

LG Energy Solution The 4th Annual General Meeting of Shareholders

CEO Letter to Shareholders

Dear shareholders,

This is David (Dong-Myung) Kim, newly appointed as CEO of LG Energy Solution. It is a pleasure to meet you all.

I send you my deepest appreciation for your unwavering support and commitment. While it is a great opportunity for myself to represent LG Energy Solution, it also comes with grave responsibility, as we are standing at a critical juncture of transition.

As we are well aware, the electrification drive is witnessing a temporary slowdown this year, and the competition between battery manufacturers is getting ever more fierce. We have now entered an important phase where we have to secure an unrivaled competitive edge that no one can easily challenge.

I would like to explain what we have achieved and what we pursue going forward, as we take another leap into LG Energy Solution 2.0.

Building foundation for future LGES

In just three years after the spinoff, LG Energy Solution has been at the forefront of writing history that garnered global attention.

Building upon its unrivaled production capability around the world and with aggressive investment in research and development, the successful listing of LGES on Korea's main bourse KOSPI remains as the biggest ever in its history. In terms of business, LG Energy Solution has also reached a record of KRW 500 trillion order backlog as of last year.

Based on the trust of our partners, LGES has also established a portfolio comprised of various customers. Currently, we are pursuing mega-scale joint venture projects with General Motors, Stellantis and Honda in North America. On top of that, we clinched a new supply deal with Toyota last year and agreed on a second joint venture project in the U.S. with Hyundai Motor Group, totaling nine strong partnerships with world-leading automakers.

As a result, LG Energy Solution was able to log highest sales for three consecutive years. In 2023, we were able to reach a total revenue of KRW 33.7 trillion, up 32% from the year before, with the support of the U.S. Advanced Manufacturing Production Credit. Operating profit nearly tripled in three years to hit KRW 2.16 trillion¹⁾, and the company's operating profit margin propped up 2.1 percentage points.

1) IRA Tax Credit included

Zeroing-in on qualitative growth to enter LGES 2.0

Based on a number of trials and errors, LG Energy Solution will ensure internal stability and further strengthen our fundamentals to be resilient against high volatile external conditions. To achieve that, LGES will build technological leadership and secure cost competitiveness, while preparing for future business.

First, we will set up an unrivaled technological advancement that overwhelms our competition.

As a pioneer to the industry, LG Energy Solution has been accumulating invaluable experiences that no one has gone through. For the premium product lineup, we plan to maximize the gap compared to our competitors with our overwhelming technical capabilities even further. For entry-level, we will offer differentiated value to our customers by providing multiple product portfolios that are both competitive in price and quality.

Second, we will set up a competitive cost structure that is unshakable by any external factor.

We plan to adopt new techniques and processing methods to secure cost competitiveness. Cost-cutting efficiency will also be realized through equity investments or long-term supply deals with suppliers, as well as expanding our automation processes. Ultimately, we aim to embody a system that has structural cost competitiveness through these comprehensive efforts.

Lastly, LG Energy Solution will exert all efforts into preparing for future business by promptly responding to looming opportunities and risks.

LGES will continue to pursue development of future electrification solutions like all solid-state and lithium phosphate batteries. Concurrently, we will secure future technology leadership by accelerating the introduction of new processes with strengths in terms of quality and cost. We also plan to partner up with recycling companies and establish closed loop to offer sustainable growth.

Dear shareholders,

LG Energy Solution has accumulated infinite potential through many ups and downs it has experienced as a pioneer in the industry.

The business environment we face today looks tough, but we will stand firm and continue to move forward and further solidify its leading position within the battery industry.

Concluding, I sincerely thank you for your continued support. LG Energy Solution will return the favor.

LG Energy Solution,
CEO David (Dong-Myung) Kim



