

WeConnectScience

LG Chem

Corporate Value-up Plan

Nov. 2024

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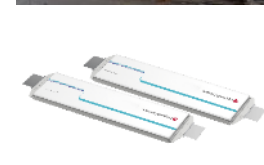
General Overview and History / Vision

WeConnectScience

To achieve our vision,
"We Connect Science to life for a Better Future",
 LG Chem will become
Top Global Science Company
 leading sustainability based on science beyond chemistry

| | |
|---------------|---|
| Company name | LG Chem, Ltd. |
| Listed Market | KOSPI |
| Shares Issued | Common shares : 70,592,343 Preferred shares : 7,688,800 |
| HQ Address | LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul |
| CEO | Hak Cheol Shin |
| Shareholders | LG Corp. 33.3%, National Pension Service 6.7%, Foreign Investors 42.2%, Other Shareholders. (Based on shares with voting rights as of December 31, 2023) |
| Homepage | www.lgchem.com |

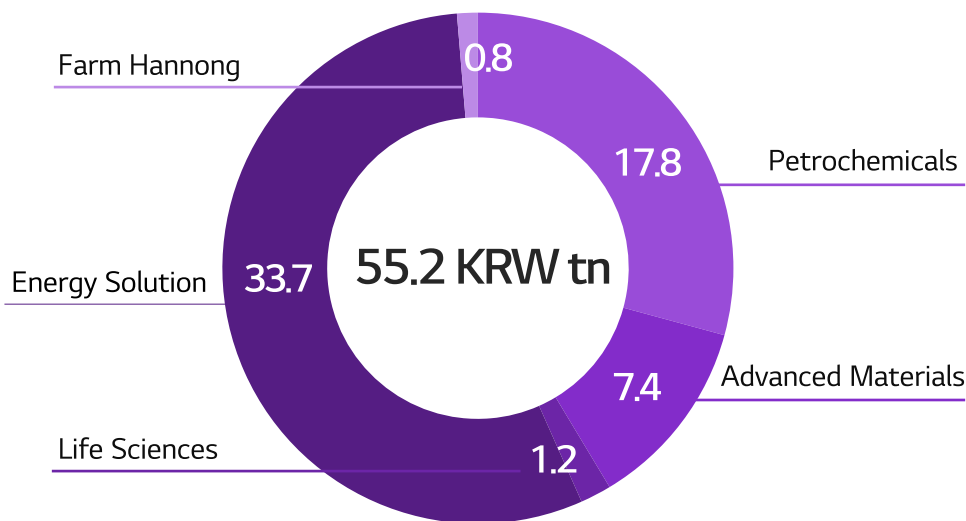
- 1947 Established Lucky Chemical Co., Ltd.
- 1969 Listed on Korea Stock Exchange
- 1974 Renamed to Lucky Ltd.
- 1976 Completed PVC paste resin plant in Yeosu
- 1979 Opened Daedeok Central R&D Center
- 1991 Developed the world's first 4th-generation cephalosporin antibiotics
- 1995 Renamed to LG Chem
- 2001 Divided the company into LGCI, LG Chem, LG Household & Healthcare
- 2003 Acquired Hyundai Petrochemicals
FACTIVE® approved by USFDA
- 2004 Developed the world's first nanotechnology-applied new EP material
- 2005 Established LG Chem (China) Investment Co., Ltd. and a sales subsidiary in Germany
- 2007 Merged with LG Petrochemicals Co., Ltd.
- 2009 Industrial materials business divided (LG Hausys)
- 2016 Acquired Dongbu Farm Hannong
- 2017 Merged with LG Life Sciences
- 2020 Launched a spin-off of battery business (LG Energy Solution)
- 2021 Launched green brand "LETZero"
- 2022 Established a cathode material JV (LG-HY BCM)
- 2023 Acquired AVEO Oncology in the US
Started construction on a cathode material plant in Tennessee, USA



Business Sectors & Financial Status

[Revenue by Business]

(FY 2023)



Petrochemicals

Contribute to industrial development with a wide range of petrochemical products of the world's highest quality and lead Sustainability business focused on eco-friendly materials

Advanced Materials

Specialty materials business integrated with advanced technologies, with key areas including cathode materials for secondary batteries, engineering materials, electronic materials, and RO filters.

