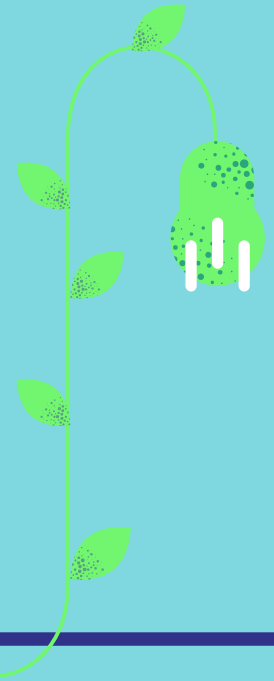
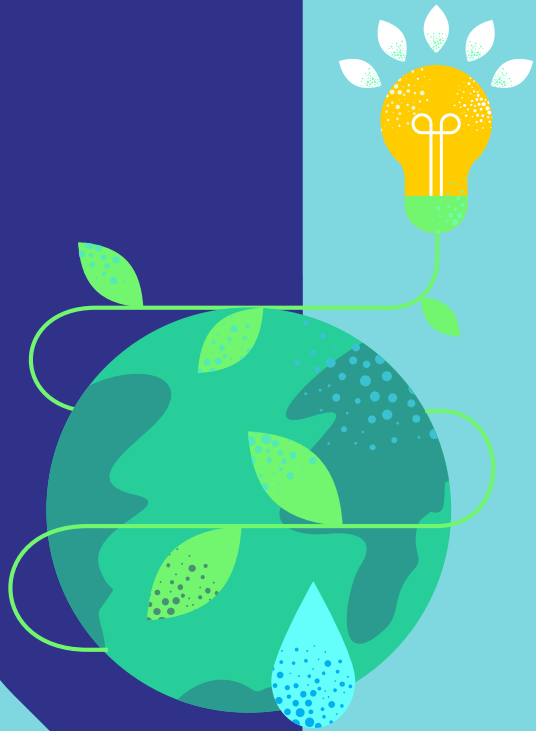


LG Energy Solution

Q4 2022 Earnings Conference Call



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SECTION 03 **Appendix**

Disclaimer

The information regarding business performance of LG Energy Solution is provided for the convenience of investors of the Company prior to the audit by external auditors.

Please note that some of the information contained herein may change in the course of the final audit by external auditors.

The financial information contained in this document has been prepared on a consolidated basis in accordance with K-IFRS or Korean International Financial Reporting Standards.

Some of the statements as contained herein can be forward-looking considering the current business environment and the Company's business strategies. Therefore, in accordance with uncertainties inclusive of changes in future business environment and corporate strategies, actual results may differ materially from those expressed in the afore-mentioned statements.



SECTION

1

Business Performance

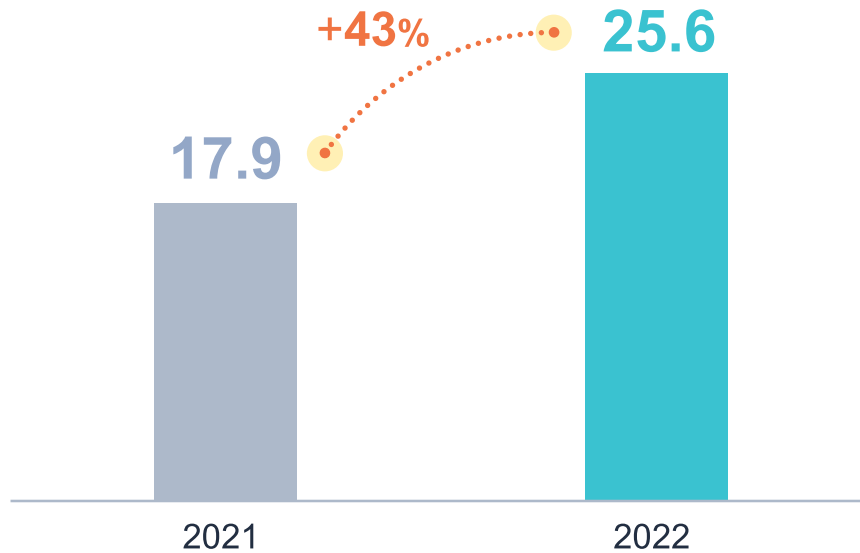


2022 Key Achievements



Revenue and Operating Profit

■ Revenue ■ Operating Profit(%) (Trillion KRW)



Highlights



Revenue

Annual revenue posted a record-high of 25.6 trillion won. Battery shipment grew across all product line-ups by proactively responding to demand for EV and power grid ESS, which improved entering into the second half. Also, reflection of major cost increase into ASP expanded.



