



1~3Q 2020 Earnings Release

LOTTE Chilsung Beverage Co.,Ltd.

2020.11.16 | Investor Relations

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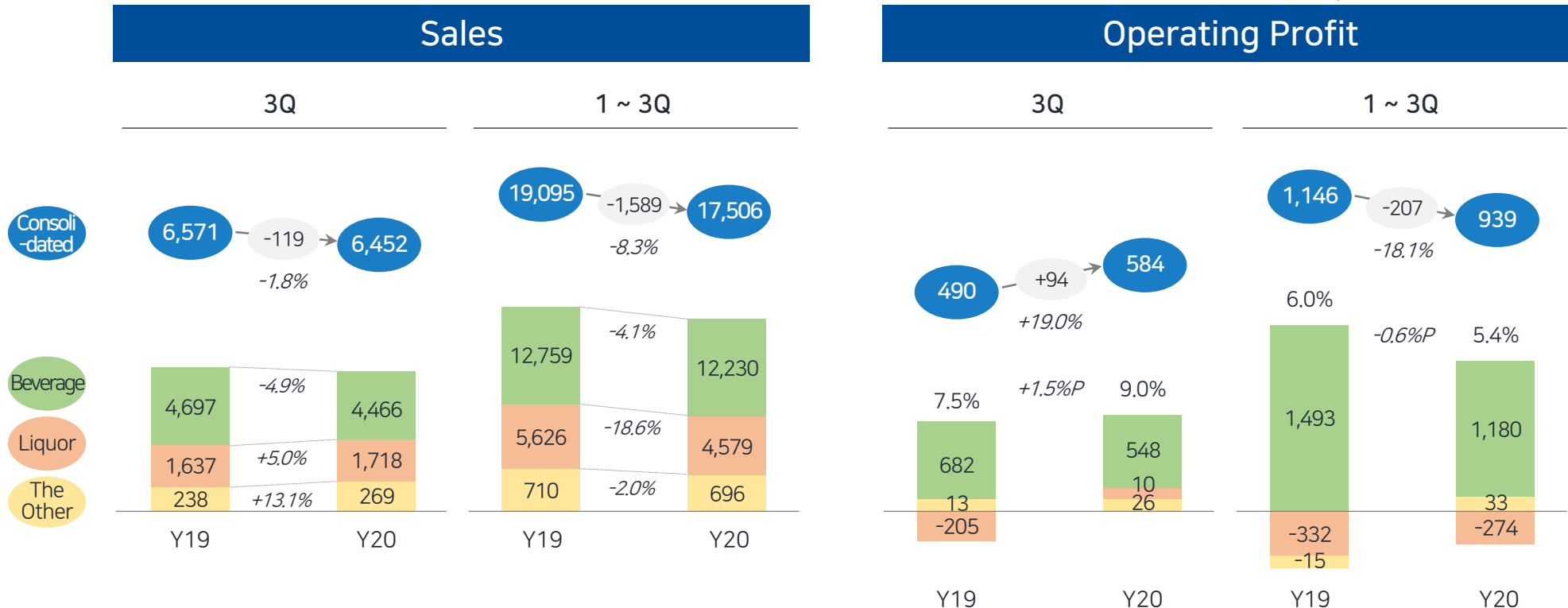
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1~3Q 2020 Earnings Summary

Consolidated, Separate

1~3Q 2020 Earnings Summary (Consolidated)

(In Hundred Million of KRW)



- Due to enforcing the social distancing from the Covid-19 pandemic in the nationwide in Aug. 2020, 20.3Q sales have been reduced by 1.8%. Since eating-out and outdoor activities decreased, the decrease in sales has been resulted. However, beverage business has been responding to the decline in sales by launching new products (Chilsung-Cider Green Tangerine/Peach, Organic Juice, HOT6 THE KING) 20.3Q sales of liquor business have increased by 5% as a result of the **launch of new products** (Chum-Churum Flex, Kloud Draft) and the shift to sales strategy **focused on retail channels**. Therefore, the cumulative sales decline in the 1~3Q 2020 was reduced.
- Rate of fixed costs has increased due to declines in sales and production. A decrease in operating profit has been reduced by ZBB project which improves efficiency of cost structure. Therefore, **the operating profit of the liquor business in 20.3Q turned to a surplus**, reducing the cumulative deficit in the 1~3Q 2020.

* Other Expense: Penalty surcharge ₩49.6 bn KRW imposed by the National Tax Service in 1~3Q 2019.

** One-time cost(Penalty Surcharge): ₩29.8 bn KRW was finally decided after review of the legality before taxation in 2H 2019

1~3Q 2020 Earnings Summary (Separate)

(In Hundred Million of KRW)

Sales

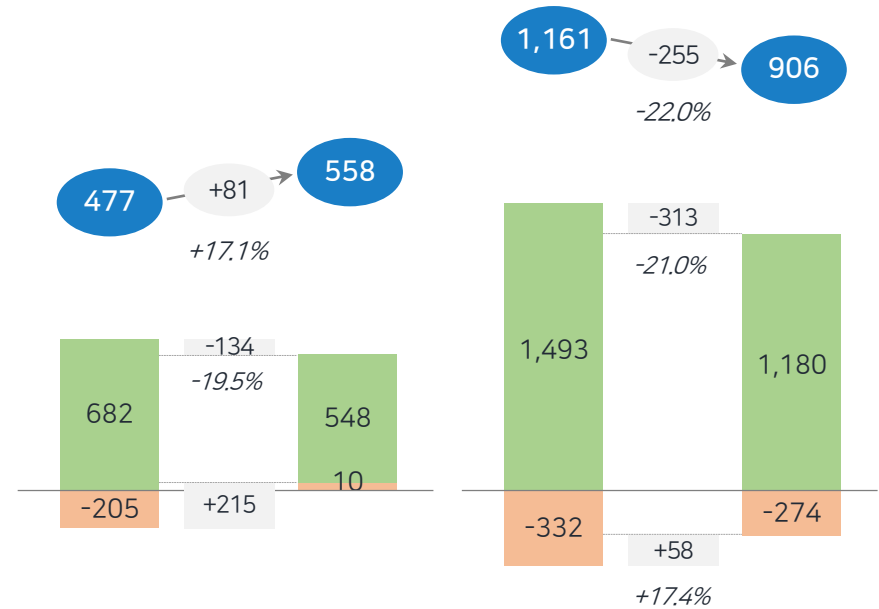
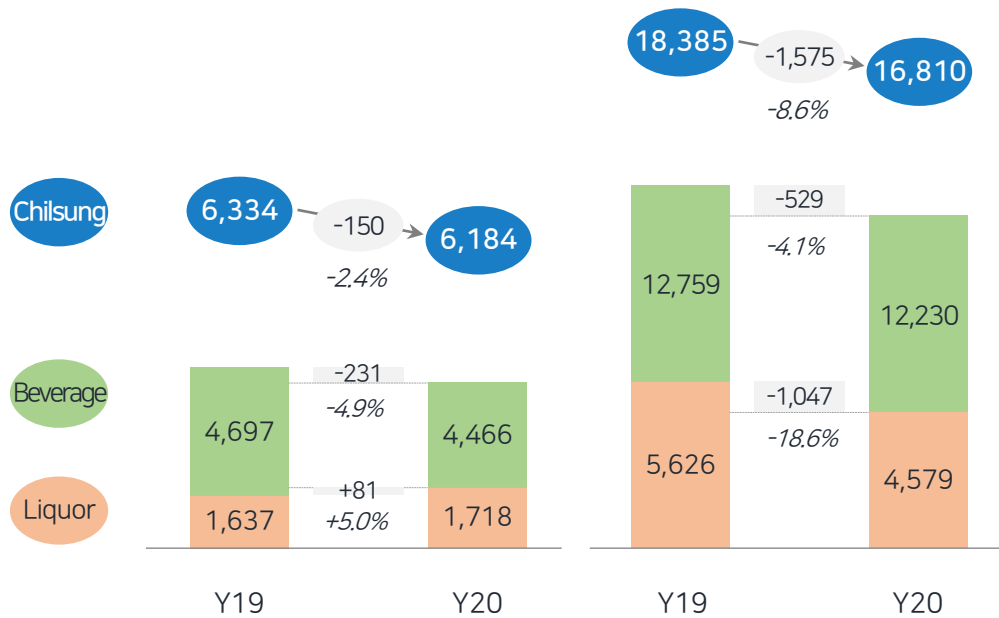
Operating Profit

