



# Corporate Value-up Plan

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2026.03.20





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# CONTENTS

## 1 Company Overview

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## 2 Current Status Analysis

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## 3 Goal Setting

- Profitability enhancement / Shareholder return / ESG management

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## 4 Plan Formulation

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## 5 Implementation Evaluation

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## 6 Communication

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## APPENDIX





# 1. Company Overview

1) Company Name : LOTTE WELLFOOD

2) Stock Market : KOSPI

3) Overview

Category	Contents
CEO	• Shin, Dong bin / Seo, Jung ho
Industry	• Food Manufacturing, Processing, Sales and Import Sales
Major History	<ul style="list-style-type: none"> <li>• 2023 Change Corporate Name to LOTTE WELLFOOD</li> <li>• 2022 Merger of Lotte Confectionery - Lotte Foods (July 1)</li> <li>• 2017 Spin-off and re-listing from Lotte Corporation (October 1)</li> <li>• 2013 Merger with Lotte Ham</li> <li>• 2004 Entry into the Indian market for the first time through the acquisition of the Indian confectionery company Parry's</li> <li>• 1967 Establishment of Lotte Confectionery (April 3)</li> </ul>
Largest Shareholder (ownership)	• LOTTE Corporation (48.1%)
Key Business Segments	• Confectionery, Ice cream, Fats & Oils, Processed meat, etc.

4) Financial Statements

(Consolidated basis, unit: 100 million KRW)

Category	2023	2024	2025
Revenue	40,664	40,443	42,160
Operating profit	1,770	1,571	1,095
Net Profit	678	820	714
Total assets	41,991	43,417	45,740
Total liabilities	20,565	21,153	22,873
Total equity	21,426	22,264	22,867



# 1. Company Overview

## Business Lines

### Confectionery

- Annual sales of 1.9 trillion KRW in 2025
- Confectionery, Ice cream, Bakery

### Food

- Annual sales of 1.4 trillion KRW in 2025
- B2B: Fats & Oils, Food Materials, etc.
- B2C: Processed Meats, Dairy, HMR

### Global (including export)

- Annual sales of 1.0 trillion KRW in 2025
- Operating overseas subsidiaries in 7 countries – India, Kazakhstan, Russia, Belgium, etc.

## Major Factory & Current Status

Domestic		Global
15	<b>Factories</b>	21
<b>36</b>		
3,081	<b>Production Staff</b>	4,858
<b>7,939</b>		
562	<b>Production (Ktons)</b>	184
<b>746</b>		
258	<b>Lines</b>	137
<b>395</b>		

## Key R&D Capabilities (Lotte R&D Center)

### People

- 426 outstanding personnel
- Approximately 67% of personnel with Master's/PhD degrees

### Intellectual Properties

- 276 registered patents
- 78 utility models/designs











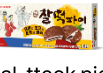





















### Mega Hit Products

- Development of 194 mega hit products
- Mon Cher, PEPERO, World Cone, etc.











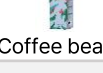


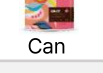









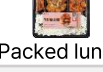



# 1. Company Overview – Main Products of Domestic

(Unit : KRW 100 million)

	LINE-UP	'25 Revenue	BRAND / Product			
Confectionery	Biscuit	11,328 (26.9%)				
	Chocolate					
	Pie					
	Snack					
	Gum, Candy					
Ice Cream	Cone / Bar	6,071 (14.4%)				
	Home / Pencil / Cup / Premium					
Bakery		1,336 (3.2%)				
Total Confectionery		18,987 (45.0%)				



































(Unit : KRW 100 million)

	LINE-UP	'25 Revenue	BRAND / Product			
B2B	Fats & Oils	4,908 (11.6%)				
	Food materials	2,267 (5.4%)				
	ingredients					
	Coffee					
Total B2B		7,175 (17.0%)				
B2C	Processed Meats	2,501 (5.9%)				
	Dairy	1,633 (5.0%)				
	HMR	2,439 (5.8%)				
	Delica					
Total B2C		6,573 (15.6%)				
Total Food		13,841 (32.8%)				



# 1. Company Overview – Main Products of Overseas

(Unit : KRW 100 million)

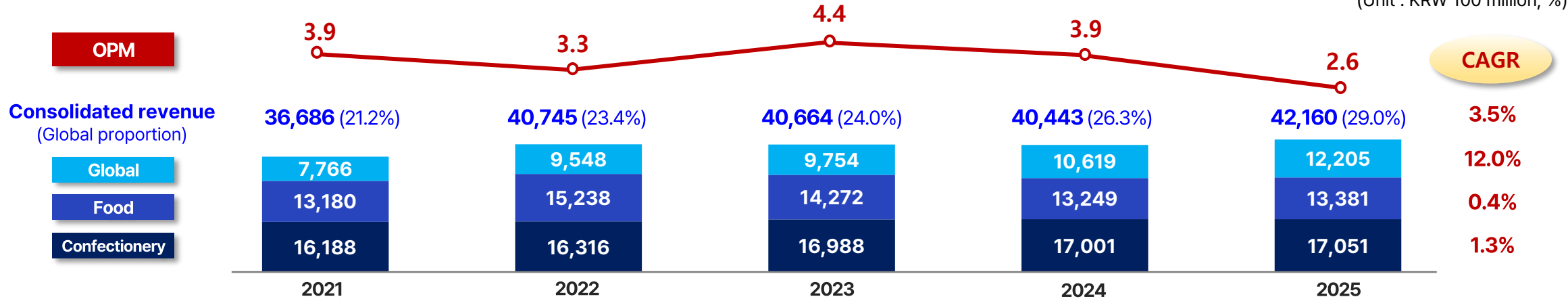
			'25 Revenue	BRAND / Product					
	India (Lotte India)	Confectionery	1,296 (3.1%)	 Choco Pie	 Coffy Bite	 Booproo	 PEPERO	 Cacao Pie	 Fruto Pie
		Ice cream	1,966 (4.7%)	 Block Busters	 World Cone	 Sundae	 Tubs	 Vanilla	 Zulubar
	Kazakhstan (Rakhat)		2,906 (6.9%)	 Kazhastanski	 Marmelad	 Yuznoe	 Cacao Powder	 Tomyris	 Yablachiko
	Russia (KF-RUS)		1,102 (2.6%)	 Choco Pie				 Staccato	
	Belgium (Guylian)		1,042 (2.5%)	 Guylian Seashell	 Guylian Opus	 Guylian Christmas	 Guylian Valentine	 Master's Selection	 Guylian Bar
	Pakistan (Kolson)		729 (1.7%)	 Slanty	 Choco Pie	 Spout	 Spagetti	 Macaroni	
	Myanmar (L&MM)		605 (1.4%)	 Amico	 CakeBoy	 GM Sandwich	 Fresco Wafer	 Sponge Cake	 Pound Cake
	Singapore (S.E.A)		164 (0.4%)	Sales Subsidiary					
Total			9,809 (23.3%)						



## 2. Current Status Analysis – Business Status Assessment

### 5-Year Business Performance

(Unit : KRW 100 million, %)



\* '21-'22 Pro-Forma basis, Global: includes exports; Exit from food ingredients distribution business in Sep '23