Life Sciences

Aspire to grow as a global biopharmaceutical company through the advancement of major products such as diabetes treatments, growth hormones, and innovative development in oncology, immunology, diabetes, and metabolic fields.

Energy Solution (81.8% share ratio)

Led the way as Korea's first mass producer of Lithium-ion Battery and the world's first supplier of mass-produced EV batteries. Currently operating in Automotive Battery, Mobility & IT Battery, and ESS Battery biz.

Farm Hannong (100% share ratio)

No.1 crop protection provider in Korea and top domestic agricultural material company operating fertilizer/seed business

[Balance Sheet]

(End of 2023, Unit: KRW tn)

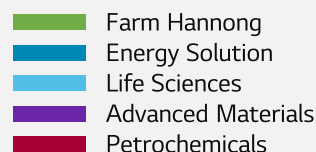
| Category | Amount |
|----------------------|---------|
| Assets | 77.5 |
| Cash and Equivalents | 9.1 |
| Liabilities | 36.5 |
| Debts | 21.9 |
| Equity | 40.9 |
| BPS (won) | 411,243 |

※ Consolidated

Revenue and Operating Profit

- Diversify business beyond Petrochemicals into Battery / Battery materials and Bio through advancement of business portfolio and aim to become a Science Company
 - The share of petrochemicals in revenue had decreased from 75% ten years ago to less than 35% in 2023.
Establishment of stable portfolio by increasing the portion of Battery/Battery materials through decades of R&D and performance.
- Therefore, 2023 revenue increased 2.5 times compared to a decade ago(CAGR 11%), with an average OPM of 7.5% over the past ten years driven by a solid business portfolio.

Revenue CAGR 10.5% ('14~'23)

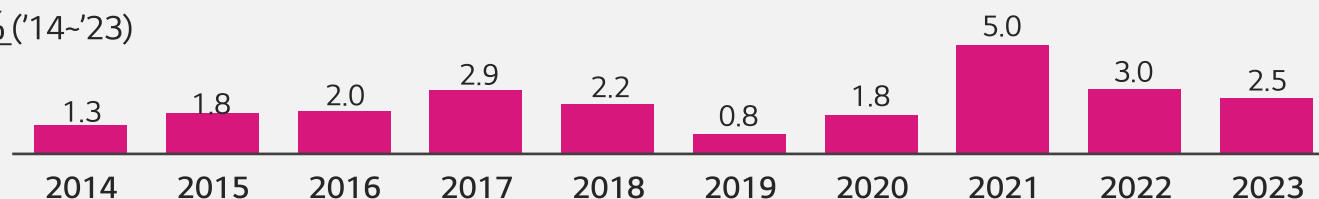


2.5 X Revenue Growth over 10 years

(Unit : KRW tn)

Average OPM 7.5% ('14~'23)

