



LOTTE HIMART

The Place Where Home Appliances Become Easy - LOTTE HIMART 4Q 2024

Earnings Release

Investor Relations 2025.2.5

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The financial information in this document is prepared based on the preliminary operating performance of individual financial standards prepared in accordance with Korean International Financial Reporting Standards (K-IFRS).

As this material has been prepared for the convenience of investors while the external auditor has not completed the accounting audit, some of the contents may be changed during the audit process.

Summary

FY24 Revenue

Revenue: KRW 2.3567 trillion (-9.7%). Strong recovery in 2H.

- (Management Accounting Revenue Growth) 1H: ▲ 17.4%, 2H: ▲ 4.5%, 3Q: ▲ 6.1%, 4Q: ▲ 2.6%.
- 2H improvement: Renewed stores +11.4%, PB & overseas sourcing +65.3%, Safety Care +118.3%.

FY24 Operating Profit

KRW 1.7 billion profit (FY23, KRW 8.2 billion) 3Q: TMON bad debt(KRW 4.3 billion), 4Q: wage issue - KRW 10.2 billion.

- 1H : KRW 13.3 billion, 2H: KRW 15 billion, 3Q: KRW 31.2 billion, 4Q: KRW 16.3 billion.

FY24 Net Profit

KRW 305.4 billion (FY23, KRW -35.4 billion), including KRW -264.7 billion goodwill impairment

- Improved in 2H after direct hiring, but 1H downturn and slowing home appliance market

(2022: KRW 32T, 2023: KRW 30T, 2024(E): KRW 29T ※ GfK data
(Around ▲8%) (Around ▲4%) (Around ▲4%)

FY25 Guidance

Revenue: 2.3 trillion KRW, Operating profit: 10 billion KRW. Excluding one-time items, a year of actual profit.

- Adjusted operating profit (excluding one-time items): 2022: -31.7B KRW, 2023: -9.8B KRW, 2024: -17.5B KRW, 2025: 10B KRW.

2024 Business Performance

[Unit : KRW in 100 million]

| Category | | 4Q | | | | | YTD | | | | |
|-------------------|----------|-------|--------|--------|--------|------------------|--------|--------|--------|--------|------------------|
| | | 2023 | Ratio | 2024 | Ratio | YoY | 2023 | Ratio | 2024 | Ratio | YoY |
| Revenue | | 5,785 | 100.0% | 5,564 | 100.0% | ▲3.8% | 26,101 | 100.0% | 23,567 | 100.0% | ▲9.7% |
| Gross Profit | | 1,466 | 25.3% | 1,598 | 28.7% | +9.0% | 6,782 | 26.0% | 6,763 | 28.7% | ▲0.3% |
| SG & A Expenses | | 1,567 | 27.1% | 1,760 | 31.6% | +12.4% | 6,699 | 25.7% | 6,745 | 28.6% | 0.7% |
| Operating Profit | | ▲100 | ▲1.7% | ▲163 | ▲2.9% | Continued losses | 82 | 0.3% | 17 | 0.1% | ▲79.1% |
| Profit Before Tax | | ▲378 | ▲6.5% | ▲2,943 | ▲52.9% | Continued losses | ▲301 | ▲1.2% | ▲2,869 | ▲12.2% | Continued losses |
| Net Profit | | ▲465 | ▲8.0% | ▲3,140 | ▲56.4% | Continued losses | ▲354 | ▲1.4% | ▲3,054 | ▲13.0% | Continued losses |
| Impairment losses | Goodwill | - | - | ▲2,647 | ▲47.6% | - | - | - | ▲2,647 | ▲11.2% | - |
| | C G U | ▲130 | ▲2.2% | ▲73 | ▲1.3% | - | ▲130 | ▲0.5% | ▲73 | ▲0.3% | - |

※ This data has been prepared without the completion of an external auditor's review and is subject to change during the audit process.