<b>Domestic</b>	<p><b>✓ Market Environment</b></p> <ul style="list-style-type: none"> <li>- Slowdown in domestic revenue due to market maturation</li> <li>- Weak domestic operating profit margins due to intensifying market competition (low value-added / high costs)</li> </ul>	<b>Global</b>	<p><b>✓ Current Status</b></p> <ul style="list-style-type: none"> <li>- Low portion of global sales relative to domestic revenue</li> <li>- Upward trend in revenue portion across India and the CIS region</li> </ul>
	<p><b>✓ Competitiveness Assessment</b></p> <ul style="list-style-type: none"> <li>- Need to transition to a high-margin portfolio</li> <li>- Need to improve cost efficiency through strengthening Operational Excellence</li> </ul>		<p><b>✓ Implications</b></p> <ul style="list-style-type: none"> <li>- Need to expand global revenue based on the high-growth India market</li> <li>- Need to expand overseas revenue of Mega Brands</li> </ul>

**Risk factors: Cost volatility due to raw material prices and FX fluctuations**

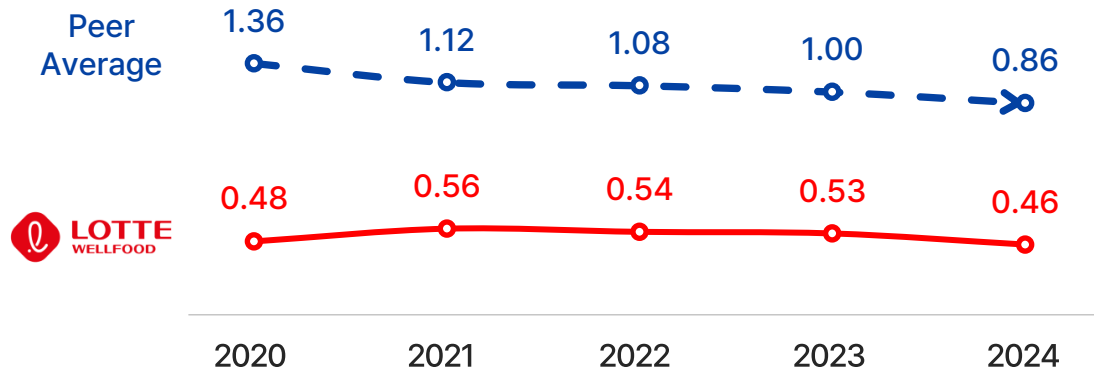


# 2. Current Status Analysis – Metric analysis

PBR Trends and Analysis of Undervaluation Factors

## Industry average and peer comparison

### Past 5-Year PBR Trend



### Past 5-Year ROE

Year	LOTTE WELLFOOD	Peer Average
2020	5.7%	10.2%
2021	1.6%	5.7%
2022	3.0%	8.4%
2023	3.4%	9.8%
2024	4.0%	9.3%

\* Based on Pro-forma from '20 to '22

\* Peers: CJ CheilJedang, Orion, Bingrae, Nongshim

## '2024 Basis

### PBR

**Corporate Value**  
: Company valuation relative to net assets

**LOTTE WELLFOOD** Peer Average

**0.46 < 0.86**

=

### PER

**Growth Potential**  
: Growth Potential based on market expectations of net profit

**11.7 < 13.4**

X

### ROE

**Capital Efficiency** ✓  
: Profitability relative to invested capital

**4.0% < 9.3%**

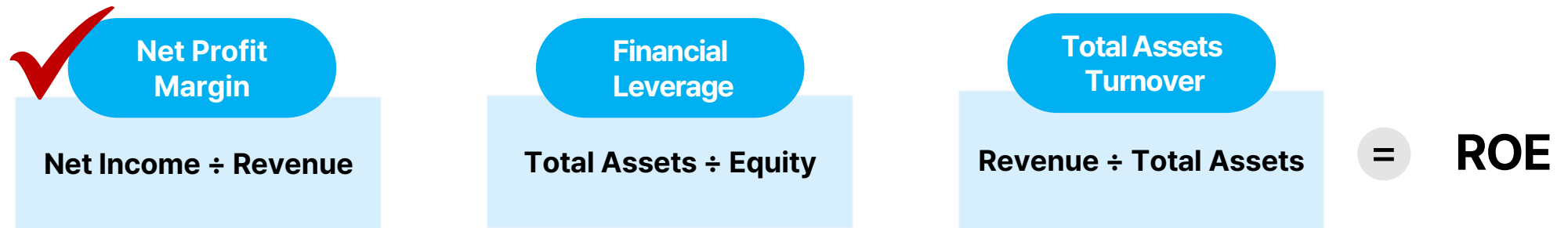
The PBR over the past 5 years has been continuously decreasing, and the PBR is relatively lower compared to peers → Due to Low ROE



## 2. Current Status Analysis – Metric analysis

| ROE Analysis |

### 2024 ROE Analysis (Capital Efficiency = Net Income ÷ Capital)



	<b>2.1%</b>	<b>203%</b>	<b>93%</b>	<b>4.0%</b> <i>(2025 3.3%)</i>
Peer Average	<b>7.3%</b>	<b>195%</b>	<b>103%</b>	<b>9.3%</b>
Analysis Results	<b>Low : Low-profit sales composition</b>	<b>High : Relatively efficient capital allocation</b>	<b>Low : Inefficient asset management</b>	

\* Peers: CJ CheilJedang, Orion, Bingrae, Nongshim (average of values across companies)

**Lower net profit margin compared to peer companies, resulting in a low ROE**

→ **Improvement in net profit margin needed through strengthening the company's fundamentals (such as **expanding high value-added portfolios**)**

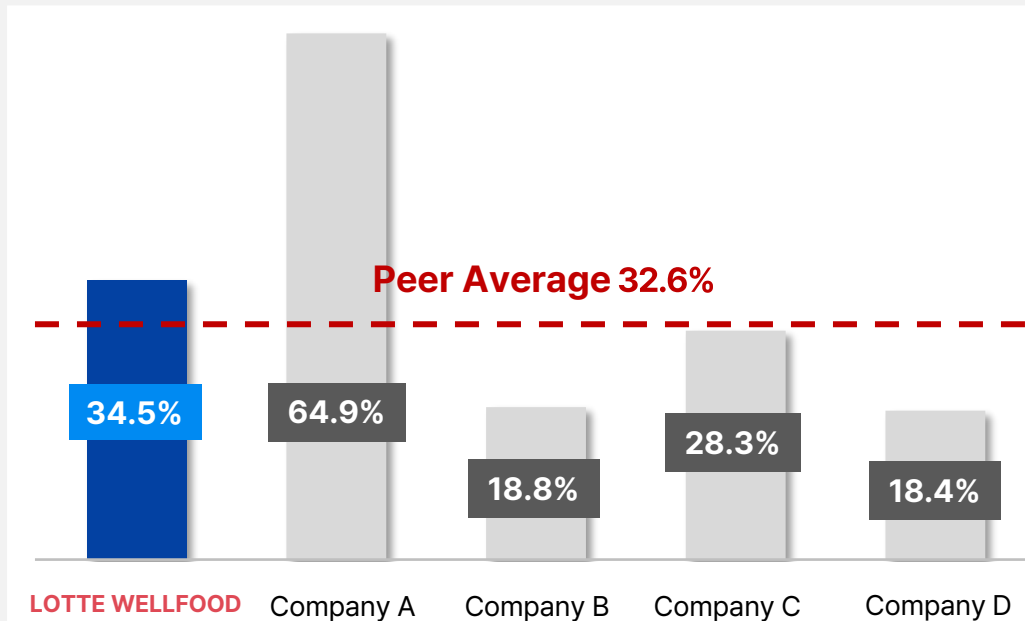


# 2. Current Status Analysis – Metric analysis

Shareholder Return / ESG Management

## Financial indicators

### '24 Shareholder Return Rate Status



✓ **Shareholder return rate at a higher level compared to peer companies**

## Non-Financial indicators

- ✓ Establishment and operation of ESG Committee (August 2021)
- ✓ ESG Performance

