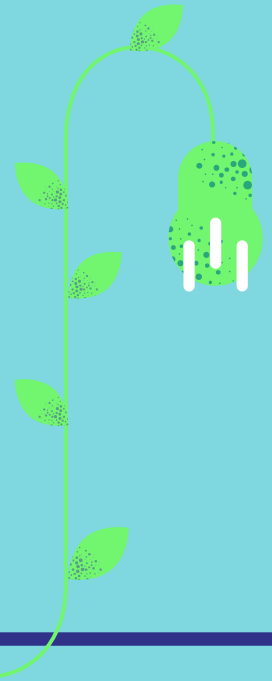
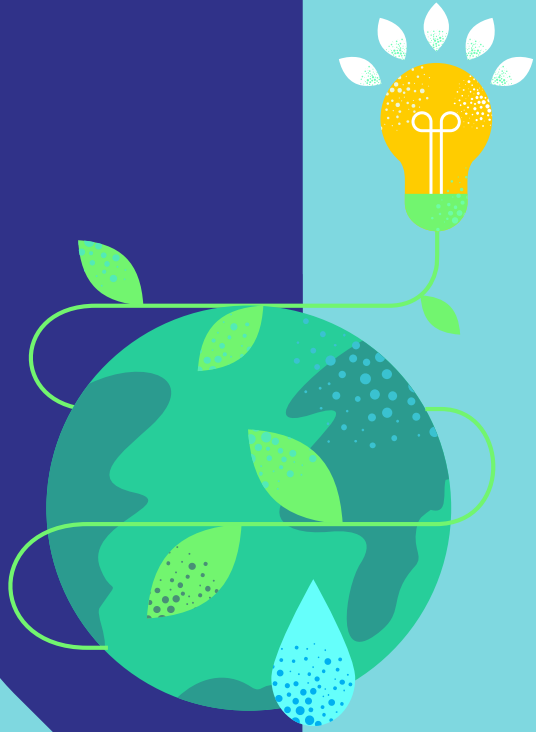


LG Energy Solution

Q3 2022 Earnings Conference Call



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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

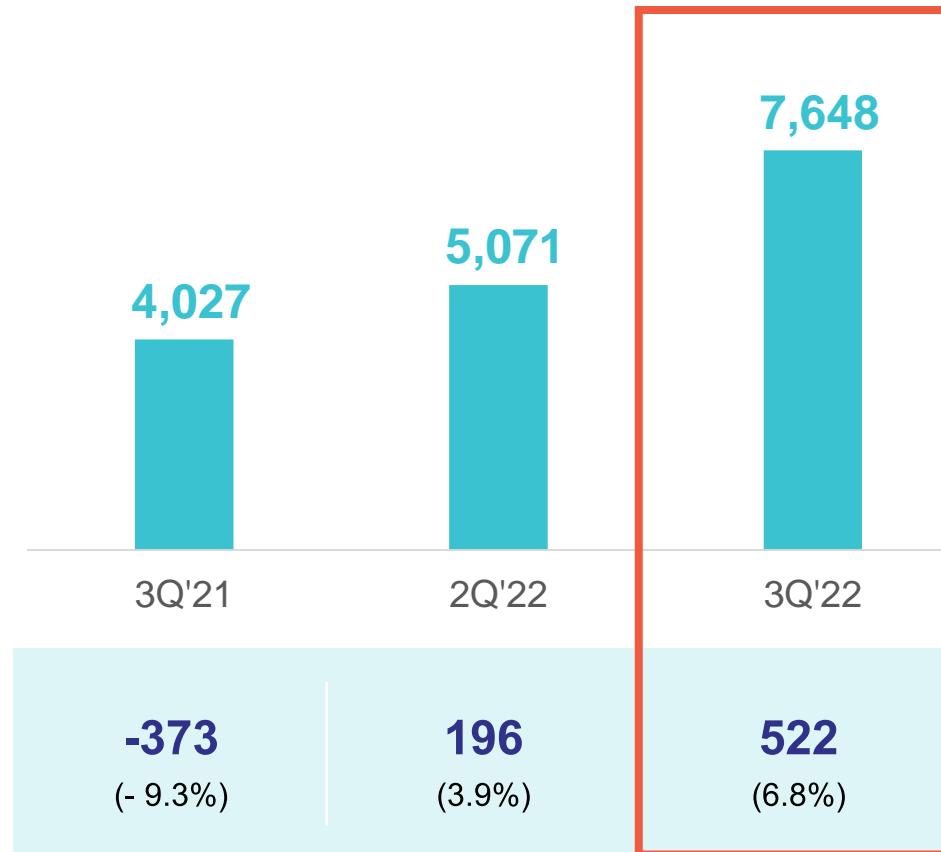


Q3'22 Business Performance



Revenue and Operating Profit Trend

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



* The Q3'21 business performance includes the one-off factors.



