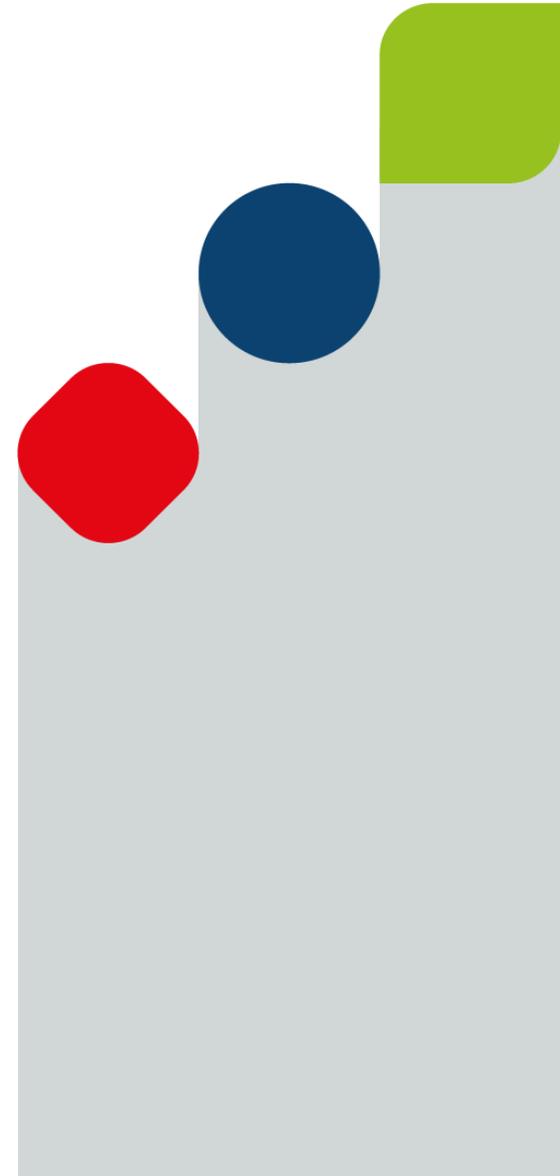


Conference Call

– On Rights Offering

2022. 11. 21



Disclaimer



All figures and contents outlined in this presentation are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered due to a variety of factors.

Forecasts and projections contained in this material are based on current business environments and management's strategies, and they may differ from the actual results upon changes and unaccounted variables.

LOTTE Chemical undertakes no obligation to update or revise the preliminary provided in this release. Also, this material is not legally binding for any of investors' investment result.



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1. Summary on Rights Offering



- ✓ Supplement existing portfolio, which was originally focused on commodity petrochemical business, by investing in high-growth expected battery material business followed by demand growth of electric vehicle
- ✓ Expected to contribute to enhancement of shareholder value, by corporate value re-evaluation through early realization of new growth business earnings

Details on Rights Offering

Details of Issuance of new Shares	<ul style="list-style-type: none"> • Share class : LOTTE Chemical Common Stock • Size of capital increase : 1.105 T KRW • number of new shares : 8,500,000 shares • Par value per share : 5,000 KRW • Total number of shares issued before increase of capital stock : 34,275,419 Shares • Expected issuing price¹ : 130,000 KRW • Record date for new share allotment : December 15th, 2022 • Preferential allotment ratio for employee stock ownership association: 20% 	Schedule Going Forward <ul style="list-style-type: none"> • Scheduled date of subscription : January 19th~20th, 2023 (Existing shareholders & Employee stock ownership association) • Date of payment : January 31st, 2023 • Scheduled date for listing: February 13th, 2023
		Purpose of Financing <ul style="list-style-type: none"> • Acquisition of securities issued by other corporations : 605 B KRW Operating Capital : 500 B KRW
		Method of Capital Increase <ul style="list-style-type: none"> • After rights offering, public offering for forfeited shares

