

LG Energy Solution

Q4 2025 | Earnings Conference Call

The logo for LG Energy Solution, featuring a stylized 'L' and 'G' intertwined within a circle, followed by the company name in a sans-serif font.

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Q4 2025 Earnings Conference Call

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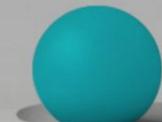
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Disclaimer

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 aforementioned statements.

Part.1

Business Performance

2025 Reflection

Q4'25 Business Performance

Financial Position

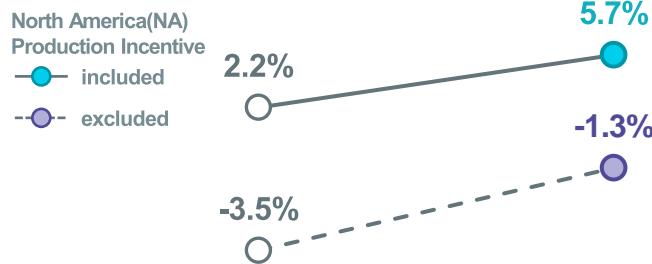
Cash Flow and EBITDA

2025 Reflection

Revenue/Profitability

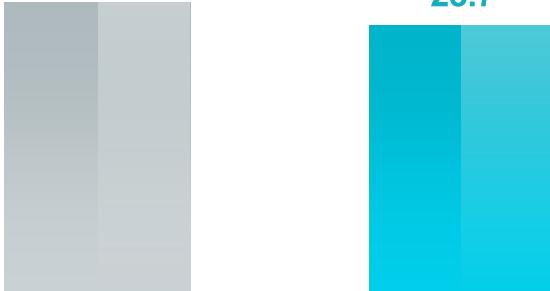
(Trillion KRW)

Operating Profit Margin



Revenue

25.6 23.7



Key Highlight

Financial

- Revenue decreased due to major customer's EV sales slowdown despite solid growth in ESS through proactive expansion of LFP capacity in North America(NA)
- Profitability improved YoY through enhancement of product mix, material cost ratio by sourcing cost competitive materials, and production incentive received driven by stable NA sales
- Working capital efficiency improved through inventory reduction and SCM optimization based on production localization

Asset Management Optimization

- Reduction of new investments and increased utilization of idle lines through the reallocation of capacity between EV and ESS
- Improvement of capabilities to respond to demand for mid-to-low end solutions such as HV Mid-Ni and LFP through early establishment of production sites
- Enhancement of capital management efficiency through the sales of non-core assets, such as JV plant building in NA

Product & Customer Diversification

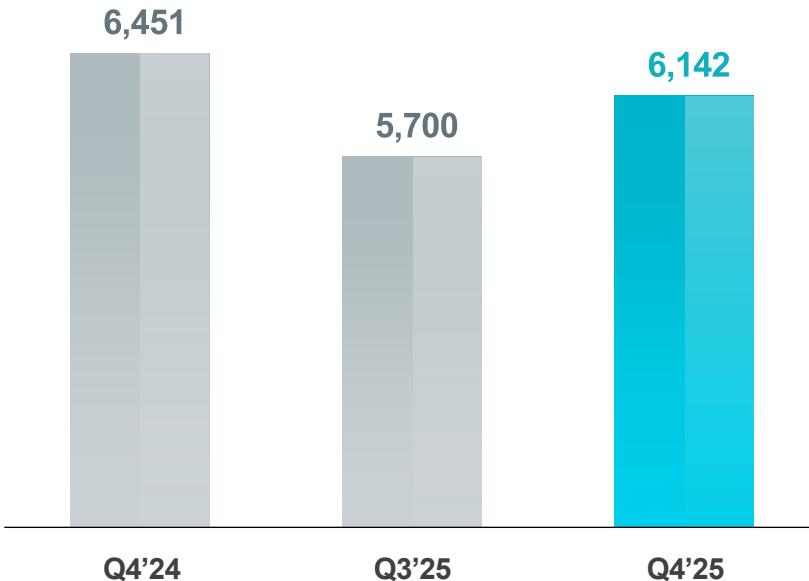
- 【 46 Series 】 Start of production in Ochang, customer expansion toward traditional OEMs and Chinese OEMs, achieving 300GWh+ of order backlog
- 【 ESS 】 Securing order backlog of 140GWh through local LFP production in NA, diversification of pouch and prismatic products, and enhancement of differentiated product competitiveness based on SI* capabilities

