



# LOTTE HIMART

KOREA NO.1 Digital Lifestyle Partner

Introduction Ver.

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Balance Sheet

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ESG / CSR





**LOTTE HIMART**

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# 1. Overview

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Domestic Appliance Market

History of Lotte Himart

Annual Performance

# Digital Lifestyle Partner

Robust in both On-Off Channel

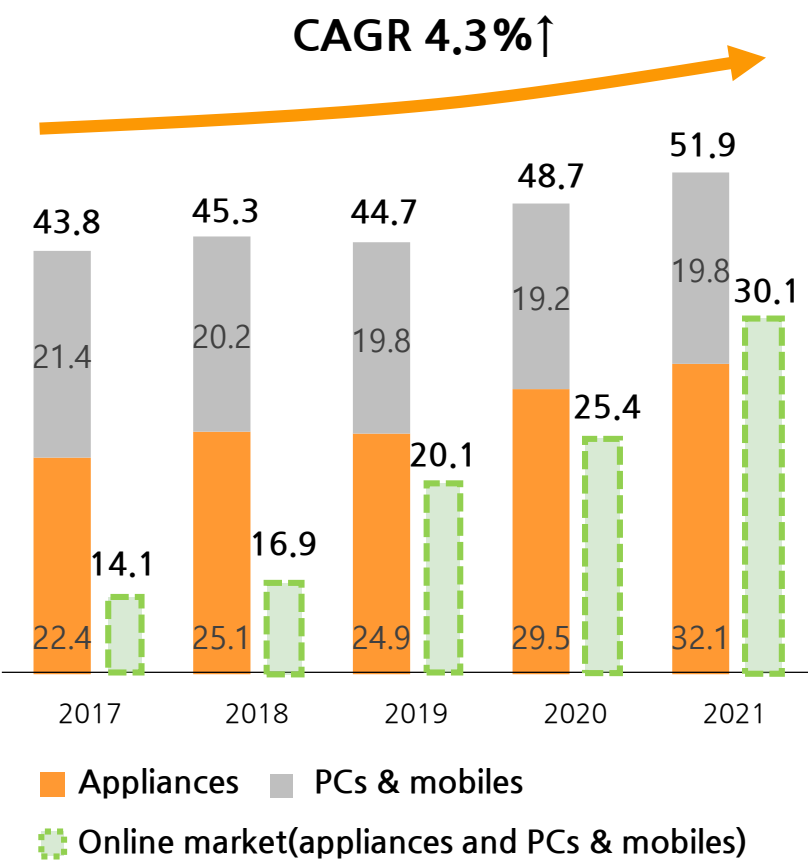


# 1. Overview

## ① Domestic Appliance Market

Scale of Appliances Market

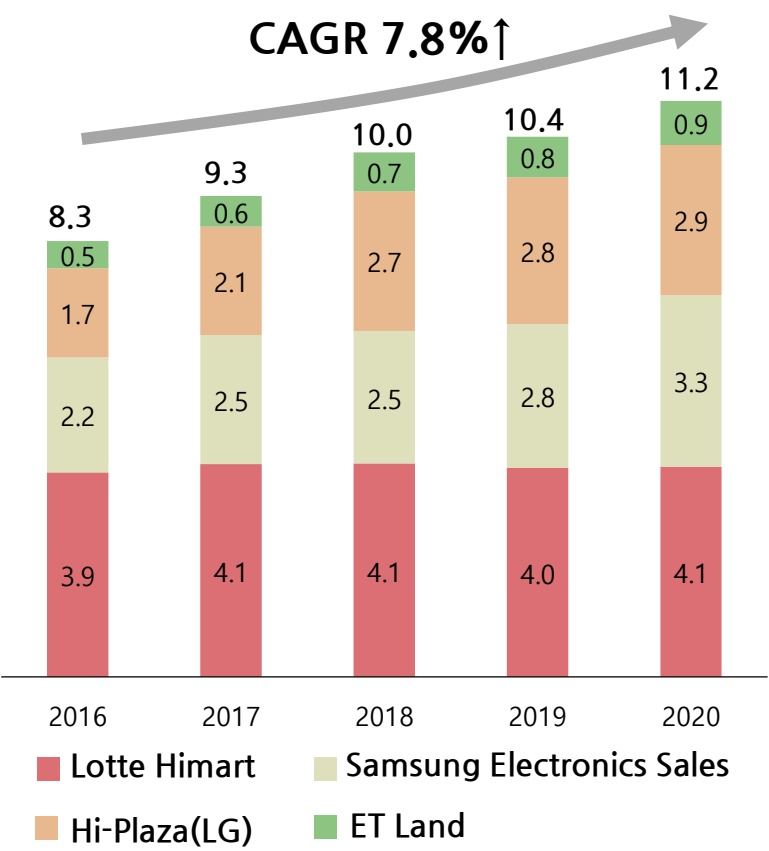
[Unit : KRW trillion]



※ Source : National Statistics Office

Electronics Retailer Trend and M/S

[Unit : KRW trillion]



※ Source : Annual reports or audit reports of each company

# 1. Overview

## ② History of Lotte Himart

- 1987 06 *Established the company*
- 1989 05 Opened first Himart 'Yongsan' branch
- 1999 12 Changed company name to HIMART
- 2011 06 *Listed on KRX*
- 2012 10 *Changed largest shareholder to Lotte shopping*
- 2014 12 Opened total 103 shop-in-shop stores in Lotte hypermarket  
- 26stores in 2013, 77stores in 2014
- 2017 03 Launched homecare service
- 2017 06 Operated online-only logistics
- 2018 01 *Opened first omni-store (70 stores as of Dec.2020)*
- 2020 01 *Opened Mega store the first in the field (7 stores as of Dec.2020)*
- 2020 05 Launched home interior platform service on the app
- 2021 10 Launched used trading platform service "Heart Market" on the app