Profit

Operating profit expanded +58% YoY to 1.2 trillion won driven by economies of scale due to sales growth, cost saving through productivity improvement and expansion of price-competitive metal sourcing despite macro-economic uncertainties such as inflation.



Customer

Strategic partnership thrived with global OEMs through the establishment of new JVs with GM for Phase 3, Stellantis and Honda, etc. during 2022.

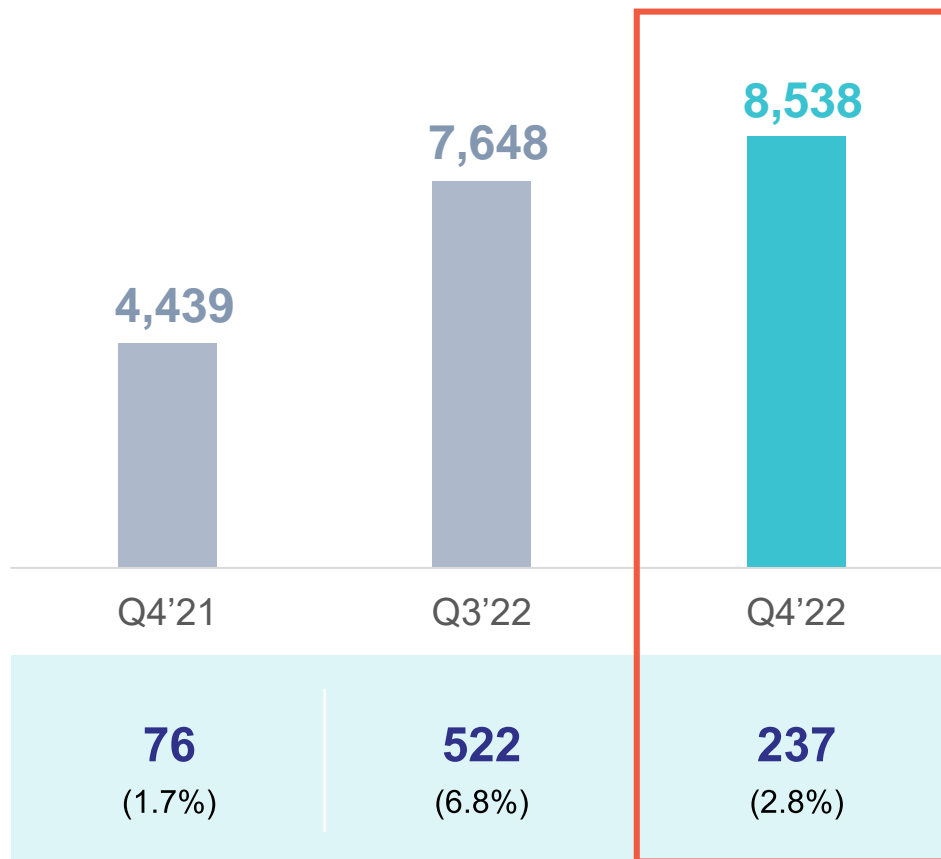
Q4'22 Business Performance



Revenue and Operating Profit

■ Revenue ■ Operating Profit(%)

(Billion KRW)



Performance Analysis

- ✓ Revenue was up +12% QoQ and +92% YoY marking a **record-high quarterly revenue** due to increased EV battery sales for major customers, GM JV Phase 1 ramp-up, power grid ESS volume growth, etc.
- ✓ Despite economies of scale led by shipment growth and continuous productivity improvement, **operating profit decreased temporarily QoQ** due to the recognition of the one-off expenses.