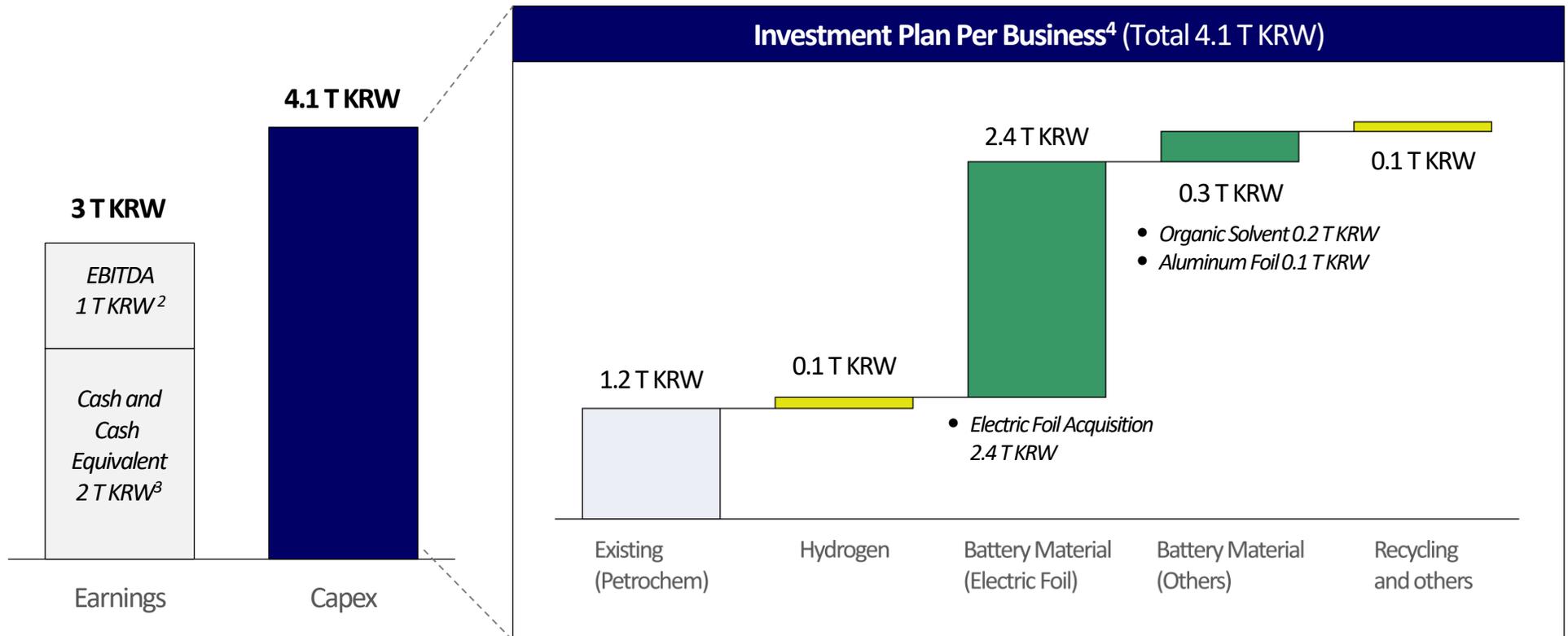
1. Calculating method of issuing price : refer to "Other matters factored into investment decisions" from disclosure of Financial Supervisory Service

2. Background on Rights Offering



- ✓ Investment needed in the early stages of high-growth in order to foster new business, including battery materials
- ✓ CAPEX of 4.1 T KRW by 2023 (Existing business: 1.2 T KRW, New business: 2.9 T KRW – Battery Materials: 2.7 T KRW)

Year 2023 Earnings and Investment plan¹ (Separate Basis)