* SI : System Integration

Q4'25 Business Performance

Revenue

(Billion KRW)



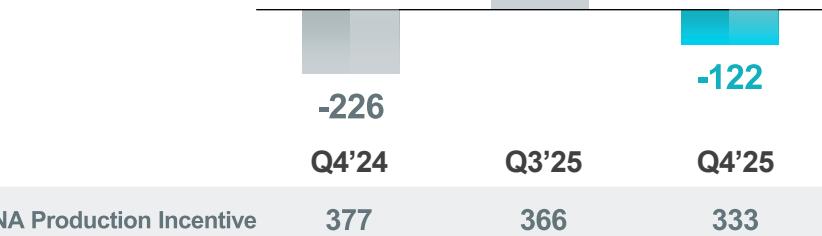
Operating Profit

(Billion KRW)

Operating Profit Margin



Operating Profit



NA Production Incentive

377

366

333

Despite the EV pouch sales decrease caused by the impact of the EV subsidy termination and the year-end inventory adjustment of OEMs, Revenue increased by +8% QoQ, due to significant ESS sales growth in NA and solid demand from cylindrical for strategic EV customer

Despite the efforts to reduce costs in major items, the deterioration of product mix resulting from customer's EV sales slowdown in NA and the initial cost burden from operation of additional ESS production lines, led to Operating Loss of 122 billion KRW. NA Production Incentive decreased QoQ to 333 billion KRW according to the EV battery volume decrease

Financial Position

Financial Position

(Billion KRW)

	Q4'24	Q3'25	Q4'25
Asset	60,307	67,010	67,148
Cash and Cash Equivalents, etc.*	3,899	5,324	3,779
Liabilities	29,340	37,273	37,826
Debt	15,391	22,728	22,512
Equity	30,967	29,737	29,322

Leverage Ratio

Liabilities to Equity

Debt to Equity

Net Debt to Equity



* Deposits held by financial institution included

2025 Cash Flow and EBITDA

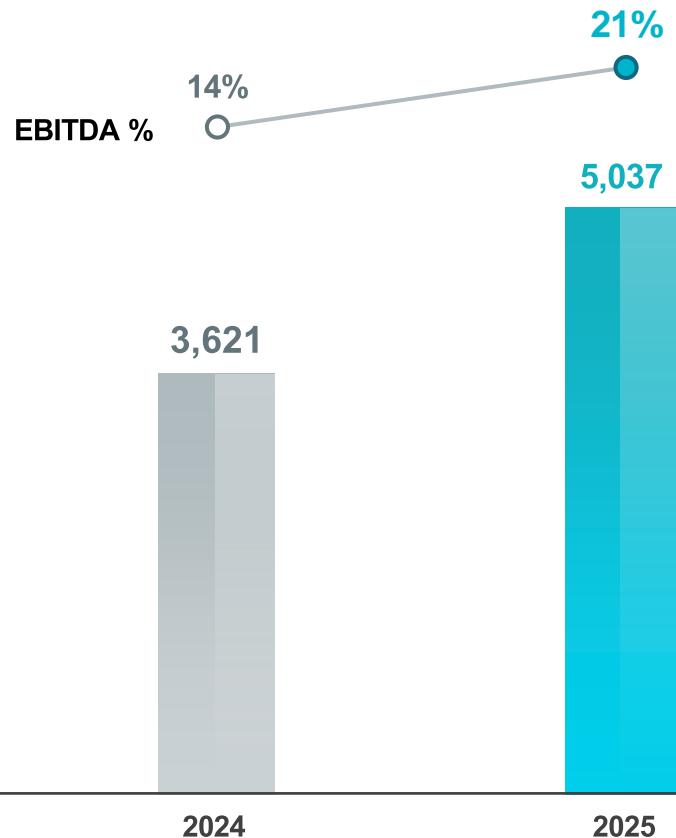
Cash Flow

(Billion KRW)