OP



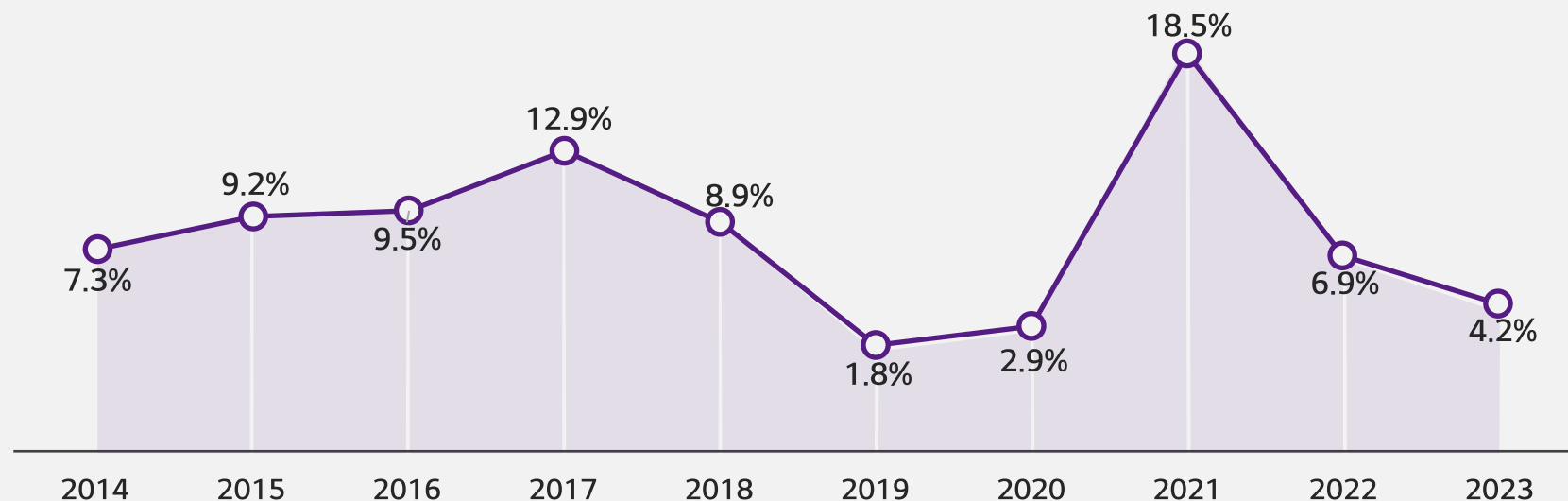
※ Consolidated

※ Revenue : From 2019, in accordance with current reorganization and some of discontinued/sold business, business results compiled retroactively.
(2019~ excluding LCD Polarizer / 2021~ excluding Polarizer material, Film)

Profitability (ROE)

- Due to the process industry characteristics of the petrochemical and battery sectors, large-scale investments are required, and the payback period is generally long. Nevertheless, 10-year average ROE is 8.2%, exceeding the KOSPI average of 7%.
- Amid decline in profitability with recent oversupply in petrochemical industry, we have made significant capacity investments in battery/battery materials to meet the increasing demand for EVs, while falling returns on capital due to time-lag on payback.
- When it becomes fully operational from capacity investments in new growth drivers, revenue and profitability are expected to increase, leading to an improvement in ROE.

Average ROE* 8.2% ('14~'23)