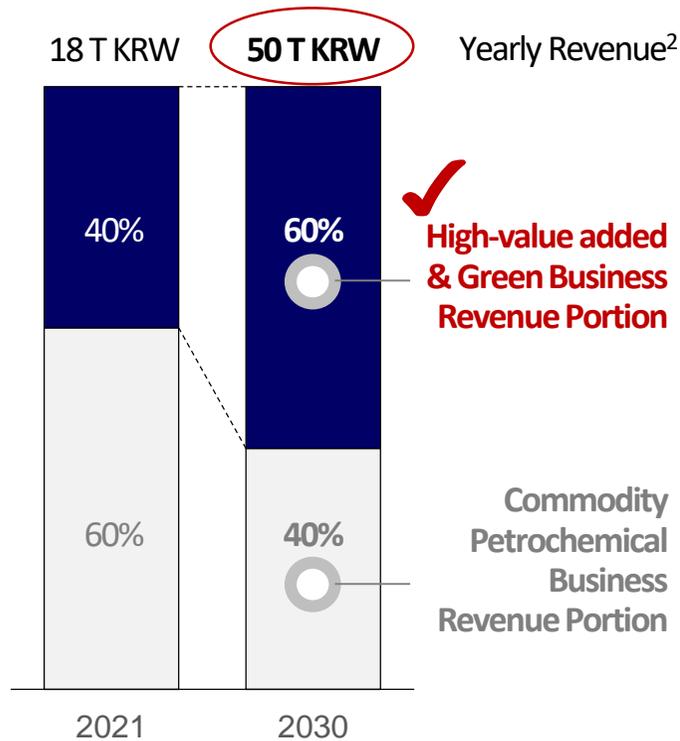
1. Based on internal estimation and plans (Cash and Cash Equivalent: As of the end of year 2022.3Q, 1.7 T KRW separate basis, 3.5 T KRW consolidated basis); 2. Based on internal forecast for annual year of 2023; 3. Based on internal estimation for year end of 2022; 4. ① Existing(Petrochemical) – Ordinary Activity 250 B KRW, Cracker Expansion 280, EOA Expansion 140, and others, ② Hydrogen – JV 50, Ammonia 30, ③ Battery Materials – Electric foil Acquisition 2.4 T KRW, Organic Solvent 150, Aluminum Foil 130, and others, ④ Recycling – Chemical Recycling 25

3. Mid-to-Long Term Year 2030 VISION



- ✓ Focused on commodity petrochem business → Moving towards High-value added & Green business focused portfolio
- ✓ Goal for 2030: Achieve revenue growth to 50 T KRW, increase the portion of High-value added & Green business to 60%

Mid-to-Long term 2030 Vision Goal¹



Green New Business Strategy Direction

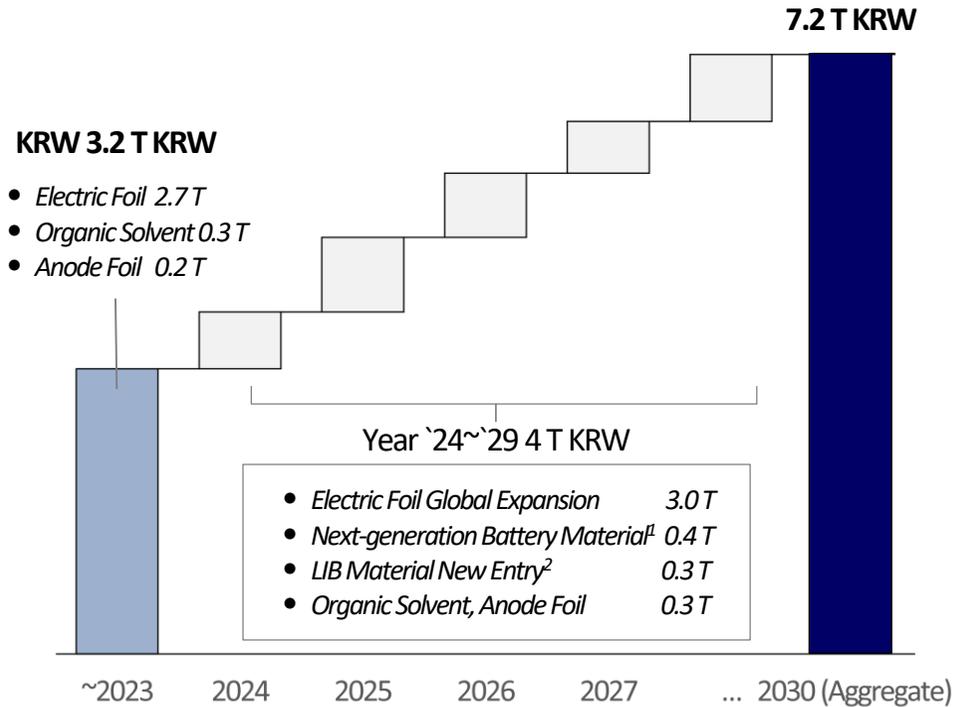
Business Area / Strategy Direction	2030 Goal
Enhance corporate value through rapid entry into new future business	Revenue 14 T KRW (Cumulative Investment 14 T KRW)
Hydrogen Energy Business	Clean Hydrogen 1.2 million ton Revenue 5 T KRW (Cumulative Investment of 6 T KRW)
Battery Material Business <ul style="list-style-type: none"> Large-scale, high-value added market, which grows along with the eco-friendly mobility industry 	Entry into domestic and overseas markets, Revenue 7 T KRW (Cumulative Investment 4 T KRW) <ul style="list-style-type: none"> Quantitative expansion of existing business and further expansion of high-value added products
Recycling / Bio Plastic	Sales volume of more than 1 million ton Revenue 2 T KRW (Cumulative Investment 1 T KRW)

