

4Q23 Business Results

February, 2024 | 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.

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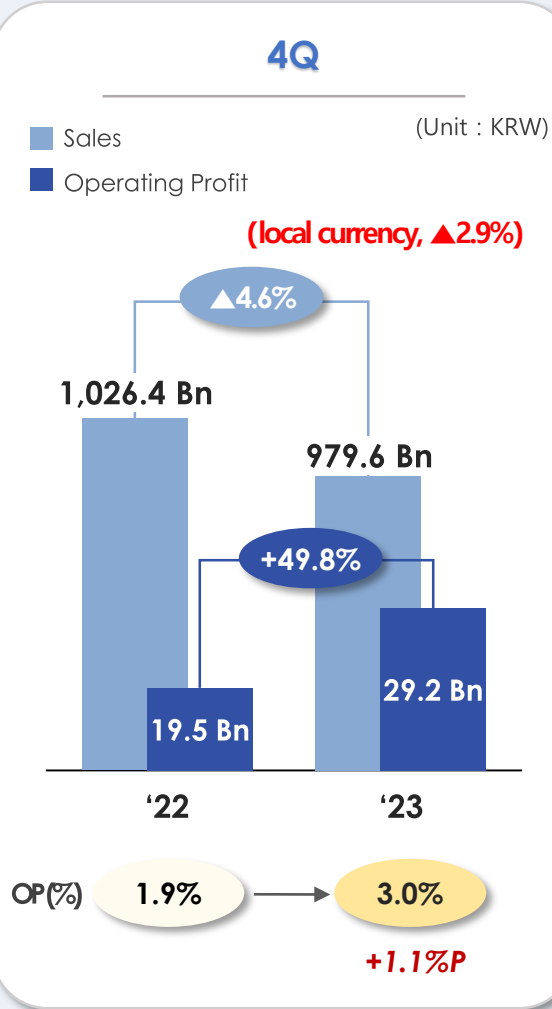
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February, 2024
Lotte Wellfood. IR

4Q23 Business Results

Consolidation Criteria

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



| | 4Q | | | |
|-------------------------|---------------|--------------|-------------|-------------|
| | '22 | '23 | YoY | |
| | | | amount | %(%P) |
| Sales | 10,264 | 9,796 | ▲468 | ▲4.6 |
| Domestic | 8,072 | 7,863 | ▲209 | ▲2.6 |
| Exports | 382 | 424 | 42 | 11.0 |
| Global | 2,271 | 2,027 | ▲244 | ▲10.8 |
| Operating Profit | 195 | 292 | 97 | 49.8 |
| Domestic | 97 | 164 | 67 | 69.6 |
| Exports | 32 | 30 | ▲2 | ▲7.4 |
| Global | 130 | 158 | 28 | 21.6 |
| Margin(%) | 1.9 | 3.0 | 1.1P | |
| Domestic | 1.2 | 2.1 | 0.9P | |
| Exports | 8.5 | 7.1 | ▲1.4P | |
| Global | 5.7 | 7.8 | 2.1P | |

Revenue ▲4.6% Drop, Operating Profit +49.8% Up ✓
 (local currency, ▲2.9%)

Domestic Business Confectionery, Ice cream, Fats and Oils, Food Materials, etc.

Revenue ▲2.6% drop, Operating profit +69.6% up

Management rationalization (Reduction in partner companies & promotion) impact, Foods Sales drop but improved profits through business efficiency

Global Business India (Confectionery, Ice cream), Kazakhstan, Belgium, Russia, etc.

Revenue ▲10.8% drop (local currency, ▲3.1%)

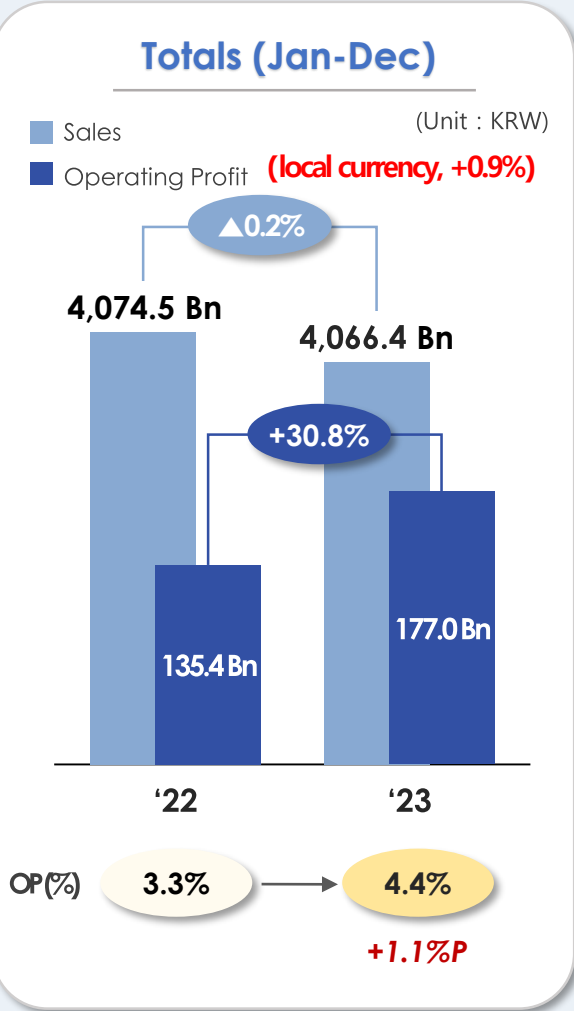
Operating profit +21.6% up

Mainly in India/Kazakhstan secure solid profit overcoming the impact of weak exchange rate of Ruble etc.

FY23 Business Results

Consolidation Criteria

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



| | Totals (Jan-Dec) | | | |
|-------------------------|------------------|---------------|-------------|-------------|
| | '22 | '23 | YoY | |
| | | | amount | %(%P) |
| Sales | 40,745 | 40,664 | ▲81 | ▲0.2 |
| Domestic | 33,151 | 33,008 | ▲143 | ▲0.4 |
| Exports | 1,596 | 1,749 | 153 | 9.6 |
| Global | 7,952 | 8,005 | 53 | 0.7 |
| Operating Profit | 1,354 | 1,770 | 416 | 30.8 |
| Domestic | 1,039 | 1,305 | 266 | 25.7 |
| Exports | 128 | 155 | 27 | 21.1 |
| Global | 434 | 586 | 152 | 35.0 |
| Margin(%) | 3.3 | 4.4 | 1.1P | |
| Domestic | 3.1 | 4.0 | 0.9P | |
| Exports | 8.0 | 8.9 | 0.9P | |
| Global | 5.5 | 7.3 | 1.8P | |

Revenue ▲0.2% Drop, Operating +30.8% Up ✓
 (local currency, +0.9%)

Domestic Business Confectionery, Ice cream, Fats and Oils, Food Materials, etc.