Ranks first in KS-PBI (Korea Standard Premium Brand Index) for  
**9th consecutive years**  
by Korean standards Association



Ranks first in  
Most Loved Brand in Korea for  
**11th consecutive years**  
by Chosun Biz

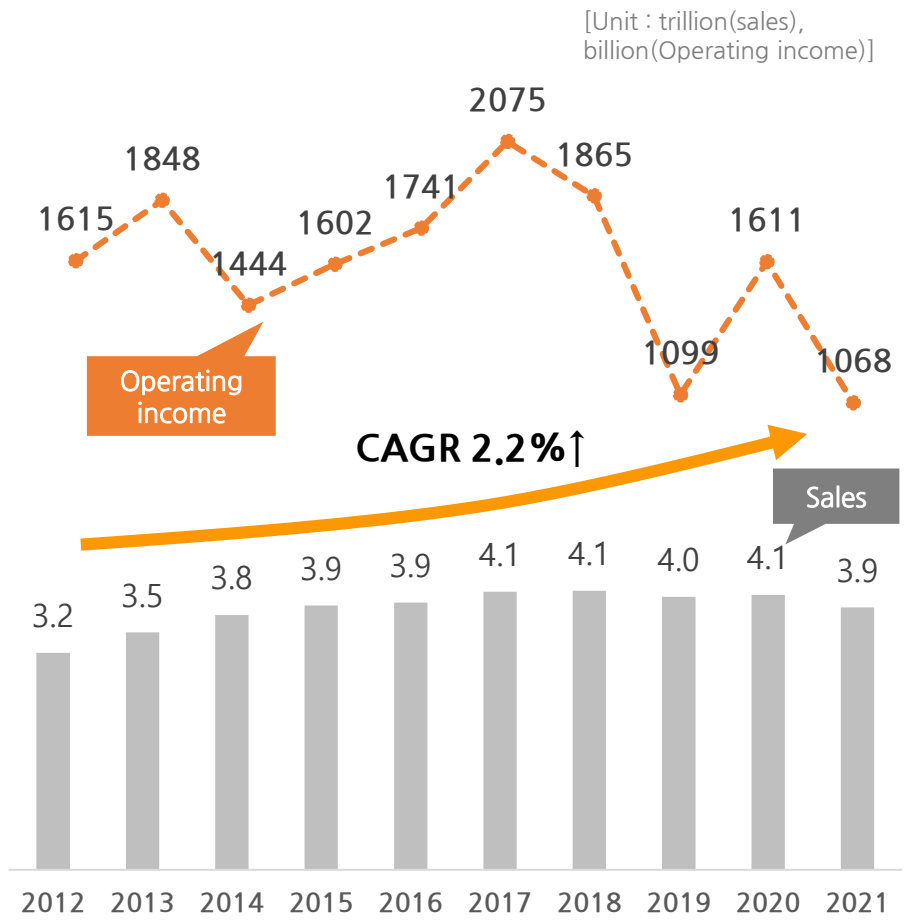
\* Changed the largest shareholders

2005.04. Affinity(100%) → 2006.03. Himart holdings(100%) → 2008.06. Eugene(63.93%) → 2012.10. Lotte shopping(65.25%)

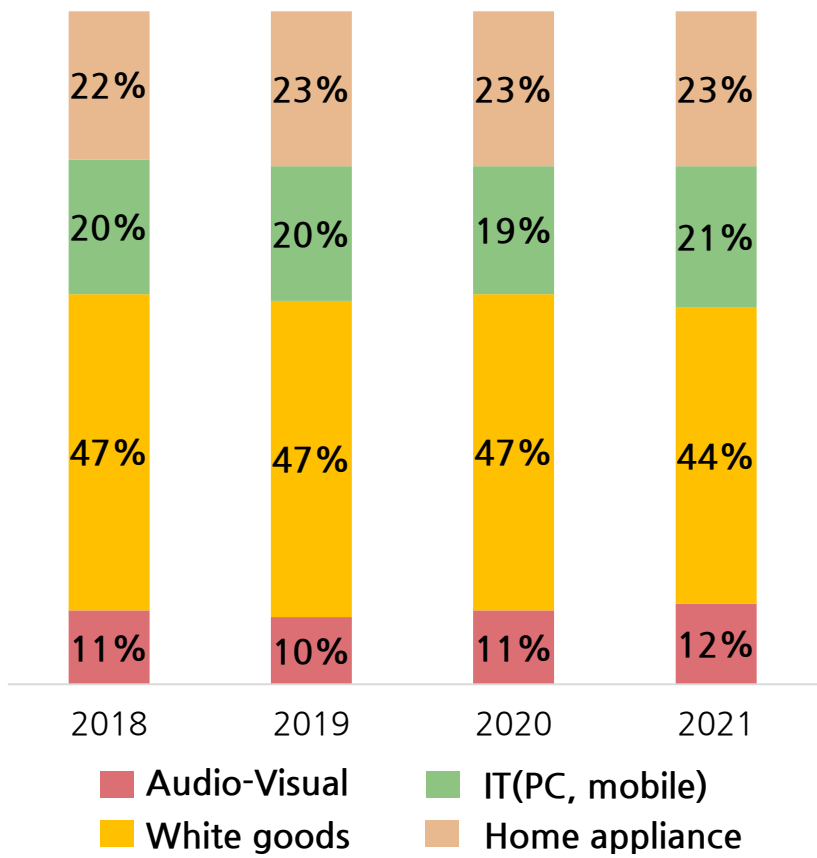
# 1. Overview

## ③ Annual Performance

Annual Sales and Profit Trend



Sales Ratio per Category Mix







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## **2. Core Competency**