1. 'CEO IR Day' Announcement' on Mar.2022; 2. Consolidated Basis (Including subsidiary earnings performance)

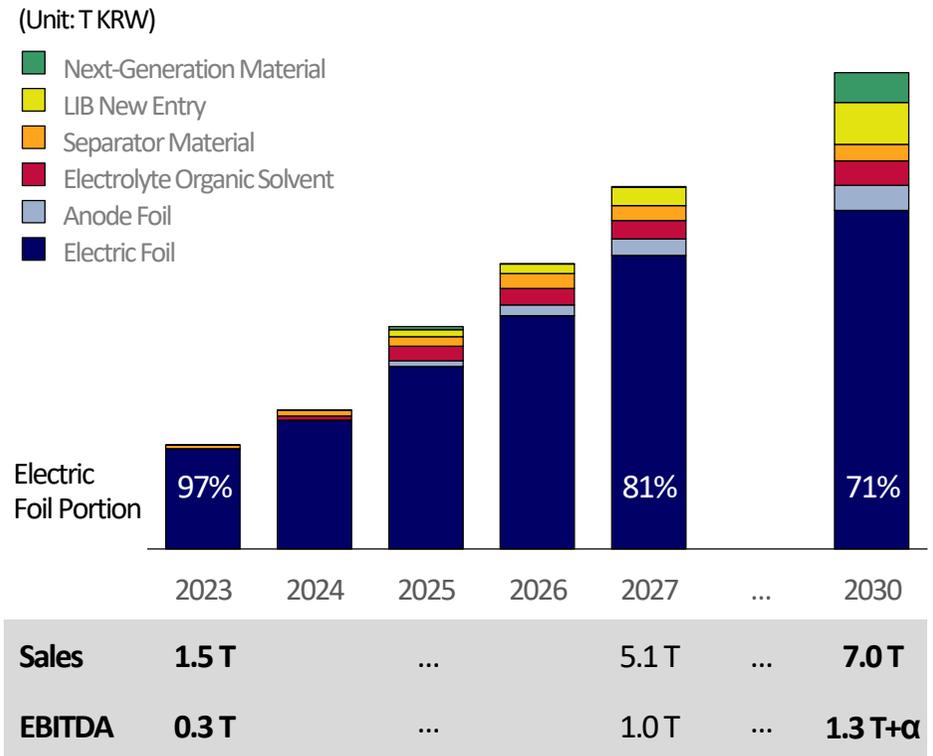
4. Battery Materials – ① Mid-to-Long term Investment & Revenue Plan

- ✓ Preemptive investment needed in order to secure competitive edge, which matches the re-organization of global electric vehicle battery supply chain
- ✓ Through investment, expecting battery materials business to grow to 1 T KRW, corporate value re-evaluated by actualizing the earnings performance of new business

Battery Material Business Investment Plan



Battery Material Business Sales and EBITDA Goal³



1. Including business such as vanadium batteries; 2. Among major materials of Lithium Ion Battery, excluding business areas which we have already made entry (anode foil, electric foil (cathode foil), electrolyte organic solvent, separator material); 3. Simple addition (estimated) of each individual business

4. Battery Materials – ② Plans Going Forward



- ✓ Promoting to establish a global supply chain centered around 4 major components of Lithium Ion Battery : Collaborate with diverse partners with already established capabilities/strengths
- ✓ Push for preemptively securing next generation core technology : Utilize Open Innovation