Revenue ▲0.4% Drop, Operating profit +25.7% Up

Confectionery and Ice cream revenue increased,

Decrease in company-wise sales due to the

impact of falling fats & oils prices

Profit increased by reorganizing sales structure

Global Business India (Confectionery, Ice cream), Kazakhstan, Belgium, Russia, etc.



Revenue +0.7% Up (local currency, +6.5%)

Operating profit +35.0% Up

Slowdown in sales growth caused by the weak

exchange rate of Ruble etc.

Profit increase as the result of top-line growth in

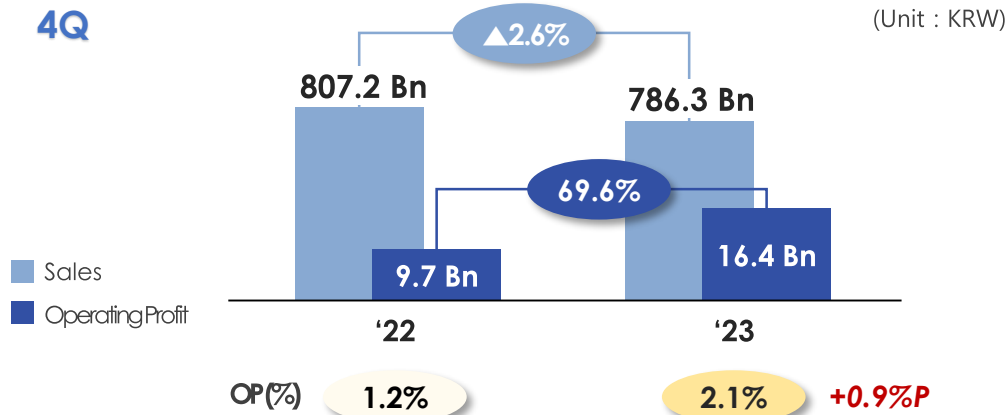
India/CIS region

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

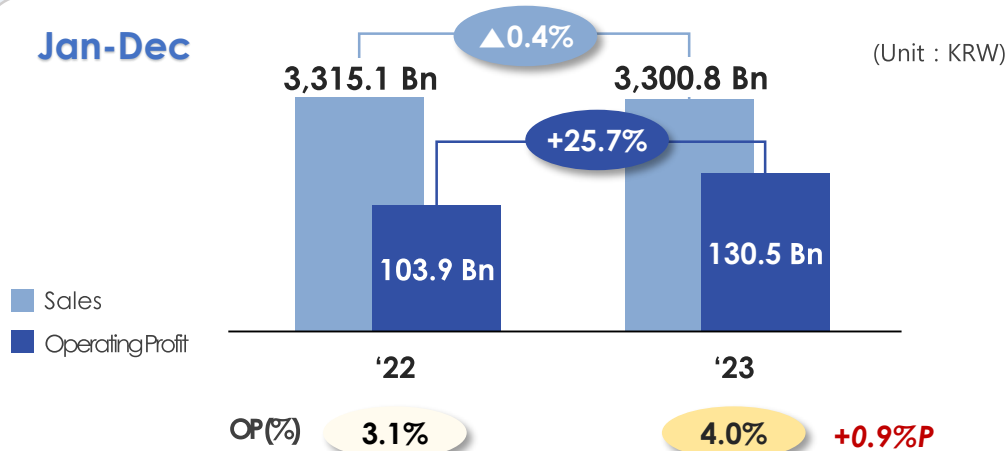
Domestic Business

Business Performance

4Q



Jan-Dec



Key Takeaways

Reasons for 4Q earnings increase or decrease

- ✓ Confectionery sales growth thanks to expansion of chewing campaign for gum
- ✓ Continuing profit improvement activities and sales growth of ice cream
- ✓ Sales recovery as a result of depletion of fats&oils high-cost inventory
- ✓ Sales decrease due to rationalization of food materials business

Sales by Major Business

(Unit : 100 million KRW)

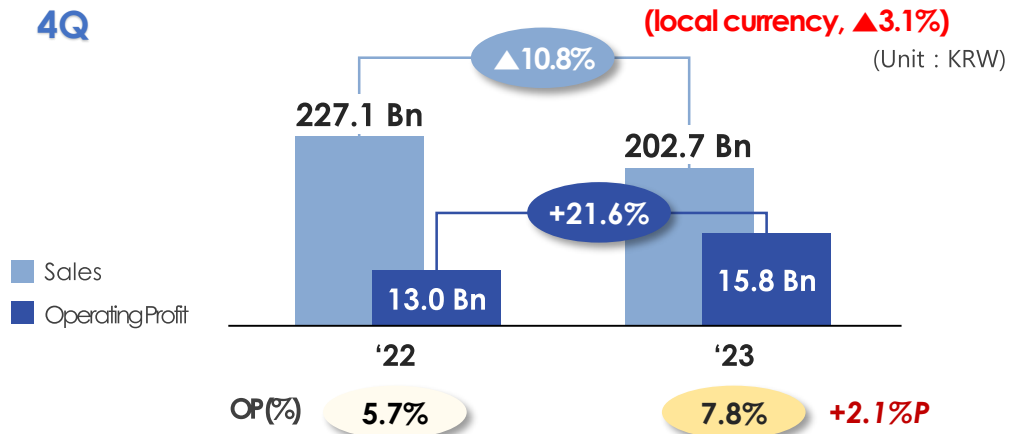
| | 4Q23 | | | FY23 | | |
|-----------------------------|--------------|-------------|-------------|---------------|-------------|-------------|
| | Sales | YoY | | Sales | YoY | |
| | | amount | % | | amount | % |
| Confectionery | 3,002 | 91 | 3.1 | 10,875 | 793 | 7.9 |
| Ice Cream | 931 | 9 | 1.0 | 6,088 | 183 | 3.1 |
| Fats & Oils | 1,294 | 9 | 0.7 | 4,713 | ▲762 | ▲13.9 |
| Food Materials ¹ | 530 | ▲179 | ▲25.2 | 2,651 | ▲99 | ▲3.6 |
| Domestic Totals | 7,863 | ▲209 | ▲2.6 | 33,008 | ▲143 | ▲0.4 |