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Offline store network

Logistics/service centers infra

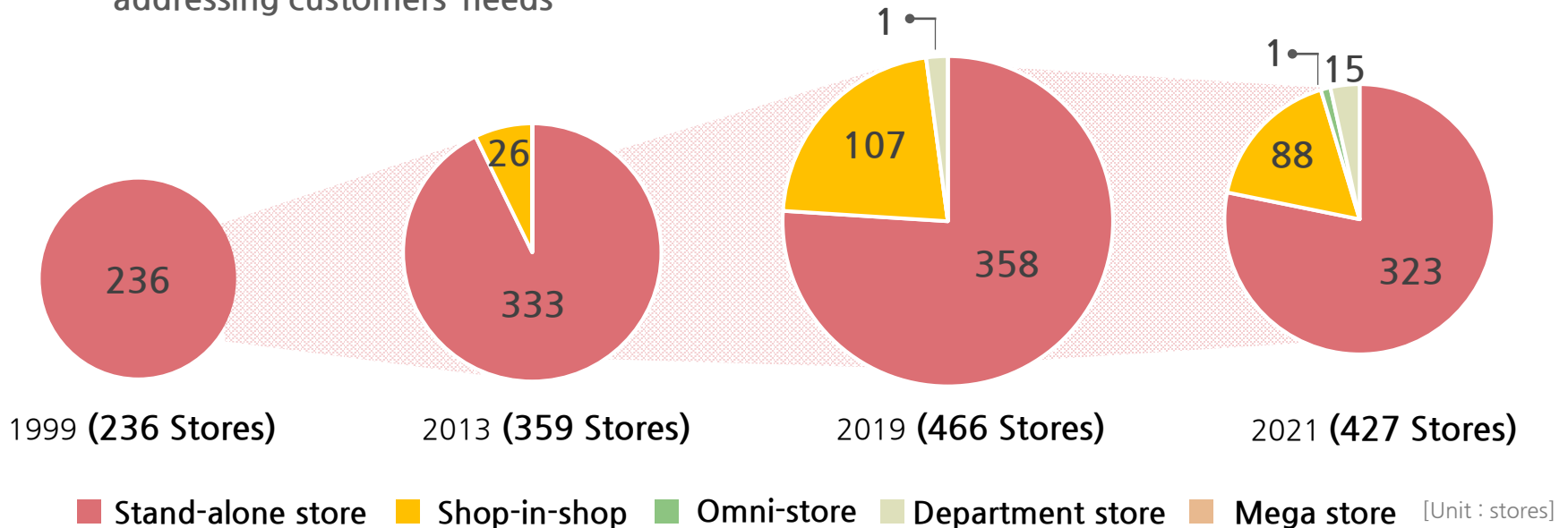
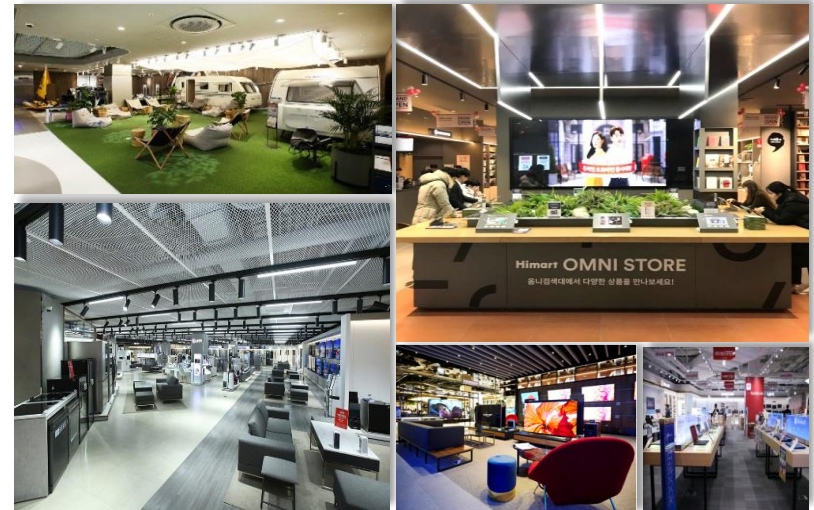
# 2.Core Competency

## ① Offline Store Network

**427** stores  
Strong store network

**Diversify**

Various format of stores  
addressing customers' needs



## 2.Core Competency

### ② Logistics and Service Center Infra



Distribution centers

14

(1 Online-only)



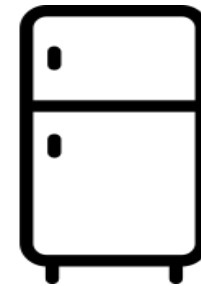
Installation tech

2,715



Vehicles

1,581



Number of installation

190K a month

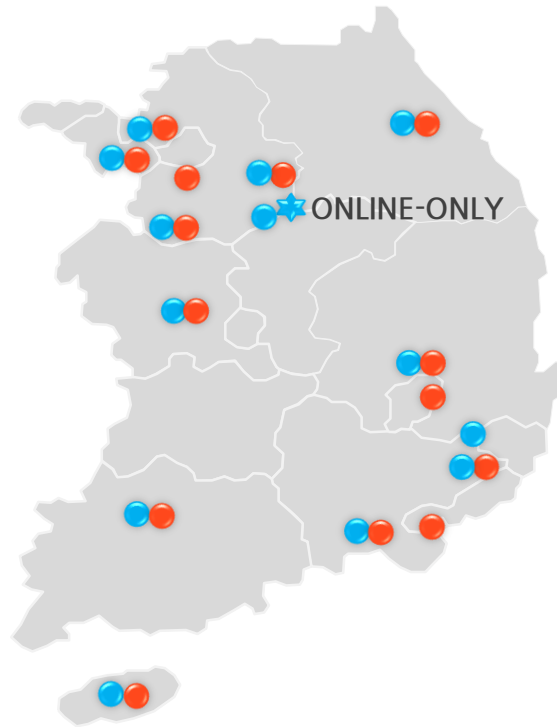
Optimize own network:  
Delivery &  
Installation &  
Repair services