2024 Operating Profit and Balance Sheet

[Unit : KRW in 100 million]

| Category | | 2024 | 1H | 2H |
|------------------------------|---------------------------|------|---|-------------------------------------|
| Operating Profit | | 17 | ▲133 | 150 |
| | YoY | ▲65 | 48 | ▲113 |
| (Excluding One-time Factors) | | | | |
| ✓ Operating Profit | | ▲175 | ▲159 | ▲15 |
| | YoY | ▲76 | ▲63 | ▲13 |
| One-time Factors | ① Revenue (VAT Refund) | 455 | 57 | 398 |
| | ② Expenses | 264 | 31 | 232 |
| | GAP (①-②) | 191 | 26 | 165 |
| | | | (Store Closure Restoration Costs, etc.) | (wage issue, TMON Bad Debt etc.) |

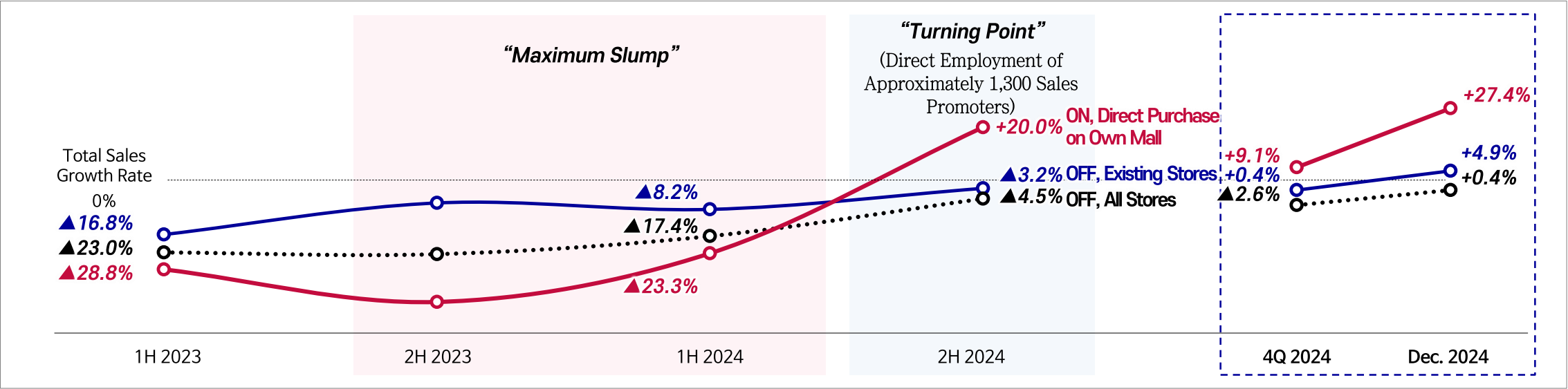
[Unit : KRW in 100 million]

| Category | 2023 | 2024 | YoY |
|-------------------|--------|--------------|---------------|
| Assets | 23,707 | 18,886 | ▲4,821 |
| Cash and Deposits | 2,467 | 1,199 | ▲1,268 |
| Goodwill | 8,376 | <u>5,729</u> | <u>▲2,647</u> |
| Liabilities | 11,209 | <u>9,610</u> | <u>▲1,572</u> |
| Loans | 6,400 | 5,200 | ▲1,200 |
| Equity | 12,498 | <u>9,276</u> | <u>▲3,222</u> |
| Capital Surplus | 10,557 | 7,557 | ▲3,000 |
| Retained Earnings | 948 | 725 | ▲223 |

Restoration of Market Confidence and Financial Stabilization in 2025

| Operating Profit Turn | Sale of Inefficient Assets | Improvement of Debt Ratio |
|-----------------------|------------------------------|-------------------------------|
| 10 billion KRW | Approximately 47 billion KRW | 2024: 103% → 2025: Below 100% |