Note 1. Food Materials : Food ingredients, Additives, Coffee, Catering business

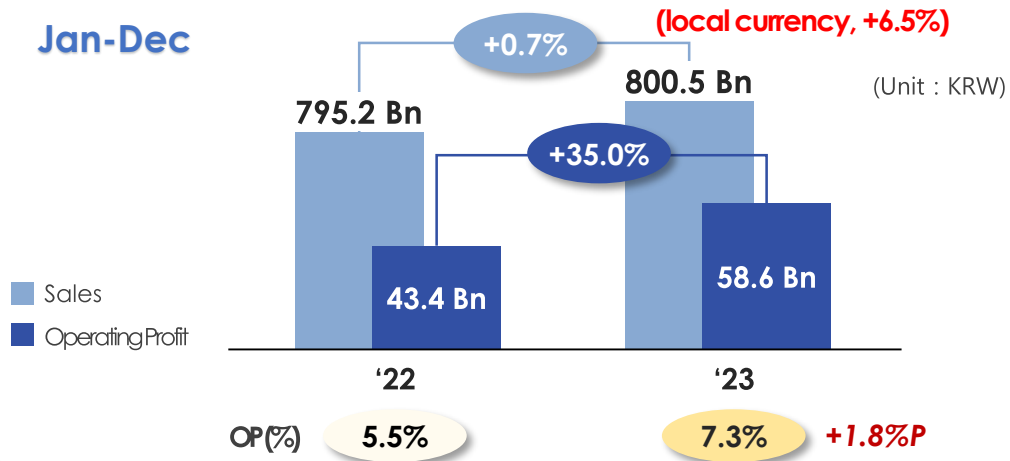
Global Business

Business Performance

4Q



Jan-Dec



Key Takeaways

Reasons for 4Q earnings increase or decrease

- ✓ Continuous sales growth in India
(Expansion of Choco Pie's 3rd line, etc.)
- ✓ Export to Kazakhstan and domestic sales decrease
(Impact of Russian currency weakness)
- ✓ Sales decrease due to Russian exchange rate weakens
(local currency $\uparrow 12.9\%$)

Sales by Major Business

(Unit : 100 million KRW)

| | 4Q23 | | | | FY23 | | | |
|---------------|--------|----------------|-----------------|----------------|-------|---------------|----------------|------|
| | Sales | YoY | | | Sales | YoY | | |
| | amount | % | Local% | amount | % | Local% | | |
| Ice | 278 | 3 | 1.3 | 6.1 | 1,656 | 112 | 7.3 | 11.5 |
| Conf | 267 | 17 | 6.5 | 11.2 | 1,034 | 105 | 11.4 | 15.7 |
| India | 545 | 20 | 3.8 | 8.5 | 2,690 | 218 | 8.8 | 13.1 |
| Kazakhstan | 734 | $\uparrow 84$ | $\uparrow 10.2$ | $\uparrow 9.5$ | 2,697 | 359 | 15.4 | 12.9 |
| Russia | 201 | $\uparrow 61$ | $\uparrow 23.2$ | 12.9 | 777 | $\uparrow 29$ | $\uparrow 3.6$ | 20.5 |
| Global Totals | 2,027 | $\uparrow 244$ | $\uparrow 10.8$ | $\uparrow 3.1$ | 8,005 | 53 | 0.7 | 6.5 |

Business Strategy _ Domestic Business

- Continuous Improvement of profit from product quality and efficiency for mid to long term through operational excellence

Continuous improvement based on product quality

Customer & Commercial Leadership

Confectionery / Ice Cream

- High Value line, Premium brand expansion
- New TPO & creating target market



Fats and Oils

- Normalization of profit in 2024 (Expansion of high earning butter etc.)
- Improvement of structure from business diversification (Non-edible oil etc.)

Consumer-Oriented Product Portfolio

GP Margin improvement through H&W revenue proportion increase

- 2023 : 8.1% → 2024 : 9.2%

H&W products launches expansion

- Free & Low brand expansion (ZERO, The Rice snack etc.)
- Launch of nutritional/functional brand (Easy Protein etc.)



In 2H24, Product H&W integrated brand build

Operational Excellence



Production

- Factory integrated and line relocation / Improving operation rate through automation investment



Bakery integration

Processed meat integration (2Q25)

Ice cream integration (1Q26)



Logistics

- Build automated logistics hub for each region



RDC build (Incheon, Daejeon, Eastern Gyeonggi)

CDC build (Anseong, Pyeongtaek, Daejeon)

Note. This schedule may change depending on the company's circumstances.

Business Strategy _ Global Business

- Global LOTTE brand expansion through steady growth and investment in key regions

2023 : Strengthening competitiveness of growing regions and foundation for future growth

2023 Main Plan

- ✓ Expansion of LOTTE brand position in markets in India & CIS
- ✓ Expansion of production hubs and securing growing engine based on the profit in main region

2023 Major Achievements

- ✓ **Expansion of coverage in Indian (Revenue 8.8% ↑, local basis 13.1% ↑)**
 - 3rd line operation and sales expansion of confectionery and Choco Pie in India
 - Ice cream in Western regions → Expanding the coverage in the South-central region
- ✓ **CIS region top-line growth and productivity improvement (Revenue 10.5% ↑, local basis 14.9% ↑)**
 - Kazakhstan domestic market growth and expansion of export & sales
 - Continuous solid growth during Russia-Ukrainian conflict (local basis +20.5%)

After 2024 : Global LOTTE mega brand expansion

2024 Main Plan

First “**LOTTE PEPERO**” Introduction in overseas subsidiary



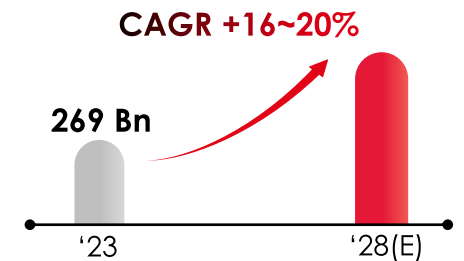
- ✓ LOTTE brand position expansion in India
- ✓ Securing additional engine for sustainable growth

Market entry of LOTTE PEPERO and development of mega brand

- Following LOTTE Choco Pie, 2nd brand development
- About 33 billion won investment to Haryana factory, establishment of production
- Developing high melting chocolate customized to local