## ② Logistics and Service Center Infra

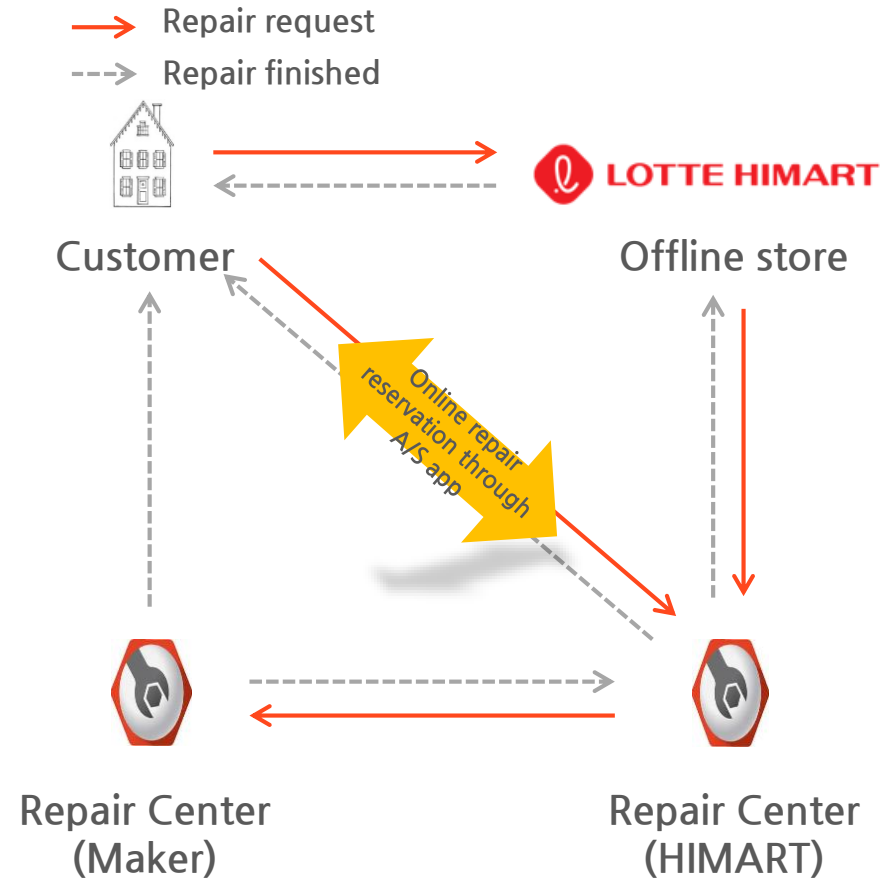
## Nationwide Logistics and Service Centers

- Number of distribution centers : 14
- Number of service centers : 14



※ End of Dec. 2021

## Small Appliances Repair Service



\*A/S App(Service&Repair): enable to get online supports through the registration of appliances owned by customers.





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## **3. BUSINESS STRATEGY**

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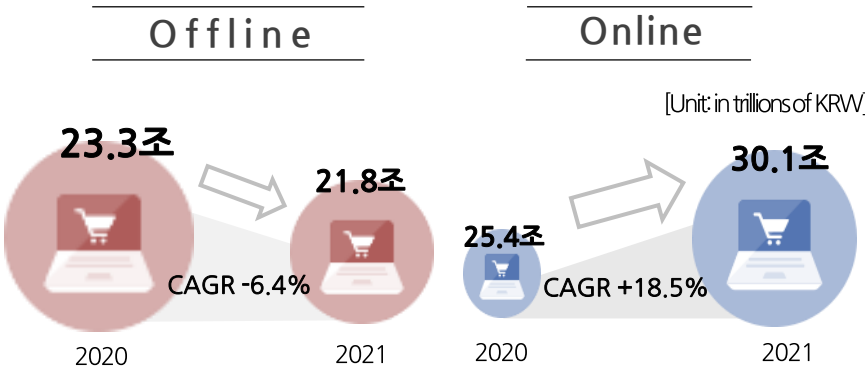
**Expanding Online Business**

**Enhancing Competitiveness  
of Offline channel**

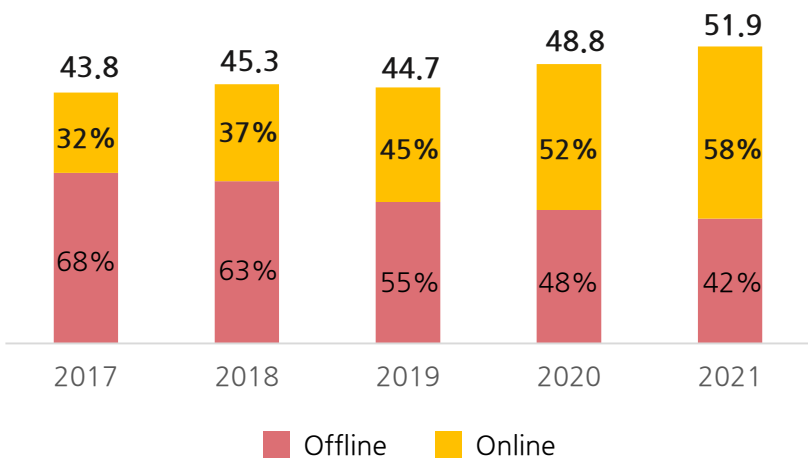
**Offering Differentiated Goods**

# 3. BUSINESS STRATEGY ① Expanding Online Business

## Domestic Appliances Market



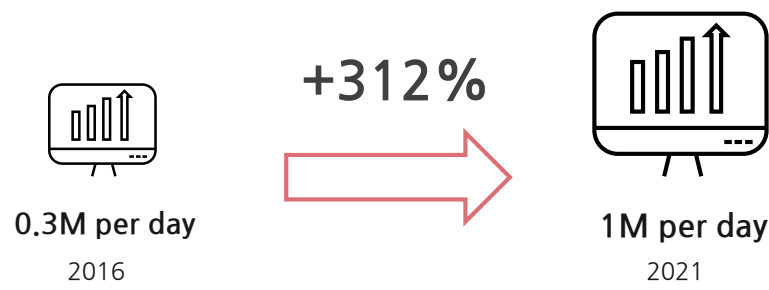
### Domestic appliance market trend in 5 years