 Currently ongoing
 Under consideration

Strategic Direction		① Expanding existing materials	② Entry into new material	③ Secure next-generation technology
		Securing Key Reference, and Global appliance/deployment	Entry through JV with a technology holding company	Securing next generation of core technology preemptively, through Open Innovation
A Lithium Ion Battery	Cathode	 Aluminum Foil (Anode Foil)	Conductive Additive	
	Anode	 Electric Foil (Cathode Foil)	Artificial Graphite	
	Electrolyte	 Electrolyte Organic Solvent	Electrolyte	
	Separator	 Separator Material (PE/PP)	Separator	
B Next-Generation Battery	Vanadium			 Vanadium Electrolyte Lithium Metal Anode
	Solid-State			 ESS Charging Solid Electrolyte

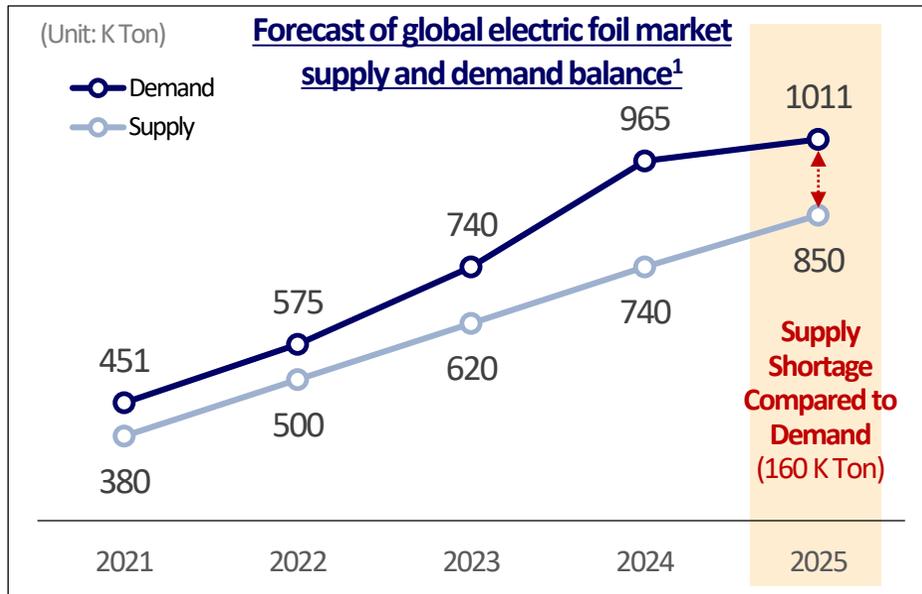
5. Electric foil Business – ① Growth potential & Competitive edge



- ✓ Continuous supply shortage expected, with high entry barrier for production, despite the expansion of electric foil due to increased demand for EV
- ✓ Iljin Materials expected to continuously generate profit due to superior technology and cost competitiveness, security of major customers, compared to its competitors

Market Growth Potential (Electric Foil)

- **Demand** : Usage will continuously increase due to EV demand growth
- **Supply** : Technology entry barrier, Large-scale Capex investment, Restriction for new companies to enter, due to switching cost from demand perspective



Competitive Edge

- Technology**
 - **Top tier unique technology** compared to peers, acquired cost competitiveness
 - **Establish high-value added products portfolio**, profitability expected to grow
- Productivity**
 - **Industry-leading productivity(yield)** with superior process technology and know-how compared to other players
- Location (Overseas)**
 - **Comparatively low production cost by utilizing eco-friendly low cost energy**
(Malaysia : Hydro-electric power 100%, Spain : Solar/wind power, low cost energy acquired compared to EU average)
- Customer**
 - **Securing customers through long-term supply contracts with domestic and global battery/electric vehicle Key Players** (Signed a long-term supply contract of 8 T KRW until 2030 with Samsung SDI)

