



CEO VALUE-UP CONFERENCE

Investor Relations | 2024.11.1

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I Q3 Performance and Key Financial Metrics



Q3 Business Performance

[Unit: 100 Million KRW]

Category	3Q			1H		
	'24	'23	Growth Rate	'24	'23	Growth Rate
Revenue	6,859	7,259	▲5.5%	11,144	13,057	▲14.7%
Gross Profit	2,207	2,079	6.2%	2,957	3,236	▲8.6%
[Ratio]	[32.2%]	[28.6%]	[+3.6p]	[26.5%]	[24.8%]	[+1.7p]
S G & A	1,895	1,717	10.4%	3,090	3,416	▲9.5%
[Ratio]	[27.6%]	[23.6%]	[+4.0p]	[27.7%]	[26.2%]	[+1.5p]
Operating Profit	312	362	▲13.8%	▲133	▲180	적자 개선
Ordinary Profit	267	347	▲23.1%	▲192	▲270	적자 개선
Net Income	268	271	▲1.1%	▲181	▲159	Recorded Deficit

Sales Decline Improvement from the Second Half of 2024 (Based on Total Sales)

Category	'24					'23	
	Sep.	Aug.	July	2Q	1Q	4Q	3Q
Sales Growth	6.8%	▲8.6%	▲12.2%	▲15.9%	▲19.0%	▲25.2%	▲22.2%

Neg. Continued Impact of Unfavorable Factors such as Economic Recession, Reduced Move-ins, and Shift to Online

Pos. ✓ Sales Staff Operation Structure → Direct Management from July 1, 2024

✓ Impact of Decrease in High-Proportion Second Brand Disappears

Online Sales Turn Positive from June! (Based on Total Sales)

Category	'24					'23	
	Sep.	Aug.	July	2Q	1Q	4Q	3Q
Sales Growth	49.9%	▲7.4%	▲0.5%	▲35.6%	▲47.8%	▲59.6%	▲63.2%
Direct Purchase on Own Mall	105.6%	7.2%	5.1%	▲9.0%	▲34.8%	▲45.2%	▲47.5%

※ After the TMON Incident in July 2024, Affiliate Mall Sales Declined: 3Q ▲38.1%

Q3 Business Performance

Quarterly Operating Profit Excluding Major One-Time Revenues and Expenses [Unit: 100 Million KRW]

Category						
		1Q	2Q	3Q	Total	
Operating Profit	'24	▲160	28	312	180	
	'23	▲258	78	362	183	
Deduction of One-Time Revenues and Expenses		'24	▲177	▲10	91	▲97
Operating Profit		'23	▲198	78	96	▲23
Refer ence	One-Time Revenues (VAT Refund)	'24	17	38	264	320
		'23	-	-	266	266
	One-Time Expenses	'24	-	-	▲43억 [TMON Bad Debt Allowance]	▲43
		'23	▲60 [Disposal of Unsold Inventory]	-	-	▲60

※ One-Time Revenues: VAT Refund of 26.6 billion KRW in 2023, 32 billion KRW in 2024
 ※ One-Time Expenses: TMON Bad Debt Allowance of 4.3 billion KRW in 2024, Disposal of Unsold Inventory of 6 billion KRW in 2023

“ In the first half of 2024, the unexpectedly poor performance was maximized ”
 → Deterioration of actual operating profit

⌵

Judgment of recovery to normal condition from the second half

[3Q] Operating profit reflects short-term increase in SG&A expenses

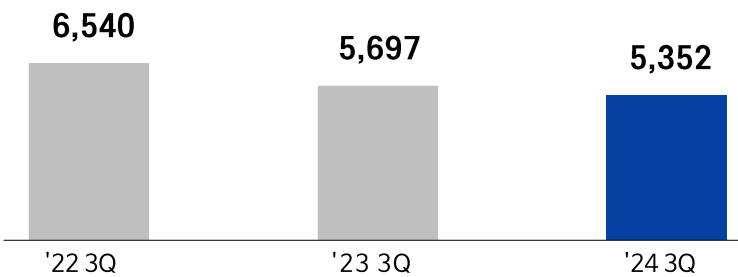
Costs incurred for direct employment of approximately 1,300 personnel