Future Strategy

- New factory in Pune completed (June, 2024)
 - Launch of new ice cream
- India leap to “No.1 National Player”
 - Expansion of regional coverage drawn from the synergy among corporation



Note. Lotte India & Havmor Corporation combined CAGR

Business Strategy _ Global Business

- Building 2024 LOTTE WELLFOOD Snacks & Foods globalization foundation

PEPERO global brand development strategy

Strengthen global branding and leaping to global brand through development processing

Brand Strategy

PEPERO day promotes to global special day

- Using the Korean wave top model
- Targeting the gen MZ spreading content linked to K-Culture



[2023 global model New Jeans]

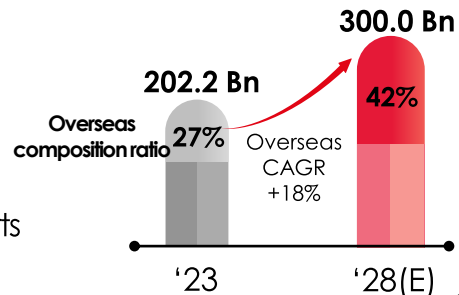
Overseas Base Strategy

Global market expansion through securing staged base

- 1st : Securing major sales base in Southeast-Asia market and North America
- 2nd : Securing a production base in India - expanding Middle East market
- 3rd : Expansion to Europe and CIS

Target Revenue

- 2023 : 202.2 Bn → 2028 : 300 Bn target
- Leaping as a global brand through exports and expansion of overseas corporations



Note. Based on sales before removing discount

K-Foods global expansion strategy

K-Foods market sharing and line-up expansion using K-Culture

Base Market

USA and others

- Entry frozen Kimbab to Mainstream
- Expansion of new line-up



Kim bab



Hot dog



Hot Dog



Cheese Stick

China/Hong Kong/Taiwan

- China : Newly entry Mainstream MT channel

New Market

Japan and others

- Strengthening marketing of food-fairing product



Myeongdong-style Fried dumpling



Teokbokki



Hot Dumpling



Kimbab

Australia/Europe and others

- Promotion for Korea authentic concept

Financial Highlights / Capex

Financial Highlights

(Unit : KRW)

Credit rating

Long term

AA
Stable

Short term

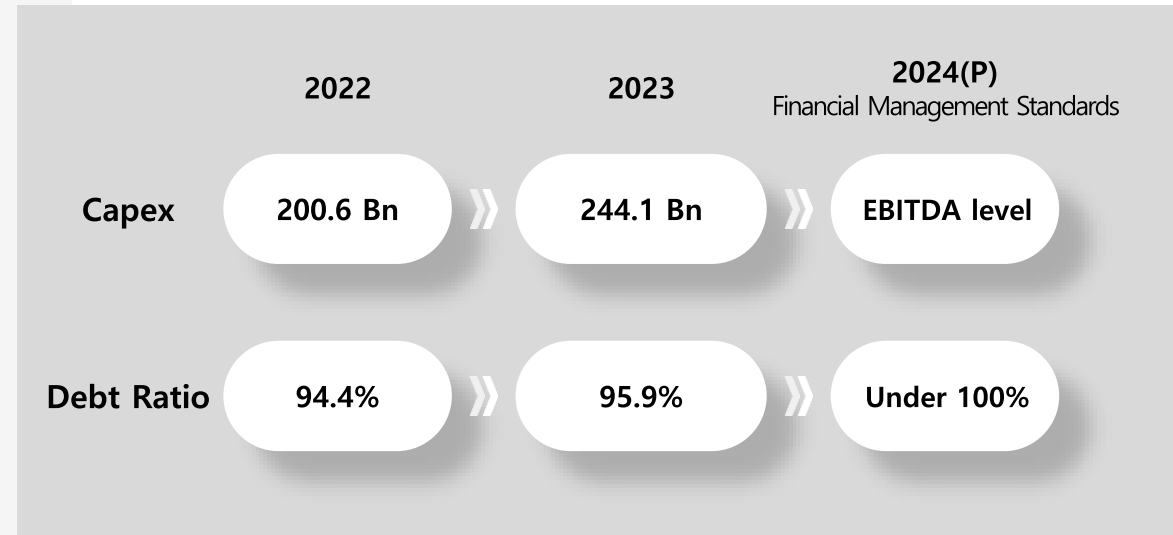
A1

| | End of Dec. 2022 | End of Dec. 2023 |
|--|------------------|------------------|
| Assets | 4,105.3 Bn | 4,199.1 Bn |
| Stockholders' Equity | 2,111.6 Bn | 2,142.6 Bn |
| Liabilities | 1,993.6 Bn | 2,056.5 Bn |
| Total Debt (except valuation account) | 1,261.4 Bn | 1,288.1 Bn |
| Net Debt | 860.5 Bn | 712.2 Bn |
| Sales | 4,074.5 Bn | 4,066.4 Bn |
| Operating Profit | 135.4 Bn | 177.0 Bn |
| (OPM) | 3.3% | 4.4% |
| EBITDA | 318.6 Bn | 367.7 Bn |

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

Capex plan (domestic)

- Concentration on investment for maximizing infrastructure efficiency for mid to long term**
 - Factory integration and production line relocation, automated logistics hub establishment
- Considering cash flow, stable investment execution is planned**
 - Prepare for capital market volatility, establishment prevention strategy for every scenario