RE 100



**Joined RE100**  
(April 2023)



**Awarded "Top Performer" by the Fair Trade Commission**  
(December 2025)



**Acquired ESG External Evaluation**

- Korea ESG Standards Institute: A
- MSCI: BB
- CDP: B (Climate change), B- (Water resources)



✓ **Strengthening Active ESG Management to become a Global Food Company**

\* Shareholder Return Rate = (Total dividends for the period + treasury shares acquisition for the period + treasury shares cancellation amount for the period(\*)) / net income for the period × 100  
 (\* ) The amount of treasury shares cancellation is limited to the value of previously owned shares at the time of cancellation (converted to amount at the closing price at the time of cancellation)



# 3. Goal Setting

**Corporate Value-up Plan** (Disclosure on October 17, 2024)

## Key indicators



## Goal

**2028**

✓ ROE 8~10%

✓ Global Revenue Proportion 35% ↑

✓ **Average Shareholder Return Rate**  
35% (5 years)

\* Refer to Appendix.1 for the definition of Shareholder Return Rate

✓ **Review of interim dividend implementation**

✓ **RE100 Carbon Neutrality ('40)**

✓ **Governance Indicator Compliance Rate 80% ↑**

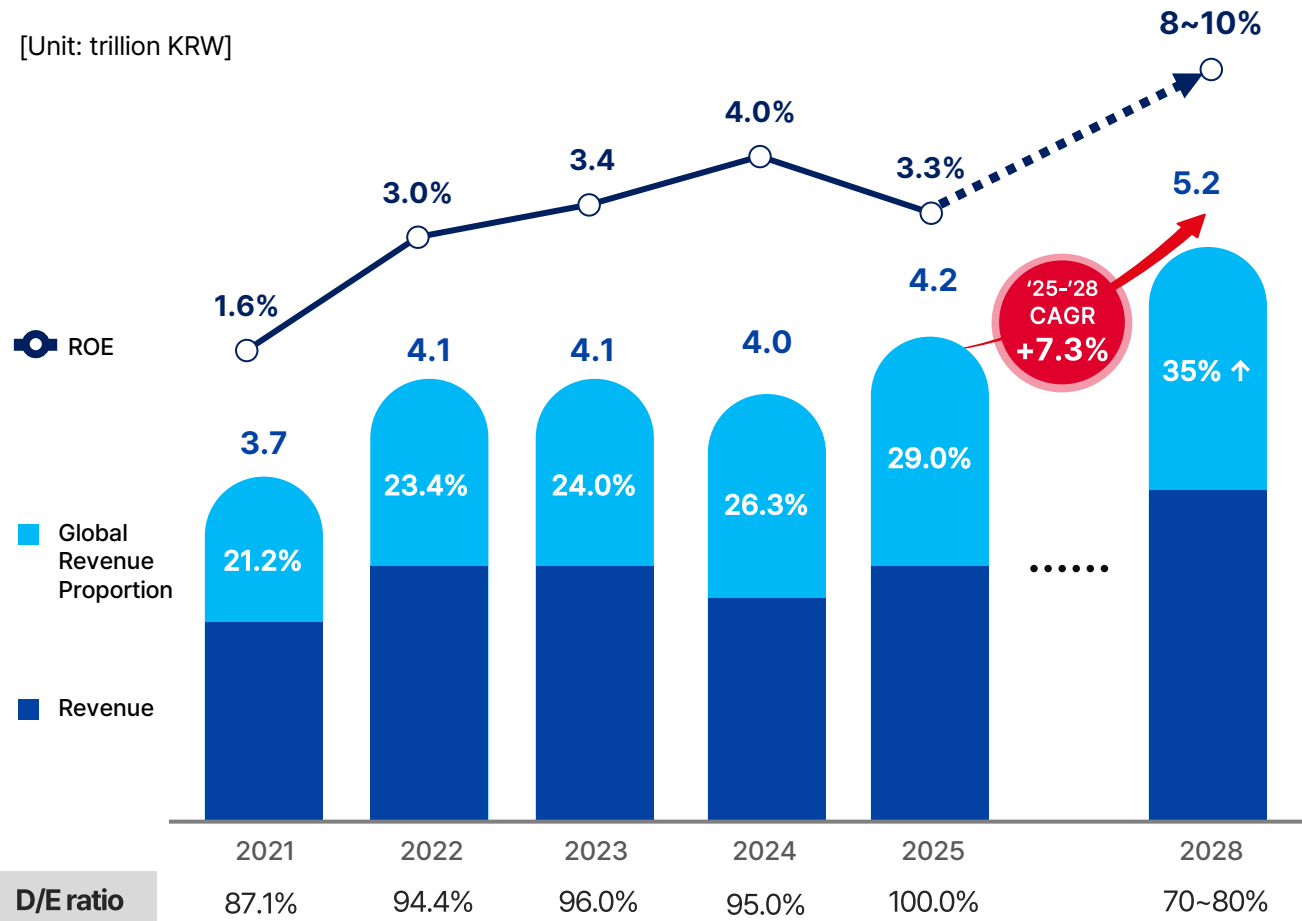
\* Shareholder Return Rate = (Total dividends for the period + treasury shares acquisition for the period + treasury shares cancellation amount for the period<sup>(\*)</sup>) / net income for the period × 100  
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# 4. Plan Formulation

| Profitability Enhancement |

[Unit: trillion KRW]



## 1 Improvement of Domestic Profitability

- **Strengthening profitability through focus on core brands**
  - Enhancing premium brand portfolio
  - Identifying growth drivers to respond to new growth channels
- **Improving overall cost structure efficiency**
  - Enhancing procurement efficiency and raw material sourcing structure
  - Workforce and organizational optimization

## 2 Expansion of Global Revenue Proportion (35% ↑)

- **Expanding growth in key regions**
  - Sustaining growth driven by increased investments in India
  - Expanding the introduction of LOTTE brands in the CIS region
- **Expanding LOTTE brand's global presence**
  - Developing PEPEO into a mega brand and expanding exports

\* Reason for revision of the 2028 revenue target vs. initial 2024 guidance: Reflecting increased global exchange rate volatility, the mid-to long-term plan has been conservatively adjusted (KRW 5.5Tn → KRW 5.2Tn)