Key Financial Indicators

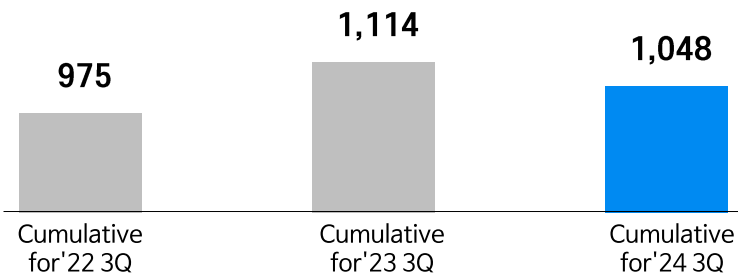
[Unit: 100 Million KRW]						
Category	'24 3Q		'23 3Q		Changes	Difference in Ratio
		Ratio		Ratio		
A s s e t s	23,212	100.0%	24,338	100.0%	▲1,126	▲4.6%
Cash and Deposits	2,014	8.7%	2,512	10.3%	▲498	▲19.8%
Inventory Assets	3,990	17.2%	3,984	16.4%	6	0.2%
Liabilities	10,735	46.2%	11,306	46.5%	▲571	▲5.0%
Borrowings (excluding lease liabilities)	5,650	24.3%	6,450	26.5%	▲800	▲12.4%
E q u i t y	12,477	53.8%	13,032	53.5%	▲555	▲4.3%
Capital Stock	1,180	5.1%	1,180	4.8%	-	-
Retained Earnings	3,929	16.9%	1,477	6.1%	2,452	166.0%

※ Increase in Retained Earnings: Capital transfer of 300 billion KRW, Net income of -37.9 billion KRW, Dividends of -6.9 billion KRW, etc.

Net Borrowings [Unit: 100 Million KRW]



EBITDA [Unit: 100 Million KRW]



Category	'22 3Q	'23 3Q	'24 3Q
Debt Ratio	81.4%	86.8%	86.0%
Net Borrowings /EBITDA ^(*)	5.0 x	5.7 x	4.3 x

※ ※ Net Borrowings: Total borrowings including lease liabilities – Cash and Deposits
 ※ ^(*) EBITDA : Calculated based on the past year's performance from the relevant point in time



II Progress on Four Major Mid-to-Long Term Strategies

- 1 Store: Innovate Store Format and Enhance Customer Experience**
- 2 Enhance Diversity of Choices : Strengthen PB and Overseas Brands**
- 3 Customer Lifetime Care, 'HIMART Safety Care'**
- 4 Integrated ON-OFF Experience, e-Commerce**

1 Innovate and Renew Store Format

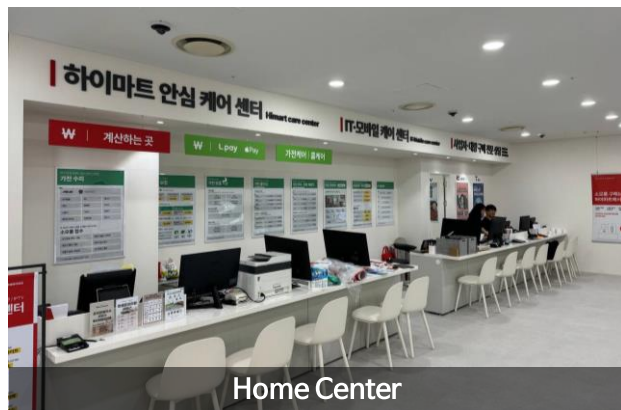
'23

Strengthen Core Store Capabilities

“Strengthen Basic Line Up” “Attempt to Prolong Customer Relationships”