The one-off items are the recognition of employees' incentives in line with the sound annual financial results and incremental expenses for ESS battery replacement due to added cost burden from materials, logistics, strong dollar and others. However, **excluding the one-off impact, operating profit recorded a similar level to that of Q3'22.**

2022 Financial Position



Balance Sheet

(Billion KRW)

	Q4'21	Q3'22	Q4'22
Assets	23,764	39,888	38,299
Cash and Cash Equivalents, etc.*	1,284	6,389	5,938
Liabilities	15,022	18,725	17,706
Debt	6,969	8,321	8,109
Equity	8,742	21,163	20,594

*Deposits held by financial institutions included



Leverage Ratios

(% , X)

	Q4'21	Q3'22	Q4'22
Liabilities to Equity	172%	89%	86%
Debt to Equity	80%	39%	39%
Net Debt to Equity	65%	9%	11%
Debt to EBITDA	3.1x	3.0x	2.7x

2022 Cash Flow and Capex Trend



Cash Flow

(Billion KRW)

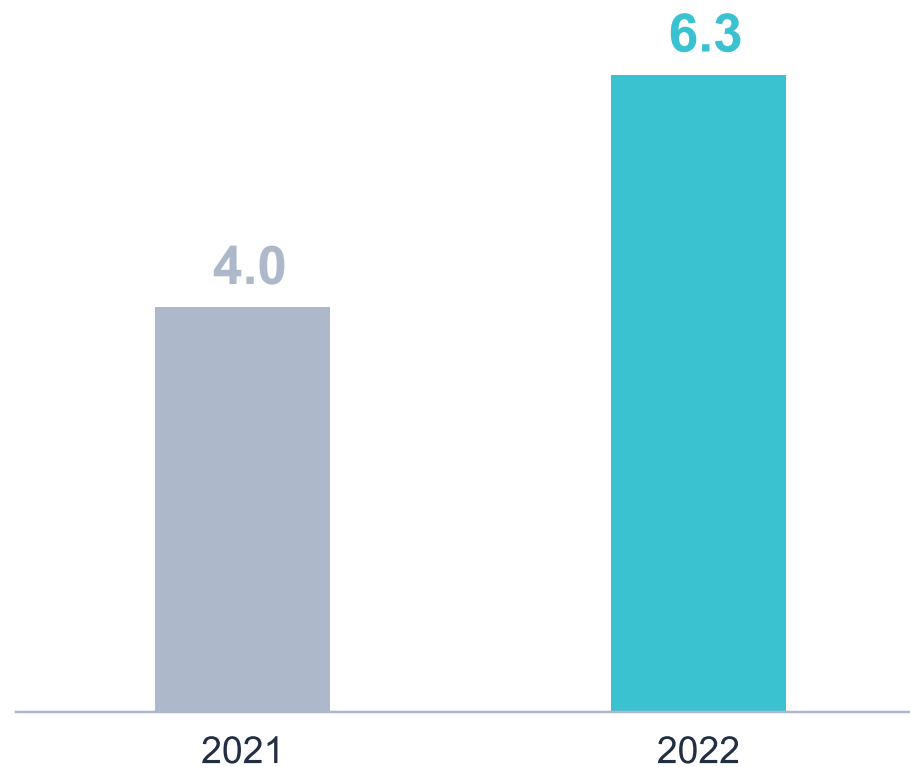
	Q3'22	Q4'22	2022
Beginning Cash Balance*	8,184	6,389	1,284
Cash Flows from Operating Activities	(876)	847	(580)
Working Capital	(1,834)	(158)	(3,293)
Cash Flows from Investing Activities	(1,679)	(1,736)	(6,261)
Capex	(1,419)	(2,174)	(6,291)
Cash Flows from Financing Activities	666	557	11,415
Ending Cash Balance*	6,389	5,938	5,938
Net Changes in Cash	(1,795)	(451)	4,654

*Deposits held by financial institutions included



Capex Trend

(Trillion KRW)