Performance Analysis

- ✓ A record-high quarterly revenue was posted in Q3'22. EV battery shipment increased thanks to improved demand in EU & North America compared to 1H'22. The sales of ESS for power grids in North America and newly launched IT devices also grew.
- ✓ The operating profit enhanced across all product line-ups due to economies of scale led by top-line growth, reflection of cost increase including raw material price into ASP, and productivity improvement.
- ✓ The continuing trend of a strong dollar against Korean won has been favorable.

Q3'22 Financial Position



Balance Sheet

(Billion KRW)

	4Q'21	2Q'22	3Q'22
Assets	23,764	36,434	39,888
Cash and Cash Equivalents, etc.*	1,284	8,184	6,389
Liabilities	15,022	16,532	18,725
Debt	6,969	7,441	8,321
Equity	8,742	19,902	21,163

*Deposits held by financial institutions included



Leverage Ratios

(% , X)

	4Q'21	2Q'22	3Q'22
Liabilities to Equity	172%	83%	89%
Debt to Equity	80%	37%	39%
Net Debt to Equity	65%	-4%	9%
Debt to EBITDA	3.1x	4.2x	3.0x

Q3'22 Cash Flow



Cash Flow

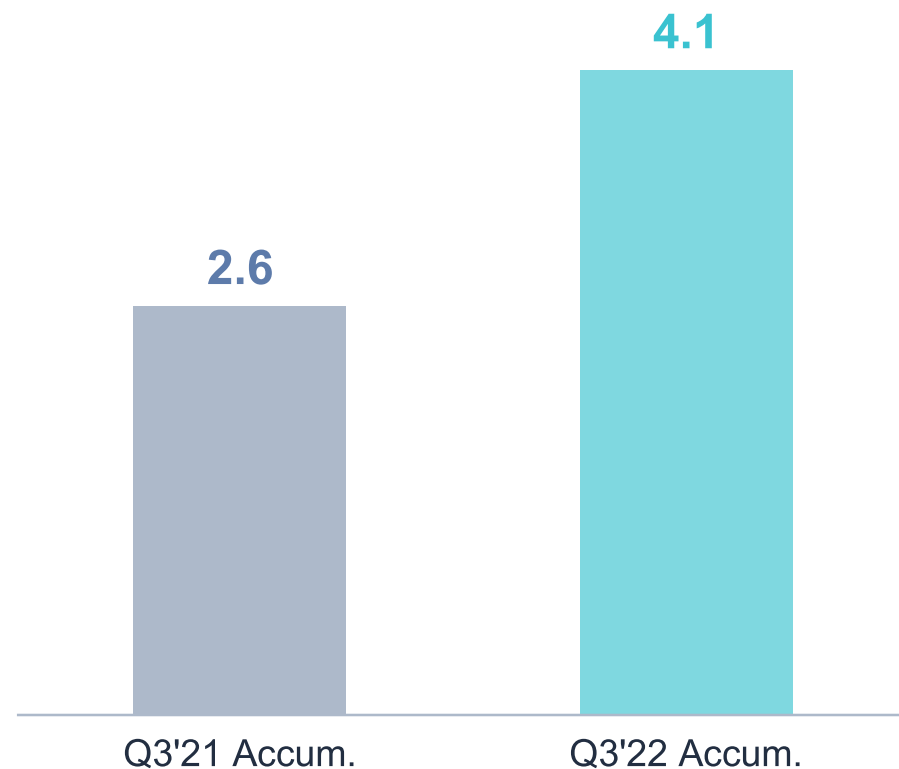
(Billion KRW)