3Q

1 ~ 3Q

3Q

1 ~ 3Q



7.5% +1.5%P 9.0%

6.3% -0.9%P 5.4%

Y19

Y20

Y19

Y20

Note: Based on Separate Financial Statements(K-IFRS)

1~3Q 2020 Earnings by Business

Beverage, Liquor
(Based on Separate)

1~3Q 2020 Earnings by Business (Beverage)

Sales by Category

(In Hundred Million of KRW)

		Y19.1~3Q		Y20.1~3Q		YoY	
			(%)		(%)	Chg.	%
Domestic	Carbonated Drink	4,963	38.9	4,922	40.2	-41	-0.8
	RTD Coffee	2,128	16.7	2,023	16.5	-105	-4.9
	Juice	1,629	12.8	1,398	11.4	-231	-14.2
	Mineral Water	1,363	10.7	1,295	10.6	-68	-5.0
	Sparkling Water	454	3.6	528	4.3	+74	+16.3
	Energy	279	2.2	317	2.6	+38	+13.7
	RTD Tea	331	2.6	286	2.3	-45	-13.8
Exports		516	4.0	486	4.0	-30	-5.7
Total		12,759	100.0	12,230	100.0	-529	-4.1

1~3Q 2020 Earnings Review

- Eating out and outdoor activities decreased due to Covid-19 pandemic, a decrease in sales has been resulted. However, Lotte Chilsung has been responding to the decline in sales by **launching and marketing new products** that meet the needs of young consumers, consumers' health concerns, and changing lifestyles.
- The overall juice market is dwindling, but the **organic juice market** is growing in line with the trend of health preference. Lotte Chilsung is responding to the growth of the organic juice market by launching new product. (Organic juice)
- Sales of sparkling water have been increased by 16.3%, and sales of energy drinks have been grown by 13.7% because of emerging trends, such as rising customers' interests of health & diet and "Homeconomy". Hot6 The King Force, which launched in June 2020, is driving energy drink sales to a growth with **the concept of low-calorie energy drinks**.
- The global economy recession and consolidation of inspection and quarantine in trade have decreased sales from exports by 5.7%.

Chilsung-Cider



Green Tangerine / Peach

Organic Juice



Children's vegetable & fruit juice

HOT6 THE KING



Punch / Storm / Power / Force

1~3Q 2020 Earnings by Business (Liquor)

Sales by Category

(In Hundred Million of KRW)

		Y19.1~3Q		Y20.1~3Q		YoY	
			(%)		(%)	Chg.	(%)
Domestic	Soju	2,373	42.2	1,781	38.9	-592	-25.0
	Beer	661	11.7	609	13.3	-52	-7.9
	Cheongju	568	10.7	555	12.1	-13	-2.3
	Wine	421	7.5	413	9.0	-8	-1.8
	Imported Beer	210	3.7	150	3.3	-60	-28.5
	Cooking Wine (Mirim)	170	3.0	152	3.3	-18	-10.2
	Whiskey	375	6.7	118	2.6	-257	-68.6
Exports		514	9.1	453	9.9	-61	-12.0
Total		5,626	100.0	4,579	100.0	-1,047	-18.6

Note: Imported Beer – Molson Coors International(Miller, Blue Moon, Coors)

1~3Q 2020 Earnings Review

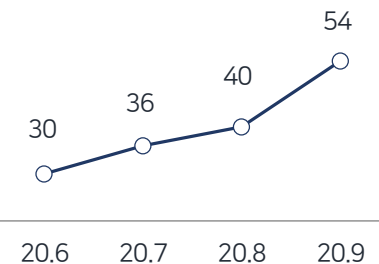
- In spite of enforcing the social distancing from the COVID-19 pandemic in the metropolitan area in Aug 2020, 20.3Q sales have been increased by 5.0% due to **launching new products**. (Chum-Churum Flex, Kloud Draft)
- Kloud Draft, which launched in June 2020, is performing well in the retail channel due to its **non-heat treatment concept** and **high carbonated feeling draft beer**.
- As liquor consumption is rapidly changing from restaurants to retail channels, **Lotte Chilsung is focusing on the retail channels**. In addition, Lotte Chilsung is striving to create synergy with the beverage business.
- Exports have decreased by 12.0% because of the global economy crisis and rigid inspection/quarantine procedures in trade due to Covid-19.

클라우드 생드래프트
Kloud 생DRAFT



Kloud Draft Sales

(In Hundred Million of KRW)



1~3Q 2020 Earnings by Business (OP)

Beverage

(In Hundred Million of KRW)

	Y19.1~3Q		Y20.1~3Q		YoY	
		(%)		(%)	Chg.	%
Sales	12,759	100.0	12,230	100.0	-529	-4.1
Cost of Sales	7,192	56.4	6,905	56.5	-287	-4.0
SG & A	4,073	31.9	4,146	33.9	+73	+1.8
Operating Profit	1,493	11.7	1,180	9.6	-313	-21.0
Other Income	131	1.0	117	1.0	-14	-11.3
Other Expense	294	2.3	197	1.6	-97	-32.9
Profit before Income Tax	1,331	10.4	1,100	9.0	-231	-17.4
Income Tax	364	2.9	276	2.3	-88	-24.2
Net Profit	967	7.6	824	6.7	-143	-14.8

- Material costs have decreased since the global prices of raw materials has declined. Freight costs have increased due to unit price increased for co-prosperity with suppliers. Increased online sales resulted increased costs.
- Beverage business continually executes **brand advertising expenses** for sustainable growth.
- ZBB Project has resulted in a **profit improvement of ₩100 BN KRW Since 2018.**
- The markets of online purchase and **delivery food** are growing because of Covid-19 pandemic.

Liquor

(In Hundred Million of KRW)

	Y19.1~3Q		Y20.1~3Q		YoY	
		(%)		(%)	Chg.	%
Sales	5,626	100.0	4,579	100.0	-1,047	-18.6
Cost of Sales	3,521	62.6	3,043	66.5	-478	-13.6
SG & A	2,437	43.3	1,811	39.5	-626	-25.7
Operating Profit	-332	-5.9	-274	-6.0	+58	+17.4
Other Income	31	0.6	33	0.7	+2	+6.8
Other Expense	371	6.6	222	4.8	-149	-40.2
Profit before Income Tax	-672	-11.9	-463	-10.1	+209	+31.1
Income Tax	390	6.9	-110	-2.4	-500	-128.3
Net Profit	-1,062	-18.9	-353	-7.7	+709	+66.8

- To resolve the liquor business deficit, ZBB project has proceeded since Feb 2020. Lotte Chilsung aims to turn profits quickly by selecting key tasks to reduce fixed costs and eliminate waste.
- **ZBB project has improved efficiency of cost structure** since it began in Feb 2020.
- Lotte chilsung is responding to the changing market through **product renewal and new product launch.**

1~3Q 2020 Earnings by Subsidiaries

Sanchung Beverage (KOR)

LOTTE Akhtar Beverages (Pakistan)

1~3Q 2020 Earnings by Subsidiary

Sanchung Beverage (KOR)

(In Hundred Million of KRW)

	Y19.1~3Q		Y20.1~3Q		YoY	
		(%)		(%)	Chg.	%
Sales	118	100.0	132	100.0	+14	+11.5
Cost of Sales	102	86.4	109	82.6	+7	
SG & A	4	3.5	4	2.8	-	
Operating Profit	12	10.1	19	14.6	+7	+61.4
Other Income	0	0.1	0	0.1	-	
Other Expense	2	1.8	2	1.2	-	
Profit before Income Tax	10	8.4	18	13.5	+8	+78.2
Income Tax	2	1.9	4	2.8	+2	
Net Profit	8	6.6	14	10.7	+6	+80.7

- Increased rate of manufacturing operation has resulted in sales growth of mineral water.
- As the amount of production has increased, labor and manufacturing costs have slightly grown. However, operating income has increased because rate of fixed costs has decreased.