SECTION

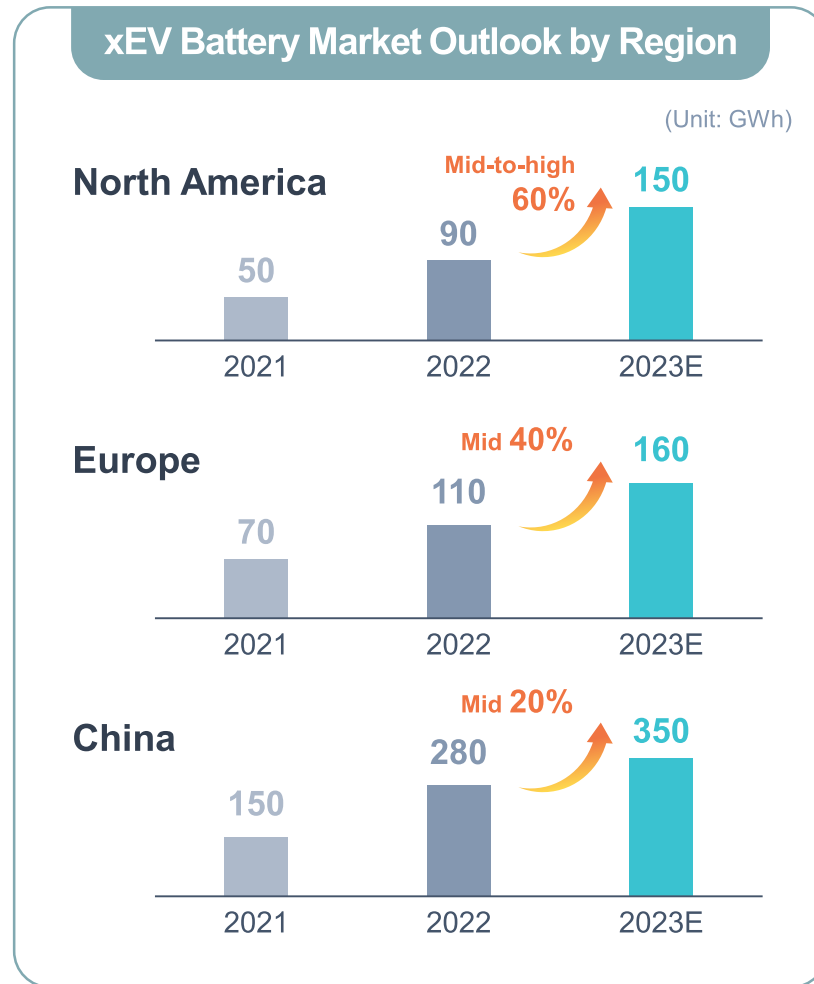
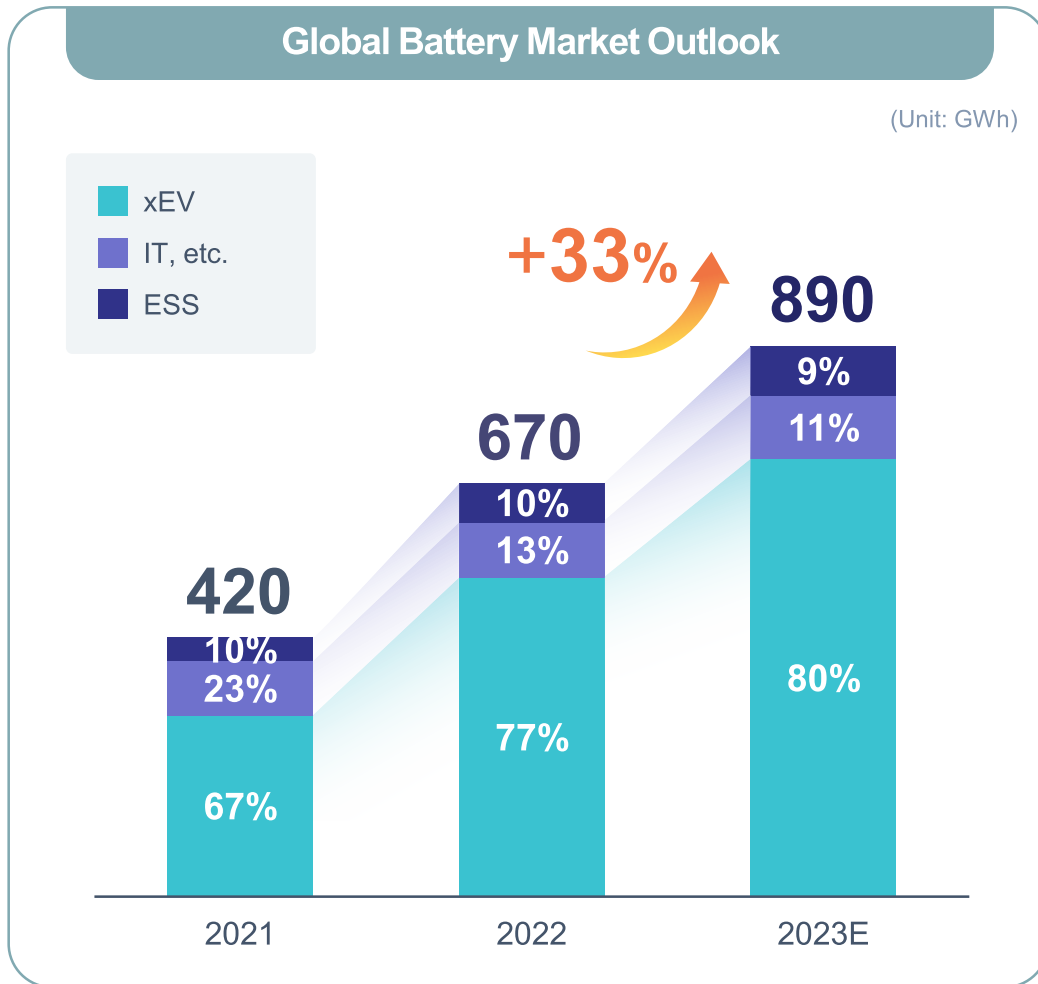
2