	Q3'21	Q2'22	Q3'22
Beginning Cash Balance	2,044	10,162	8,184
Cash Flows from Operating Activities	(250)	(947)	(876)
Working Capital	(778)	(1,374)	(1,834)
Cash Flows from Investing Activities	(1,086)	(1,320)	(1,679)
Capex	(1,172)	(1,452)	(1,419)
Cash Flows from Financing Activities	769	231	666
Ending Cash Balance	1,532	8,184	6,389
Net Changes in Cash	(512)	(1,978)	(1,795)



Capex

(Trillion KRW)



*Deposits held by financial institutions included

SECTION

2

Business Strategy for North America



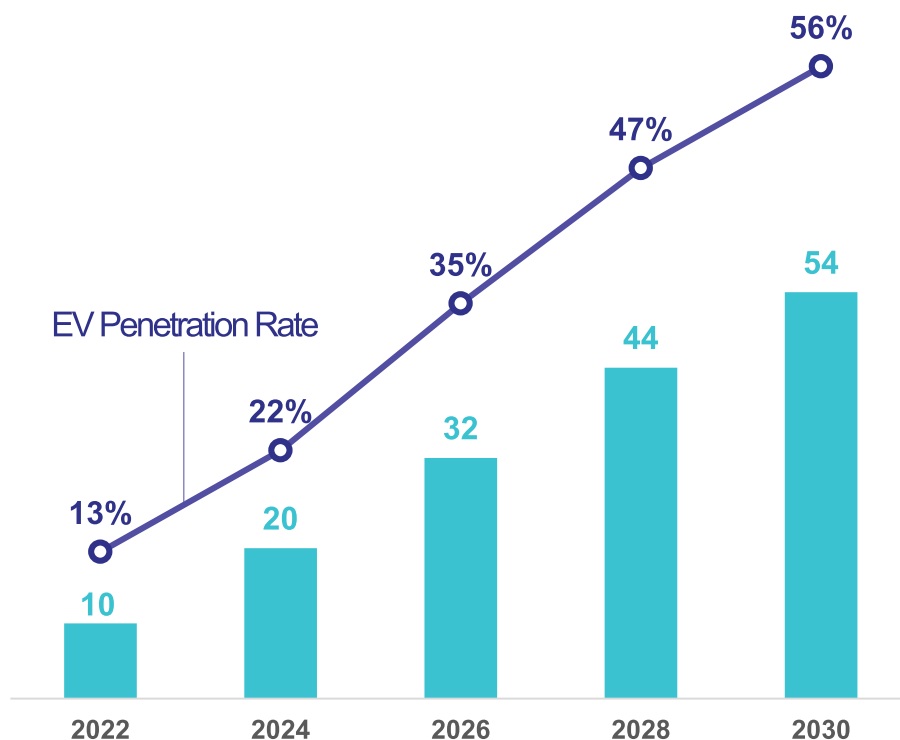
1 External Environment

► The Global EV Penetration is Expected to Expand by 2030, Driven by Relatively Stronger Growth in NA

Global EV Market Outlook

*EV= BEV + PHEV

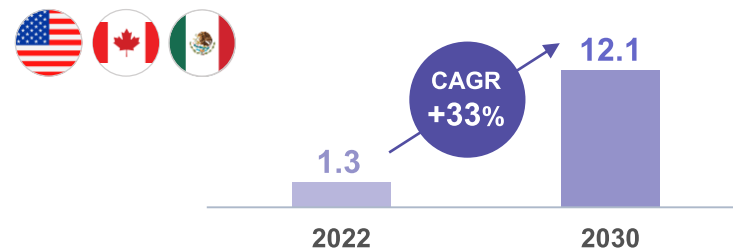
(Unit: million)



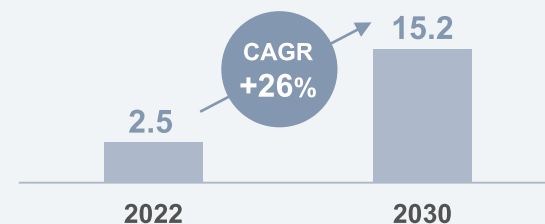
EV Market Forecast by Region

North America

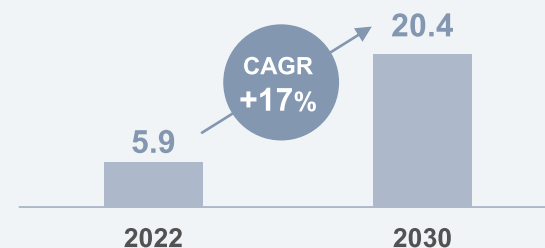
(Unit: million)