Sales Slump in 2024, Concentrated in the First Half



Maximum Slump from the Second Half of 2023 to the First Half of 2024

Internal Factors

- **Dual sales structure, limited proactive sales activation** (direct employees vs. promotional staff)
 - From 7/1, direct employee operation through open recruitment of promotional staff
- **Completion of large-scale store closures for efficiency (~2024)**

[Unit : KRW in 100 million]

| Category | 2022 | 2023년 | 2024 |
|-----------------------|-----------|-----------------------|------------------------|
| Closures (cumulative) | 40 Stores | 56 Stores (96 Stores) | 27 Stores (123 Stores) |
| Impact | ▲916 | ▲2,227 | ▲1,546 |

External Factors

- **Peak of online shift, focus on deflating HIMART Mall**
- **Growth in department stores, premium and wedding-related sales** ※ Lotte Department Store
 - 15% increase in new Wedding Members
- **Expansion of subscription services by appliance manufacturers** ※ LG Electronics Q4 2024 earnings
 - LG Electronics annual subscription revenue of KRW 1.6 trillion (50% increase YoY)

H2 2024 One Team, One Mind Innovation → Foundation for Revenue Turnaround in 2025

H2 2024: Data-Driven Business Innovation

Accelerating field staff expertise

- Analyzed 21 million data points over 15 years, establishing 'Lifetime Customer Care Service' touchpoints
- Enhanced consultation capabilities through AI-based product and service purchase cycle optimization

Lifetime Care Assurance Service

(KRW 21.3 billion in 2023 → KRW 38.2 billion in 2024)

- Establishing a platform for 100% pre- and post-purchase customer care
(Extended warranty insurance, relocation installation, appliance cleaning, repair/consumables, home interior)

Fostering PB and Overseas Sourcing

(KRW 190.9 billion in 2023 → KRW 242 billion in 2024)

- Promoting PB rebranding and developing optimal PB products at manufacturing level
- Strengthening premium and value-for-money overseas brands, enhancing collaboration in A/S and logistics



Total Revenue Growth by Key Strategy

(Excluding the impact of Q3 and Q4 Apple launch timing differences)

| Growth Rate | FY24 | 1Q | 2Q | 3Q | 4Q |
|--|--------|--------|--------|--------|--------|
| T o t a l | ▲11.1% | ▲19.0% | ▲15.9% | ▲8.2% | ▲1.0% |
| N o n - r e n e w a l S t o r e s | ▲8.2% | ▲11.1% | ▲12.8% | ▲8.3% | ▲0.3% |
| D i r e c t P u r c h a s e o n O w n M a i l | ▲5.0% | ▲34.8% | ▲9.0% | 11.9% | 43.0% |
| P B | ▲2.5% | ▲16.0% | ▲10.5% | 4.0% | 10.9% |
| G l o b a l B r a n d | 80.5% | ▲0.5% | 74.1% | 122.8% | 117.7% |
| S a f e t y C a r e | 79.7% | 41.0% | 56.3% | 101.7% | 110.8% |

※ 2024 Renewal Store Growth Rate: Approximately 18%

2024 Performance of Various Strategic Initiatives

HIMART Safety Care



Care Data: 800,000 cases in '23 →
1.5 million cases in '24
(175 Cases per Store per Month) (365 Cases per Store per Month)

PB Renewal



Dec. 3, Lotte Home Shopping

First home shopping broadcast, achieving the highest viewership in the same time slot
Kimchi refrigerators sold more than twice the average

2025 PB Renewal
→ NEW PB Brand Launch planned for April 2025
: Plug + Experience



Sales composition of first-time buyers in their 20s and 30s: 34%

First Interior X Appliances Consultation Store



Hanssem Gwanggyo Store



Juan Store

Customer composition of 20s and 30s: 43%, with a 20% increase in sales (linked to interior)

2025: A Leap Forward with 'Evolved Experience Design'!