	'25.3Q	'25.4Q	2025
Beginning Cash Balance	5,440	5,324	3,899
Cash Flow from Operating Activities	1,267	1,753	4,432
EBITDA	1,519	913	5,037
Working Capital	-958	891	282
Cash Flow from Investing Activities	-2,463	-2,261	-10,881
Capex	-2,171	-2,515	-10,417
Cash Flow from Financing Activities	999	-1,111	6,286
Net Changes in Cash	-117	-1,544	-119
Ending Cash Balance	5,324	3,779	3,779

EBITDA

(Billion KRW)



* Note : Deposits held by financial institutions included in Beginning/Ending Cash Balance

Part.2

2026 Business Strategy

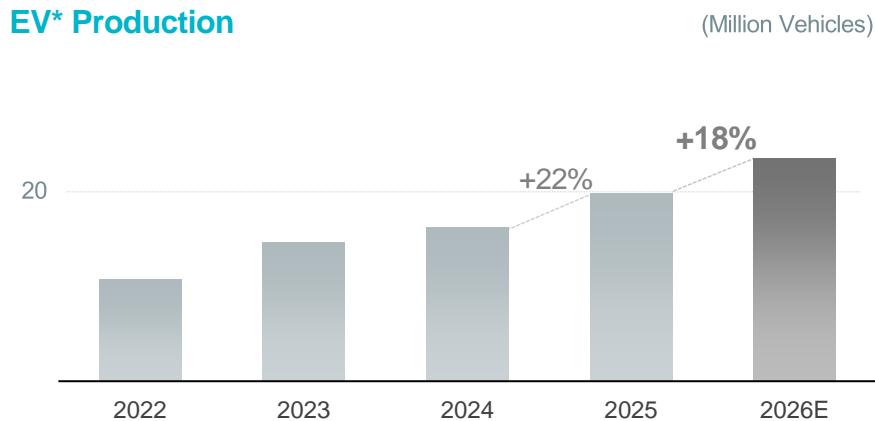
Market Outlook

Growth Strategy

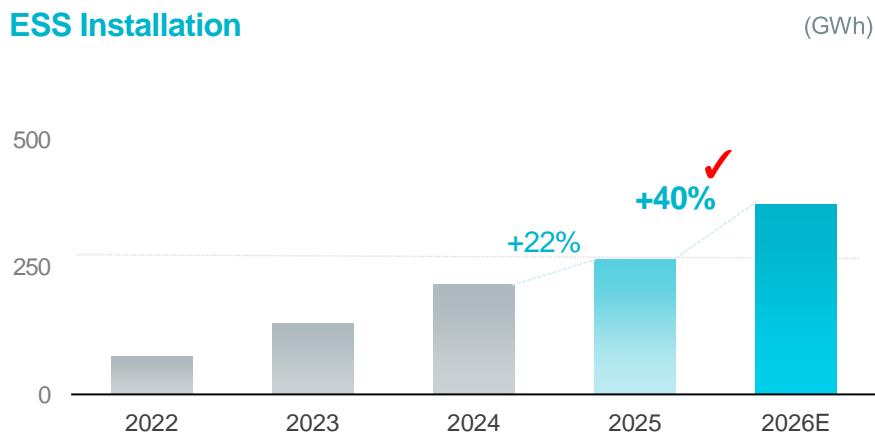
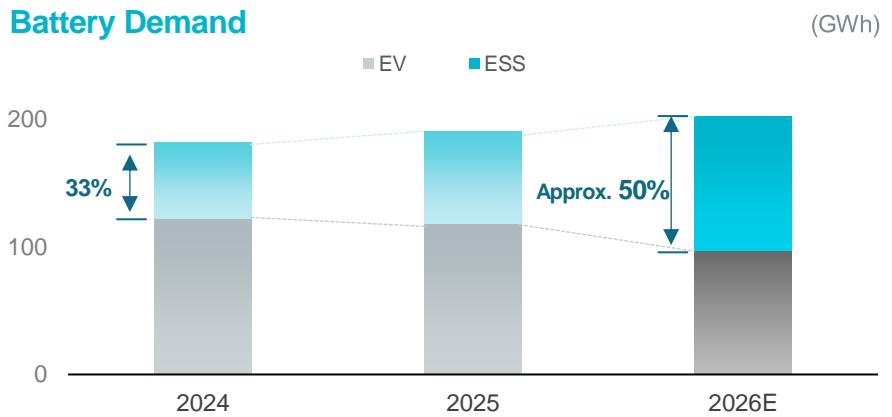
Annual Guidance