Note: Including intercompany transactions (Total earnings of the subsidiary)

LOTTE Akhtar Beverages (Pakistan)

(In Hundred Million of KRW)

	Y19.1~3Q		Y20.1~3Q		YoY	
		(%)		(%)	Chg.	%
Sales	696	100.0	692	100.0	-4	-0.7
Cost of Sales	538	77.3	508	73.5	-30	
SG & A	167	24.0	148	21.4	-19	
Operating Profit	-9	-1.3	35	5.1	+44	+494.6
Other Income	4	0.6	4	0.6	-	
Other Expense	20	2.9	14	2.0	-6	
Profit before Income Tax	-25	-3.6	26	3.7	+51	+201.9
Income Tax	-1	-0.1	-0	-0.0	+1	
Net Profit	-24	-3.5	26	3.7	+50	+206.7

- As the number of Covid-19 new cases has surged from May to June, LTAB strengthened the contingency plan in workplace.
- LTAB changed sales strategy that sells large-capacity bottle instead of small-capacity bottle in responding to a increase in home consumption.
 - * Sales have been decreased by +5.1% in PKR.
 - ** 1PKR=1KRW: Y19.1~3Q ₩7.94 KRW → Y20.1~3Q ₩7.41 KRW
- Sting(M/S 90%) is driving the growth of the energy beverage market.

12 Note: Subsidiaries – Sanchung Beverage Co.,Ltd(KOR), LOTTE Akhtar Beverages Limited(Pakistan)

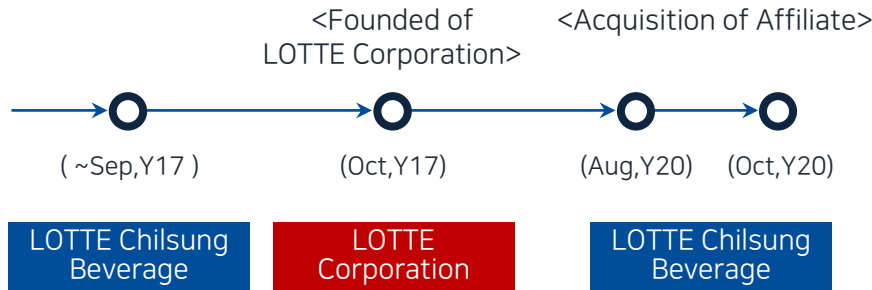
Issue & Business Strategy

Acquisition of Affiliate
Environment

Issues & Business Strategy (Acquisition of Affiliate)

Enhancing the corporate value through unification between ownership and management of affiliate

(Unit: In Hundred Million of KRW)



Subject	LOTTE America	LOTTE MGS	LOTTE Liquor(Beijing)	MJA Wine	PCPPI	LOTTE Japan
Location	USA	Myanmar	China	Korea	Philippines	Japan
Ownership	100%	76.58%	100%	100%	72.89%	100%
Sales (Y19)	167	168	54	163	7,923	640
Cost of Acquisition	67.9	4.9	19.8	12.2	714.5	204.9
Date	August, Y2020			October, Y2020		

The objective of acquisition

- LOTTE Chilsung reacquired the affiliates that were transferred to LOTTE Corporation in October 2017 after three years. Re-acquisition of affiliates is to increase management efficiency and corporate value by matching ownership and operating entity.

Re-acquisition

- LOTTE Chilsung acquired shares of 4 companies including **LOTTE Beverage America(USA)**, **LOTTE MGS(Myanmar)**, **LOTTE Liquor Beijing(China)**, and **MJA Wine(KOR)** for ₩10.5 billion KRW LOTTE Corporation in August 2020.
- In Oct. 2020, LOTTE Chilsung acquired 42.2% of **PCPPI(Philippines)** and 100% of **LOTTE Japan(JPN)** for ₩91.9 billion KRW through a capital increase.
- It is expected to improve financial stability and increase synergy in overseas business. As the ownership regard to LOTTE Chilsung of Lotte Corporation increased, it strengthened its influence as a holding company.





Issues & Business Strategy (Environment)

Colorless PET, Unlabeled Mineral Water, Eco-Label

→ Taking preemptive action for environmental issues & Building an image of eco-friendly company

- Correspond to consumers' interests of environment, LOTTE Chilsung has taken preemptive actions by launching eco-friendly products.
- LOTTE Chilsung changed all PET products to **colorless PET**, and launched the **unlabeled mineral water (ICIS 8.0 ECO)**, which is the first unlabeled beverage in Korea, in January 2020.
- LOTTE Chilsung enhanced the level of recycling availability by using the **easy-to-unwrap label**. In addition, it introduced the nation's first **reusable eco-label** in June 2020.



 <p>Colorless PET (Jan 2020)</p>	 <p>Unlabeled Mineral Water (Jan 2020)</p>
 <p>Easy-To-Unwrap Label (Jan 2020)</p>	 <p>The First Reusable Eco-Label in Korea (Jun 2020)</p>

Appendix

Income Statements – Quarterly, by Business

Key Figures Trend – P/L, Stability

Key Figures Trend – Commodity Price

Company Overview / History, Dividend

Financial Statements – Consolidated, Separate

Appendix – Income Statements (by Quarterly)

(In Hundred Million of KRW)

		Y2018					Y2019					Y2020				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Separate	Sales	5,200	5,965	6,674	5,393	23,233	5,584	6,467	6,334	5,047	23,432	4,904	5,722	6,184		
	Operating Profit	86	228	503	58	876	219	466	477	-72	1,090	74	273	558		
	%	1.7	3.8	7.5	1.1	3.8	3.9	7.2	7.5	-1.4	4.6	1.5	4.8	9.0		
	Profit before Income Tax	3	109	347	-1,195	-736	109	178	373	-1,705	-1,046	-13	196	453		
	%	0.1	1.8	5.2	-22.1	-3.2	1.9	2.7	5.9	-33.8	-4.5	-0.3	3.4	7.3		
	Net Profit	-14	53	235	-820	-546	47	-442	301	-1,028	-1,123	-13	151	332		
	%	-0.3	0.9	3.5	-15.2	-2.3	0.8	-6.8	4.7	-20.4	-4.8	-0.3	2.6	5.4		
Consolidated	Sales	5,226	5,995	6,699	5,543	23,463	5,749	6,775	6,571	5,200	24,295	5,074	5,980	6,452		
	Operating Profit	86	235	512	17	850	193	463	490	-69	1,077	63	293	584		
	%	1.6	3.9	7.6	0.3	3.6	3.3	6.8	7.5	-1.3	4.4	1.2	4.9	9.0		
	Profit before Income Tax	-6	124	376	-1,184	-689	67	174	365	-1,985	-1,379	-44	194	457		
	%	-0.1	2.1	5.6	-21.4	-2.9	1.2	2.6	5.5	-38.2	-5.7	-0.9	3.2	7.1		
	Net Profit	-19	65	259	-804	-500	11	-450	298	-1,298	-1,440	-35	155	333		
	%	-0.4	1.1	3.9	-14.5	-2.1	0.2	-6.6	4.5	-25.0	-5.9	-0.7	2.6	5.2		

Note: Subsidiaries – Sanchung Beverage Co.,Ltd(KOR), LOTTE Akhtar Beverages Limited(Pakistan)

Appendix – Income Statements (by Business)

