LG Energy Solution

Q2 2026 | 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 review by external auditors. Please note that some of the information contained herein may change in the course of the final review 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.

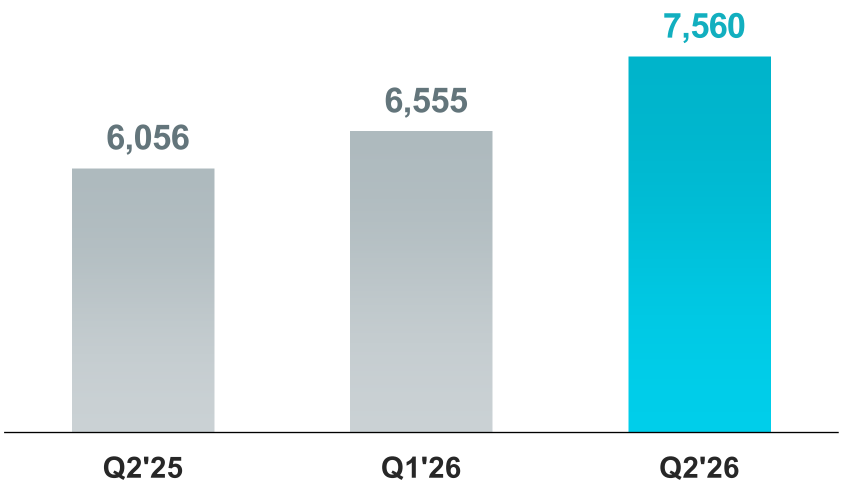
Part.1

Financial Performance

Business Performance

Revenue

(Billion KRW)



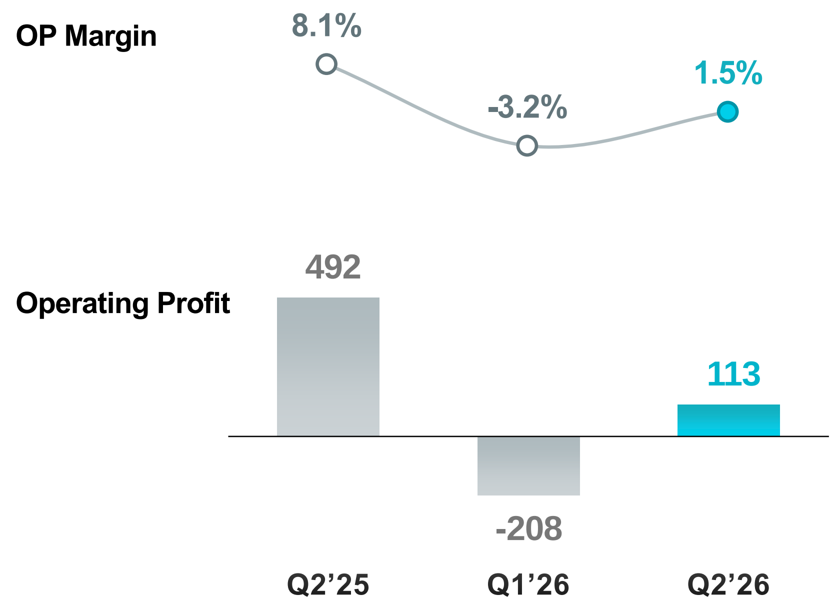
North America Production Incentive Effect

Q2'25	Q1'26	Q2'26
491	190	241

Revenue increased QoQ, thanks to higher shipments of EV pouch in Europe, stable demand for EV cylindrical from strategic customer and increased ESS volume driven by the sequential expansion of capacity in North America. Reflecting the growth in ESS sales, North America Production Incentive Effect recorded 241billion KRW.

Operating Profit

(Billion KRW)



Operating profit turned positive, supported by increased sales mix of cylindrical with solid profitability, improved utilization rate in Europe, and gradual reduction of fixed-cost burden due to the improvement of ESS production in North America.

* Note : Starting from the fiscal year 2026, North America Production Incentive will be consolidated into the revenue figures due to changes in accounting presentation methods. For comparison purposes, past financial figures will also be adjusted accordingly.