Market Outlook

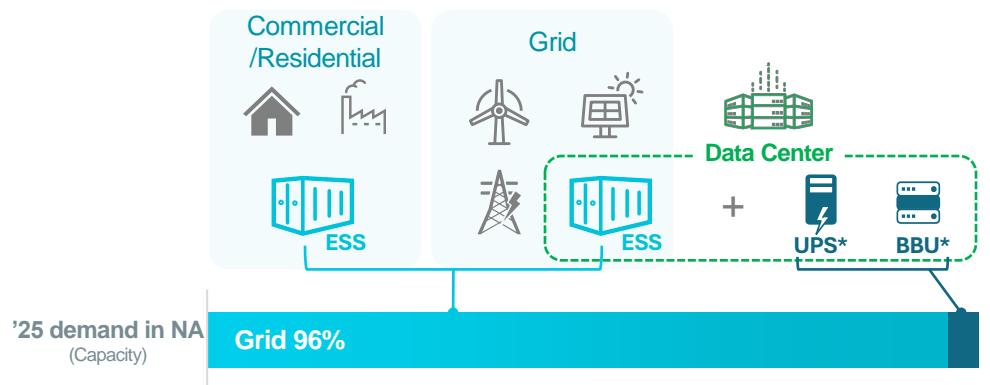
Global Demand Trend



Battery Demand in North America



ESS Application



* Source : (EV) IHS Markit, (ESS) Market Data and Company

* EV=BEV+PHEV

Growth Strategy

ESS

Growth based on Solid Orders

New Orders



Strengthening Operation Excellencies

Global ESS Capacity



EV

Expand Product Line-up Tailored to Customer Needs

Mid/Low-end Market Solutions

- Mass production of LFP and HV Mid-Ni in Q1'26
- Convert lines for LMR prismatic production by 2026

46 Series

- Boost fast charging performance in 46 Series
- Begin Arizona production by the end of 2026

Expansion of Product Line-up

- Expedite response to HEV, where stable demand is expected, with small size batteries

New Business/Future Technology

New Business

- Expand opportunities to enter new applications such as robots, ships and UAM*
- Develop EMO* based on ESS Battery Data

Future Technology

- Pursue mass production feasibility through operation of LFP pilot line w/ dry electrode process
- Develop materials and process for commercialization of all solid-state/sodium batteries

* UAM : Urban Air Mobility

EMO : Energy Management Optimizer

Enhance Grid-centered Pipeline

- Continue securing large-scale long-term orders from key Utilities/Developers in NA region

Expand Market Exposure with UPS/BBU

- Enlarge UPS sales with high-power NCM pouch
- Address high-growth markets with the development of new high-power tabless 2170 batteries

Customer Value Support by Providing SI Based Total Solution

- Meet customers' needs by providing turnkey solution (HW and SI-based SW)

Annual Guidance

Revenue

Target to grow between +Mid-teen ~ +20% YoY of Revenue through stable growth of cylindrical battery business and maximization of ESS supply based on already secured order backlogs, despite slowing EV demand in NA