(In Hundred Million of KRW)

		Y2018					Y2019					Y2020					
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Consolidated	Sales	5,226	5,995	6,699	5,543	23,463	5,749	6,775	6,571	5,200	24,295	5,074	5,980	6,452			
	Operating Profit	86	235	512	17	850	193	463	490	-69	1,077	63	293	584			
	%	1.6	3.9	7.6	0.3	3.6	3.3	6.8	7.5	-1.3	4.4	1.2	4.9	9.0			
LOTTE Chilsung	Beverage	Sales	3,357	4,171	4,642	3,496	15,665	3,598	4,464	4,697	3,676	16,435	3,520	4,245	4,466		
		Operating Profit	214	411	623	218	1,466	279	532	682	185	1,678	250	381	548		
		%	6.4	9.9	13.4	6.2	9.4	7.8	11.9	14.5	5.0	10.2	7.1	9.0	12.3		
	Liquor	Sales	1,843	1,794	2,033	1,897	7,567	1,986	2,003	1,637	1,371	6,996	1,384	1,477	1,718		
		Operating Profit	-128	-183	-120	-160	-590	-60	-67	-205	-257	-589	-176	-108	10		
		%	-6.9	-10.2	-5.9	-8.4	-7.8	-3.0	-3.3	-12.5	-18.7	-8.4	-12.7	-7.3	0.6		
	Total	Sales	5,200	5,965	6,674	5,394	23,233	5,584	6,467	6,334	5,047	23,432	4,904	5,722	6,184		
		Operating Profit	86	228	503	58	876	219	466	477	-72	1,090	74	273	558		
		%	1.7	3.8	7.5	1.1	3.8	3.9	7.2	7.5	-1.4	4.6	1.5	4.8	9.0		
Sanchung (KOR)	Sales	38	55	64	34	191	33	37	49	34	152	41	49	42			
	Operating Profit	6	12	13	-1	31	3	2	8	-2	10	4	10	5			
	%	17.0	21.2	21.0	-1.8	16.2	8.1	4.3	15.8	-4.5	6.8	10.3	20.4	12.1			
LTAB (Pakistan)	Sales				135	135	157	305	234	151	847	167	256	268			
	Operating Profit				-34	-34	-23	2	12	10	1	-7	17	25			
	%				-25.3	-25.3	-14.6	0.6	5.2	6.3	0.1	-4.2	6.7	9.4			

Note: This data differ from the total performance of the business and consolidated performance(Excluding internal transactions between business)

Subsidiaries – Sanchung Beverage Co.,Ltd(KOR), LOTTE Akhtar Beverages Limited(Pakistan) 18

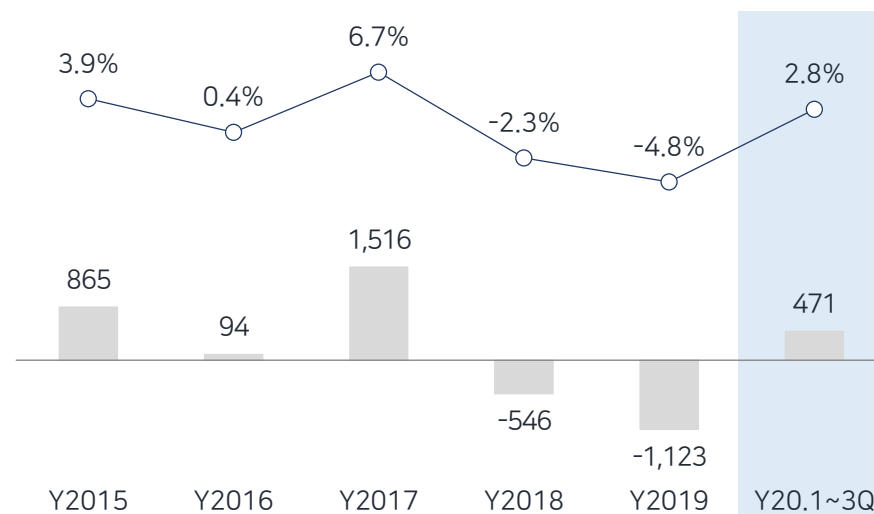
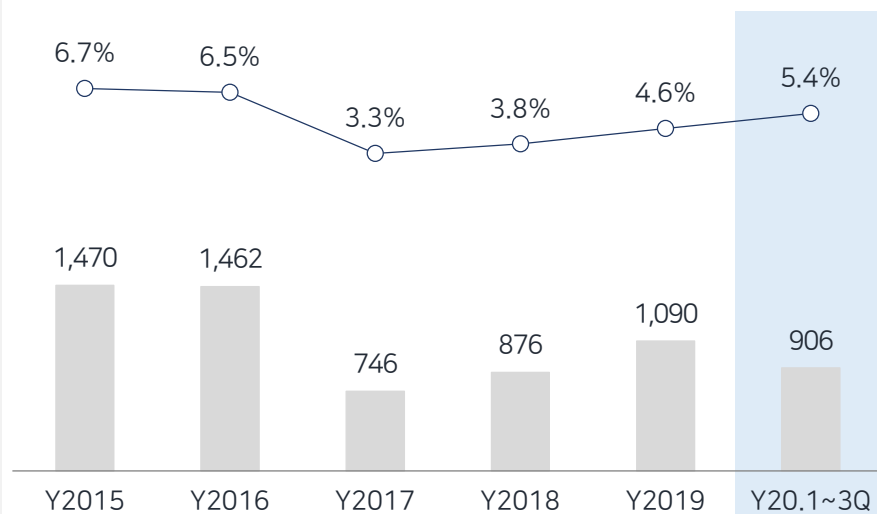
Appendix – Key Figures Trend (P/L)

(In Hundred Million of KRW)

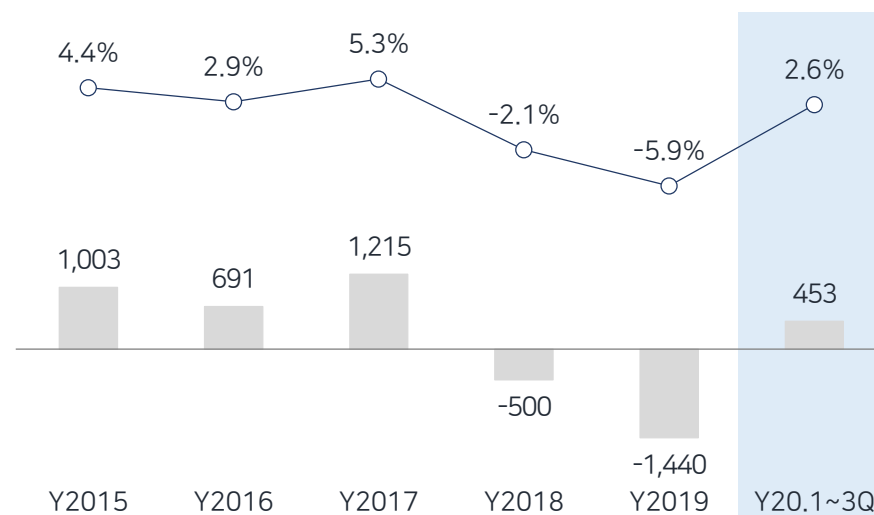
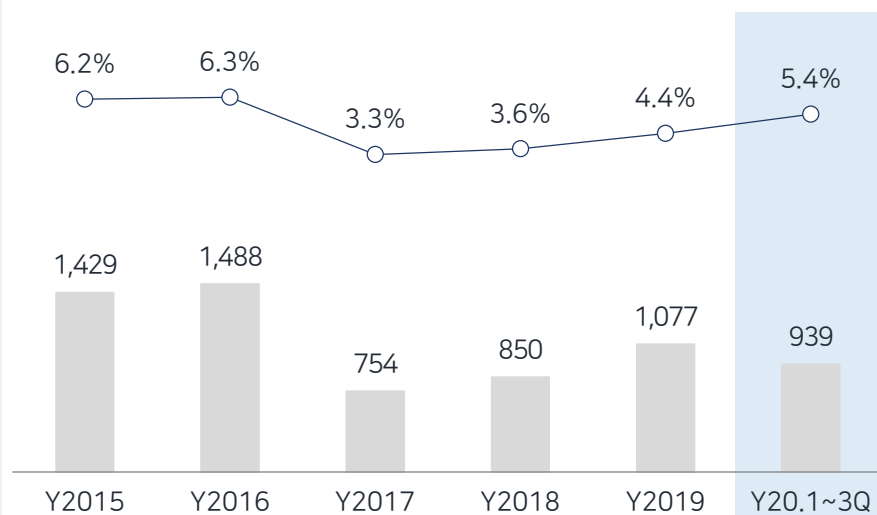
Operating Profit