Financial Position

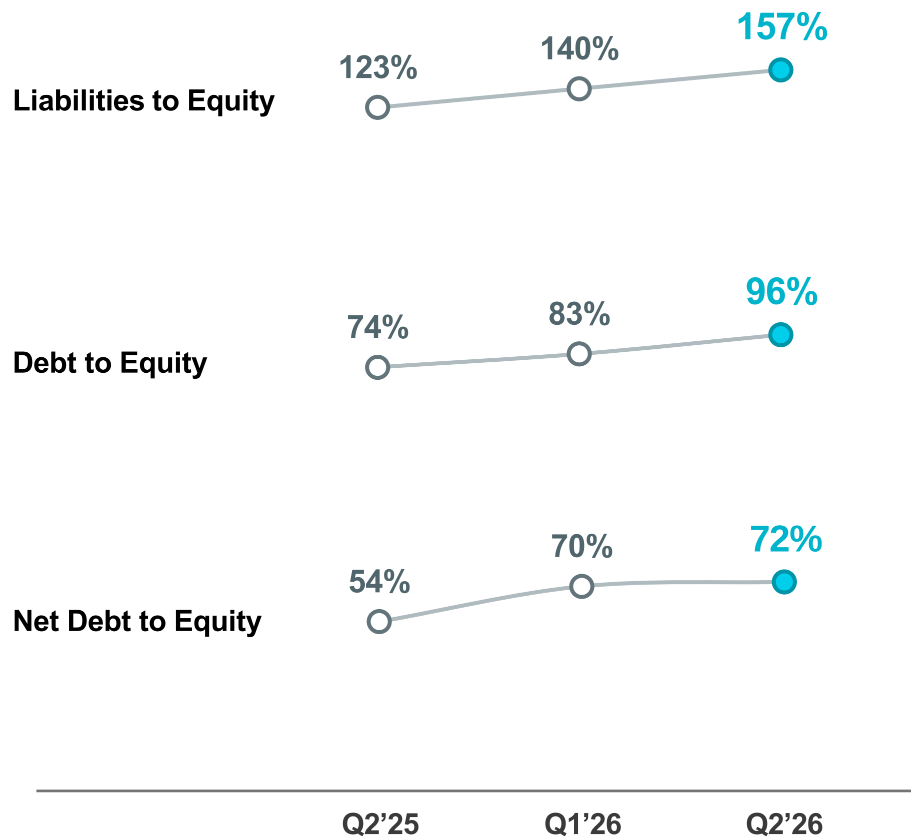
Financial Position

(Billion KRW)

	Q2'25	Q1'26	Q2'26
Asset	**62,983**	**71,806**	**77,878**
Cash and Cash Equivalents, etc.*	5,440	3,745	7,170
Liabilities	**34,682**	**41,889**	**47,591**
Debt	20,857	24,682	29,123
Equity	**28,300**	**29,916**	**30,287**