\* Note : Following the new CEO appointed (Mar 20, 2026), the current mid-to long-term plan and strategy are under review

\* Based on Pro-forma from '21 to '22, Global: Including Exports



# 4. Plan Formulation

| ① Improvement of Domestic Profitability |

## Market Trends and Conditions

Confectionery

Market size (sales value)

[ Unit: KRW 100 billion ]

Year	'22	'23	'24	'25(F)
Market Size (KRW 100 billion)	62	67	70	74

**CAGR 5.7%**

✓ Confectionery (bars), jelly, candy, snacks recorded growth in both volume and value

Sales mix by channel (%)

Year	'22	'23	'24	'25(F)
Online, warehouse clubs, variety stores, H&B stores, etc.	21	23	25	26
Other existing offline chains	79	77	75	74

✓ Online, emerging offline channels are showing strong growth momentum

Ice cream

Market size (sales value)

[ Unit: KRW 100 billion ]

Year	'22	'23	'24	'25(F)
Market Size (KRW 100 billion)	20	21	22	23

**CAGR 5.5%**

✓ Milk (bar), cup (shaved ice) products recorded significant growth

Sales mix by channel (%)

Year	'22	'23	'24	'25(F)
IC discount stores, chain supermarkets, warehouse clubs	16	21	27	34
Other existing offline chains, etc.	84	79	73	66

✓ IC discount stores, chain supermarkets, and warehouse clubs show strong growth momentum

Source: Euromonitor, Nielsen

## Strategic Direction

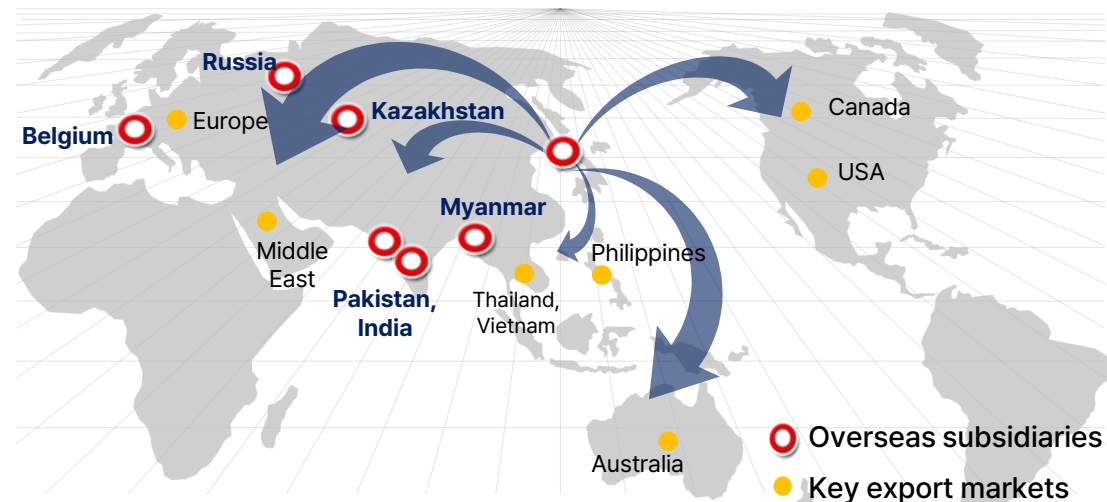
- ✓ **Focused development of growth categories and enhancement of competitiveness**
  - Chocolate : Fostering Premium / Mix Lineups (Ghana, Binch, Crunky, etc.)
  - Jelly : Strengthening the Company's market position through expansion of product formats (Malang Cow, Sour Master etc.)
  - Snacks : Strengthening the profitability of cash cow brands (Kokal Kon, Cheetos, etc.)
  
- ✓ **Restoring core brand competitiveness and reinforcing growth through premiumization and a shift toward high value-added offerings**
  - Enhancing product quality and renewing product design / Strengthening IMC activities / Strengthening the premium portfolio
  
- ✓ **Diversification of packaging formats to address emerging growth channels (e.g., PEPERO for Daiso, bulk packaging for warehouse clubs)**
  
  
- ✓ **Improvement of market share (MS) in competitively disadvantaged categories, such as milk (bar)**
  - Expanding market share through customized portfolios tailored to each segment (Dweji Bar, etc.)
  
- ✓ **Revenue growth and seasonal volatility mitigation through focused expansion of growth channels**
  - Expanding CVS volume through the introduction of chain-exclusive products for differentiated chains
  - Expanding exports through the development of global core brands



# 4. Plan Formulation

| ② Expansion of Global Sales Proportion (35% ↑) |

## Global Expansion Strategy



✳ **Target market selection**  
 (Considering K-Food preference, market size, and growth potential, etc.)

### "Differentiated execution strategy"

- ✓ Global fostering of core brands through locally tailored formulations and flavors
- ✓ Culturally linked campaigns and continuous expansion into new countries

## Key Initiatives

### ① Export

- ✓ **Expanding direct sales and listings with mainstream retail channels in core export countries**
  - Expansion of listings with major MT accounts through country-specific market structure analysis - United States (Costco), Europe (REWE), Thailand (CP), Philippines, etc.
  - Expansion of the LOTTE brand, taking local preferences into consideration (PEPERO, Ssalobyul, etc.)

### ② Overseas subsidiaries

- ✓ **India : Sustained sales growth and profit generation as a Cash Cow**
  - Launch of the 4th production line for Choco Pie in July 2026 and expansion of TT channel coverage
  - Stabilization of supply through the new ice cream factory in Pune and expansion of business in the southern region
- ✓ **Russia : Expansion of Choco Pie sales and fostering of a second brand**
  - Expansion of listings in the MT main channel through new Choco Pie products
  - Fostering PEPERO, leveraging the K-Wave and strengthening category competitiveness, including candy
- ✓ **Kazakhstan : Sustained Revenue growth and recovery of profitability**
  - Enhancing market competitiveness through the launch of locally tailored new products (ZERO Jelly, etc.)
  - Earnings management through the use of CBE substitutes in response to cocoa cost pressures, along with cost reduction initiatives



