

# Research and Development Activities

- 1) Overview of R & D Activities
- 2) Costs and results

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## 1) Overview of R & D Activities

### (1) R & D Organization

Lotte Central R & D Center is in charge of R & D activities. The Center Chief leads the research support team, the 1st Lab (basic development, analysis, health & functional food research, packaging research) and the 2nd Lab (research on chewing gum, candy, snack, bakery, pie, choco, ice cream, etc.)

### (2) R & D Cost

(Units: KRW 1 mil)

Item	41st	40th	39th	Ref
Raw material	183	1,072	1,035	
Labor	4,000	3,536	3,424	
Depreciation	506	474	332	
Outsourcing	-	-	33	
Other	141	-	-	
Total	4,830	5,082	4,824	
Accounting	Sales & administrative expenses	-	-	-
	Manufacturing expenses	4,830	5,082	4,824
	Development cost (intangible asset)	-	-	-
Ratio of R & D cost to sales [Total R & D cost ÷ Sales for the year × 100]	0.43%	0.47%	0.43%	

## 2) R & D performance

R & D project	Organization in charge	Research outcome & expected effects	Product name
Chewing gum	Lotte Central R & D Center	Satisfying customer needs and expanding market share	Mastic, etc.
New jelly research	Lotte Central R & D Center	Maximizing customer satisfaction with a new taste	Mel-zzang, etc.
Biscuits	Lotte Central R & D Center	Satisfying customer needs and expanding market share	Odette, etc.
Chocolate	Lotte Central R & D Center	Satisfying customer needs and expanding market share	CACAO 86, etc.
Snacks	Lotte Central R & D Center	Maximizing customer satisfaction with a new taste	Attractive Sweet Potato, etc.
Ice cream	Lotte Central R & D Center	Maximizing customer satisfaction with a new taste	Falling in love with Strawberry, etc.
Health food	Lotte Central R & D Center	Satisfying customer needs and expanding market share	6 year-sincerity Red Ginseng Kids