[2025 Guidance]

2025

Revenue 2.3 trillion KRW,

Operating Profit 10 billion KRW

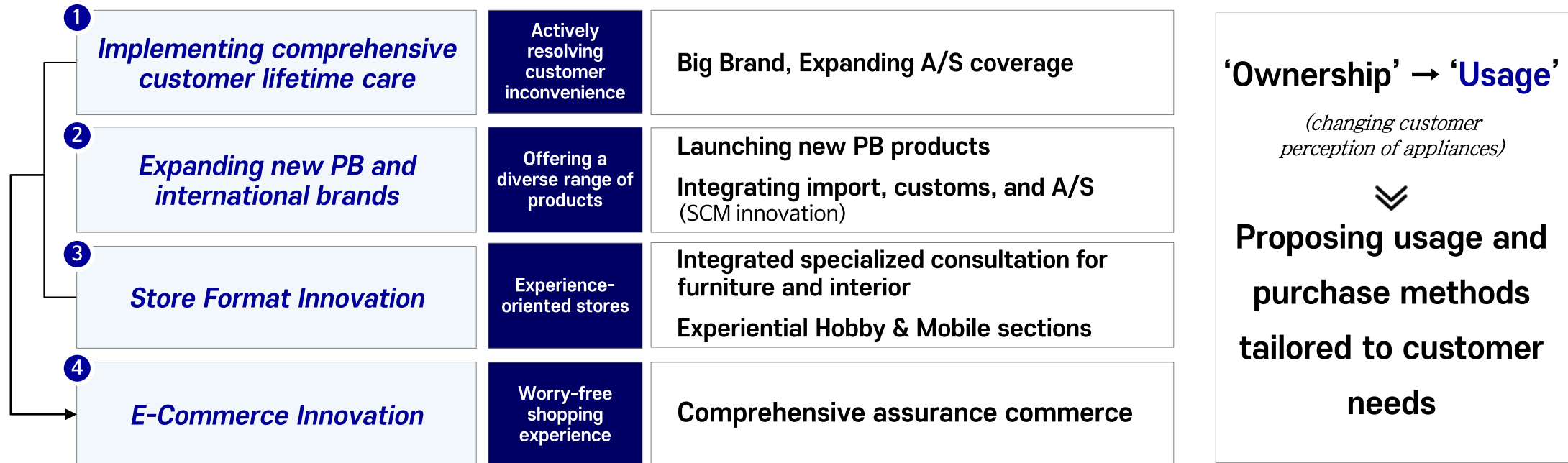
(excluding one-time expenses: 10 billion KRW)