Net Profit

Separate



Consolidated



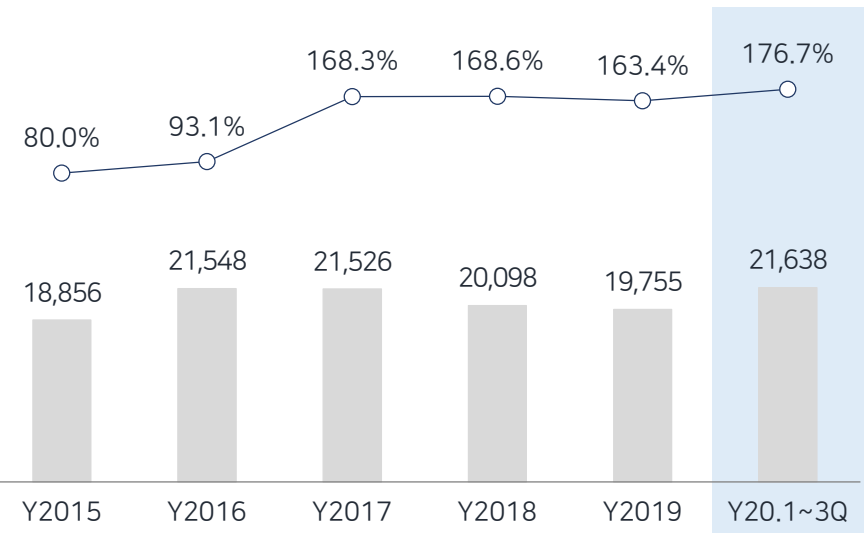
Appendix – Key Figures Trend (Stability)

(In Hundred Million of KRW)

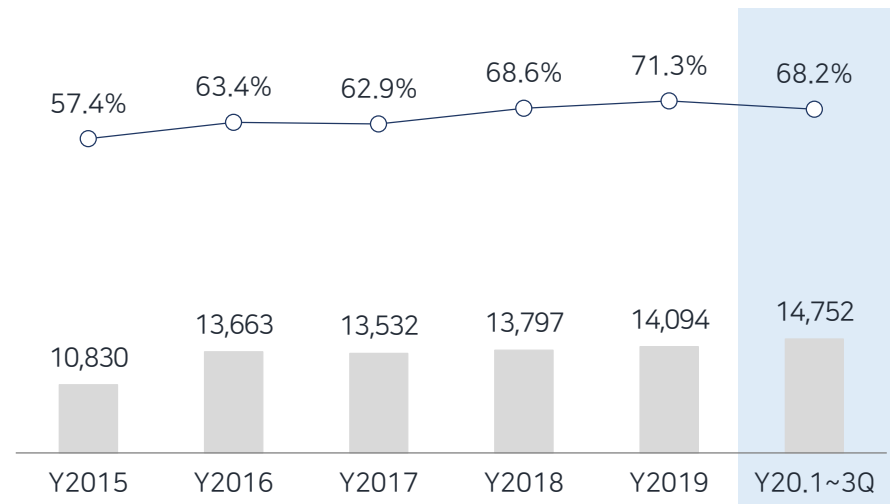
Total Liabilities / Liability to Equity

Borrowings / Debt Ratio

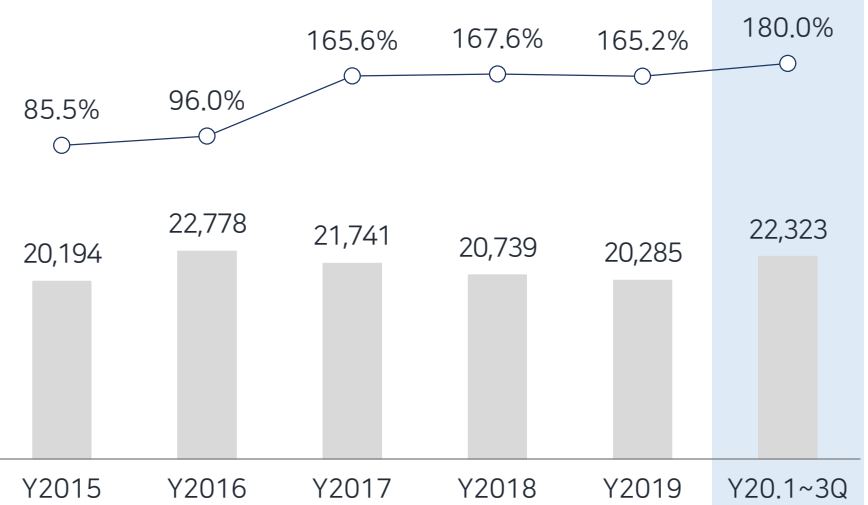
Separate



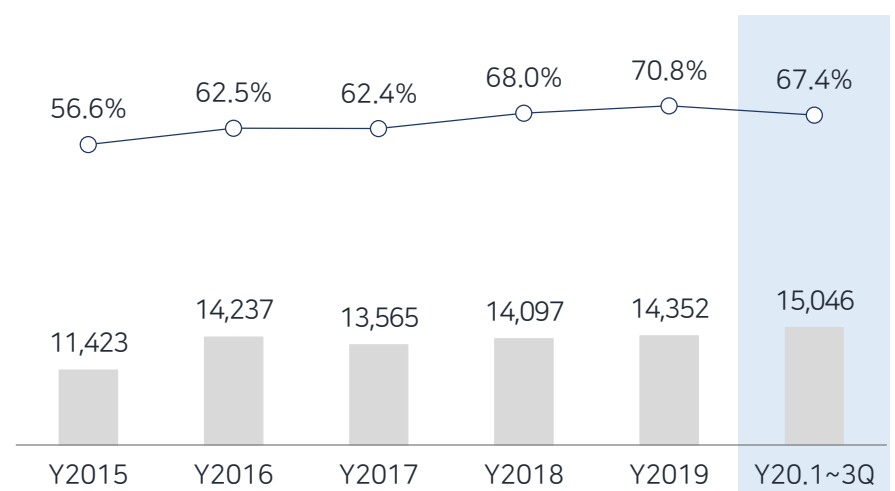
*Borrowings: Borrowings and Debentures
**Ratio: Borrowings to Total Liability