Expand Assortment and Reorganize Displays

Increase Customer Inflow to Home Center



['23] 35 Stores Renewal

'24

Strengthen Core Capabilities + Build Experience-Based Specialty MD

“ Experience of Space ”

“ Experience of IT Life ”

“ Experience of Gaming ”

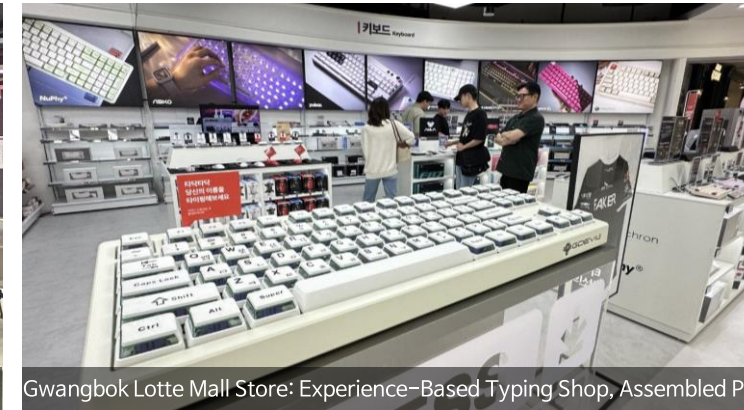
“ Experience of Specialized Hobbies ”

Integrated Consultation of Hanssem's Nationwide Apartment DB and Optimal Home Appliances

Typing Shop & Integrated Space for Assembled PCs

Family Games & Immersive Gaming for 20s and 30s

(Future) Specialized Camera and Audio Space



[By Sep. '24] Cumulative 71 Stores Renewal / [After Jul.] 5 Experience-Based MD Stores
+4.2% Growth +83.0% Growth (Future 20% Range)

Total Monthly Sales per Store

Expected in '24) 630 million KRW In '26) 670 million KRW

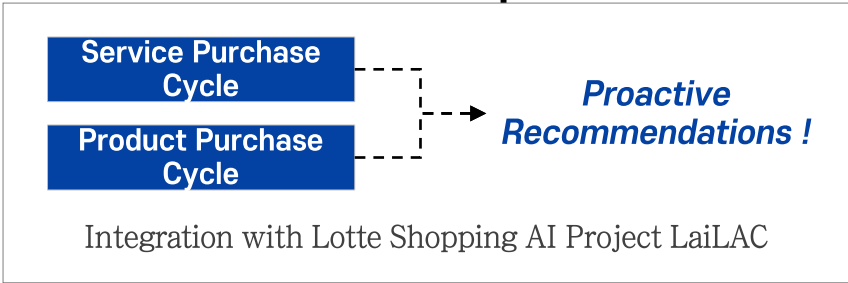
* In '23: 620 million KRW

2 ‘HIMART Safety Care’ → Enhancing Consultations for Long-Term Relationships!

In-Store Center Establishment: Securing Customer Data

Product Purchase Data	Safe Care Data
Approximately 4 million cases	'23) 800,000 cases
	'24) Over 1.5 million cases
	'26) Expected to exceed 3 million cases

3,000+ Customer Service Representatives, Enhanced Consultation Capabilities



In-Store Center Establishment : '23) 35, '24) 89, '26) 119

[Unit: 100 Million KRW]

구 분	Total	Extended Warranty	AS	Cleaning Services	Relocation Installation	Interior Design
'24(E)	400	139	77	83	42	59
'23	213	67	52	57	19	18
Growth Rate	88%	108%	49%	45%	127%	220%

Safe Care Services Revenue Composition	Expected in '24) 1.4% In '26) 3% * In '23 : 0.7%
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3 Enhanced Customer Choice - Differentiation through PB and Overseas Sourcing

Annual Home Appliance Sales in South Korea: 54
Million Units (2023 Gfk Data)

Large Home Appliances	Home Appliances	Kitchen Appliances	IT Appliances
14%	28%	17%	41%

※ Excluding Mobile



Focus on Products Essential for Daily Life: Home, Kitchen, and IT Appliances

"Expanding Brand and Assortment in These Categories"

"Growth Accelerated Post Direct Management of PB and Overseas Brands Sales Staff!"

