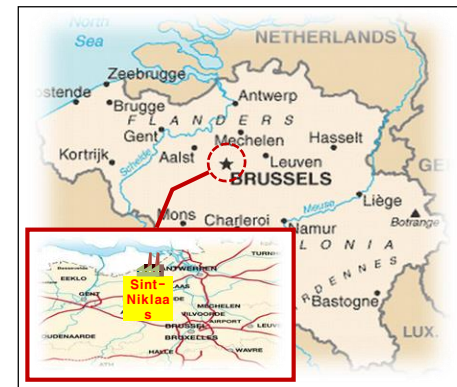


Established: Mar. '07
Establishment Type : Newly established
Ownership: 100%
Number of Employees: 332
Number of factories: 3

- ✓ A country recording the world's 9th largest population (140M), and 8th largest GDP (\$2.24 Tn).
- ✓ High market potential in the CIS region (Kazakhstan / Russia)
- ✓ Favorable response to K-Food products (sweets, drinks, ramen, etc.)
- ✓ Choco Pie Market Position Securing growth engines through self-flux and productivity improvement

- Established sales corporation ('07), established production corporation ('08) → Integrated corporation ('12)
- Crunchy candy, Choco Pie, etc.
- Expanded CAPA with the addition of 3rd Choco Pie's production line (Nov.'21)
- Benefited from reflexive profit as Russia-Ukraine dispute caused global companies to withdraw
- Growing fueled by continuous sales expansion, stabilizing raw material prices, and improving product productivity

GUYLIAN The first overseas subsidiary in Western Europe



Established: Jul. '08
Establishment Type : M&A
Ownership: 51.00%
Number of Employees: 192
Number of factories: 1

- ✓ A country with a population of 11.69 M and a GDP of \$578.6 Bn, located in the heart of Europe.
- ✓ Sales targeting duty-free channels around the world with Europe as the focal point
- ✓ Unique brand value facilitates category expansion and access to potential markets

- Operating a sales subsidiary in Europe (UK, Germany) other than Belgian HQ
- Brand : mainly chocolate products such as Seashell, Seahorse, etc.
- Expand channels through premium brand differentiation and brand realignment
- Secure profitability by discontinuing low-profit PB products and improving sales by channel

Key Points

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, Margarine, 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	
	Pakistan (Kolson)	Snack, Pasta, Biscuit, Gum	
	Belgium (Guylian)	Chocolate (Guylian brand, Private brand)	
	India Conf. (Lotte India)	Pie, Candy, Gum	
	India Ice. (Havmor)	Ice Cream (Bulk, Bar, Cone, Cup, etc.)	
	Russia (KF-RUS)	Pie, Candy, Pepero	
	Myanmar (L&MM)	Bakery (Mass-produced bread, Artisan bread)	
	China (QINGDAO)	Pie, Biscuit, Candy	
	Singapore (S.E.A)	Sales Corporation (Import and sales of domestic product)	