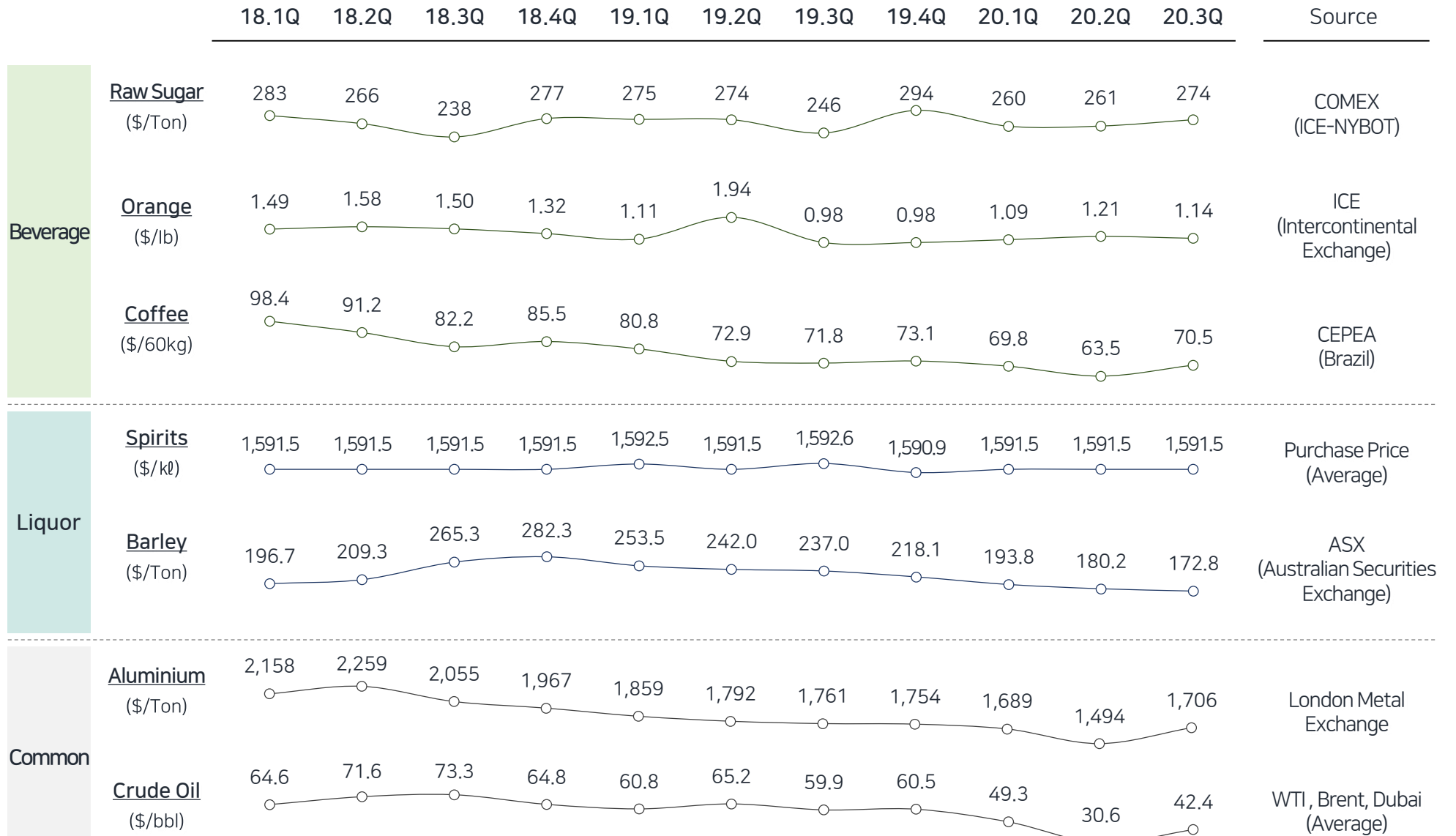
Consoli-dated



*Borrowings: Borrowings and Debentures
**Ratio: Borrowings to Total Liability



Appendix – Key Figures Trend (Commodity Price)



Note: Commodity Price(differ from input price)

Note: \$ (United States dollar)

Appendix – Company Overview

General Information

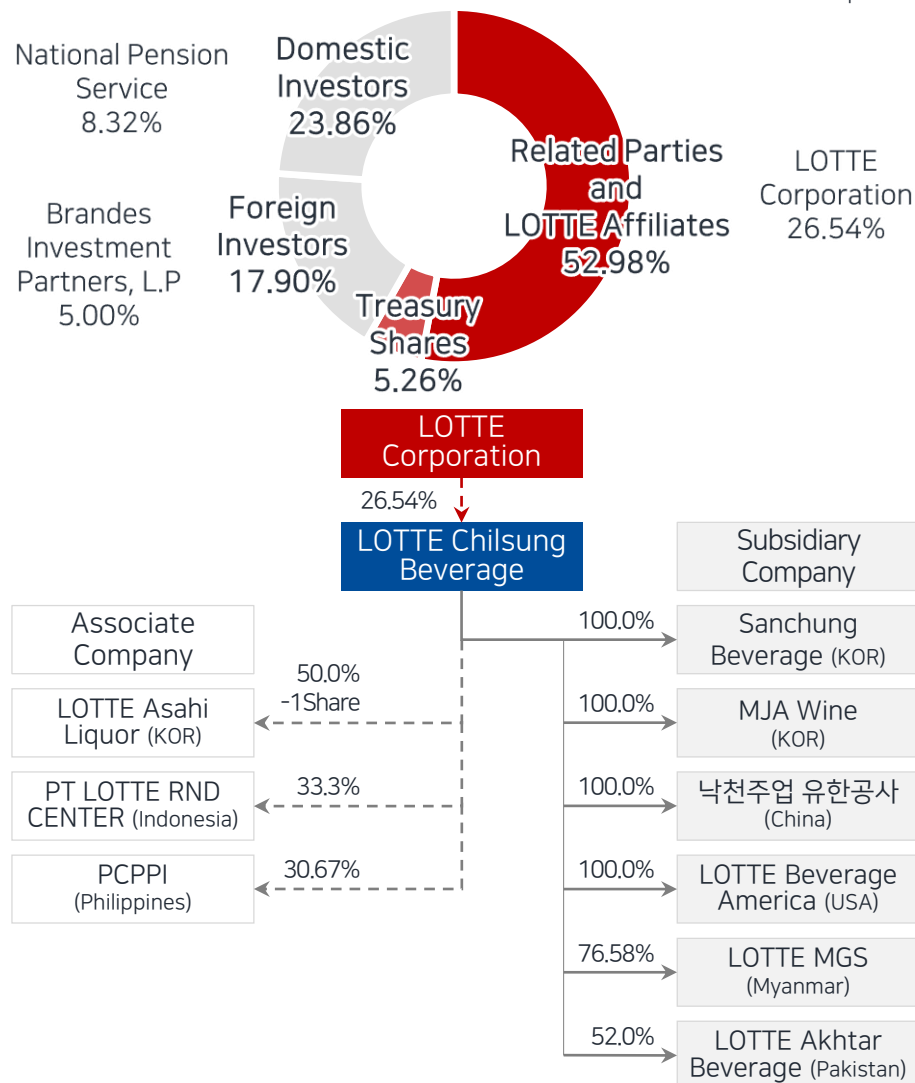
- Established May 9, 1950
- Main Business Beverage/Liquor
- Employees 5,850 (Beverage 4,198, Liquor 1,652)
- Production 12 plants (Beverage 6, Liquor 6)
- Sales Organization 136 branches
- Credit Ratings Corporate Bond Rating AA (Y2020)
- Home-page <http://company.lottechilsung.co.kr/>
- Shareholdings Common Stock as of End-Sep. 2020

Name	Shares	Ownership(%)
LOTTE Corporation	2,121,660	26.54
LOTTE Aluminum	708,870	8.87
LOTTE Scholarship	501,680	6.28
Hotel LOTTE	473,450	5.92
LOTTE Japan	109,830	1.37
SHIN, Dong-Bin	43,367	0.54
SHIN, Yeong-Ja	247,073	3.09
SHIN, Dong-Ju	26,020	0.33
LEE, Yeong-Gu	930	0.01
Related Parties and LOTTE Affiliates	4,234,996	52.98
Others	3,338,354	41.76
(Foreign Investor)	(1,431,185)	(17.90)
Treasury Shares	420,110	5.26
Total	7,993,460	100.0

Note: Excl. 775,310 Preferred Shares

Shareholding Structure

As of End-Sep. 2020



Appendix – Company History

Established in 1950 / IPO in 1973 / Acquired by LOTTE Group in 1974 / Merged with LOTTE Liquor in 2011