2023 Business Strategy



1 2023 Battery Market Outlook

▶ Battery Demand is Expected to Grow +33% YoY Driven by EV with Strong Growth in North America



*Source : LG Energy Solution

2 Key Initiatives

▶ Reinforce Our Fundamental Competitive Edge and Global Leading Position through 4 Key Initiatives

1

Product Competitiveness



- ✔ **Develop customized product by market segment**
- High nickel cathode, silicon anode, new cylindrical form factor, LFP, etc.
- ✔ **Improve product competitiveness at system level by strengthening Pack/BMS capability**
- Improve pack-level space utilization and develop BMS algorithm, etc.

2

Smart Factory



- ✔ **Build the foundation for smart factory through predictive maintenance, automation and intelligent manufacturing**
- Establish Global Integrated Management System
- ✔ **Enhance workforce efficiency, increase yield/productivity and stabilize quality**

3

Supply Chain Management



- ✔ **Localize metal and raw material sourcing to respond to global regulations**
- ✔ **Strengthen partnership and establish stable sourcing dynamics through expanded upstream investment**
- ✔ **Increase direct metal sourcing for supply stability and price competitiveness**

4

Future Readiness



- ✔ **Continue to develop next-generation technology such as lithium sulfur and solid state battery and boost open innovation**
- ✔ **Accelerate execution of new business including Battery as a Service(BaaS) & Energy as a Service(EaaS) through 'Company In Company' operation**

3 Capacity Expansion Plan

▶ Enhance Global Status with Proactive Capacity Expansion including JV Ramp-up with Key OEMs in NA




▶ Capacity Plan

(Unit: GWh)

■ EV Pouch ■ EV Cylindrical ■ ESS, etc.

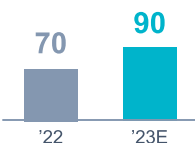


▶ Upcoming Projects

 Canada, ON — Stellantis JV	 US, OH/TN/MI — GM JV Phase 1~3
 US, OH — Honda JV	 Indonesia — Hyundai Motors JV

Europe

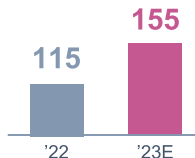
(Unit: GWh)



✔ Pouch capacity build-up in Poland

Asia

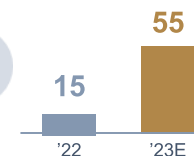
(Unit: GWh)



✔ Cylindrical & Pouch capacity build-up in China

North America

(Unit: GWh)