[Unit: 100 Million KRW]

Category	'24 3Q	'24 1H
PB	460	553
Growth Rate	<u>4.0%</u>	▲12.7%
Overseas Brands	368	391
Growth Rate	<u>149.8%</u>	44.0%

※ Major Overseas Brands: TCL, Roborock, Shark, Ninja, Midea, ASUS, etc.

✓ **2024 PB Launch: No.1 in the Category (※ Includes Up to 5 Years Free Warranty)**

→ **New Brand PB Launch Scheduled for January 2025**



250L Refrigerator
(May)

**6,000
Units/Month**

2nd Place Company A:
200 Units



Station Vacuum
Cleaner
(September)

**1,600
Units/Month**

2nd Place Company B:
1,000 Units

**Total Sales Composition of PB
& Overseas Brands**

Expected in '24) **8%** In '26) **14%**
* In '23 : 6.2%

4 "Where Home Appliances Become Easier", E-Commerce Differentiation

Online Platform Pain Points

- It's expensive, but can't I check it out in person before buying?
- Is it genuine? Will the after-sales service be guaranteed until the end?
- Is the exchange or refund process complicated?
- It would be great to have professional consultation...

"ON · OFF Integration – Resolving Customer Inconveniences!"

Online Sales Turn Positive from the Second Half

① OFFLINE Consultation Staff → **Simultaneous ONLINE Consultation**

Options: Phone Consultation, Chat Consultation, Video Consultation

완성도

70% → December Completion

② Busy Professionals → **Personalized Purchase Alerts**

My Page: Service Timing, Upcoming Products, Optimal Conditions Provided

80% → December Completion

③ Exhibition · Unopened Products → **Choose ONLINE, Verify in OFFLINE**

90% → November Completion

"2025 Task: **Personalized Price Impact**"

Proceeding After September 2024

Selective Pricing

Focus on Categories that Maximize Installation, Care, and Consultation Needs



Future [AI]

Considering Market Prices & Customer Reactions → Propose Optimal Prices

E-Commerce Direct Purchase
Total Sales Composition

Expected in '24) **50%** In '26) **60%CH**
* In '23 : 42%

Progress on Four Major Mid-to-Long Term Strategies

"Continuously Pursuing Core Strategies from a Mid- to Long-Term Perspective in Response to Changing Market Trends"

Direction for Responding to Market Trend Changes

"Setting Key Strategic Directions to Respond to Changes in Home Appliance Consumption Patterns and Perceptions, and the Rapid Growth of Online Sales Channels"

Transforming Sales Spaces to Enhance Customer Experience

Strengthening Product Lineup to Meet Diverse Needs

Extending Customer Relationships through Differentiated Services

Differentiation through Offline-Based Online Integration

Where Home Appliances Become Easier, Lotte Hi-Mart's Four Major Strategies

"Progress on Four Major Mid-to-Long Term Strategies, Starting with Direct Hiring to Strengthen ON·OFF Integration"



Store: Innovate Store Format and Enhance Customer Experience



Enhance Diversity of Choices : Strengthen PB and Overseas Brands



Customer Lifetime Care, 'HIMART Safety Care'