Operating Profit Margin

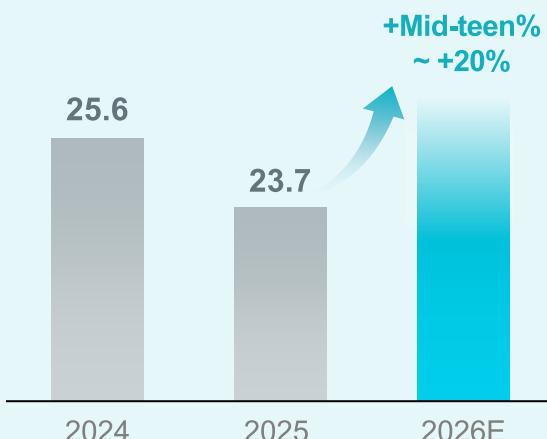
Target for +Mid-single% of OP Margin* and achieve operating profit amount growth based on increase of ESS supply, pursuit of stable operation, improvement of structural cost competitiveness and operational efficiency

Capex

Target to reduce Capex by more than -40% YoY with a focus on cash flow management by minimizing new investments, maximizing the utilization of existing lines, and prioritizing key investments that link to revenue growth

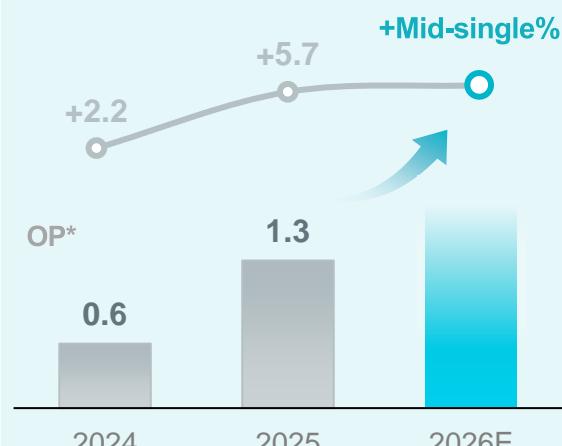
Revenue

(Trillion KRW)



OPM*

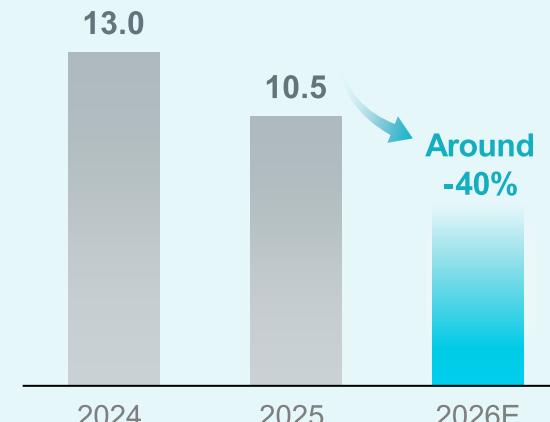
(Trillion KRW)



* Including North America Production Incentive

Capex

(Trillion KRW)



Part.3

Appendix

Income Statement

Financial Position

Cash Flow

Income Statement

	2023	2024					2025				
(Billion KRW)	FY	Q1	Q1	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue	33,745	6,129	6,162	6,878	6,451	25,620	6,265	5,565	5,700	6,141	23,672
Cost of Goods Sold	28,802	5,205	5,469	5,621	5,919	22,214	5,253	4,563	4,253	5,371	19,440
Gross Profit	4,943	924	693	1,257	532	3,406	1,012	1,002	1,447	771	4,232
(%)	14.6%	15.1%	11.2%	18.3%	8.2%	13.3%	16.2%	18.0%	25.4%	12.6%	17.9%
SG&A	3,457	956	945	1,275	1,135	4,311	1,095	1,001	1,211	1,226	4,533
Operating Profit	2,163	157	195	448	-226	575	375	492	601	-122	1,346
(%)	6.4%	2.6%	3.2%	6.5%	-3.5%	2.2%	6.0%	8.8%	10.5%	-2.0%	5.7%
Operating Profit (Excluding Production Incentive)	1,486	-32	-252	-18	-603	-905	-83	1	236	-455	-301
(%)	4.4%	-0.5%	-4.1%	-0.3%	-9.3%	-3.5%	-1.3%	0.0%	4.1%	-7.4%	-1.3%
EBITDA*	4,450	816	930	1,241	633	3,621	1,231	1,375	1,519	913	5,037
(%)	13.2%	13.3%	15.1%	18.0%	9.8%	14.1%	19.7%	24.7%	26.6%	14.9%	21.3%
Net Income before Tax	2,043	223	91	339	-304	349	365	-27	553	-476	414
(%)	6.1%	3.6%	1.5%	4.9%	-4.7%	1.4%	5.8%	-0.5%	9.7%	-7.8%	1.7%
Net Income	1,638	212	-24	561	-411	339	227	91	536	-772	81
(%)	4.9%	3.5%	-0.4%	8.2%	-6.4%	1.3%	3.6%	1.6%	9.4%	-12.6%	0.3%