Y1950 ~ Y1960

Y1950	Establishment
Y1950	<Chilsung-Cider> Release
Y1967	Changed Name to Hanmi Foods Industry
Y1969	Started supplying to post exchange of the USFK

Y1970 ~ Y1980

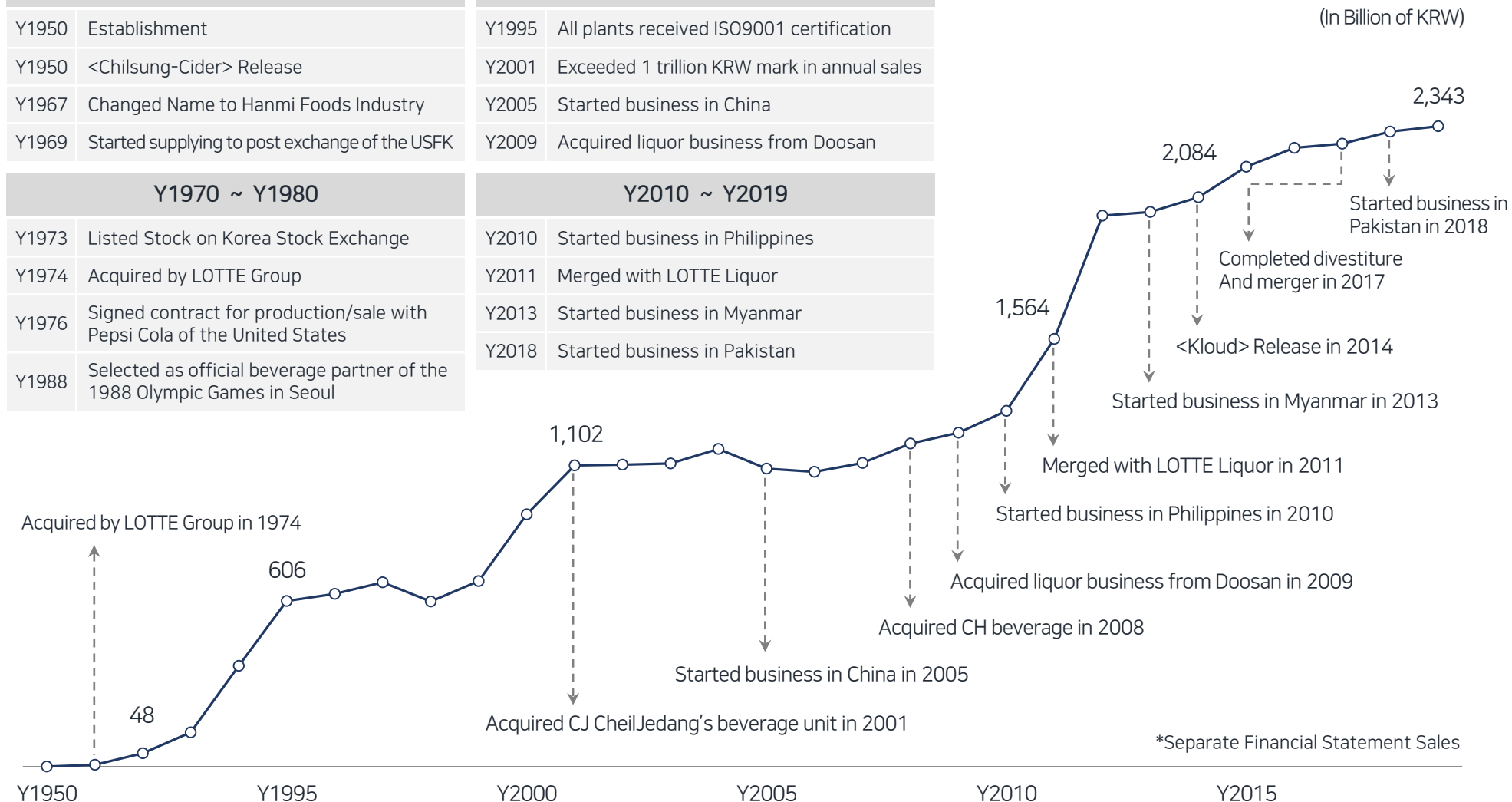
Y1973	Listed Stock on Korea Stock Exchange
Y1974	Acquired by LOTTE Group
Y1976	Signed contract for production/sale with Pepsi Cola of the United States
Y1988	Selected as official beverage partner of the 1988 Olympic Games in Seoul

Y1990 ~ Y2000

Y1995	All plants received ISO9001 certification
Y2001	Exceeded 1 trillion KRW mark in annual sales
Y2005	Started business in China
Y2009	Acquired liquor business from Doosan

Y2010 ~ Y2019

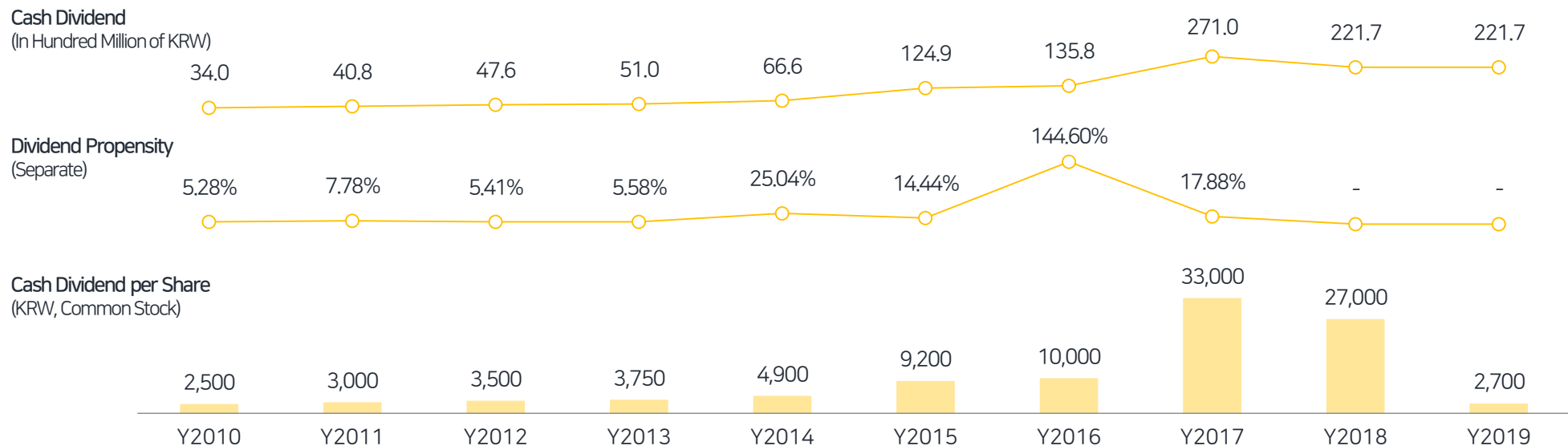
Y2010	Started business in Philippines
Y2011	Merged with LOTTE Liquor
Y2013	Started business in Myanmar
Y2018	Started business in Pakistan



*Separate Financial Statement Sales

Appendix – Dividend

The Dividend are determined by considering a gradual increase of dividend for shareholders and enhancing the corporate value through mid/long-term investments. LOTTE Chilsung Beverage targets 30% of dividend propensity(on a separate basis) in mid/long-term for shareholders' profits.