# 4. Plan Formulation

| Shareholder Return |

## ✓ Average Shareholder Return Rate 35%

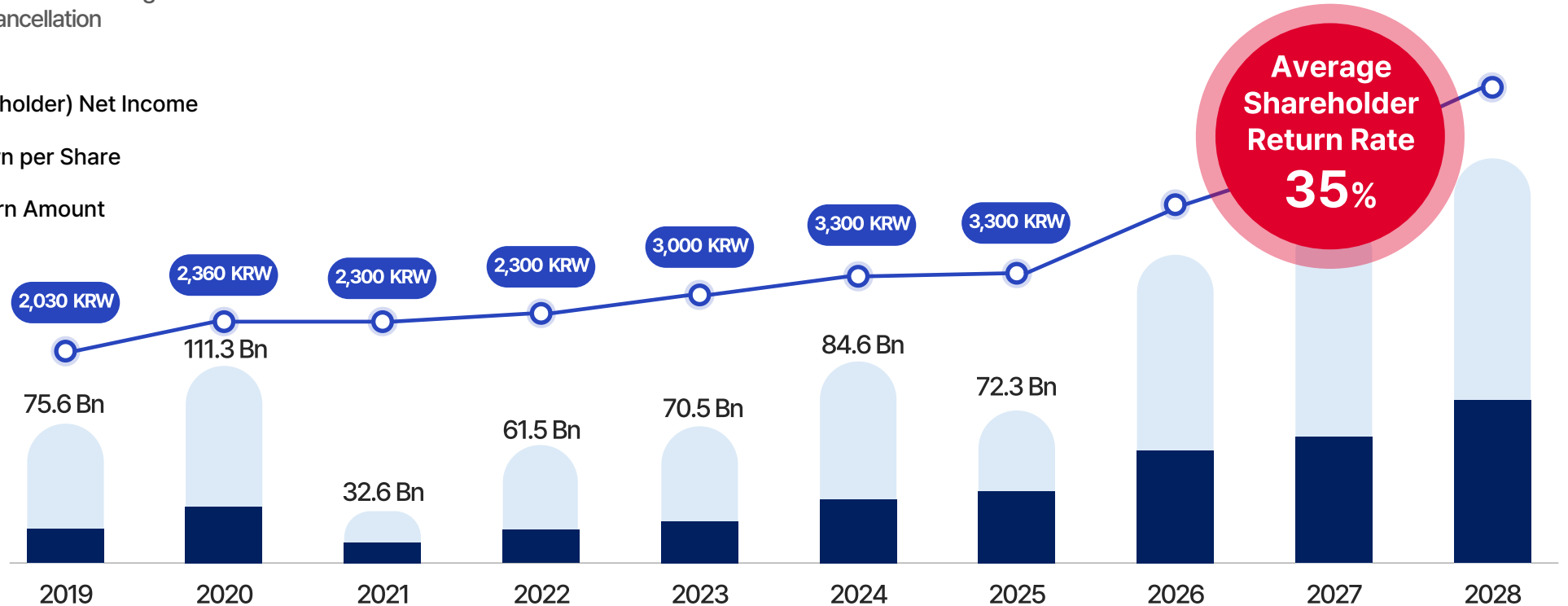
- Increase in Shareholder Returns Due to Profitability Improvement
- Enhancing shareholder returns through dividend increases and treasury shares cancellation

## ✓ Review of interim dividend implementation

- Early shareholder return through interim dividends payout

[Unit: billion KRW]

- (Controlling shareholder) Net Income
- Shareholder Return per Share
- Shareholder Return Amount



\* Based on '19~'22 Pro-forma

\* Shareholder Return Rate = (Total dividends for the period + treasury shares acquisition for the period + treasury shares cancellation amount for the period(\*)) / net income for the period × 100

(\*) The amount of treasury shares cancellation is limited to the value of previously owned shares at the time of cancellation (converted to amount at the closing price at the time of cancellation)



# 4. Plan Formulation

| ESG Management |

Mission .....

Become a general food company creating a sustainable world through righteous corporate activities

Vision .....

Establish ourselves as a foodmate for sustainable wellness

Core Values



[ Healthy Planet ]

Wellness for Earth



[ Happy Society ]

Wellness for Society



[ Sound Governance ]

Wellness for Company

Plan .....

- ✓ **Achieve RE100 (by 2040)**
  - Transition of commercial vehicles to zero-emission vehicles

- ✓ **Enhancement of ESG in the food supply chain**
  - First implementation in '26; establishment of partner KPIs and monitoring of improvements
- ✓ **Strengthening co-prosperity with local communities**
  - Maintaining ESG external ratings of A or above

- ✓ **Establish Transparent Corporate Governance System**
  - Improvement in Compliance Rate of Governance Indicators  
'23 : 73% → '24 : 80% ↑



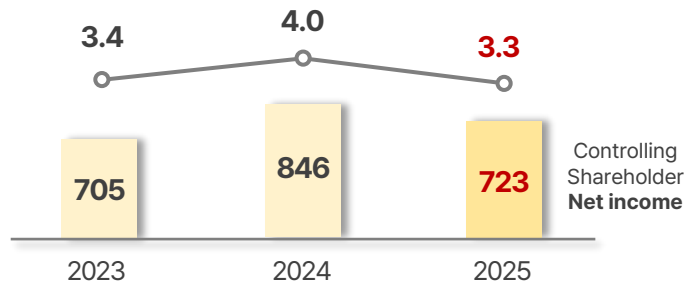
# 5. Implementation Evaluation - Summary

## Profitability Enhancement

### Factors contributing to low ROE

- Decline in profitability due to raw material cost pressure and one-off costs

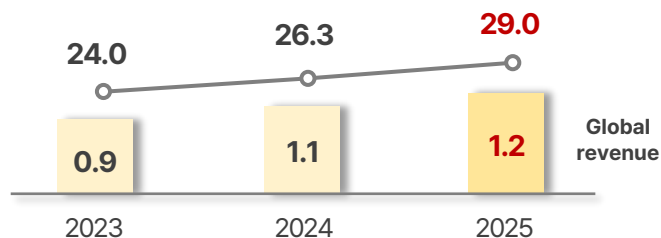
[Unit: KRW 100 million, %]



### Expansion of global revenue proportion

- Growth driven by major overseas subsidiaries and expansion of the LOTTE brand

[Unit: KRW trillion, %]

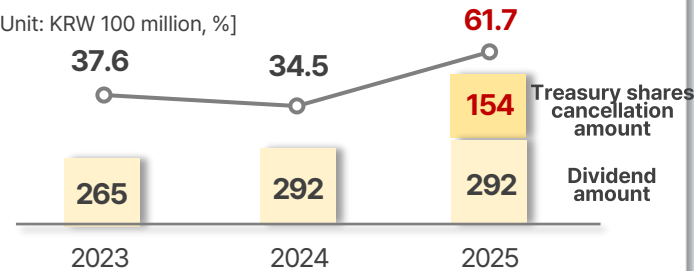


## Shareholder Return

### Average shareholder return ratio of approximately 35% (5 Years)

- Enhancement of shareholder returns through increased dividends and treasury shares cancellation

[Unit: KRW 100 million, %]



\* Treasury shares (130,000 shares) cancellation completed in Apr '25 following the shareholders' meeting resolution

### Provision of dividend visibility

- Disclosure of dividend record date following determination of dividend amount (Disclosure of cash and in-kind dividend decision in Feb '25)

### Regular interim dividend

- Review whether to proceed in the future

## ESG Management

### Achievement of carbon neutrality and RE100 E

- Transition of commercial vehicles to zero-emission vehicles ('24: 75.9% → '25: 78.9% → '30: 100% target)
- Expansion of solar energy usage to reduce greenhouse gas emissions ('24: 4,173 MWh → '25: 6,674 MWh → '26: 7,000 MWh target)

### Enhancement of ESG in the food supply chain S

- First implementation in '26; establishment of partner KPIs and monitoring of improvements

