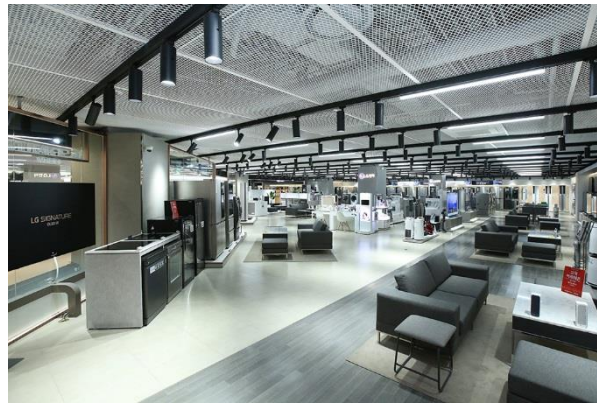


FY2022 2Q Results

2022.08.04(Thurs.)



Lifetime **Value** Creator

 **LOTTE HIMART**
KOREA NO.1 Home & Lifestyle Retailer

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2Q22 Revenue 0.9 trillion KRW (▲10.2% YoY), 1H22 1.7 trillion KRW (▲11.1% YoY)

- Consumer confidence weakened due to inflation and interest rate hikes
- Decrease in demand for home appliances due to increased outdoor activities following “REOPENING”, such as the lifting of social distancing

2Q22 Gross Profit 211 billion KRW (▲14.6% YoY), 1H22 397 billion KRW (▲15.6% YoY)

- Overall competition intensifies due to downturn in the home appliance market
- Sluggish sales of high-margin products (Large appliances such as refrigerators and washing machines) and increased proportion of online channel sales

2Q22 Operating Profit 0.3 billion KRW (▲99.2% YoY), 1H22 ▲8 billion KRW (-)

- Decrease in operating profit due to fixed cost burden caused by decreased sales

Financial Results



[Unit: KRW in 100 million]

	2Q21	2Q22	YoY	1H21	1H22	YoY
Revenue	9,881	8,875	▲10.2%	19,440	17,287	▲11.1%
Gross Profit	2,469	2,107	▲14.6%	4,701	3,967	▲15.6%
Operating Profit	331	3	▲99.2%	588	▲79	-
EBITDA	677	356	▲47.5%	1,283	627	▲51.2%
Profit Before Tax	320	▲41	-	527	▲134	-
Net Profit	247	▲28	-	406	▲98	-

Financial Results by Divisions



[Unit: KRW in 100 million]

	2Q21	Portion	2Q22	Portion (change)	YoY	1H21	Portion	1H22	Portion (change)	YoY
Revenue	9,881	100.0%	8,875	100.0%	▲10.2%	19,440	100.0%	17,287	100.0%	▲11.1%
Product Revenue	9,831	99.5%	8,818	99.4% (▲0.1%p)	▲10.3%	19,354	99.6%	17,192	99.4% (▲0.2%p)	▲11.2%
AV Appliances	1,152	10.6%	1,076	11.3% (+0.7%p)	▲6.6%	2,434	11.4%	2,321	12.2% (+0.8%p)	▲4.7%
White Home Appliances	5,166	47.4%	4,623	48.6% (+1.2%p)	▲10.5%	9,263	43.4%	7,963	41.9% (▲1.5%p)	▲14.0%
IT Appliances	2,030	18.7%	1,697	17.8% (▲0.9%p)	▲16.4%	4,710	22.0%	4,360	22.9% (+0.9%p)	▲7.4%
Living/Kitchen Appliances	2,542	23.3 %	2,125	22.3% (▲1.0%p)	▲16.4%	4,963	23.2%	4,369	23.0% (▲0.2%p)	▲12.0%
Allowance & Etc.	▲1,059	-	▲704			▲2,016		▲1,821		
Other Revenue	50	0.5%	57	0.6% (+0.1%p)	+13.1%	86	0.4%	95	0.6% (+0.2%p)	+11.0%

Key Strategy

Diversify Product Line

- Expand SKUs by new product development
 - Expansion of various competitive global brand stores
 - Promotion of M/S expansion by major living brands
 - Expansion of Apple and global PC operations
 - Lifestyle reflections such as health care / pet / camping appliances
- Offer differentiated services
 - Home-care, Appliance-care, and etc.