2024

Revenue 2.3 trillion KRW,

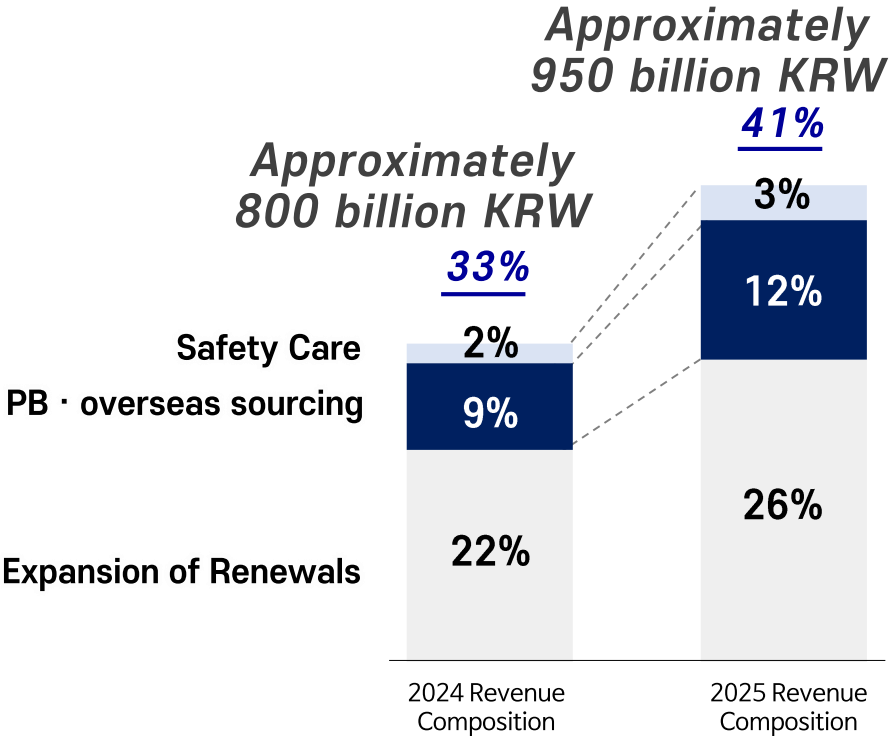
Operating Profit 1.7 billion KRW

(excluding one-time expenses: -17.5 billion KRW)

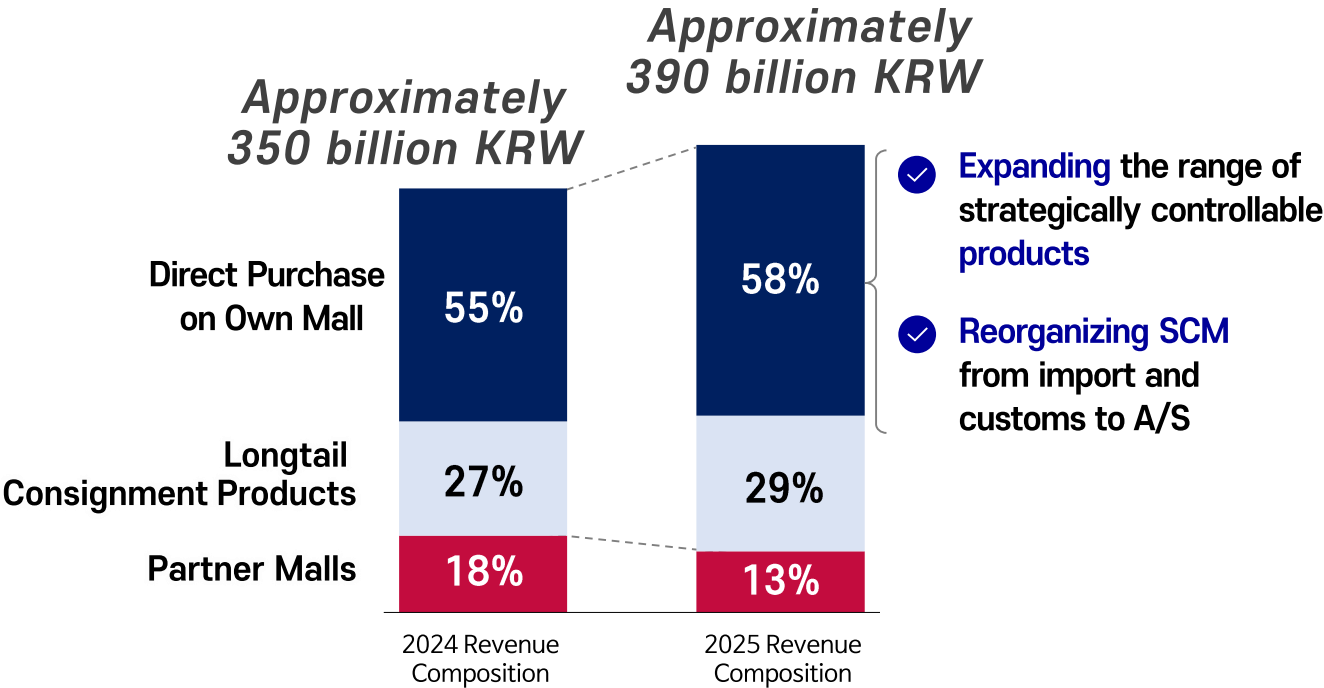


2025: Turning Year for Real Operating Profit

“Three Key Offline Profitability Strategies ”



“Reorganizing Online for Lifetime Customer Care”



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”