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Par Value (KRW)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	500
Share Price (KRW) (Common Stock)	960,000	1,465,000	1,515,000	1,525,000	1,485,000	2,219,000	1,460,000	1,329,000	1,400,000	140,000
Cash Dividend (In Hundred Million of KRW)	33.99	40.78	47.56	50.96	66.56	124.92	135.77	270.97	221.71	221.71
Cash Dividend per Share (KRW, Common Stock)	2,500	3,000	3,500	3,750	4,900	9,200	10,000	33,000	27,000	2,700
Dividend Rate (DPS/Par Value)	50.0%	60.0%	70.0%	75.0%	98.0%	184.0%	200.0%	660.0%	540.0%	540.0%
Dividend Yield (DPS/Share Price)	0.26%	0.20%	0.23%	0.25%	0.33%	0.42%	0.69%	2.48%	1.93%	1.93%
Dividend Propensity (Cash Dividend/NP)	5.28%	7.78%	5.41%	5.58%	25.04%	14.44%	144.60%	17.88%	-	-

Appendix – Financial Statements (Consolidated)

Consolidated Statement of Income Statement

(In Hundred Million of KRW)

	Y19.1~3Q		Y20.1~3Q		YOY	
Sales	19,095	100.0	17,506	100.0	-8.3	-
Cost of Sales	11,250	58.9	10,441	59.6	-7.2	+0.7P
Gross Profit	7,845	41.1	7,065	40.4	-9.9	-0.7P
Selling, General & Administrative Expenses	6,699	35.1	6,126	35.0	-8.6	-0.1P
Labor Cost	1,791	9.4	1,790	10.2	-0.0	+0.8P
Freight Expenses	966	5.1	952	5.4	-1.4	+0.3P
Commission Expenses	729	3.8	661	3.8	-9.3	-
Advertising Expenses	1,162	6.1	908	5.2	-21.8	-0.9P
Depreciation and Amortization	481	2.5	476	2.7	-0.9	+0.2P
Operating Profit	1,146	6.0	939	5.4	-18.1	-0.6P
Other Income	92	0.5	223	1.3	+142.0	+0.8P
Other Expenses	392	2.1	266	1.5	-32.1	-0.6P
Interest Income	39	0.2	22	0.1	-42.4	-0.1P
Finance Income	20	0.1	16	0.1	-21.1	-
Finance Costs	295	1.5	275	1.6	-6.8	+0.1P
Equity-method Income	-3	-0.0	-51	-0.3	-1,543.8	-0.3P
Profit before Income Tax	606	3.2	607	3.5	+0.2	+0.3P
Income Tax	748	3.9	154	0.9	-79.4	-3.0P
Net Profit	-142	-0.7	453	2.6	+420.0	+3.3P
Controlling Interests	-129	-0.7	440	2.5	+440.9	+3.2P
Non-Controlling Interests	-13	-0.1	13	0.1	+204.2	+0.2P

Note: Subsidiaries – Sanchung Beverage Co.,Ltd(KOR), LOTTE Akhtar Beverages Limited(Pakistan)
Investments in Associates – LOTTE Asahi Liquor Company Ltd.(KOR), PCPPI(Philippines)

Consolidated Statement of Financial Position

(In Hundred Million of KRW)

	2018.12.31	2019.12.31	2020.06.30	2020.09.30
Current Assets	6,887	7,884	8,714	9,280
Cash and Cash Equivalents	984	1,994	2,397	2,443
Trade and Other Receivables	2,651	2,557	2,891	3,189
Inventories	2,571	2,739	2,795	2,453
Other Current Assets	681	593	631	1,195
Non-Current Assets	26,226	24,681	25,352	25,443
Investment in Associates and Financial Assets at Fair Value	933	484	941	930
Tangible Assets	21,657	20,146	20,071	20,098
Intangible Assets	1,517	1,186	1,259	1,304
Other Non-Current Assets	2,119	2,865	3,080	3,111
Total Assets	33,113	32,565	34,066	34,723
Current Liabilities	6,890	9,416	9,269	9,132
Trade and Other Payables	3,395	2,725	3,909	3,486
Borrowings and Debentures	1,998	5,364	3,847	3,944
Other Current Liabilities	1,498	1,327	1,514	1,702
Non-Current Liabilities	13,848	10,869	12,700	13,191
Borrowings and Debentures	12,099	8,988	10,753	11,102
Deferred Tax Liabilities	1,019	804	779	838
Other Non-Current Liabilities	731	1,076	1,167	1,252
Total Liabilities	20,739	20,285	21,970	22,323
Capital Stock	44	44	44	44
Hybrid Bonds		1,495	1,495	1,495
Other Components of Equity	-8,467	-8,468	-8,468	-8,468
Accumulated Other Comprehensive Income	-137	-32	-87	-87
Retained Earnings	20,833	19,083	18,957	19,255
Total Equity	12,374	12,280	12,096	12,399
Total Liabilities & Equity	33,113	32,565	34,066	34,723

Note: Based on Consolidated Financial Statements(K-IFRS)

Appendix – Financial Statements (Separate)

Separate Statement of Income Statement

(In Hundred Million of KRW)

	Y19.1~3Q		Y20.1~3Q		YOY	
Sales	18,385	100.0	16,810	100.0	-8.6	-
Cost of Sales	10,713	58.3	9,948	59.2	-7.1	+0.9P
Gross Profit	7,672	41.7	6,862	40.8	-10.6	-0.9P
Selling, General & Administrative Expenses	6,510	35.4	5,956	35.4	-8.5	-
Labor Cost	1,737	9.5	1,739	10.3	+0.1	+0.8P
Freight Expenses	965	5.2	952	5.7	-1.4	+0.5P
Commission Expenses	576	3.1	501	3.0	-13.0	-0.1P
Advertising Expenses	1,160	6.3	906	5.4	-21.8	-0.9P
Depreciation and Amortization	457	2.5	451	2.7	-1.4	+0.2P
Operating Profit	1,161	6.3	906	5.4	-22.0	-0.9P
Other Income	88	0.5	113	0.7	+29.0	+0.2P
Other Expenses	391	2.1	159	0.9	-59.3	-1.2P
Interest Income	39	0.2	21	0.1	-45.2	-0.1P
Finance Income	36	0.2	16	0.1	-56.9	-0.1P
Finance Costs	274	1.5	260	1.5	-5.1	-
Profit before Income Tax	659	3.6	637	3.8	-3.4	+0.2P
Income Tax	754	4.1	166	1.0	-78.0	-3.1P
Net Profit	-95	-0.5	471	2.8	+596.7	+3.3P

Note: LOTTE Chilsung Beverage Co.,Ltd. Only

Separate Statement of Financial Position

(In Hundred Million of KRW)

	2018.12.31	2019.12.31	2020.06.30	2020.09.30
Current Assets	6,704	7,709	8,516	8,939
Cash and Cash Equivalents	969	1,978	2,390	2,338
Trade and Other Receivables	2,627	2,530	2,847	3,173
Inventories	2,482	2,640	2,677	2,272
Other Current Assets	626	562	601	1,156
Non-Current Assets	25,313	24,136	24,873	24,943
Investment in Associates and Subsidiaries	1,001	944	1,487	1,594
Tangible Assets	21,071	19,526	19,475	19,422
Intangible Assets	758	561	647	664
Other Non-Current Assets	2,484	3,106	3,264	3,264
Total Assets	32,018	31,846	33,389	33,882
Current Liabilities	6,464	9,065	8,976	8,674
Trade and Other Payables	3,276	2,651	3,711	3,285
Borrowings and Debentures	1,710	5,106	3,774	3,726
Other Current Liabilities	1,478	1,307	1,491	1,663
Non-Current Liabilities	13,634	10,690	12,476	12,964
Borrowings and Debentures	12,087	8,988	10,682	11,026
Deferred Tax Liabilities	827	641	639	701
Other Non-Current Liabilities	721	1,061	1,154	1,236
Total Liabilities	20,098	19,755	21,452	21,638
Capital Stock	44	44	44	44
Hybrid Bonds		1,495	1,495	1,495
Other Components of Equity	-7,924	-7,924	-7,924	-7,924
Accumulated Other Comprehensive Income	-74	50	3	3
Retained Earnings	19,874	18,427	18,320	18,626
Total Equity	11,920	12,091	11,937	12,244
Total Liabilities & Equity	32,018	31,846	33,389	33,882

Note: Based on Separate Financial Statements(K-IFRS)

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