Living



Expansion of SKUs with high customer purchase rate



Average 3~5yrs. of use

IT

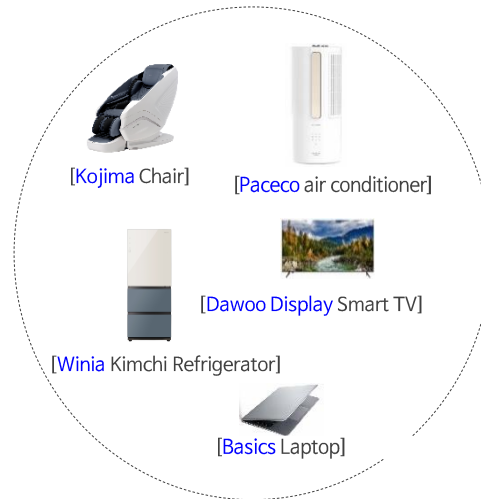


Average 2~4yrs. of use

Develop Cost-effective Product

- Expand PB products by strengthening collaboration with excellent manufacturers
 - High selling cost-effective PB product development
 - Message Chair/Kimchi Refrigerator/TV/Laptop
- Expand promotion & direct sourcing products
 - Improve profitability by expanding direct sourcing SKUs for excellent sales items
 - Participate in trade fairs and collaboration events

Collaboration



Brand Promotion

- Youtube Ad
 -
- Instagram Promotion
 -
- Collaboration
 -

Key Strategy

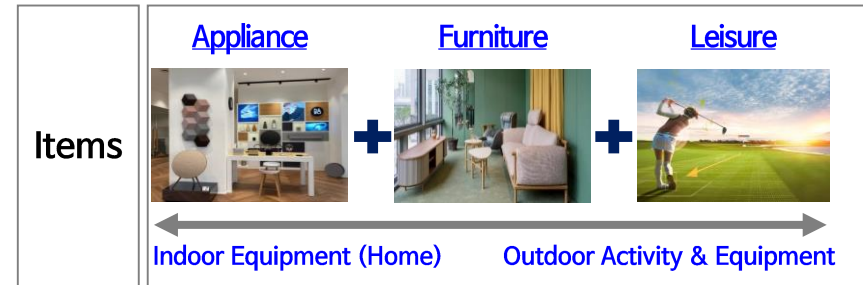
Experientail Retail

- Differentiate MD through product diversification
 - Consider regional characteristics and main customer
 - Improve customer satisfaction by expanding experience items such as IT appliances
 - Install Health/Beauty/Digital Specialized space
- Maximize efficiency through store enlargement
 - Close low-efficient stores and consolidate into large stores

Online Store

- Home & Lifestyle Vertical Platform
 - Expand Lifestyle Category based on home appliances expertise
- Content + Community + Commerce
 - Make various contents related to product
- Online Mall Rebranding
 - Provide young brand value
 - Introduce E-commerce development environment

Differentiate MD Operation



Re-Branding		언제나 새롭고, 놀라운 라이프스타일을 디자인합니다.	나를 발견하고, 만들어가는 하이로운! 생활~	
		h!	h!	

Appendix

Summary of Income Statement

Summary of Balance Statement

Store Operation Status

Summary of Income Statement



[Unit: KRW in 100 million]

	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	9,881	10,403	8,855	8,412	8,875
Gross Profit	2,469	2,655	1,971	1,860	2,107
SG&A	2,138	2,146	2,000	1,942	2,105
Labor	613	630	653	612	610
Fees	511	504	475	484	487
Trans. & Installation Fees	384	424	282	263	370
Etc.	630	588	590	583	638
Operating Profit	331	509	▲29	▲82	3
Profit Before Tax	320	474	▲1,336	▲93	▲41
Net Profit	247	359	▲1,340	▲70	▲28

Summary of Balance Statement



[Unit: KRW in 100 million]

	2Q21	3Q21	4Q21	1Q22	2Q22
Total Assets	33,550	32,106	29,435	30,335	31,038
Current Assets	10,077	8,740	6,829	7,853	8,660
Cash & Cash Equivalent	2,910	2,137	847	615	1,603
Non-Current Assets	23,473	23,365	22,606	22,481	22,377
Tangible Assets	7,566	7,509	7,477	7,369	7,320
Goodwill	14,055	14,055	12,707	12,707	12,707
Liabilities	14,344	12,531	11,162	12,370	13,084
Current Liabilities	7,418	6,706	5,756	7,102	8,986
Short-term borrowings & bonds	1,800	983	1,388	1,393	4,096
Non-Current Liabilities	6,927	5,825	5,406	5,269	4,098
Long-term borrowings & bonds	4,771	3,793	3,394	3,395	2,319
Equity	19,206	19,575	18,274	17,964	17,954
Share Capital	1,180	1,180	1,180	1,180	1,180

Store Operation Status

[Unit: Store]

	FY 2020	FY 2021	FY 2022		FY 2022
			1Q	2Q	
Stand-Alone	356	339	335	331	317
Change	▲3	▲17	▲4	▲4	▲22
Shop-in-Shop	92	88	87	87	86
Change	▲15	▲4	▲1		▲2
Total Stores	448	427	422	418	403
Change	▲18	▲21	▲5	▲4	▲24

MISSION

사랑과 신뢰를 받는
제품과 서비스를 제공하여
인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing
superior products and services that
our customers love and trust