### Establishment of a transparent governance framework G

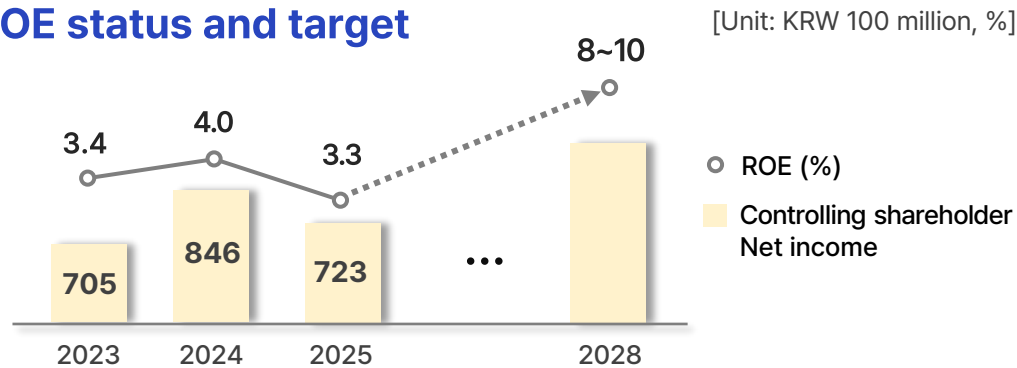
- Improvement in compliance with governance indicators '24: 80% → '25: 80% → '26: 87% target (Planned adoption of cumulative voting through amendment to the articles of incorporation in '26)



# 5-1. Detailed Implementation Evaluation (Profitability Enhancement)

## ROE improvement

### ROE status and target



### Reasons for low ROE and improvement measures

#### ✓ Cost drivers

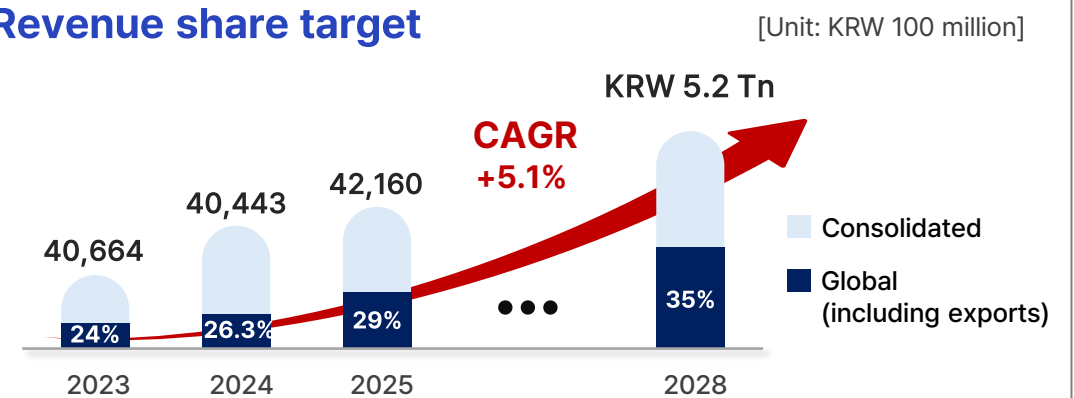
- Domestic: Continued cost pressure from raw materials such as cocoa, and one-off costs including ERP implementation
- Overseas: Performance decline due to FX fluctuations and cocoa cost pressure

#### ✓ Profitability improvement measures

- Further expansion of the transition to a high-margin portfolio
  - Expansion of revenue in high-margin categories such as gum and chocolate, and repositioning of premium desserts
- Fundamental improvement of the overall cost structure
  - Enhancement of procurement efficiency and improvement of raw material sourcing structure

## Global revenue proportion

### Revenue share target



### Global growth strategy

#### ✓ Expansion of growth in strategic regions

- Continued growth in India and profit generation as a cash cow
- Expansion of confectionery and TT channels, and business expansion in southern regions through the new ice cream plant in Pune
- Recovery in profitability through increased sales of new products in the CIS region and cost reduction initiatives



#### ✓ Global expansion of the LOTTE brand

- Expand revenue of core LOTTE brands, including PEPERO
- Expand export mainstream channels, enter new markets leveraging K-Culture, and expand product line-up



# 5-2. Detailed Implementation Evaluation (Shareholder Return)

## Shareholder return ratio

### Expansion of the average shareholder return ratio

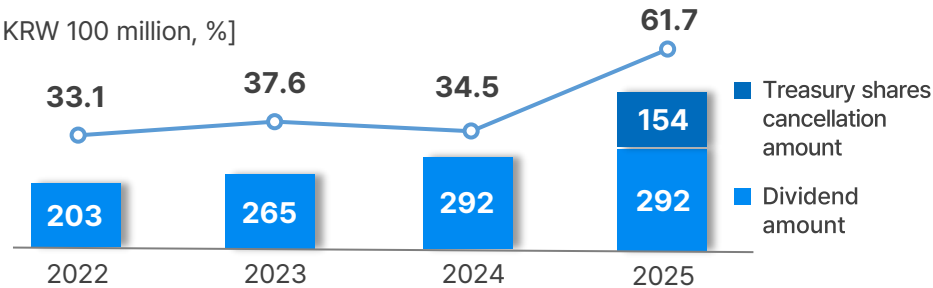
✓ **Higher dividend payout ratio compared to peer companies**

- Dividend payout ratio of 34.5% as of end-'24 (peer average: 32.6% on a comparable basis)
- DPS increased by 43% from KRW 2,300 in '22 to KRW 3,300 in '25 (vs. '22)

**Total shareholder return ratio<sup>1</sup>**

**"Target to achieve an average of approximately 35% over five years ('24-'28)"**

[Unit: KRW 100 million, %]



\* Refer to Appendix 1. for the definition of the total shareholder return ratio

✓ **Enhancement of shareholder value through treasury shares cancellation**

- Cancellation of 130,000 shares completed in Apr '25 / 100,000 shares scheduled for cancellation in Apr '26
- Under review: utilization plan for the remaining treasury shares (363,307 shares)



## Enhancement of shareholder value

✓ **Classified as a high-dividend company → Application of separate taxation on shareholders' dividend income**

✓ **Enhancement of corporate value based on shareholder-friendly tax benefits**

- Mandatory condition: A company whose total dividend amount has not decreased compared to the previous fiscal year

① Dividend excellence type – Dividend payout ratio of 40% or higher

② Dividend effort type – Dividend payout ratio of 25% or higher and an increase in total dividend amount by 10% or more YoY

Dividend income in '24	Total dividend amount			Dividend payout ratio in '25
	'24	'25	Change (%)	
KRW 29.2 billion	KRW 29.2 billion	KRW 29.2 billion	-	40.36%

→ Enhancement of the Company's investment attractiveness by maximizing shareholders' after-tax returns

### Review of interim dividend implementation

✓ **No interim dividend implemented due to increased internal and external volatility**

- Increase in prices of key raw materials such as cocoa and one-off costs issues
- Under review for implementation to ensure dividend stability and expand shareholder returns going forward



# 5-3. Detailed Implementation Evaluation (ESG Management)

A global food company that contributes to human life by delivering happiness, health, and wellness through delicious, fresh, and nutritious products to consumers worldwide



## A healthy planet

- **Transition of commercial vehicles to zero-emission vehicles (EVs)**

- Zero-emission vehicle transition target (K-EV100) (~'30)  
→ EV ratio of 78.9% of total vehicles in '25