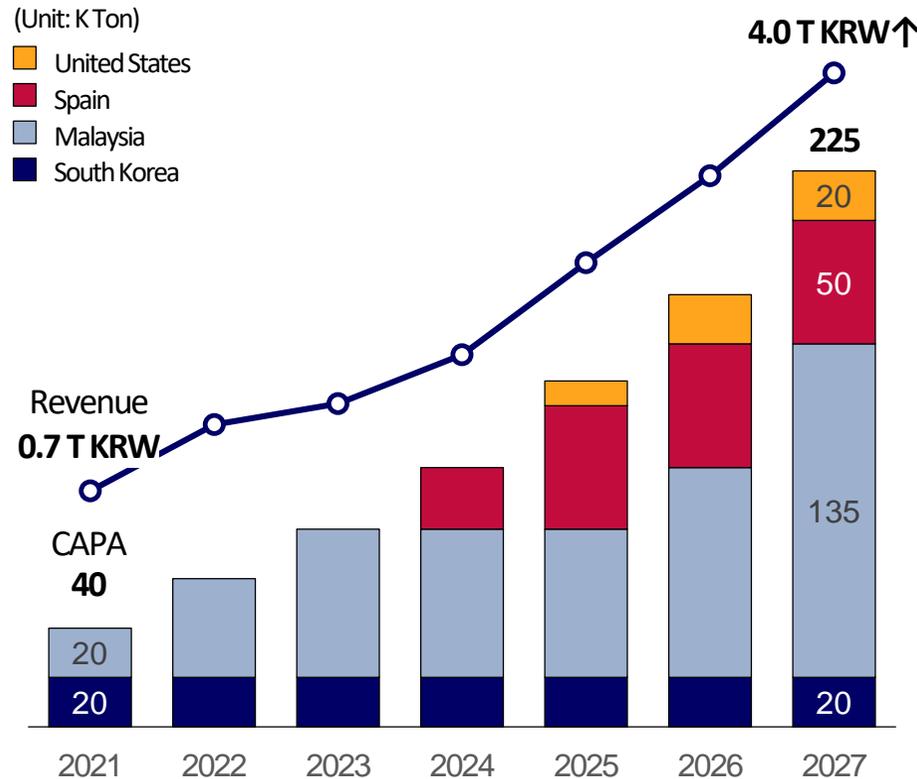
1. Based on industry & internal estimation (For 1GWh of battery, per 700 ton of electric foil of usage), 2021~2025 demand CAGR 22% (Based on internal plan)

5. Electric foil Business – ② Mid-to-Long term Growth Plan



- ✓ Plan to expand total production CAPA up to 225 K Ton by 2027, revenue goal up to 4 T KRW by 2030
- ✓ Secure economic feasibility through overseas low-cost / eco-friendly production sites, also completely secured investment and key equipment for capacity expansion

Global Capacity and Revenue Expansion Plan



**Direction
Going
Forward**

- Develop expansion plans based on established customer demand
- Secure investment for expansion : Can invest with retained cash and Iljin Material's future operating cash flow
- Secure low-cost & eco-friendly production sites
- Completed securing high-quality titanium drums, key equipment for expansion

**Current
Status of
Major
Business
Sites¹**

	Korea	Overseas ²		
		Malaysia	Spain	U.S.
Location	Iksan	Sarawak	Catalunya	TBD
Start of Operation	1987	2017	2024	2025
CAPA(KTon)	20	40→135	50	20

1. CAPA reflects expansion plan for 2027; 2. CAPA basis timeline – 2027 expected CAPA (compared to 2022, Based on internal plan);