* Note : Deposits held by financial institution included

Leverage Ratios



Cash Flow and Capex

Cash Flow

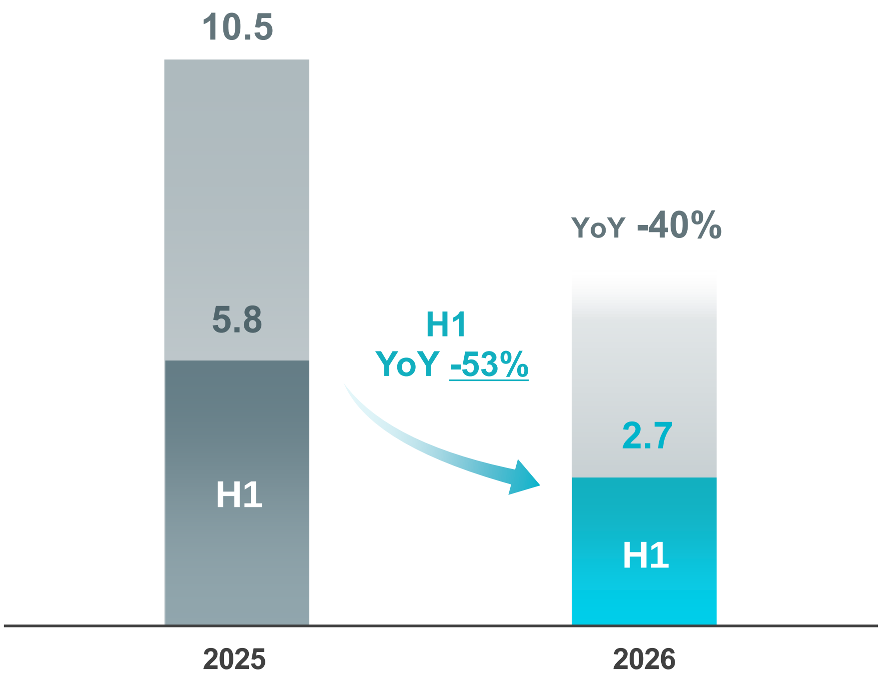
(Billion KRW)

	Q1'26	Q2'26
Beginning Cash Balance	**3,779**	**3,745**
Cash Flow from Operating Activities	(316)	25
EBITDA	887	1,330
Working Capital	(1,044)	(1,185)
Cash Flow from Investing Activities	(1,020)	1,788
Capex	(1,648)	(1,041)
Cash Flow from Financing Activities	1,189	1,468
Net Changes in Cash	**(34)**	**3,425**
Ending Cash Balance	**3,745**	**7,170**

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

Capex

(Trillion KRW)



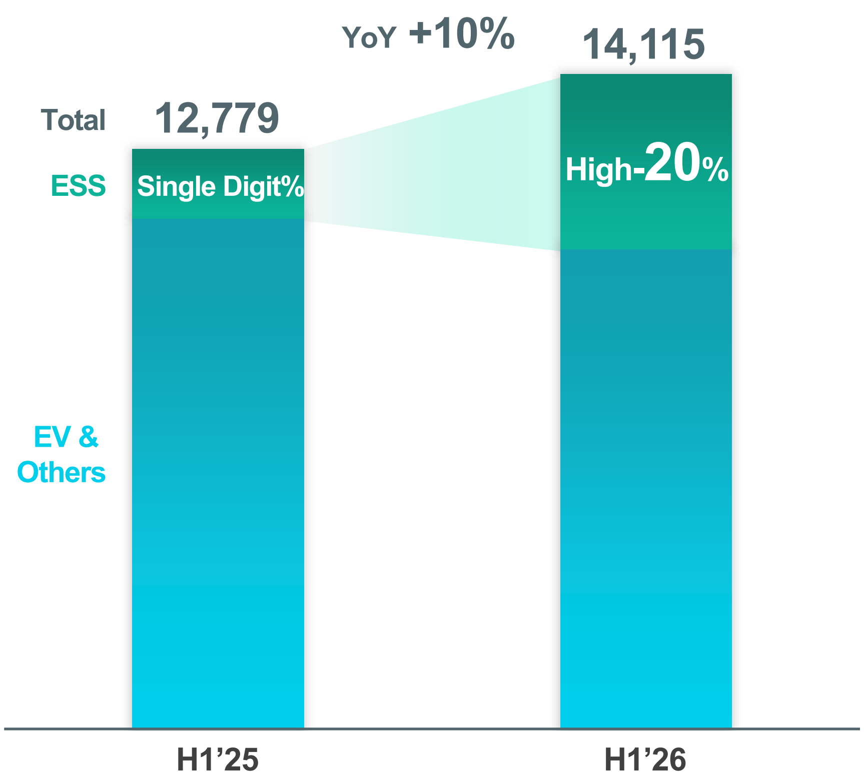
Part.2

Key Achievements and Initiatives

H1'26 Reflection

Revenue Trend

(Billion KRW)



Progress

▶ ESS

Secured growth momentum through active response to demand by utilizing 5 production sites in North America