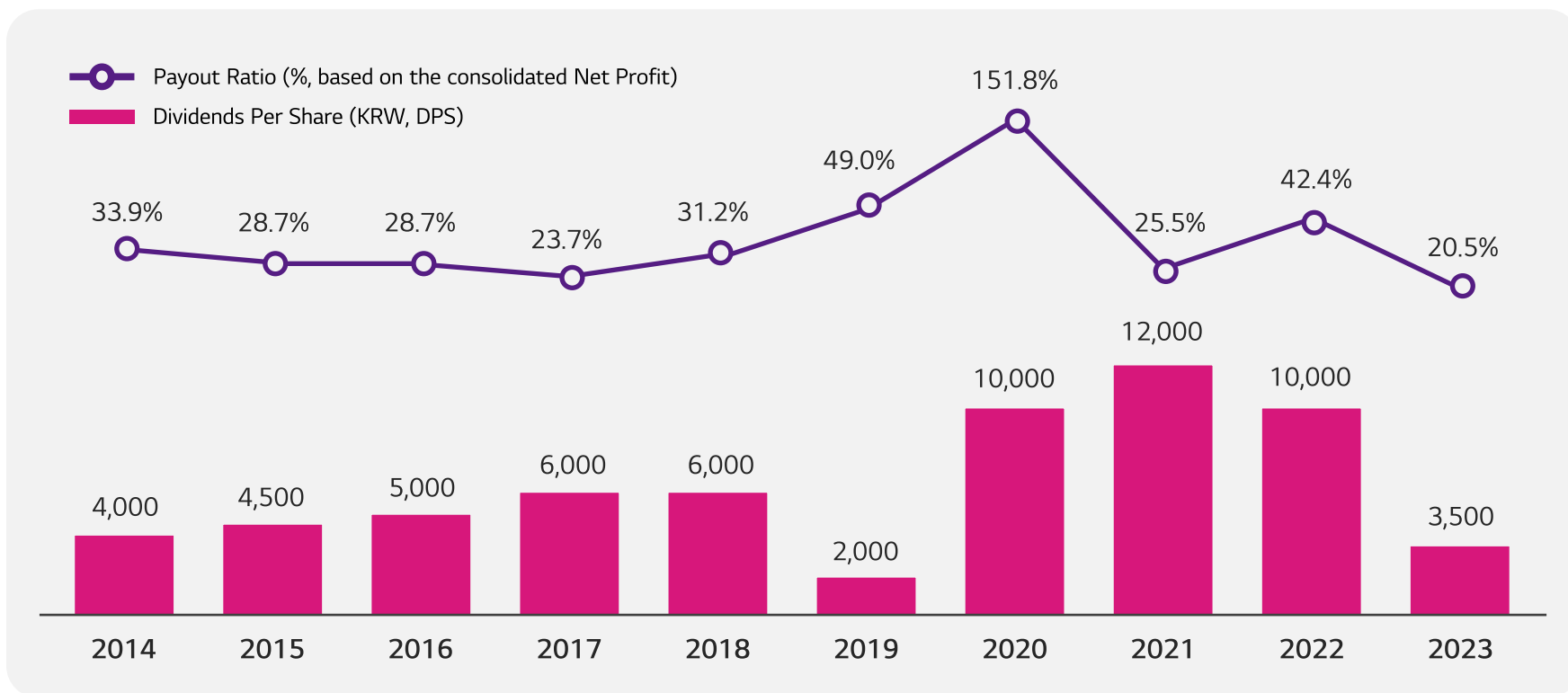


※ Consolidated

* Return on equity (ROE) = Net Profit Attributable to Controlling Interests / Equity Attributable to Controlling Interests (Beginning and End-of-Year Average)

Dividends

- Over the last decade, we have paid dividends more than 30% of consolidated net profit in average.
- However, during FY2023–2025, we inevitably reduced the dividend payout ratio from 30% to 20% to focus investments on the battery business and our three 3 new growth drivers.
We will consider raising the payout ratio once the returns from these investments start to materialize.



* Consolidated net profit is based on the controlling company's equity

** Excluding one-off non-recurring gains such as the payment from the sale of the polarizer business from 2021 of net income attributable to ownership interest(3.7 tn Won), the consolidated payout ratio was 28.8%

Mid-to-Long Term Revenue (excluding LG Energy Solution)

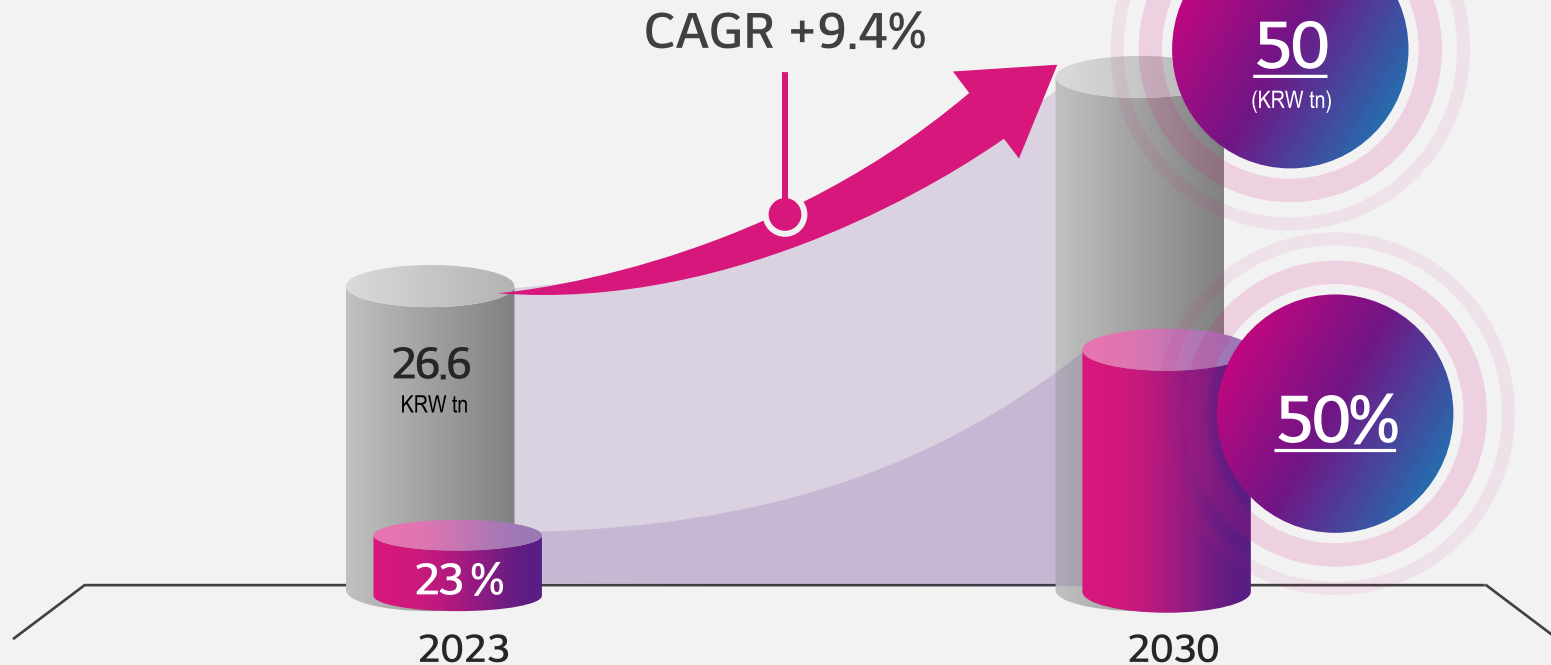
- Continuous sales growth will be driven by nurturing the 3 Future Growth Drivers