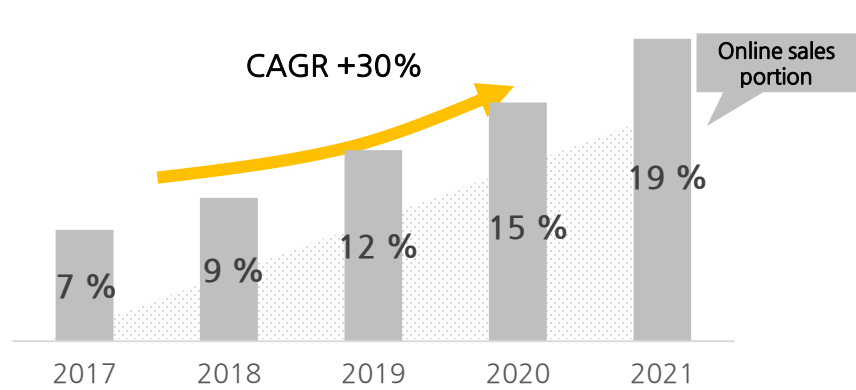
※ Source: National Statistics Office

## Our Online Shopping Mall at Present

### Online mall traffic



### Continuous growth of online mall sales



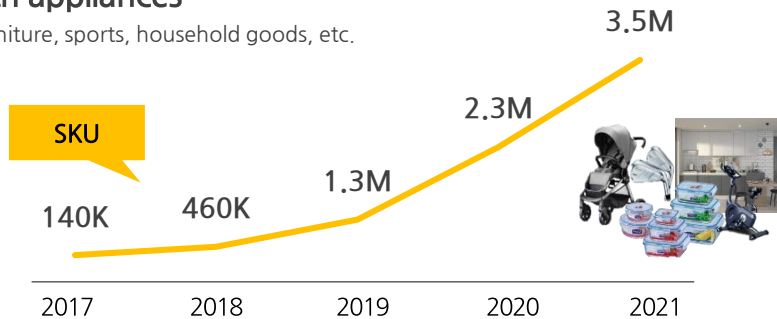
※Online Sales: Gross Merchandise Volume(GMV)

# 3. BUSINESS STRATEGY ① Expanding Online Business

## Strengthening Online Mall Competitiveness

- Launching new products that can generate synergies with appliances

- furniture, sports, household goods, etc.



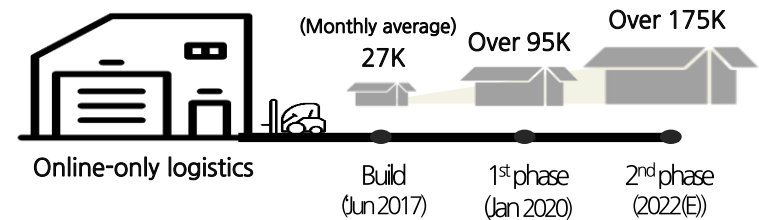
- Main services at online mall



- **HIMADE:** Providing various PB products and services such as pet appliances
- **Home Care:** Post-purchase management service through regular care
- **Video commerce:** on-air video service with real-time communication with customers
- **Video Consultation:** 1-on-1 video consultation service for customers who want professional consultation
- **A/S(Service&Repair):** Enable to get online supports through the registration of appliances owned by customers

## Improving Online Logistics Competitiveness

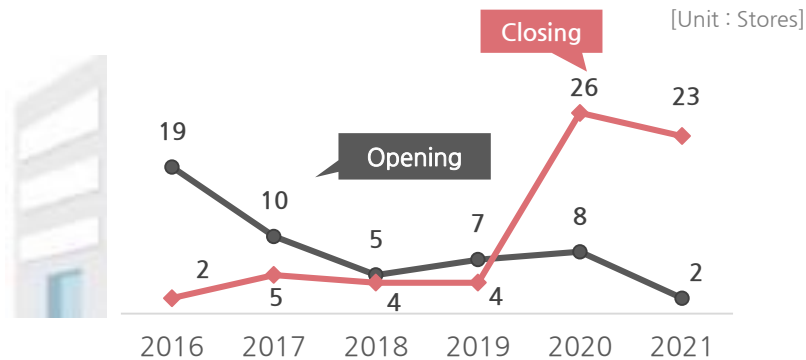
- Enhancing customer satisfaction by offering differentiated installation and delivery service



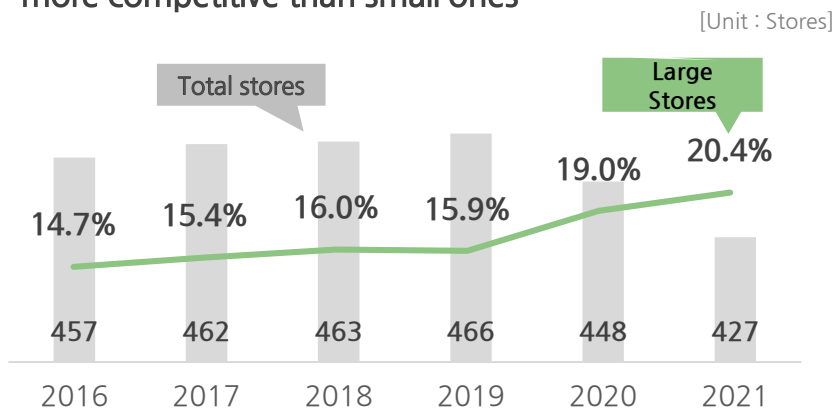
# 3. BUSINESS STRATEGY ② Enhancing Competitiveness of Offline Channel