Integrated ON·OFF Experience, e-Commerce

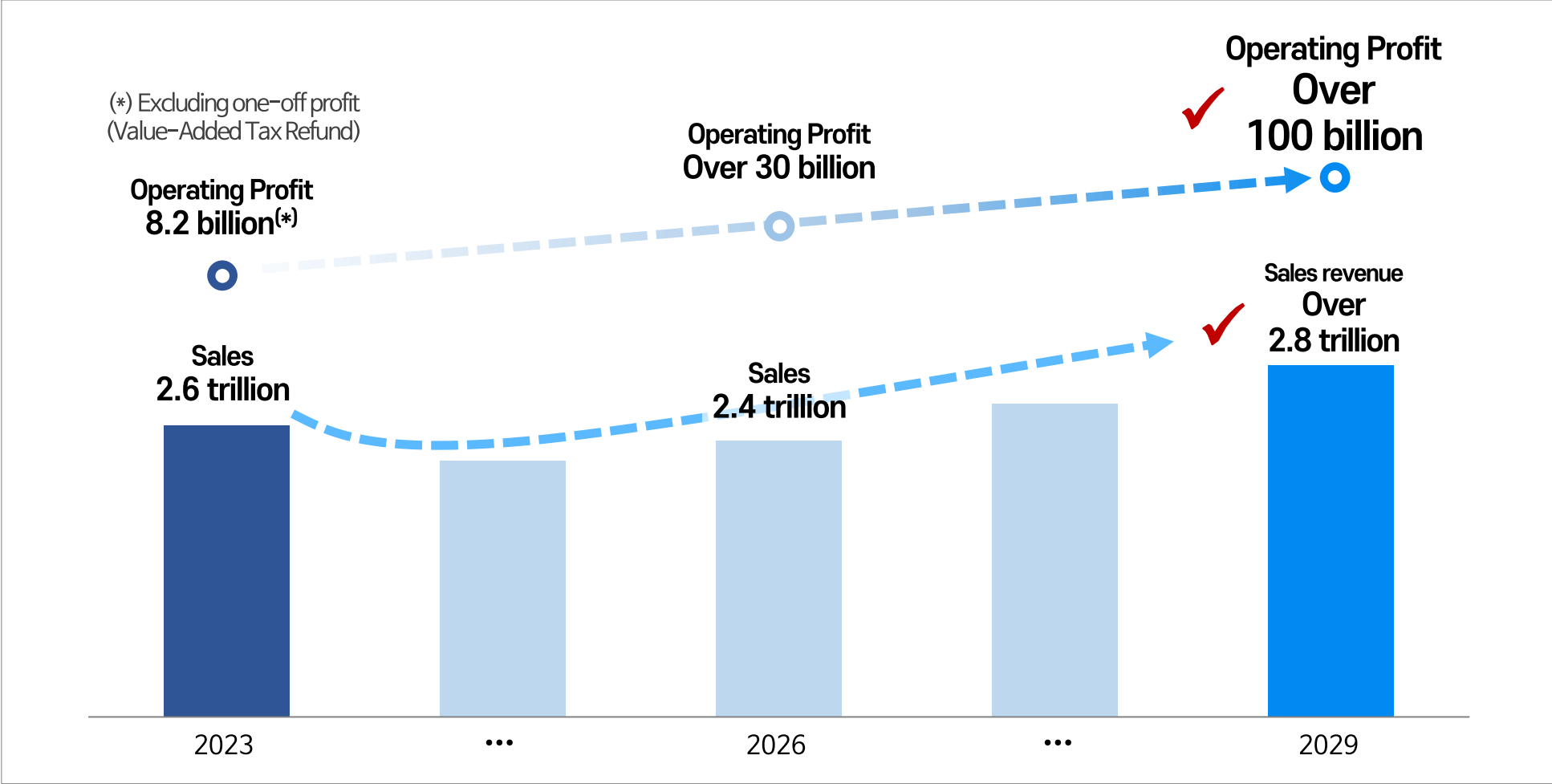


Value-Up Goals: Mid-to-Long Term Guidance



Mid- to Long-Term Guidance

Achieve over 2.8 trillion KRW in Sales and over 100 billion KRW in Operating Profit by 2029 through the Execution of Core Strategies