(① Sustainability Business ② Battery materials ③ New drugs).

From the current 23% level of total sales, the 3 Future Growth Drivers will grow by more than 4 times by 2030 to the 50% level, leading to reach LG ES excluded sales of KRW 50 trillion.



Share of the 3 Future Growth Drivers (%)

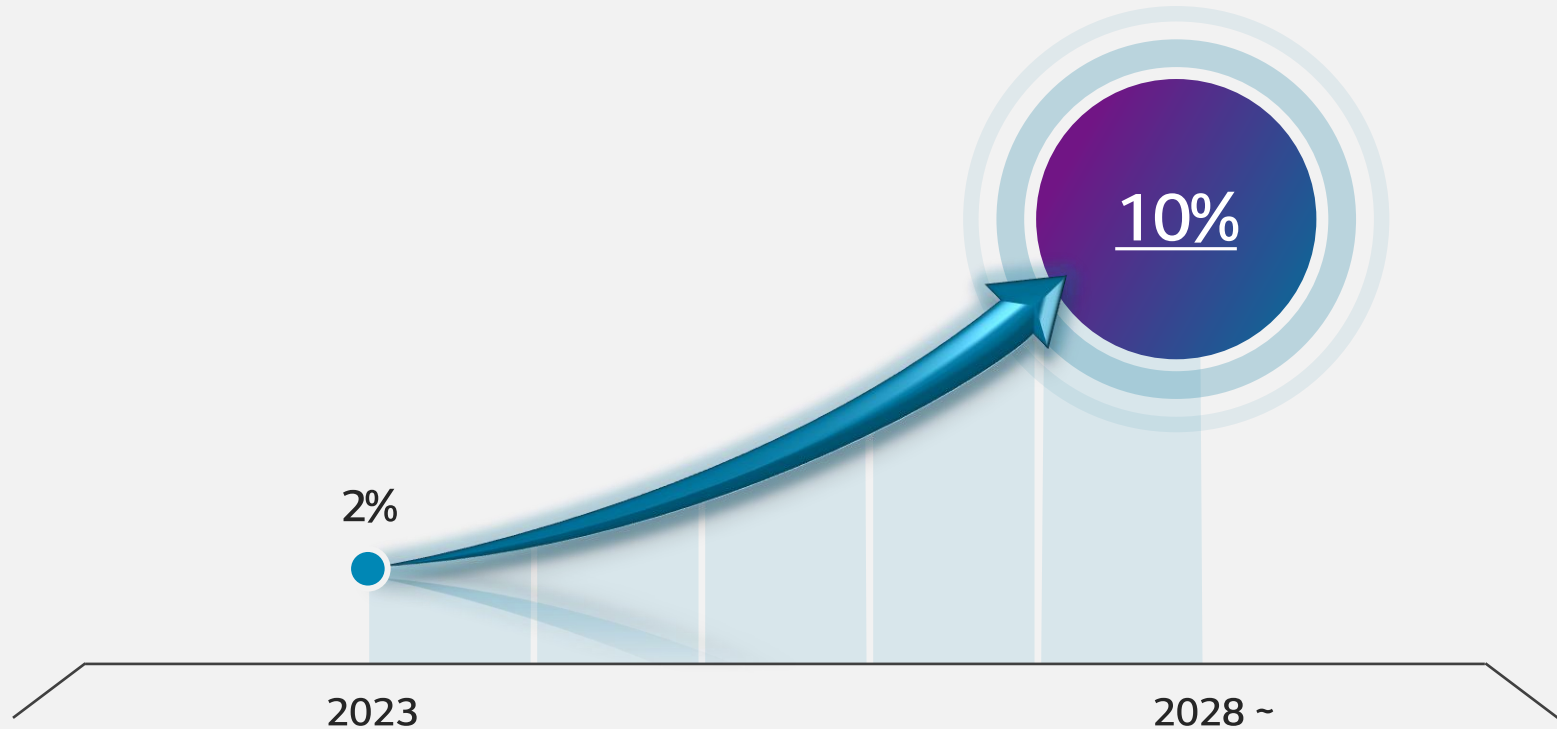


※ Sales are a metric influenced by fluctuations in oil and metal prices, with possible future adjustments in pricing.

The projected amount of target is based on business plan and may differ from the actual amount due to changes in business environment and strategy revision.

Mid-to-Long Term ROE (excluding LG Energy Solution)

- Recent ROE is below the historical average amid downturn in the petrochemical cycle and increased capital expenditure in battery materials.