2024 Guidance

- Key Points
- Sales
- OPM

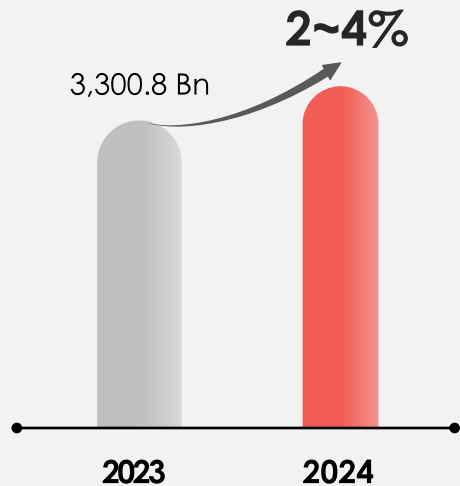
Domestic Business

Revenue +2~4% increase expectation

- Maintain solid profit from main business

Continue profit improvement activity

- Recovery of fats & oils profitability,
High-profit H&W proportion increase

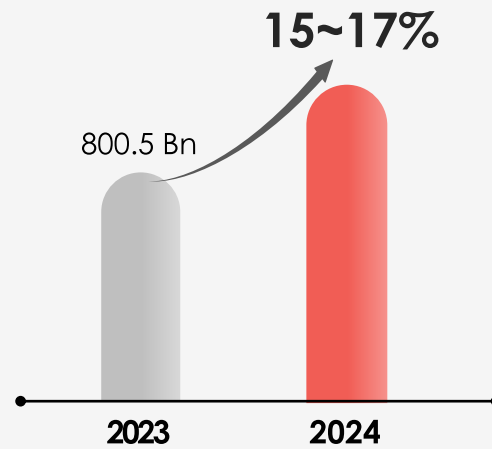


Global Business

Revenue Mid teen Growth Expectation

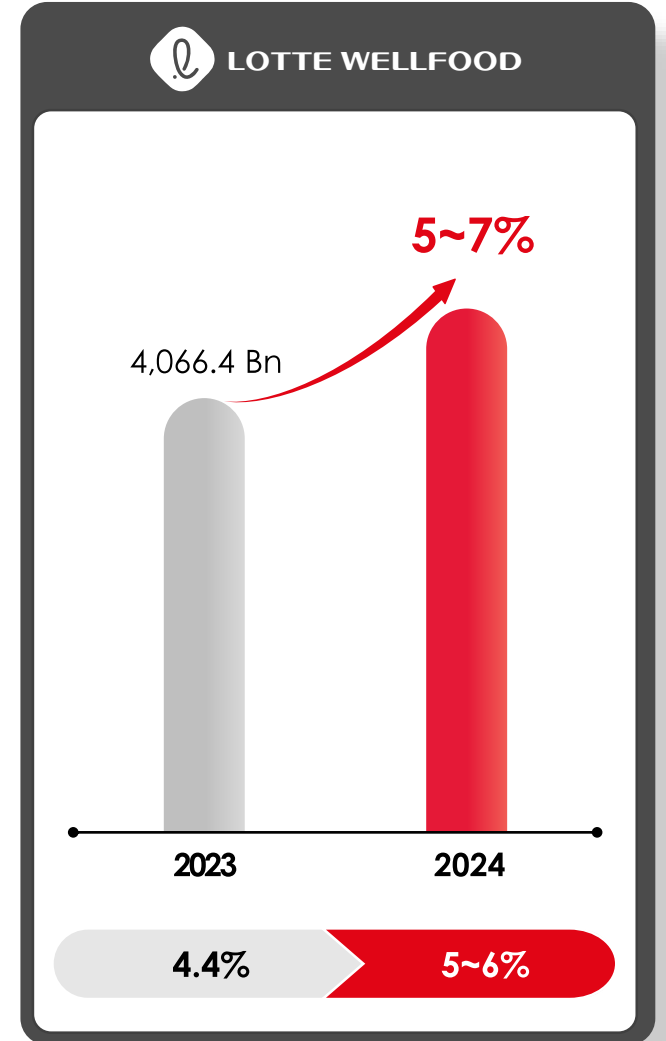
- Accelerating growth in key regions such as India

Improved profit from top-line growth and improvement of productivity



+

=



(Unit : KRW)

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

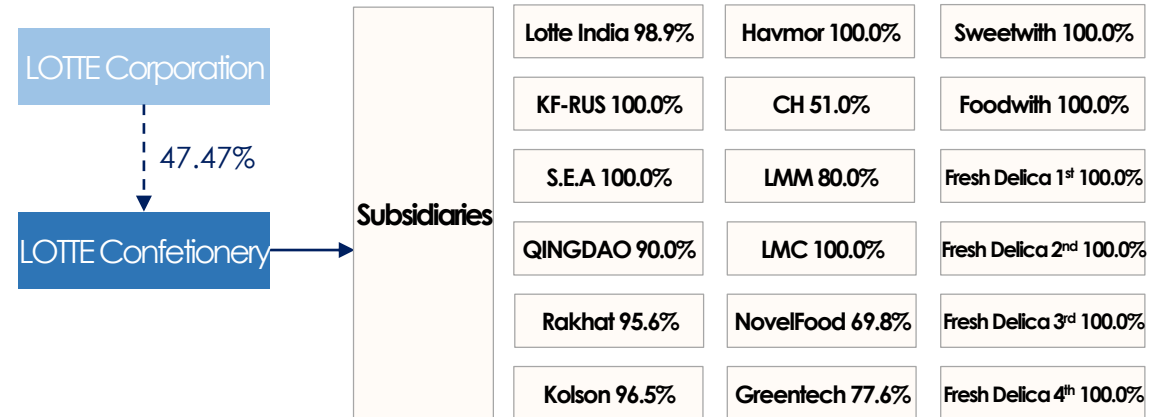
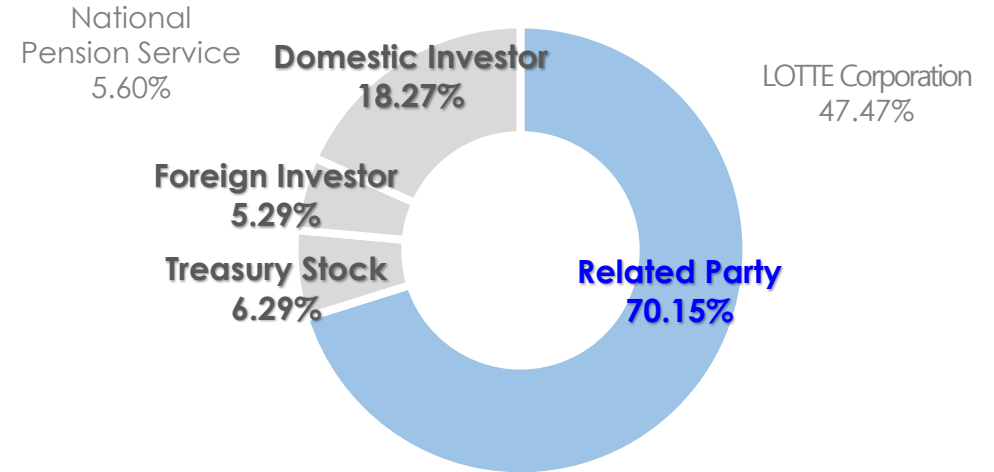
Appendix Company Overview

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 Dec 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, 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_2023 Consolidated Financial Statements