- **Introduction of renewable energy through solar power generation facilities**

- Target to reduce greenhouse gas emissions by 40% compared to '18 (~'30)  
→ Solar energy usage increased by 59.9% in '25 compared to '24

- **Implementation of the Sweet Eco campaign (from Jul '21)**

- Reduction of 815 tons of plastic in packaging (32% ↑ vs. '24)
- Use of 4,200 tons of eco-friendly packaging materials (136% ↑ vs. '24)



## A happy society

- **Participation in ESG initiatives across the food industry supply chain**

- Improvement of the industry ecosystem through advancement of the supply chain management system  
→ Establishment of ESG evaluation KPIs for partners and implementation of due diligence  
→ Identification of improvement tasks for partners and ongoing monitoring

- **Strengthening sustainable management and shared growth**

- Improvement in external ESG ratings (Korea ESG Standards Institute: '24 A → '25 A)
- Received the Presidential Award for contributions to revitalizing regional investment
- Received the highest honor in the Fair Trade Agreement 'Implementation Evaluation by the Korea Fair Trade Commission'



## Sound governance

- **Strengthening board independence and enhancing expertise**

- Introduction of a lead independent director system
- Expansion of the audit committee (all independent directors serving as audit committee members)

- **Compliance / Ethical management**

- Establishment of a compliance and anti-corruption management system (ISO\*)
- Operation of the internal audit office

- **Transparent disclosure of information and enhancement of credibility**

- Earnings call with participation of key management and regular NDR activities

- **Board participation status in the "Corporate Value-up Plan"**

- Report on the '26 plan and implementation status completed (Mar 20, '26)

\* C-rPET: Chemically recycled PET with superior quality and broad recyclability

\* ISO: International Organization for Standardization



# 6. Communication

**| Enhance transparency and credibility for investors through communication via regular earnings call and other engagements with key management**

**| Future plans |**



- Participation of C-level management, including the CEO and CFO, in 12 IR activities in '25 (11 in '24)  
→ Earnings call, domestic and overseas NDRs, conferences, and other IR events
- Establish a foundation of trust to enhance corporate value by sharing business performance and future vision from a management perspective



**Regularization of earnings call, NDRs, and other IR activities involving C-level management (CEO / CFO / IRO, etc.)**



- Participation in NDRs and major conferences (12 domestic / 1 overseas) (9 in '24)
- Conducted approximately 65 meetings with analysts and investors
- Demonstrated execution capability of the value-up plan and reflected market expectations for shareholder return through treasury shares cancellation (Apr '25)



**Participation of business unit management in earnings call and conducting Q&A sessions**  
→ Enhancement of expertise and credibility / expansion of internal IR mindset

**Expansion of communication channels and enhancement of accessibility for global investors (Overseas NDRs / analyst meetings)**



- Reduced information asymmetry among investors by expanding English disclosures and providing English materials (English disclosures: 27 in '24 → 30 in '25)
- Provide information to investors by posting analyst reports on the corporate website in Korean/English



**Conducted site tours and plant visits for institutional investors**

**Enhance accessibility to information through continuous updates of IR information on the corporate website**



# [Appendix 1.] Definition of Shareholder Return Ratio

1) In this report, the definition of the shareholder return ratio differs from the conventional definition and is defined as follows.

(Disclosure of the corporate value-up plan on Oct 17, 2017)

## ■ Shareholder return ratio

= (Total dividends for the period + treasury shares acquisition for the period + treasury shares cancellation amount for the period(\*)) / net income for the period × 100

→ (\*) The treasury shares cancellation amount is limited to the cancellation of previously held treasury shares (converted at the closing price at the time of cancellation)

2) A total of 593,307 shares were held, including 4,578 fractional shares generated upon the establishment of the new entity through a spin-off from Lotte Holdings Co., Ltd. (formerly Lotte Confectionery Co., Ltd.) on Oct 1, 2017, and 588,729 shares generated during the merger with Lotte Food Co., Ltd. on Jul 1, 2022.

As these treasury shares were not acquired using distributable profits, it is difficult to include them under the conventional definition of the shareholder return ratio; however, it is evident that **their cancellation reduces overhang (a large volume of potential supply), thereby positively impacting the share price and contributing to shareholder returns.**

To present these shareholder benefit and corporate value enhancement policies, this report **reflects them in the concepts of shareholder return policy and the shareholder return ratio.**

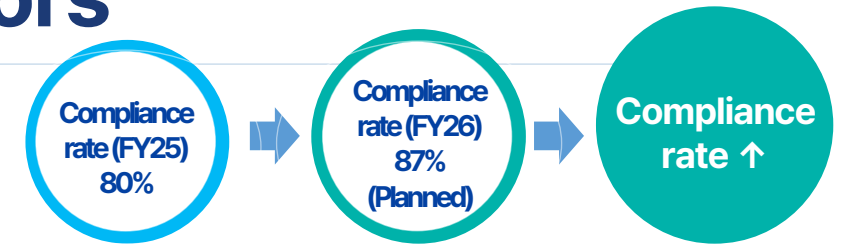
3) Of the 593,307 treasury shares, 130,000 shares were cancelled in Apr '25, leaving 463,307 shares currently held, and 100,000 shares are scheduled to be cancelled in 2026.

4) In this regard, the following is provided for clarity to avoid any misunderstanding by investors. The Company shall not be liable for any civil, criminal, or administrative damages arising from shareholders, investors, or any other parties' reliance on the shareholder return ratio concept in this material or otherwise in connection with this material.



# [Appendix 2.] Key Governance Indicators

Efforts to improve the system, establish a system, and comply with key indicators to establish a transparent corporate governance structure.



## Compliance Status and Improvement Plan for Key Governance Indicators (as of 2025)

Key Indicators	Compliance Status	Improvement Plan
Announcement of convening a general shareholders' meeting at least 4 weeks in advance	X	Considering the settlement and board meeting schedule, announcement of convening a general shareholders' meeting at least 2 weeks in advance (practical difficulties with 4-week notice)
Execute electronic voting	O	Introduction and implementation of electronic voting system in 2021
Holding General Shareholders' Meetings on Non-Concentrated Days	O	Held outside the concentrated days of the regular general meeting of shareholders for the past 3 years
Providing predictability related to cash dividend payouts	O	Amendment of the articles of incorporation to enhance predictability related to cash dividends at the regular general shareholders' meeting in March 2024
Dividend payout policy plan to be announced to shareholders at least once a year	O	Disclosure of dividend policy on the website and annual announcement of dividend payout plan
Preparation and implementation of CEO succession policy	O	According to Article 36 of the Articles of Incorporation and Article 5.5.3 of the Board of Directors Management Regulations, the appointment of the CEO is defined as the authority of the Board of Directors, and a systematic succession policy is established and operated
Establishment and operation of internal control policies such as risk management	O	Compliance and risk management policies Operation of compliance control, internal accounting management system, and disclosure information management regulations