- **YoY 4.6x** First Half Revenue Growth
- **More than 3Trn KRW** New Contracts incl. AI DC
- **Stable SOP** New ESS Sites (UC Phase2, Honda JV)

* SOP : Start of Production

▶ EV

Improved utilization rate of EU & Asia through shipment of affordable solution as well as 46-series

- **Mid-30%** Volume Mix* of Affordable Solution
- **YoY 1.5x** EV Cylindrical Shipment incl. 46-series
- **3 Consecutive Quarters** Shipment Increase in Europe/Asia

* Within Automotive Battery Division

Market Trend

Market Environment

ESS Growth of New FTM Projects + Further Expansion of the Demand-driven BTM Market

FTM — **BTM** — *Data Center*

Power Plant | **Grid** (Stand-alone ESS)

Surge of Power Demand and Grid Stabilization Needs

- Expanding renewable integration and standalone ESS PJTs
- Increasing demand for longer duration (Less than 4h → Max. 8h)

Micro-Grid (Power Generator + BESS)

Increased Urgency for Power Supply / Grid Connection

- Mitigating risk of grid approval delays and reducing bottleneck of power supply
- ESS becoming an essential component to reduce power load volatility

Back-up (UPS, BBU)

Acceleration of AI DC Expansion

- Enlarging scale of UPS/BBU installation
- Increasing demand for high power products

* FTM(Front-of-the-Meter) : Power supply areas such as generation sources and transmission/distribution grids
BTM(Behind-the-Meter) : Power consumption areas such as commercial facilities and factories

EV Growing Demand for 46-Series Driven by Needs for Enhanced Safety & EV Performance

- Tightening Thermal Safety Regulations Centered around Europe
- Expanding CTx Adoption in Customers' Next-gen EV Models

- High Energy Density
- High Thermal Stability
- Structural Robustness
- Convenient Design of Cooling Systems
- Scalability of Module/Pack Design

* CTx : A method of mounting cells directly to the vehicle body structure such as Cell-to-Pack, Cell-to-Chassis, Cell-to-Vehicle

Differentiation Strategy

- ✓ Meet Customers' Non-PFE Requirements Based on the Largest Local Capacity in NA
- ✓ Respond to All AI DC Related ESS Applications (BESS + UPS + BBU)
- ✓ Provide End-to-End Solutions Based on SI Turnkey(HW + SW) Capabilities

* SI : System Integration

- ✓ Respond to Demand for Cylindrical by Region Based on the Largest Number of Global Production Sites
- ✓ Meet Customers' Needs for Design Flexibility with Diverse Product Line-up (4680 to 46120)
- ✓ Secure 10-Minute Fast Charging Spec. and Reinforce Pack Design Technology to Enhance Safety

H2'26 Action Plan

ESS

Improving Profitability & Expanding Order Momentum
Through Optimization of Operation

- Enhance productivity and improve profitability through stable expansion of production sites in North America and addition of pack & link capacity
- Pursue new orders for large-scale, renewable-linked ESS projects and data center infrastructure in North America

EV

Securing Orders & Improving Utilization Rate
Through Stable Operation Deployment

- Prepare Arizona cylindrical production line with equipment efficiency improved by 50% and secure additional customer demand for the 46-Series
- Stably operate EV pouch capacity in North America/Europe and continue securing orders for Mid-Ni products with improved specification in Europe

Product /Technology

Preparing for Future Markets
Through Advancement of Existing Products and Next-gen. Batteries

- Mass produce high-power Tabless 2170 cylindrical in full scale and expand applications such as BBU and robots.
- Accelerate product development and prepare production lines for Sodium batteries to enable sample shipments to ESS customers in 2027
- Prepare Dry-Electrode process applied pilot line for All-Solid-State-batteries