Income Statement

(Unit : 100 million KRW, %)

| | Disclosure | | | | | | Pro-forma | | | | | |
|------------------|------------|-------|--------|-------|-------|-------|-----------|-------|--------|-------|-----|------|
| | 2022 | | 2023 | | YoY | | 2022 | | 2023 | | YoY | |
| | KRW | % | KRW | % | KRW | % | KRW | % | KRW | % | KRW | % |
| Sales | 32,033 | 100.0 | 40,664 | 100.0 | 8,631 | 26.9 | 40,745 | 100.0 | 40,664 | 100.0 | ▲81 | ▲0.2 |
| Gross Profit | 9,122 | 28.5 | 11,317 | 27.8 | 2,195 | 24.1 | 10,609 | 26.0 | 11,317 | 27.8 | 708 | 6.7 |
| SG&A | 7,998 | 25.0 | 9,547 | 23.5 | 1,549 | 19.4 | 9,256 | 22.7 | 9,547 | 23.5 | 291 | 3.1 |
| Operating Profit | 1,124 | 3.5 | 1,770 | 4.4 | 646 | 57.5 | 1,354 | 3.3 | 1,770 | 4.4 | 416 | 30.8 |
| Ordinary Profit | 515 | 1.6 | 1,098 | 2.7 | 583 | 113.2 | 711 | 1.7 | 1,098 | 2.7 | 387 | 54.4 |
| Net Income | 439 | 1.4 | 678 | 1.7 | 239 | 54.4 | 584 | 1.4 | 678 | 1.7 | 94 | 16.1 |

Balance Sheet

(Unit : 100 million KRW, %)

| | 2022.12.31 | 2023.12.31 | QoQ |
|----------------------------|------------|------------|------|
| Current assets | 14,490 | 14,889 | 399 |
| Non current assets | 26,563 | 27,102 | 539 |
| Total assets | 41,053 | 41,991 | 938 |
| Current liabilities | 9,211 | 9,321 | 110 |
| Non current liabilities | 10,725 | 11,244 | 519 |
| Borrowings (a) | 12,473 | 13,039 | 566 |
| Total liabilities (b) | 19,936 | 20,565 | 629 |
| Share capital | 47 | 47 | - |
| Total equity (c) | 21,116 | 21,426 | 310 |
| Debt to equity ratio (b/c) | 94.4 | 96.0 | 1.6P |

Appendix_2023 Parent Financial Statements

Income Statement

(Unit : 100 million KRW, %)

| | Disclosure | | | | | | Pro-forma | | | | | |
|------------------|------------|-------|--------|-------|-------|-------|-----------|-------|--------|-------|------|-------|
| | 2022 | | 2023 | | YoY | | 2022 | | 2023 | | YoY | |
| | KRW | % | KRW | % | KRW | % | KRW | % | KRW | % | KRW | % |
| Sales | 24,439 | 100.0 | 33,008 | 100.0 | 8,569 | 35.1 | 33,151 | 100.0 | 33,008 | 100.0 | ▲143 | ▲0.4 |
| Gross Profit | 7,121 | 29.1 | 9,245 | 28.0 | 2,124 | 29.8 | 8,609 | 26.0 | 9,245 | 28.0 | 636 | 7.4 |
| SG&A | 6,312 | 25.8 | 7,940 | 24.1 | 1,628 | 25.8 | 7,570 | 22.8 | 7,940 | 24.1 | 370 | 4.9 |
| Operating Profit | 809 | 3.3 | 1,305 | 4.0 | 496 | 61.3 | 1,039 | 3.1 | 1,305 | 4.0 | 266 | 25.7 |
| Ordinary Profit | 195 | 0.8 | 812 | 2.5 | 617 | 315.8 | 391 | 1.2 | 812 | 2.5 | 421 | 107.9 |
| Net Income | 187 | 0.8 | 595 | 1.8 | 408 | 217.7 | 332 | 1.0 | 595 | 1.8 | 263 | 79.2 |

Balance Sheet

(Unit : 100 million KRW, %)

| | 2022.12.31 | 2023.12.31 | QoQ |
|-----------------------------------|---------------|---------------|-------------|
| Current assets | 10,805 | 11,336 | 531 |
| Non current assets | 26,780 | 27,015 | 235 |
| Total assets | 37,585 | 38,350 | 765 |
| Current liabilities | 7,751 | 7,643 | ▲108 |
| Non current liabilities | 9,615 | 10,312 | 697 |
| Borrowings (a) | 11,539 | 12,223 | 684 |
| Total liabilities (b) | 17,366 | 17,955 | 589 |
| Share capital | 47 | 47 | - |
| Total equity (c) | 20,218 | 20,395 | 177 |
| Debt to equity ratio (b/c) | 85.9 | 88.0 | 2.1P |

Appendix _ Sales Breakdown

(Unit : 100 million KRW)

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|
| 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 | 9,889 |
| 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 | 7,863 |
| Confectionery | 2,650 | 2,333 | 2,489 | 2,606 | 2,523 | 2,258 | 2,392 | 2,586 | 2,391 | 2,251 | 2,529 | 2,911 | 2,656 | 2,504 | 2,713 | 3,002 |
| Icecream | 908 | 1,773 | 1,901 | 859 | 1,084 | 1,755 | 2,088 | 929 | 1,139 | 1,758 | 2,085 | 922 | 1,068 | 1,854 | 2,235 | 931 |
| Bakery | 250 | 230 | 231 | 271 | 265 | 269 | 283 | 324 | 280 | 308 | 332 | 368 | 302 | 305 | 297 | 316 |
| 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 | 1,294 |
| Food Materials | 610 | 616 | 621 | 559 | 564 | 619 | 620 | 628 | 602 | 711 | 728 | 709 | 702 | 755 | 664 | 530 |
| Pasteur | 509 | 484 | 489 | 460 | 480 | 495 | 469 | 454 | 472 | 468 | 444 | 459 | 444 | 459 | 460 | 438 |
| Processed Meats | 678 | 600 | 774 | 543 | 675 | 577 | 720 | 586 | 684 | 620 | 790 | 655 | 682 | 613 | 707 | 586 |
| HMR | 453 | 488 | 537 | 553 | 518 | 534 | 578 | 577 | 575 | 647 | 707 | 679 | 647 | 698 | 694 | 695 |
| 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 | 2,027 |
| Kazakhstan | 448 | 377 | 435 | 523 | 389 | 380 | 437 | 548 | 423 | 505 | 592 | 817 | 656 | 669 | 638 | 734 |
| Pakistan | 200 | 235 | 218 | 214 | 197 | 231 | 216 | 211 | 201 | 216 | 219 | 201 | 158 | 158 | 138 | 138 |
| Belgium | 221 | 101 | 225 | 348 | 213 | 146 | 255 | 378 | 206 | 133 | 260 | 310 | 191 | 89 | 207 | 269 |
| India(Conf) | 144 | 109 | 166 | 163 | 168 | 109 | 198 | 194 | 210 | 198 | 270 | 250 | 255 | 224 | 289 | 267 |
| India(Ice) | 166 | 117 | 168 | 137 | 249 | 240 | 287 | 218 | 311 | 602 | 356 | 275 | 351 | 637 | 390 | 278 |
| China | 35 | 47 | 49 | 55 | 54 | 59 | 54 | 63 | 42 | 41 | 39 | 40 | 8 | 0 | 0 | 0 |
| Russia | 133 | 108 | 145 | 134 | 115 | 108 | 143 | 159 | 122 | 190 | 232 | 262 | 193 | 187 | 196 | 201 |
| Singapore | 26 | 15 | 29 | 34 | 31 | 28 | 27 | 30 | 25 | 27 | 29 | 32 | 31 | 34 | 35 | 38 |
| Myanmar | 73 | 71 | 74 | 82 | 59 | 78 | 81 | 86 | 67 | 77 | 88 | 83 | 66 | 79 | 100 | 102 |