Europe



China



1 External Environment

▶ The Adoption of Various Clean Energy Policies in the US is Expected to Boost Battery Demand

IRA(Inflation Reduction Act)



Tax Credit for Battery Manufacturing

- Tax credit of US based battery production :
\$35/kWh for battery cell and \$10/kWh for battery module



Subsidy for EV Purchase

- Tax credit of up to \$7,500 for consumers of EVs assembled in NA
- Expansion of beneficiaries as a result of removal of the EV sales ceiling per OEM



Tax Credit for ESS Investment

- Extension of tax credit up to 50% for ESS investment until 2034

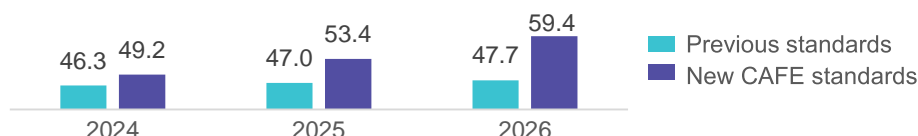
CAFE(Corporate Average Fuel Economy)



Tightened Fuel Efficiency Regulation Under the Current US Administration

- The OEMs that fail to meet the CAFE standards are liable for penalties

※ Average of OEM's Fuel Efficiency Standards for Passenger Cars (NHTSA*, unit: mi/gal)



Expected Changes in Battery Market



OEM's Production Portion for EV to Increase



Production Capacity in the US for EV & EV Batteries to Expand



Battery Supply Chain to be Localized

*NHTSA: National Highway Traffic Safety Administration

2 Key Capabilities in North America

- Market** | Enhance Market Proposition with Capacity Expansion Plan in North America
- Product** | Expand Product Line-up with EV Pouch, ESS and Cylindrical Batteries
- Customer** | Diversify Customer Portfolio by Securing Additional Key Customers
- Smart Factory** | Establish Global Integrated Management System by Digitalizing the Entire Manufacturing Processes

Joint Venture in NA

JV	Estimated Capacity
GM JV	
Phase 1	45 GWh
Phase 2	50 GWh
Phase 3	50 GWh
Stellantis JV	
NextStar Energy	45 GWh
Honda JV	
✓ NEW	40 GWh



Product Line-up

EV Pouch



ESS



Cylindrical



3 Localization of Value Chain

- ▶ **Strengthen the Supply Chain Eco System by Discovering New Local Suppliers, Building Strategic Partnership with the Existing Suppliers, and Expanding Direct Metal Sourcing**

Accelerate Localization of Raw Material/ Metal

- Localize sourcing for key raw materials via partnerships with major suppliers
- Secure metals and metal refineries in North America or from FTA countries with US

Expand Direct Metal Sourcing

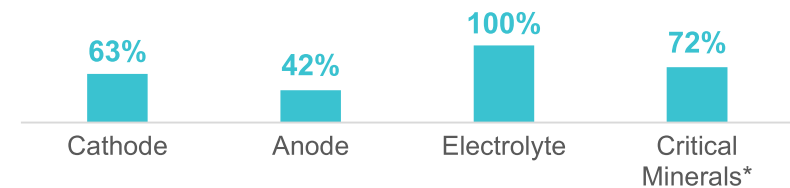
- Expand equity investment in metal producers (conversion plants, etc.) and increase long-term supply agreements
- Increase the proportion of direct metal sourcing, including Lithium, to 50% or more within 5 years

Establish Battery Recycling Eco System

- Build a closed-loop system of used battery collection and recycling based on partnerships with leading recycling companies