- We are focused on improving profitability through investments in advancing our petrochemical portfolio, as well as in the development of battery materials and new drugs. Once returns from these investments begin to materialize, we aim to achieve an ROE of 10% or higher, starting from year 2028.



* Return on equity (ROE) = LG ES excluded Net Profit / Equity (Beginning and End-of-Year Average)

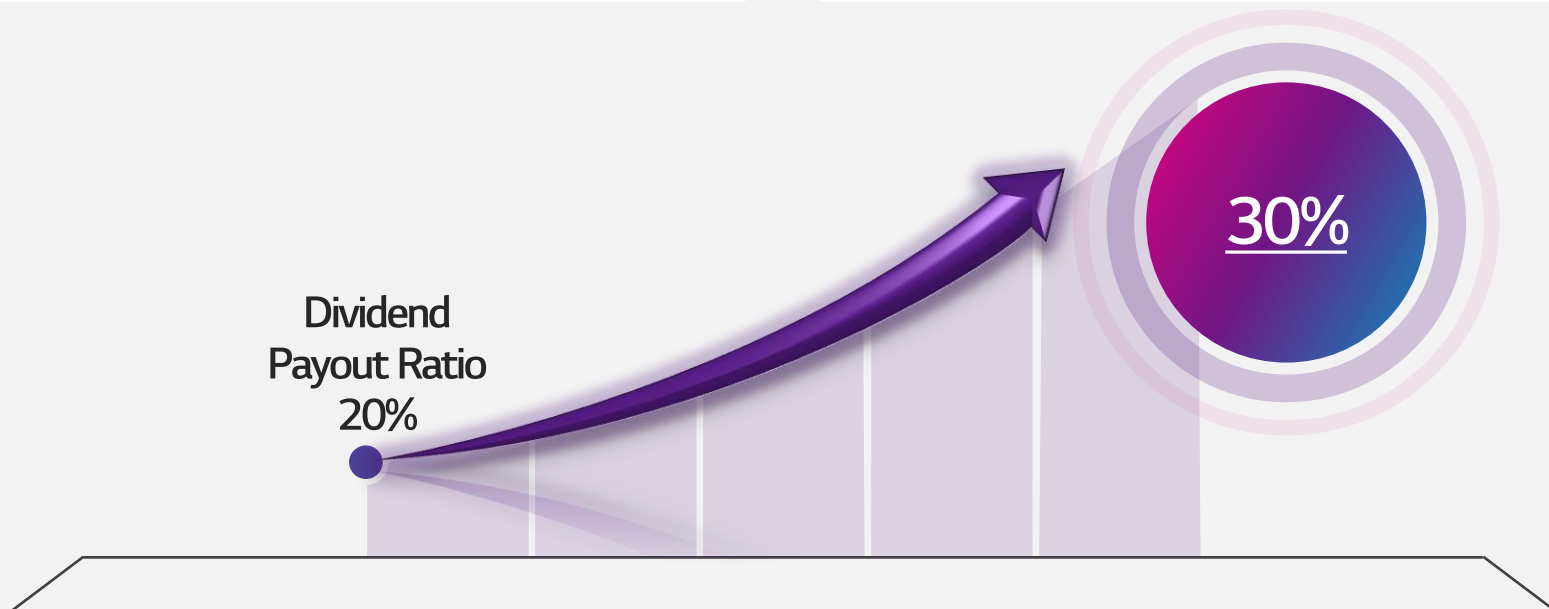
Mid-to-Long Term Shareholder Return

Current

- As it is a concentrated investment phase to foster 3 Future Growth Drivers, anticipate a negative Cash Flow for the time being due to the time-lag on generating substantial returns