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 ~ Sep | | | | Jan ~ Dec | | | |
|----------------------------|-----------|----------|----------|--------|-----------|----------|----------|--------|
| | 2021 | 2022 | 2023 | YoY(%) | 2021 | 2022 | 2023 | YoY(%) |
| Kazakhstan (KZT) | 2.64 | 2.77 | 2.87 | 3.6 | 2.68 | 2.80 | 2.86 | 2.1 |
| Pakistan (PKR) | 7.14 | 6.42 | 4.68 | ▲27.1 | 7.03 | 6.33 | 4.68 | ▲26.1 |
| Belgium (EUR) | 1,345.72 | 1,347.13 | 1,409.37 | 4.6 | 1,352.79 | 1,357.38 | 1,412.36 | 4.1 |
| India (INR) | 15.24 | 16.38 | 15.79 | ▲3.6 | 15.48 | 16.43 | 15.81 | ▲3.8 |
| China (CNY) | 172.33 | 191.84 | 184.79 | ▲3.7 | 177.43 | 191.57 | 184.22 | ▲3.8 |
| Russia (RUB) | 14.95 | 18.53 | 15.86 | ▲14.4 | 15.53 | 19.32 | 15.46 | ▲20.0 |
| Singapore (SGD) | 838.25 | 921.61 | 970.13 | 5.3 | 851.47 | 936.47 | 972.16 | 3.8 |
| Myanmar (MMK) | 0.84 | 0.70 | 0.62 | ▲10.8 | 0.78 | 0.68 | 0.62 | ▲9.3 |

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

Appendix _ Current Exchange Rate

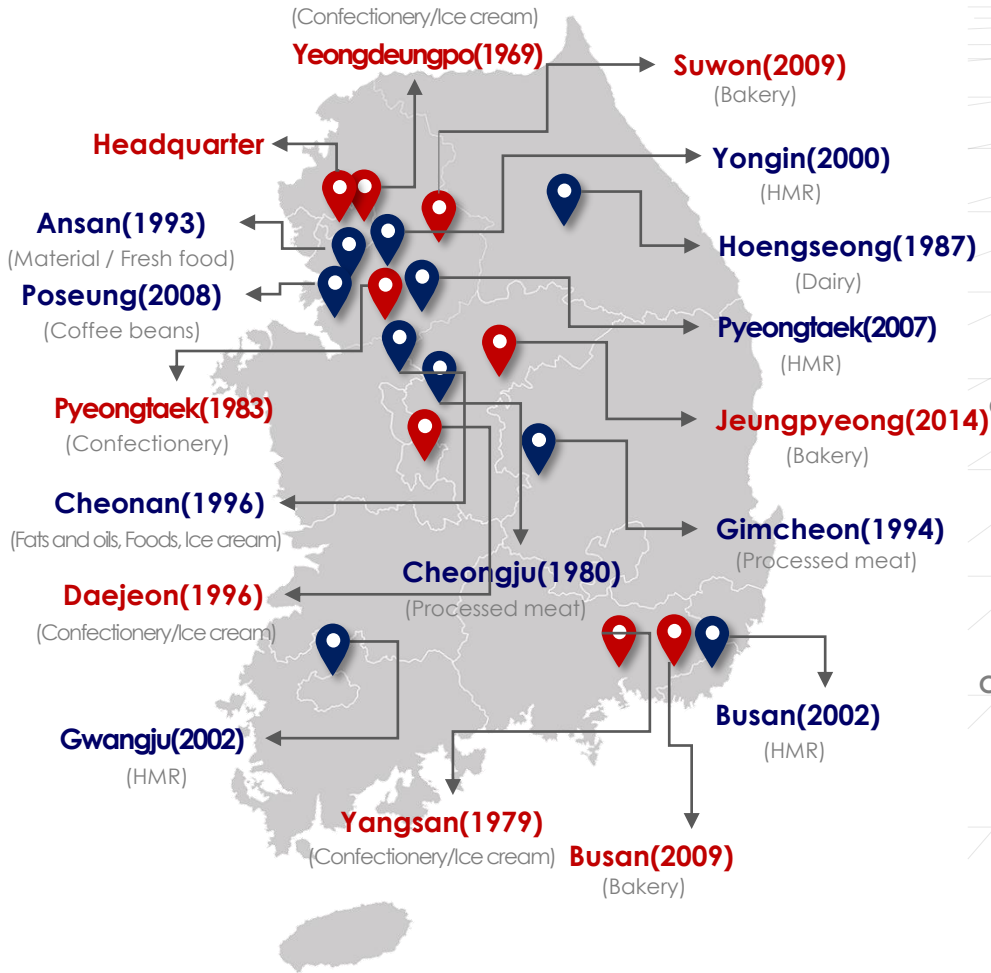
(Unit : KRW / Local currency)

| Country | End of Dec.2022 | End of Mar.2023 | End of Jun.2023 | End of Sep.2023 | End of Dec.2023 | Compared to the End of 2022 (%) |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|
| Kazakhstan (KZT) | 2.75 | 2.89 | 2.89 | 2.81 | 2.84 | 3.3 |
| Pakistan (PKR) | 5.59 | 4.60 | 4.58 | 4.70 | 4.57 | ▲18.2 |
| Belgium (EUR) | 1,351.20 | 1421.53 | 1426.55 | 1421.72 | 1426.59 | 5.6 |
| India (INR) | 15.31 | 15.88 | 16.00 | 16.14 | 15.50 | 1.2 |
| China (CNY) | 181.44 | 189.13 | 181.05 | 184.27 | 180.84 | ▲0.3 |
| Russia (RUB) | 16.90 | 16.87 | 15.11 | 14.13 | 14.57 | ▲13.8 |
| Singapore (SGD) | 943.11 | 982.04 | 967.96 | 982.07 | 976.86 | 3.6 |
| Myanmar (MMK) | 0.60 | 0.62 | 0.63 | 0.64 | 0.61 | 1.5 |