Part.3

Appendix

Income Statement

(Billion KRW)	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025 FY	2026 Q1	2026 Q2
Revenue (Incl. North America Production Incentive Effect)	**6,723**	**6,056**	**6,065**	**6,474**	**25,319**	**6,555**	**7,560**
Cost of Goods Sold	5,253	4,563	4,253	5,371	19,440	5,314	6,015
Gross Profit	**1,470**	**1,493**	**1,812**	**1,104**	**5,879**	**1,241**	**1,545**
(%)	21.9%	24.6%	29.9%	17.0%	23.2%	18.9%	20.4%
SG&A	1,095	1,001	1,211	1,226	4,533	1,449	1,432
Operating Profit	**375**	**492**	**601**	**(122)**	**1,346**	**(208)**	**113**
(%)	5.6%	8.1%	9.9%	(1.9%)	5.3%	(3.2%)	1.5%
EBITDA	**1,231**	**1,375**	**1,519**	**913**	**5,037**	**887**	**1,330**
(%)	18.3%	22.7%	25.0%	14.1%	19.9%	13.5%	17.6%
Net Income before Tax	**365**	**(27)**	**553**	**(476)**	**414**	**(859)**	**(128)**
(%)	5.4%	(0.4%)	9.1%	(7.4%)	1.6%	(13.1%)	(1.7%)
Net Income	**227**	**91**	**536**	**(772)**	**81**	**(944)**	**(329)**
(%)	3.4%	1.5%	8.8%	(11.9%)	0.3%	(14.4%)	(4.3%)
North America Production Incentive Effect	**458**	**491**	**365**	**333**	**1,647**	**190**	**241**

The above financial figures for 2025 have been recalculated using the same standards for comparison with the current year's performance.
This information is provided for the convenience of investors and has not yet been reviewed by an external auditor.

Financial Position

(Billion KRW)	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2
Assets	**62,299**	**62,983**	**67,010**	**67,148**	**71,806**	**77,878**
Cash and Cash Equivalents, etc.*	3,574	5,440	5,324	3,779	3,745	7,170
Account Receivables	5,317	4,595	4,849	4,311	5,157	5,975
Inventory	4,282	4,054	4,883	4,350	5,354	6,445
PP&E	40,290	39,999	42,855	40,795	42,538	45,923
Liabilities	**31,028**	**34,682**	**37,273**	**37,826**	**41,889**	**47,591**
Account Payables	2,831	2,207	2,332	2,153	2,957	3,683
Debt	17,613	20,857	22,728	22,512	24,682	29,123
Equity	**31,271**	**28,300**	**29,737**	**29,322**	**29,916**	**30,287**
Share Capital	117	117	117	117	117	117

Leverage Ratios

	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2
Liabilities to Equity	**99%**	**123%**	**125%**	**129%**	**140%**	**157%**
Debt to Equity	**56%**	**74%**	**76%**	**77%**	**83%**	**96%**
Net Debt to Equity	**45%**	**54%**	**59%**	**64%**	**70%**	**72%**

* Deposits held by financial institution included.

Cash Flow

(Billion KRW)	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025 FY	2026 Q1	2026 Q2
Beginning Cash Balance	**3,899**	**3,574**	**5,440**	**5,324**	**3,899**	**3,779**	**3,745**
Cash Flows from Operating Activities	**1,162**	**250**	**1,267**	**1,753**	**4,432**	**(316)**	**25**
Operating Profit	375	492	601	(122)	1,346	(208)	113
Depreciation	856	883	917	1,035	3,691	1,095	1,217
Working Capital	22	326	(958)	891	282	(1,044)	(1,185)
Cash Flows from Investing Activities	**(3,441)**	**(2,717)**	**(2,463)**	**(2,261)**	**(10,881)**	**(1,020)**	**1,788**
Investment in Facilities	(3,014)	(2,717)	(2,171)	(2,515)	(10,417)	(1,648)	(1,041)
Cash Flows from Financing Activities	**1,950**	**4,447**	**999**	**(1,111)**	**6,286**	**1,189**	**1,468**
Borrowing/Repayment	2,222	3,244	1,872	(216)	7,122	2,170	4,441
Net Changes in Cash	**(325)**	**1,867**	**(117)**	**(1,544)**	**(119)**	**(34)**	**3,425**
Ending Cash Balance	**3,574**	**5,440**	**5,324**	**3,779**	**3,779**	**3,745**	**7,170**

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.

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

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