Future

- Expansion in dividend amount in line with full-fledged return on investments
- Once Cash Flow + and ROE 10% or more, dividend payout ratio of 30% to be reviewed



※ The above dividend Payout Ratio is based on the consolidated financial statements' net income attributable to excluding one-off non-recurring gains

Towards Top Global Science Company

- Our top priority is to establish and execute a business strategy aimed at enhancing growth and profitability. Accordingly, we have selected and proactively developed promising new growth drivers since 2021 in line with global megatrends and sustainability strategies.
- Over 60% of total investments are allocated to accelerating the growth of our 3 Future Growth Drivers, shifting from a petrochemical-focused business to becoming a Top Global Science Company.

Sustainability
Business centered on
eco-friendly materials



Accelerating Bio-Material development

Recycled Materials for Circular economy

Discovering Renewable Energy Materials

Global Top
Comprehensive
Battery Materials
Company



Global Top-tier Cathode

Expansion of High value-added
Battery materials

Strengthening R&D on
Next-generation Battery materials

Global
Innovative
New drugs



Improving the quality of New Drugs pipeline

Acceleration on
Global Clinical & Business

Enhancing R&D Investment for
New Drug development

Sustainability Business

The business strategy of **Petrochemical Division**, centered on nurturing new growth engines

Fostering the Sustainability business and enhancing the proportion of high value-added products

Nurturing the Sustainability business while advancing a low-carbon business strategy



| Recycled Material

From wasted plastic using mechanical or chemical recycling technologies

- Expansion of PCR : ABS, PC, PO, PVC, etc.
- Chemical Recycling : Construction of Supercritical Pyrolysis plant



| Bio-Material

Using plant-based raw materials to reduce fossil fuel consumption and carbon emissions

- Expanding Bio-Balanced Products : Applying HVO, Bio-Feedstocks

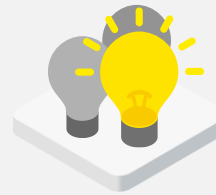


| Renewable Energy Materials

Discovering business opportunities in renewable energy industry

- Expanding POE business for solar panels

Shifting the business structure to focus on high value-added products



- Strengthening differentiated product lineups and leveraging technological innovations to reduce costs to maintain a long-term competitive edge
- Exploring various approaches to enhance competitiveness and core-value such as adjusting the portfolio of low-growth, low-margin business

Breaking through stagnant profitability by diversifying regions



- Securing differentiated customer service capabilities and gradually expanding market share in the Americas and Europe by establishment of regional infra system

Battery Materials Business

The business strategy of **Advanced Materials Division**, centered on nurturing new growth engines
Global No.1 Comprehensive Battery Materials Company

Securing leadership in High-performance and Cost-efficient technologies



High-performance Cathode

Accelerating the development of materials to improve battery performance and stability.

- Over 95% High-Ni Cathode
- Flame-retardant materials
- Next-generation battery materials such as for SSBs



Cost-efficient Cathode

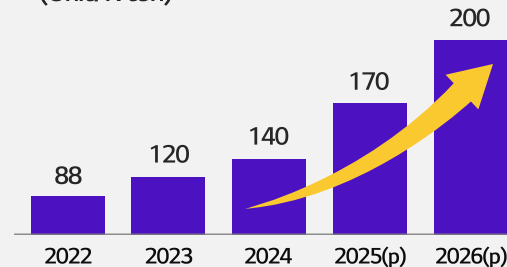
Developing Cost-efficient Cathode

- High-Voltage Mid-Ni
- L(M)FP
- Mn-Rich

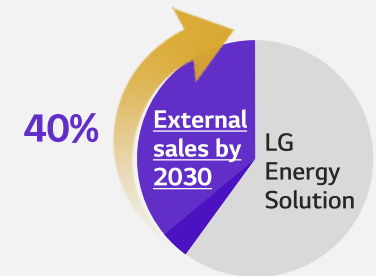
Key Customer support via expanding Global Capacity

- Active engagement in major LG ES projects and continued M/S expansion
- Customer diversification by expanding external sales over mid-to-long term