✔ GM JV Phase 1 fully ramping up
 ✔ GM JV Phase 2 operating

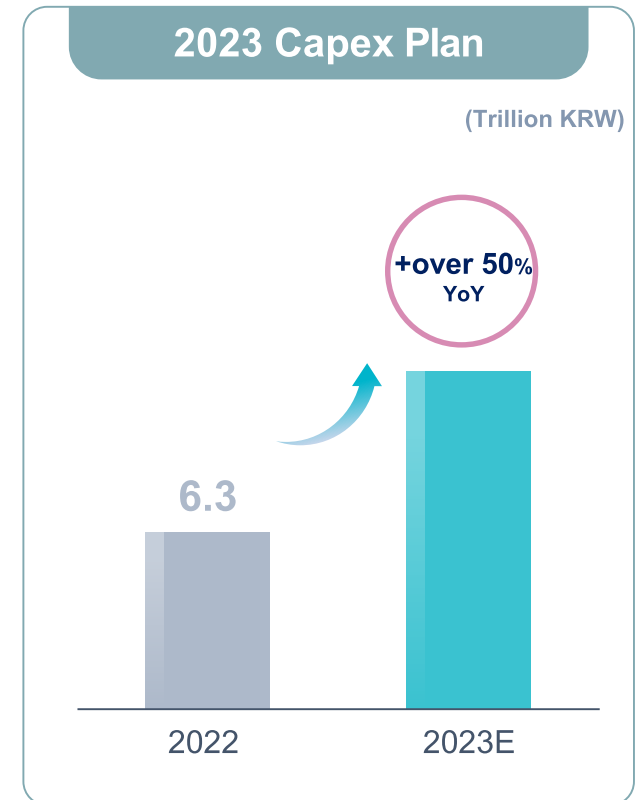
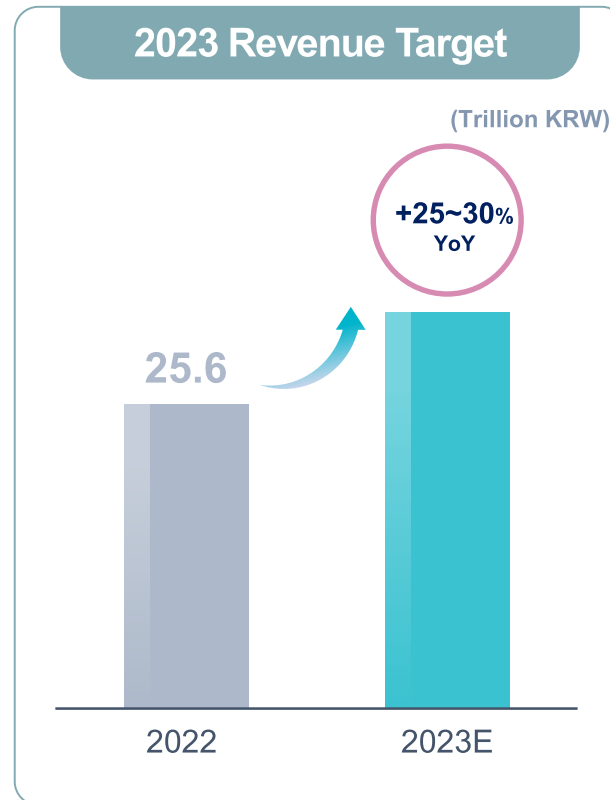
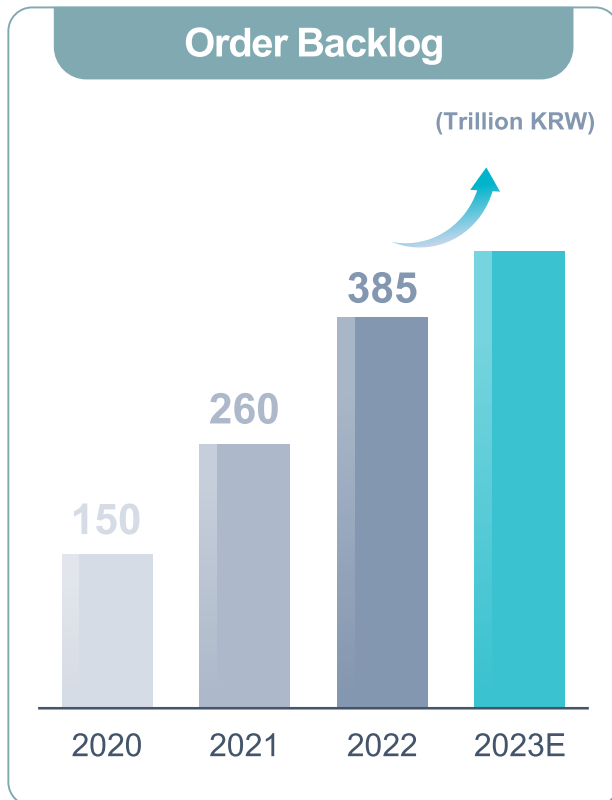
 Advanced Automotive