Key Indicator	Compliance Status	Remarks
Whether the Chairman of the Board is an Outside Director	X	The CEO concurrently serves as the Chairman of the Board, Introduction of the Senior Outside Director System from March 2024
Introduction of Cumulative Voting System	X	Exclusion of Cumulative Voting System based on Article 33, Paragraph 3 of the Articles of Incorporation
Policy establishment to prevent the appointment of executives responsible for damaging corporate value or infringing shareholder rights	O	Specified and operated under Article 5, Paragraph 4 of the Corporate Governance Charter
Not all members of the Board of Directors are of the same gender	O	One female member
Establishment of an independent internal audit organization (internal audit support organization)	O	In accordance with Article 5.2 of the "Audit Committee Regulations," the Internal Audit Office, an internal audit support organization, was established and the head of the office was appointed following the Audit Committee resolution on December 19, 2018
Availability of accounting/financial experts within the internal audit organization	O	Current Audit Committee Chair (Accounting and Finance Expert)
The internal audit organization holds meetings with external auditors at least once per quarter without the presence of management	O	Quarterly communication meetings with external auditors
Whether procedures are in place for the internal audit organization to access important management-related information	O	Procedures are established within the Audit Committee regulations

### Improvement: Change of dividend record date to enhance predictability of cash dividends

- In the existing structure where the dividend amount is determined after the dividend record date, the structure is changed to determine the dividend amount first and then set the dividend record date. This allows investors to make investment decisions after confirming the dividend amount, implementing a more transparent dividend payout policy.
- In the 2024 shareholders' meeting, the amendment of the articles of incorporation to allow the board of directors to set the dividend record date is completed.**



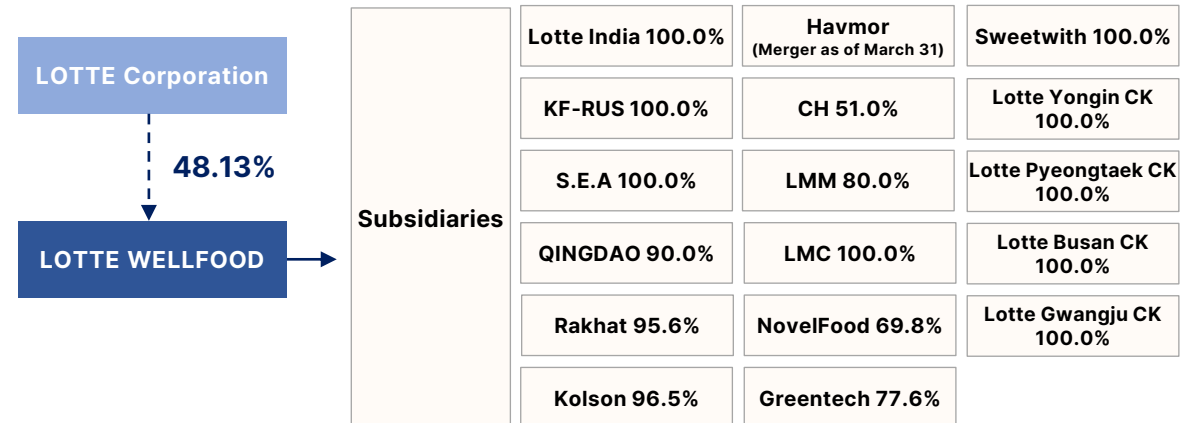
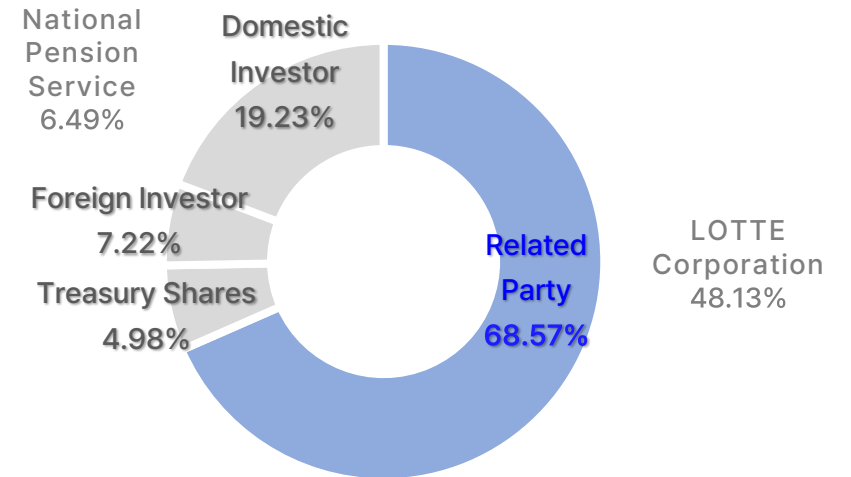
# [Appendix 3.] Shareholder Structure

## General Information

- Established : Mar 24, 1967
- Main Business : Total Food Company
- Production : Domestic 15 / Overseas 21
- Credit Ratings : AA/Stable, A1
- Homepage : <https://www.lottewellfood.com>
- Shareholders : As of December 31, 2025

Name	No. of Shares	Ownership (%)
LOTTE Corporation	4,478,208	48.13%
LOTTE Aluminum Co., Ltd.	643,381	6.91%
LOTTE Scholarship Foundation	496,144	5.33%
LOTTE Holdings Co., Ltd.	416,338	4.47%
SHIN, Dong bin	182,117	1.96%
L2 Investment Company	137,722	1.48%
Jang, Jeong an	12,964	0.14%
Shin, You mi	10,623	0.11%
Lee, Chang yeop	1,100	0.01%
Hotel LOTTE	500	0.01%
Others	857	0.00%
<b>Related Party Total</b>	<b>6,379,954</b>	<b>68.57%</b>
Treasury shares	463,307	4.98%
Others	2,461,313	26.45%
<b>Total</b>	<b>9,304,574</b>	<b>100.0%</b>

## Shareholding Structure



\* To enhance shareholder value, 1.38% of treasury shares was retired as of April 29, 2025



# [Appendix 4.] Financial Statements

## Financial Statements

(Unit : 100 million KRW)

		2021	2022	2023	2024	2025
Parent	Assets	35,763	37,585	38,350	39,136	41,169
	Liabilities	15,463	17,366	17,955	18,361	19,920
	Equity	20,300	20,219	20,395	20,775	21,249
	D/E Ratio	76.2%	85.9%	88.0%	88.4%	93.7%
Consolidated	Assets	39,519	41,053	41,991	43,417	45,740
	Liabilities	18,396	19,936	20,565	21,153	22,873
	Equity	21,123	21,117	21,426	22,264	22,867
	D/E Ratio	87.1%	94.4%	96.0%	95.0%	100.0%

## Income Statement

(Unit : 100 million KRW)

		2021	2022	2023	2024	2025
Parent	Revenue	30,696	33,151	33,008	32,302	32,829
	Operating profit	1,187	1,039	1,305	1,103	842
	(%)	3.9	3.1	4.0	3.4	2.6
	Net Profit	281	332	595	807	662
	(%)	0.9	1.0	1.8	2.5	2.0
Consolidated	Revenue	36,686	40,745	40,664	40,443	42,160
	Operating profit	1,444	1,354	1,770	1,571	1,095
	(%)	3.9	3.3	4.4	3.9	2.6
	Net Profit	341	584	678	820	714
	(%)	0.9	1.4	1.7	2.0	1.7



**THANK YOU**