Expansion of Cathode Capacity (Unit: K ton)



Customer Diversification



Enhancing SCM / Cost competitive edge





- Cost competitiveness by accelerating the adoption of innovative processes
- Competitive metal sourcing through strategic alliance and value-chain investments, aimed at improving profitability of cathode business

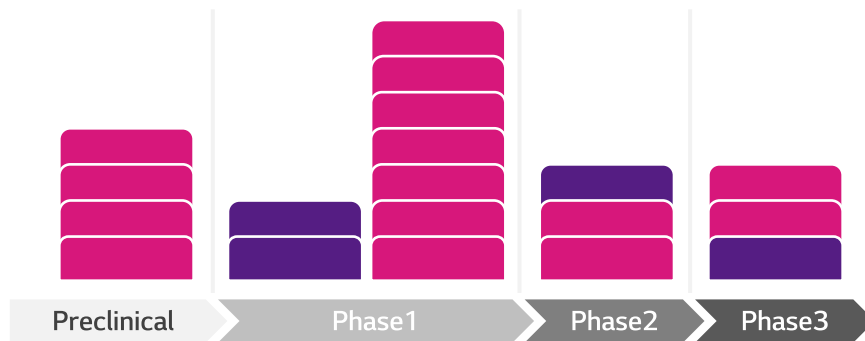
Innovative New drug Business

The business strategy of **Life Sciences Division**, centered on nurturing new growth engines
Developing our cancer drug business targeting the Global Market

Establishment of Global business Foundation and enhancement of New Drugs Pipeline

- Reinforcing the Oncology pipeline and securing the groundwork in the U.S. cancer business through the acquisition of AVEO Oncology
- Expanding and accelerating Global Clinical PJTs

 Oncology & Immunology
 Diabetes & Metabolism

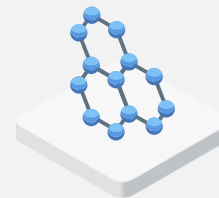


Expanding New drugs pipeline

Reinforcing Market leadership alongside efficient operation of the R&D portfolio



- Strengthening market leadership of major products such as diabetes, growth hormone, etc. while expanding overseas market share to ensure steady growth in sales and profitability



- Leveraging selective license-out strategies, such as the rare- obesity treatment case(2024), to optimize the use of R&D resources

Towards Top Global Science Company

Advancement of Business Portfolio



Fostering and expanding its proportion of 3 Future Growth Drivers

Continuous discovery of new business opportunities in line with mega trend

Continued restructuring business with low growth and profitability

Enhancing technological competitiveness



Boosting competitive edge via advancement of R&D capabilities

Cost competitiveness through strengthening process technologies

R&D advancement under executive leadership to create promising future technologies

Operational Excellency



Efficient allocation of resources through refined investment priorities

Enhancing operational efficiency, including procurement and working capital management, while securing cost competitiveness

Transition to a Low-Carbon Economy through Sustainable Business

To achieve sustainable growth, we set ambitious goals of achieving **Carbon Neutral Growth by 2030 and Net-Zero by 2050**.
We are currently developing and implementing various plans to achieve these objectives.

2030 Carbon Neutral Growth, 2050 Net-Zero

Low-carbon Transition



Innovative Processes,
Low-carbon fuels and raw materials

Renewable energy transition

Carbon offset

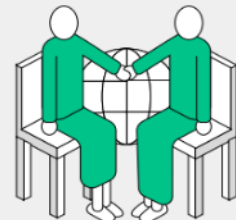
Product low-carbon competitiveness



Eco-friendly product
portfolio

Scope 3 Management framework
and supplier product carbon
footprint measurement

Partnerships for Net-Zero




Global leadership for
climate action

Industry collaboration for
breakthrough technology
and circular economy

Communication Status / Plan

We have actively engaged in diverse IR activities, strengthened our IR team, and expanded its capabilities to lead communication with shareholders and investors. We will continue to further these efforts in the future.



Continuous Communication with shareholder & investors / Diversification of channels

- Expanding communication with management such as CEO/CFO
- Over 600 annual meetings, including Global NDRs
- ESG Conference calls

Improving Access on information for investors

- Hosting on-line AGM
- Providing simultaneous English interpretation at AGM
- Implementing proactive disclosures in English

Facilitating two-way communication with investors

- Regularly reporting the feedback of shareholders and investors