 ESS

 Mobility & IT

4 Achievement Targets

- ▶ **Order Backlog** | Secure additional projects from existing and new OEMs in North America and Europe
- ▶ **Revenue** | Pursue revenue increase +25~30% YoY in 2023 through stable operation of new capacity and sales expansion in high-growth markets. Enhance OP Margin by improving the cost curve and differentiating product competitiveness
- ▶ **Capex** | Expected to increase capex over +50% YoY for capacity expansion to meet customer demand



SECTION

3 Appendix



Appendix : Income Statement

(Billion KRW)

	2021					2022				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	4,254	5,131	4,027	4,439	17,852	4,342	5,071	7,648	8,538	25,599
Cost of Goods Sold	3,477	3,412	3,271	3,794	13,953	3,567	4,249	6,253	7,239	21,308
Gross profit	777	1,719	757	646	3,899	775	822	1,395	1,299	4,291
Selling and Admin Expense	436	995	1,129	570	3,130	516	626	873	1,062	3,077
Operating Profit (Loss)	341	724	-373	76	768	259	196	522	237	1,214
(%)	8.0%	14.1%	-9.3%	1.7%	4.3%	6.0%	3.9%	6.8%	2.8%	4.7%
EBITDA	659	1,073	6	482	2,220	676	627	1,000	743	3,046
(%)	15.5%	20.9%	0.1%	10.9%	12.4%	15.6%	12.4%	13.1%	8.7%	11.9%
Net Income before Tax	301	838	-463	102	777	260	129	242	365	995
(%)	7.1%	16.3%	-11.5%	2.3%	4.4%	6.0%	2.5%	3.2%	4.2%	3.9%
Net Income (Loss)	434	630	-206	72	930	227	90	188	276	780
(%)	10.2%	12.3%	-5.1%	1.6%	5.2%	5.2%	1.8%	2.5%	3.2%	3.0%

Appendix : Financial Position

(Billion KRW)

	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets	20,800	22,178	23,612	23,764	34,976	36,434	39,888	38,299
Cash and Cash Equivalents, etc.*	2,602	2,045	1,532	1,284	10,162	8,184	6,389	5,938
Account Receivables	2,788	2,698	2,665	2,915	2,907	3,611	5,219	4,772
Inventory	3,177	3,677	4,327	3,896	4,813	6,276	7,947	6,996
Property, Plant and Equipment	8,919	9,523	10,255	11,051	11,986	13,162	14,600	15,331
Liabilities	12,582	13,099	14,390	15,022	15,536	16,532	18,725	17,706
Account Payables	2,657	2,627	2,467	2,178	3,161	3,952	5,398	3,842
Debt	6,214	6,252	7,107	6,969	7,299	7,441	8,321	8,109
Equity	8,218	9,079	9,222	8,742	19,440	19,902	21,163	20,594
Share Capital	100	100	100	100	117	117	117	117

Key Leverage Ratios

Liabilities to Equity (%)	153%	144%	156%	172%	80%	83%	89%	86%
Debt to Equity (%)	76%	69%	77%	80%	38%	37%	39%	39%
Net Debt to Equity (%)	44%	46%	60%	65%	-15%	-4%	9%	11%

* Deposits held by financial institutions included.

Appendix : Cash Flow

(Billion KRW)

	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Beginning Cash Balance	2,093	2,602	2,045	1,532	1,284	10,162	8,184	6,389
Cash Flows from Operating Activities	424	35	-250	770	396	-947	-876	847
Operating Profit/Loss	341	724	-373	76	259	196	522	237
Depreciation	318	349	378	407	417	431	479	514
Working Capital	75	Δ440	-778	-107	73	-1,374	-1,834	-158
Cash Flows from Investing Activities	-48	-717	-1,086	-926	-1,527	-1,319	-1,679	-1,736
Capex	-659	-731	-1,172	-1,470	-1,246	-1,452	-1,419	-2,174
Cash Flow from Financing Activities	89	122	770	-97	9,960	232	666	557
Borrowing/Repayment	54	38	856	-138	330	142	880	-212
Ending Cash Balance	2,602	2,045	1,532	1,284	10,162	8,184	6,389	5,938
Net Changes in Cash	508	-557	-513	-248	8,878	-1,978	-1,795	-451

1. The financial information stated herein has been prepared in the manner different from the standard applied to the cash flow statement of the auditor's report.

2. Deposits held by financial institutions included.

THANK YOU