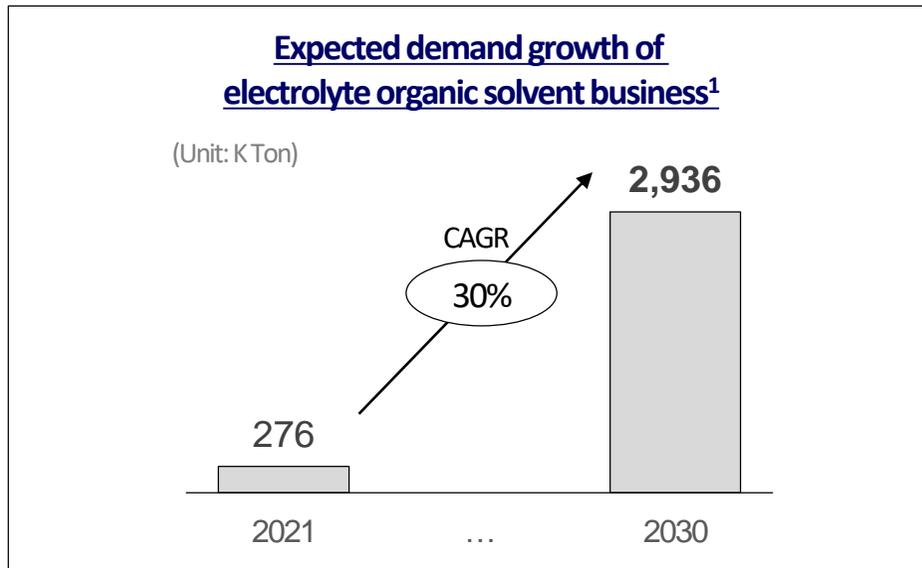
5. Electrolyte Organic Solvent Business



- ✓ Entering organic solvent business by utilizing self-owned raw materials and technology, First Korean company to start commercialization
- ✓ Collaborate with U.S. partner to construct local production plant and expand market size, 2030 target revenue 350 B KRW

Demand Growth Forecast

- Organic solvent account for 30% of total cost of electrolyte, one of the 4 major components of LIB
- Global Demand by year 2030, CAGR 30%
- Currently all demand volume rely on import, LCC is the first Korean company to push for commercialization



1. Based on industry & internal estimation

Business Going Forward

Preemptively secure original technology
Strengthen competitive edge by vertical integration through utilizing feedstock (HPEO)

Step 1

- Currently constructing domestic production plant (Daesan → 110 K Ton)
→ Complete construction by 2024
- Products: HP-EC, DMC, HP-EMC, DEC

Step 2

- Signed MOU with Sasol Chemicals of U.S, Louisiana (June.2022), Construction of organic solvent plant under review

Step 3

- Push to increase global market share by utilizing capabilities of running U.S. business, and reviewing additional expansion of organic solvent plant

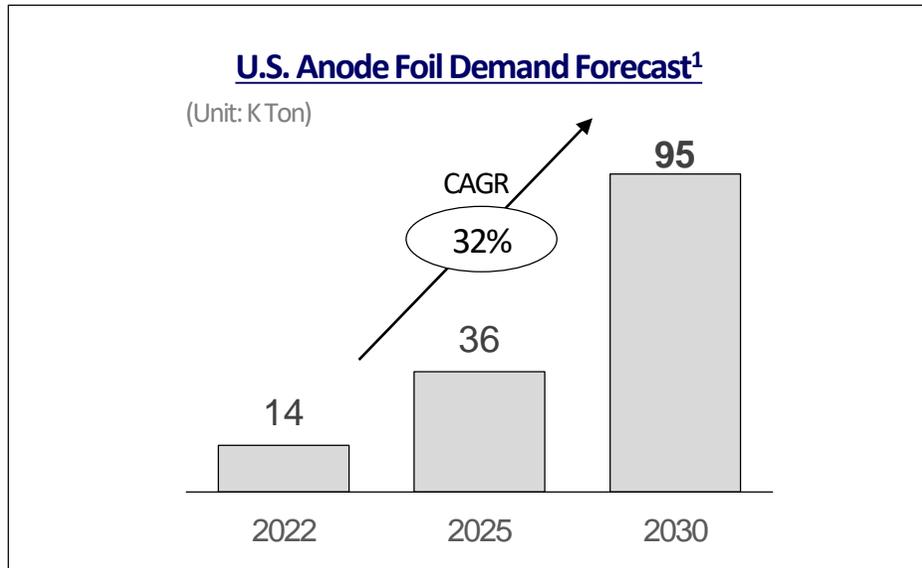
5. Anode Foil(Aluminum Foil) Business



- ✓ Completed establishment of U.S. company, Promoting to increase additional anode foil production sites in the U.S. and Europe
- ✓ Unrivaled position in the market as the only anode foil production base in the U.S., Revenue goal of 350 B KRW in year 2030