## Restructuring

- Current status of store restructurings



- Increasing number of large-sized stores, which are far more competitive than small ones



※ Stores square m<sup>2</sup> average 1,090; small-sized: ~661m<sup>2</sup>, large-sized: 1,322m<sup>2</sup>

## Diversifying Types of Stores

- Enhance customer experiences, such as providing content that takes advantage of offline channels



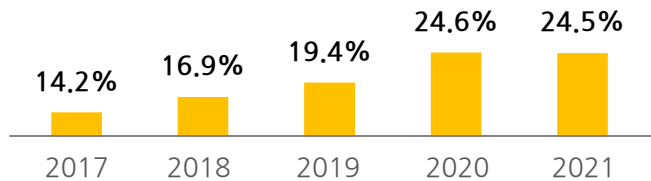
※ Number of stores : 427 stores as of end of 2021



# 3. BUSINESS STRATEGY ③ Offering Differentiated Goods - Premium/PB

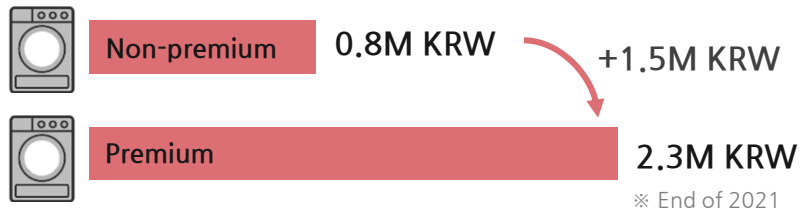
## Premium-Oriented Product Operation

- Selling more premium-quality, large-sized appliances



※ Premium large-sized appliances: TVs(65" ↑ OLED, QLED, NLED); refrigerators(4-doors, water purifier refrigerators); Kimchi fridges(400ℓ↑); washing machines(21kg↑ drum)

- Higher unit price of premium product



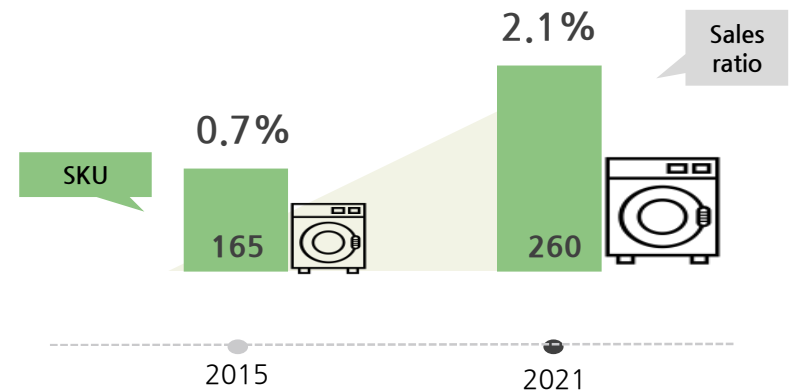
- Increasing Premium brands(Apple) official svc center

2020: 5 centers → 2020: 13 centers



## Enhancing PB(HIMADE) Sales

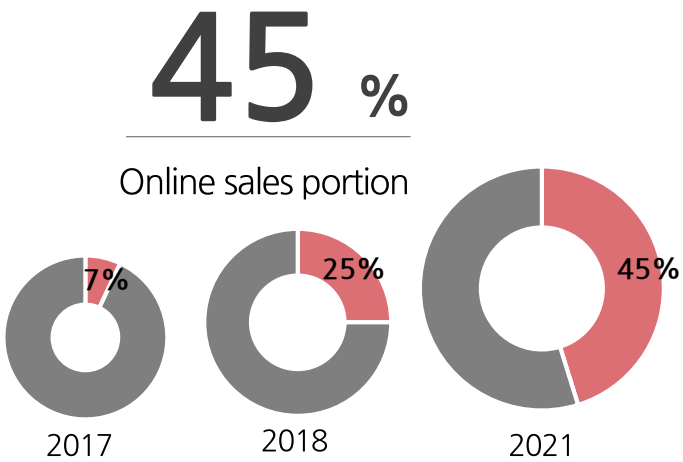
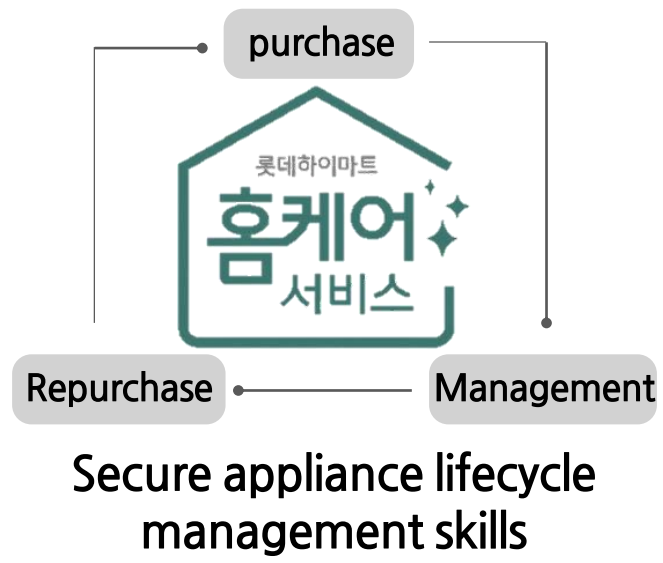
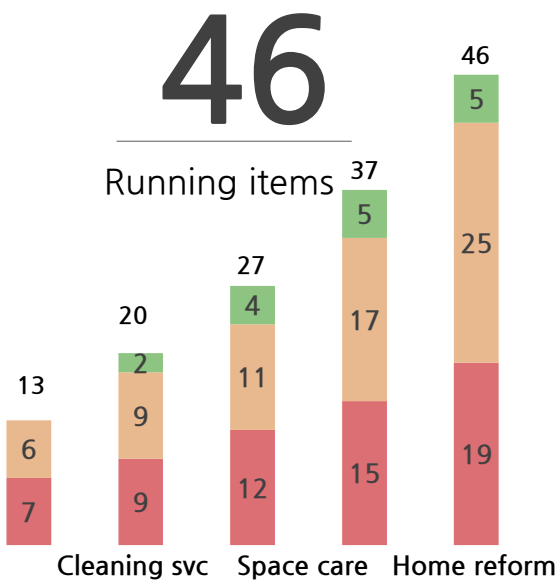
- Strengthen competitiveness and profitability by expanding PB products at reasonable prices