▶ North America Localization Target in 5 years

* Including sourcing within NA and US FTA countries



▶ Major Metal Sourcing Partners within US FTA Countries

Existing



Lithium

VULCAN ENERGIE
Zero Carbon Lithium®

Liontown

SIGMA
LITHIUM

SQM
Solutions
for human
progress

Nickel/Cobalt

**QUEENSLAND
PACIFIC METALS**

New



AVALON
ADVANCED MATERIALS INC.
CRITICAL MINERALS FOR A SUSTAINABLE FUTURE

SNOW LAKE ⚡ LITHIUM

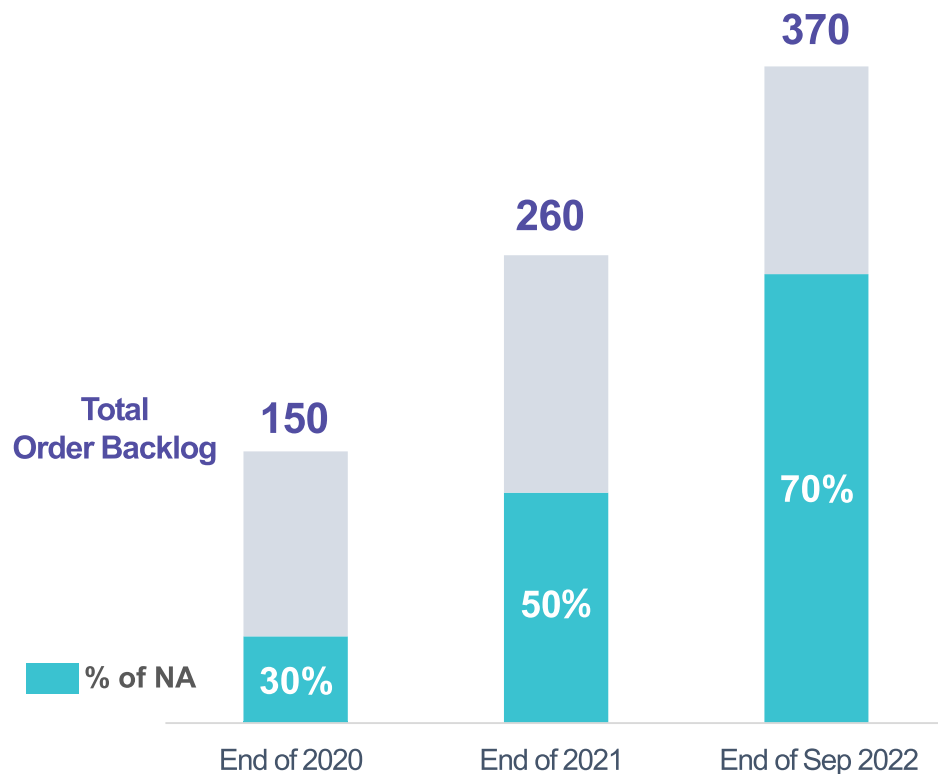
Electra
Battery Materials

4 Achievement Targets

- **Secure a Clear Competitive Edge in Profitability and Solidify a Global Leading Position Based on Firm Order Backlog and Core Competencies**

Order Backlog Trend

(Trillion KRW)



Deliver Outstanding Revenue Growth and Profitability
based on the solid order backlog

+

Solidify Global Market Leading Position
based on strategic partnerships with OEMs

+

Provide Differentiated Operational Capability and Productivity
with Smart Factory

SECTION

3 Appendix



Appendix : Income Statement

(Billion KRW)

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

1. The performance of the 2nd quarter of 2021 includes a one-off license revenue from SKI and a one-off recall expense.

2. The performance of the 3rd quarter of 2021 includes a one-off expense for GM recall.

Appendix : Financial Position

(Billion KRW)

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

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

* Deposits held by financial institutions included.

Appendix : Cash Flow

(Billion KRW)

	2021				2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Beginning Cash Balance	2,093	2,602	2,045	1,532	1,284	10,162	8,184
Cash Flows from Operating Activities	424	35	- 250	770	396	- 947	- 876
Operating Profit/Loss	341	724	- 373	76	259	196	522
Depreciation	318	349	378	407	417	431	479
Working Capital	75	- 440	- 778	- 107	73	- 1,374	- 1,834
Cash Flows from Investing Activities	- 48	- 717	- 1,086	- 926	- 1,527	- 1,320	- 1,679
Capex	- 659	- 731	- 1,172	- 1,470	- 1,246	- 1,452	- 1,419
Cash Flow from Financing Activities	89	122	770	- 97	9,960	231	666
Borrowing/Repayment	54	38	856	- 138	330	142	880
Ending Cash Balance	2,602	2,045	1,532	1,284	10,162	8,184	6,389
Net Changes in Cash	508	- 557	- 513	- 248	8,878	- 1,978	- 1,795

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