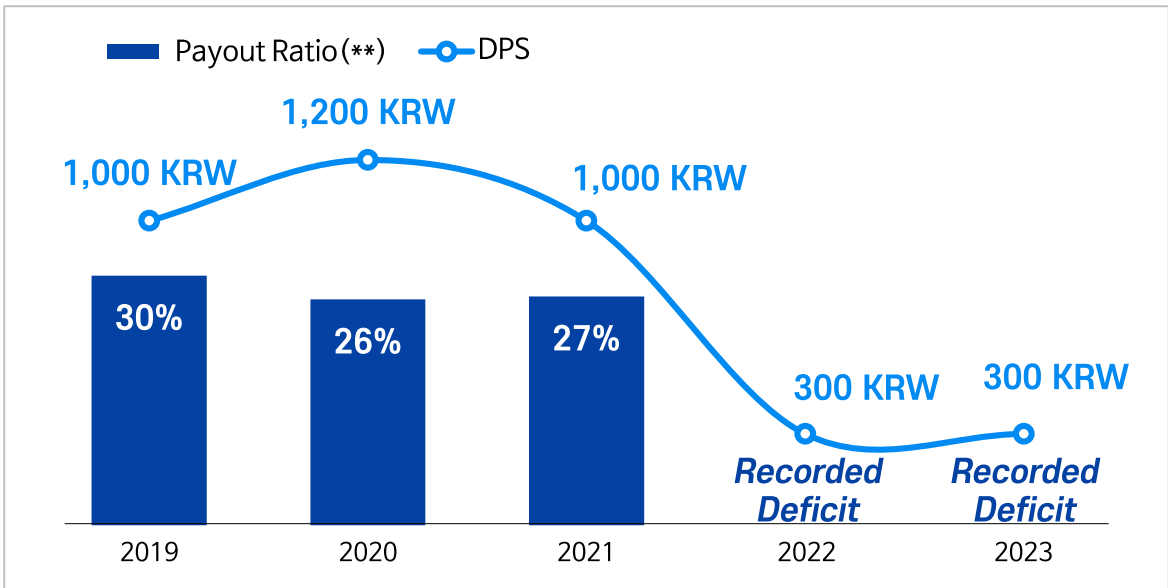


Shareholder Return Policy

Aim to achieve a dividend payout ratio of 30% and enhance the predictability of dividends

5 Year Dividend Payout History

"Despite adjusted net losses(*) in 2022-2023, dividends were continuously distributed to return value to shareholders"



(*) Adjustment for impairment effects of cash-generating units such as goodwill impairment