* North America Production Incentive included

Financial Position

(Billion KRW)	FY	2023				2024				2025			
		Q1	Q1	Q3	Q4	Q1	Q1	Q3	Q4	Q1	Q1	Q3	Q4
Assets	45,437	49,275	51,501	56,627	60,307	62,299	62,983	67,010	67,148				
Cash and Cash Equivalents, etc.*	5,069	5,288	3,871	5,385	3,899	3,574	5,440	5,324	3,779				
Account Receivables	5,128	4,651	5,097	5,361	4,944	5,317	4,595	4,849	4,311				
Inventory	5,396	5,658	5,552	5,366	4,552	4,282	4,054	4,883	4,350				
PP&E	23,655	26,532	29,950	32,658	38,350	40,290	39,999	42,855	40,795				
Liabilities	21,064	22,571	23,869	28,130	29,340	31,028	34,682	37,273	37,826				
Account Payables	3,094	3,149	2,984	2,940	2,705	2,831	2,207	2,332	2,153				
Debt	10,932	12,858	13,274	16,899	15,391	17,613	20,857	22,728	22,512				
Equity	24,374	26,705	27,632	28,498	30,967	31,271	28,300	29,737	29,322				
Share Capital	117	117	117	117	117	117	117	117	117				

Leverage Ratios

Liabilities to Equity	86%	85%	86%	99%	95%	99%	123%	125%	129%
Debt to Equity	45%	48%	48%	59%	50%	56%	74%	76%	77%
Net Debt to Equity	24%	28%	34%	40%	37%	45%	54%	59%	64%

* Deposits held by financial institution included.

Cash Flow

(Billion KRW)	FY	2024					2025				
		Q1	Q1	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Beginning Cash Balance	5,938	5,069	5,288	3,871	5,385	5,069	3,899	3,574	5,440	5,324	3,899
Cash Flows from Operating Activities	4,444	531	836	562	3,182	5,112	1,162	250	1,267	1,753	4,432
Operating Profit	2,163	157	195	448	-226	575	375	492	601	-122	1,346
Depreciation	2,284	659	735	793	859	3,046	858	883	917	1,035	3,691
Working Capital	495	272	-505	1	996	763	22	326	-958	891	282
Cash Flows from Investing Activities	-9,719	-3,464	-2,776	-3,062	-2,763	-12,065	-3,441	-2,717	-2,463	-2,261	-10,881
Investment in Facilities	-10,891	-2,903	-2,885	-3,118	-3,642	-12,547	-3,014	-2,717	-2,171	-2,515	-10,417
Cash Flows from Financing Activities	4,355	3,007	453	4,128	-2,206	5,382	1,950	4,447	999	-1,111	6,286
Borrowing/Repayment	2,823	1,925	416	2,757	-1,508	3,590	2,222	3,244	1,872	-216	7,122
Net Changes in Cash	-869	220	-1,417	1,514	-1,486	-1,170	-325	1,867	-117	-1,544	-119
Ending Cash Balance	5,069	5,288	3,871	5,385	3,899	3,899	3,574	5,440	5,324	3,779	3,779

1. The financial information states 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 institute included.

EMPOWER EVERY POSSIBILITY

Our solutions empower humanity, things, and nature to
reach their full potential, and to be more alive.