- Producing customized PB products



# 3. BUSINESS STRATEGY ③ Offering Differentiated Goods - Homecare



24

Affiliated malls

LOTTE ON  
coupang Gmarket 11번가  
el LOTTE AUCTION.  
위메프 GS SHOP INTERPARK

# 고객의 스마트한 문화생활을 제안하는 디지털 라이프스타일 파트너

## 롯데하이마트인의 역할

### 얼리어답터

Early Adopter

기술발전과 함께 고객에게  
트렌드를 선도하는 신상품  
발굴 및 소싱

### 큐레이터

Curator

고객의  
다양한 라이프스타일에 맞는  
개인화된 상품과 서비스를 제안

### 인플루언서

Influencer

환경과 사회적 가치 실현  
추구를 통해 고객에게  
선한 영향력을 전파



LOTTE HIMART



*No.1 Digital Lifestyle Partner*

# Appendix

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Income Statement

Balance Sheet

Shareholders and Dividends

ESG / CSR



# Appendix ① Summary of Income Statement(Annual)

[Unit : In 100 mill. KRW]

Section	FY2017			FY2018			FY2019			FY2020			FY2021		
		(%)	yoy		(%)	yoy		(%)	yoy		(%)	yoy		(%)	yoy
<b>Sales</b>	40,993	100	4.1%	41,127	100	0.3%	40,265	100	-2.1%	40,517	100	0.6%	38,697	100	-4.5%
<b>Gross Profit</b>	10,612	25.9	4.7%	10,729	26.1	1.1%	10,007	24.9	-6.7%	10,065	24.8	0.6%	9,327	24.1	-7.3%
<b>SG&amp;A</b>	8,537	20.8	1.8%	8,864	21.6	3.8%	8,908	22.1	0.5%	8,454	20.9	-5.1%	8,259	21.3	-2.3%
<b>Labor</b>	2,458	6	0.7%	2,598	6.3	5.7%	2,733	6.8	5.2%	2,653	6.5	-2.9%	2,542	6.6	-4.2%
<b>Fees</b>	1,630	4	13.0%	1,796	4.4	10.2%	1,902	4.7	5.9%	1,902	4.7	0.0%	1,962	5.1	3.2%
<b>Adv&amp; Promotion</b>	689	1.7	-29.8%	702	1.7	2.0%	671	1.7	-4.5%	442	1.1	-34.1%	352	0.9	-20.4%
<b>DEPR</b>	492	1.2	-6.1%	478	1.2	-2.8%	1,356	3.4	183.4%	1,438	3.5	6.1%	1,410	3.6	-2.0%
<b>Transport&amp; Installation</b>	1,549	3.8	16.4%	1,559	3.8	0.6%	1,468	3.6	-5.7%	1,378	3.4	-6.1%	1,365	3.5	-0.9%
<b>Etc.</b>	1,719	4.2	2.9%	1,731	4.2	0.7%	779	1.9	-55.0%	641	1.6	-17.7%	627	1.6	-2.1%
<b>Operating Profit</b>	2,075	5.1	18.9%	1,865	4.5	-10.1%	1,099	2.7	-41.1%	1,611	4.0	46.6%	1,068	2.8	-33.7%
<b>Pre-tax Profit</b>	1,990	4.9	22.4%	1,269	3.1	-36.2%	-839	-	-	650	1.6	-	-335	-0.9	-
<b>Net Income</b>	1,484	3.6	22.2%	855	2.1	-42.4%	-999	-	-	287	0.7	-	-575	-1.5	-

※ Fiscal 2016 : Accounting Standard K-IFRS 1018 Fiscal 2017~2020 : Accounting Standard K-IFRS 1115