(**) Payout Ratio = Total Dividends / Adjusted Net Income

Shareholder Return Plan

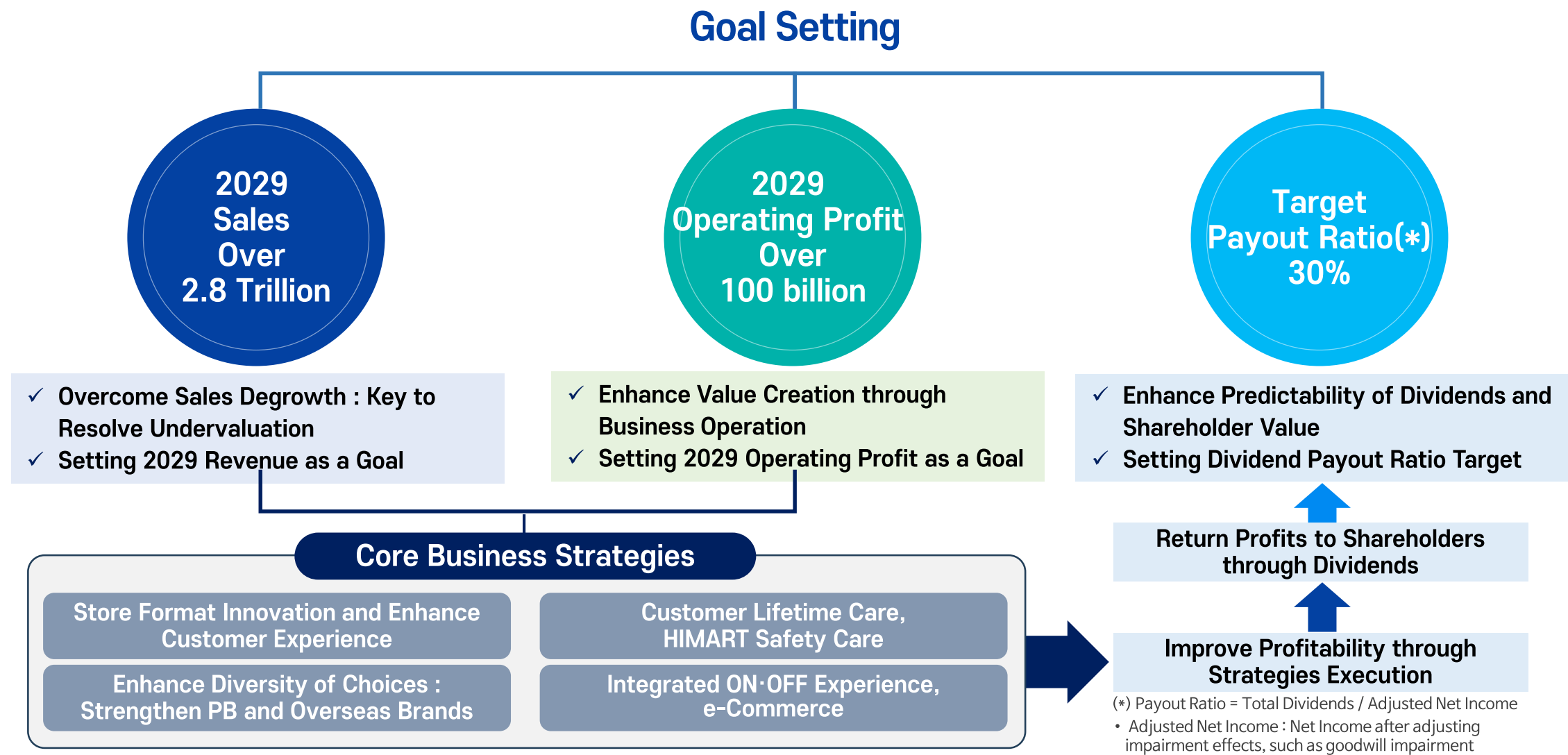
✓ Target Dividend Payout Ratio of 30%

"Aim for a 30% dividend payout ratio, with goals to enhance dividend predictability and shareholder value"

✓ Adopt Advanced Dividend Payout Policy

"Confirm dividends first, then set the record date to aid investors in making informed decisions"

Wrap Up



롯데하이마트 비전·미션

가전 라이프 평생 케어, 롯데하이마트

라이프 스테이지에 꼭 맞는 가전 제품과 세심한 케어 서비스로
고객의 평생 가전 라이프를 안심하게 한다.

롯데하이마트 Brand Value

Selection

비교, 체험할 수 있는
다양한 구색

Curation

나에게 딱 맞는
최적의 큐레이션

Care Service

끝까지
책임져주는 관리

롯데하이마트 Brand Slogan

“가전이 쉬워지는 곳, 롯데하이마트”



Appendix Store Operation Status

Category [Unit: Store]	'23	'24		
		1Q	2Q	3Q
Total stores	336	335	329	327
Net increase (YoY)	▲55	▲1	▲6	▲2
New Stores	1	1	-	4
Closed Stores	▲56	▲2	▲6	▲6
Mart Stores	▲29	▲1	▲3	▲2