Appendix _Locations

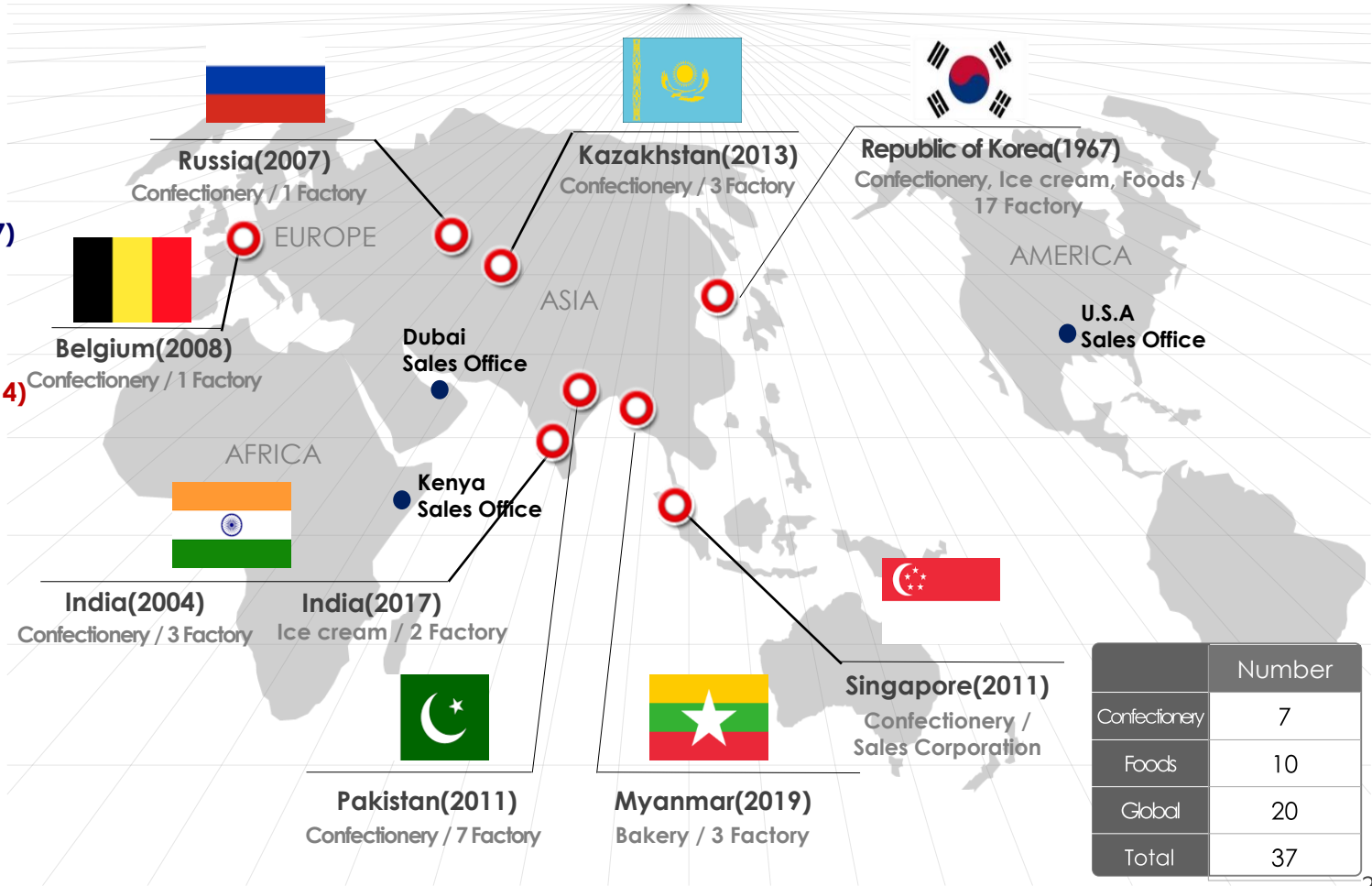
Domestic

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)



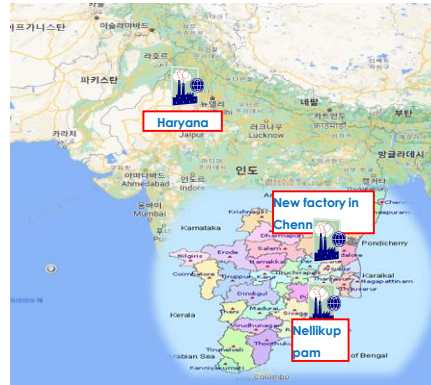
| | Number |
|---------------|-----------|
| Confectionery | 7 |
| Foods | 10 |
| Global | 20 |
| Total | 37 |

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

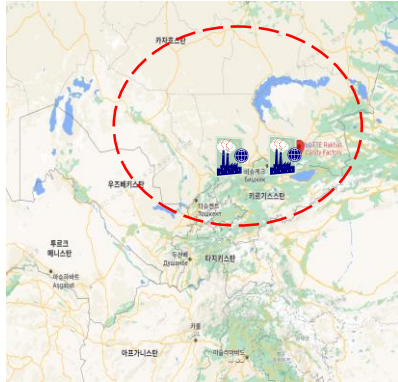
- Acquisition of Havmor ('17)
- A major production area for raw dairy products adjacent to the consumption area
- Selling ice cream products across the country mainly in Western Gujarat
- Plan to boost productivity and sales through the construction of a new factory in Pune (June. '24)

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 Products

| | 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 Products

| 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) | |