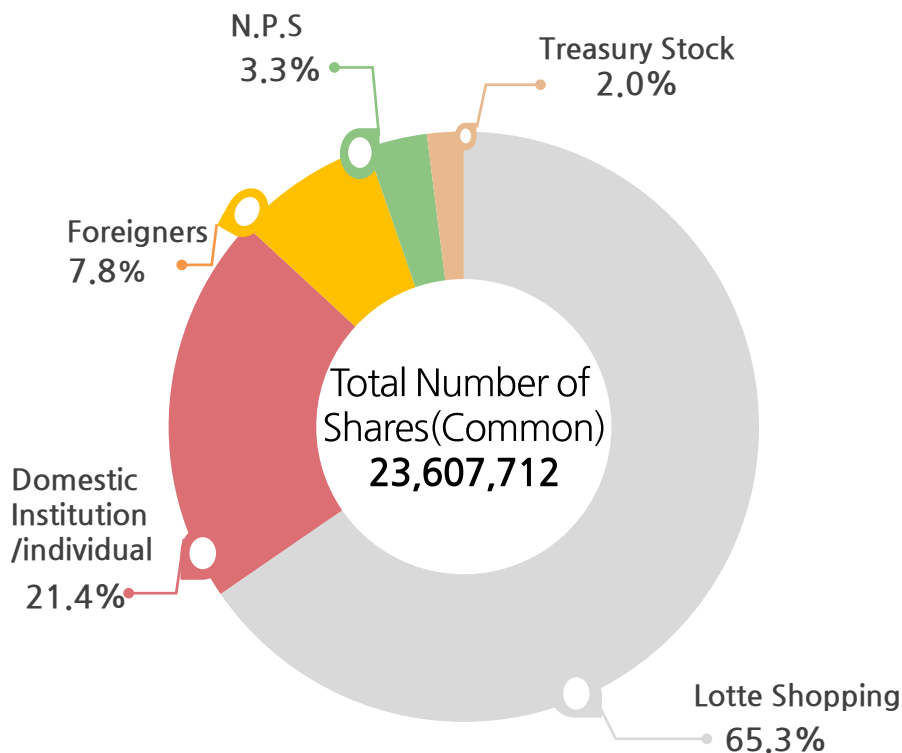
# Appendix ② Summary of Balance Sheet

[Unit : In 100 mill. KRW]

Category	End of 2020	End of 2021	GAP	YoY Change
<b>Asset</b>	33,492	29,435	-4,057	-12%
Current asset	9,888	6,829	-3,059	-31%
Cash & cash equivalents	4,165	397	-3,768	-90%
Trade & other current receivables	760	748	-12	-2%
Non-current asset	23,604	22,606	-998	-4%
Property	7,670	4,851	-2,819	-37%
Goodwill	14,055	12,707	-1,348	-10%
<b>Liabilities</b>	14,232	11,162	-3,070	-22%
Current liabilities	8,458	5,756	-2,702	-32%
Trade & other current payables	2,953	2,366	-587	-20%
Short-term borrowings	3,299	1,388	-1,911	-58%
Non-current liabilities	5,774	5,406	-368	-6%
Long-term borrowings	3,363	3,394	31	1%
<b>Equity</b>	19,260	18,274	-986	-5%
Issued capital	1,180	1,180	-	-

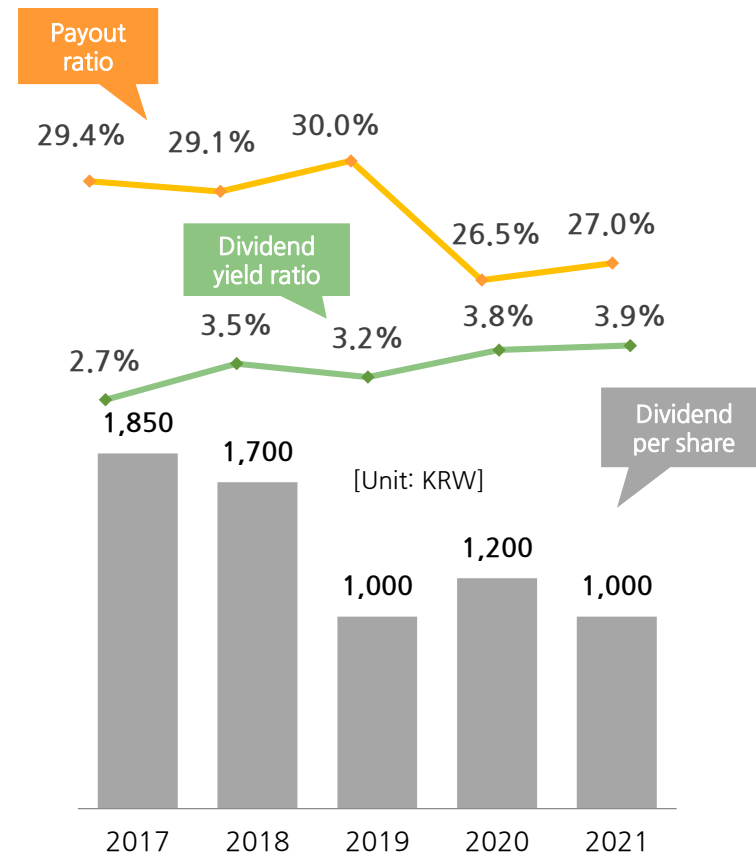
# Appendix ③ Shareholders and Dividends

## Shareholders



※ End of Dec. 2021

## Status of Dividends



※ Payout ratio: Excluding one-offs

※ Excluding one-offs: impairment losses on goodwill and tangible assets  
(2019: KRW 179 billion; 2020: 79 billion; 2021: 143 billion)

# Appendix ④ ESG / CSR

## ESG

Annual evaluation of Environment(E), Social(S), Governance(G) for social responsibility purposes by KCGS

### ● Evaluation in 2021



Year	Total			
		Environment	Social	Governance
2021	A	B+	A+	A
2020	A	B+	A+	A
2019	A	B+	A+	B+
2018	A	B	A	A
2017	B+	C	A+	A

※ Evaluation organization: KCGS (Korea Corporate Governance Service)

## CSR

### Partnership



### Social community support



### ● Pursuing shared growth with partnership

- **Funding:** Fundraising(KRW 50 billion), setting payments in cash
- **Supporting expansion of sales channel:**  
Holding online exhibitions, Live commerce
- **Enhancing competitiveness:** Business consulting, training

### ● CSR, contributing to society

- **Increasing CSR activities supporting women and children:**  
Children's science classes
- **CSR, contributing to local communities:**  
Donating appliances to senior citizen who lives alone
- **Employee volunteer services:**  
Making hygiene kits to aid in prevention of COVID-19