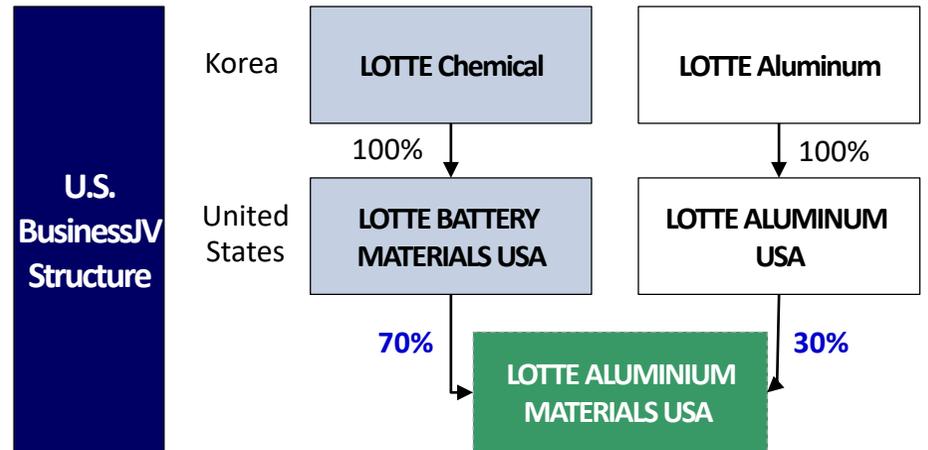
U.S. Anode Foil Demand Forecast

- Trend of rapid U.S. battery market growth and supply chain formation
- U.S. anode foil demand quantity CAGR 32% by year 2030
- First to establish an anode foil production site in the U.S



1. Referred to SNE Research Aggregate (For 1GWh of battery, per 190ton of aluminum foil of usage),

Business Going Forward



Strategic Direction

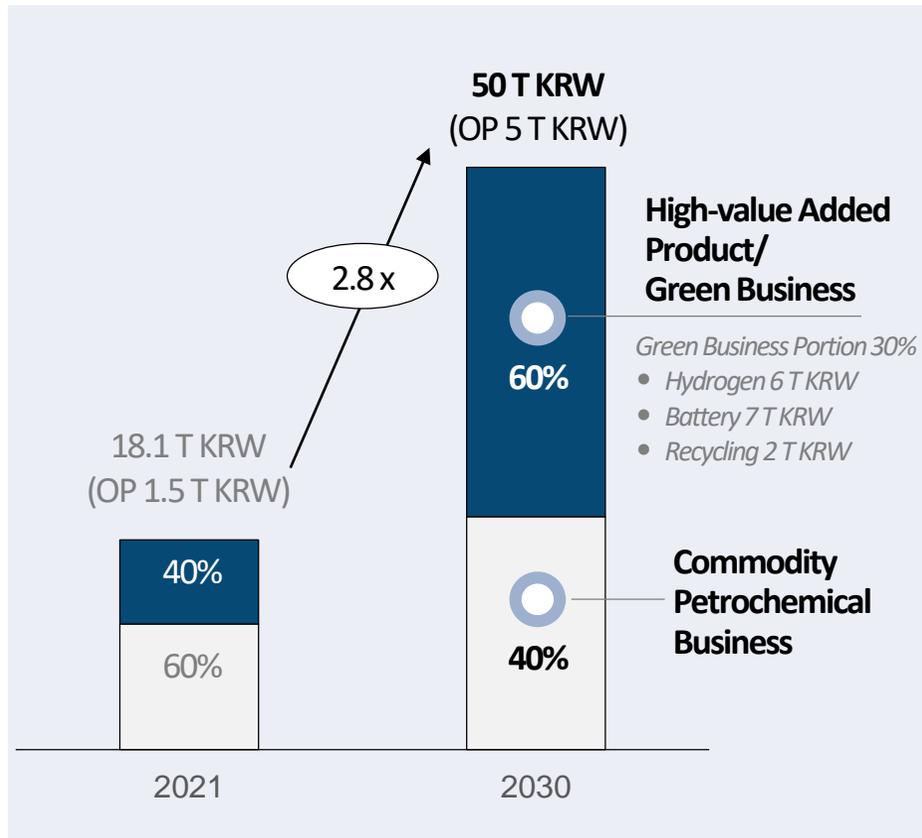
- Securing a local production site through new investment in the U.S. and expansion in Hungary → Form entry barrier against competitors
(No anode foil plant in the U.S. as of now)
- Goal: Expand CAPA up to 140 K Ton by 2030

6. Expected Benefit

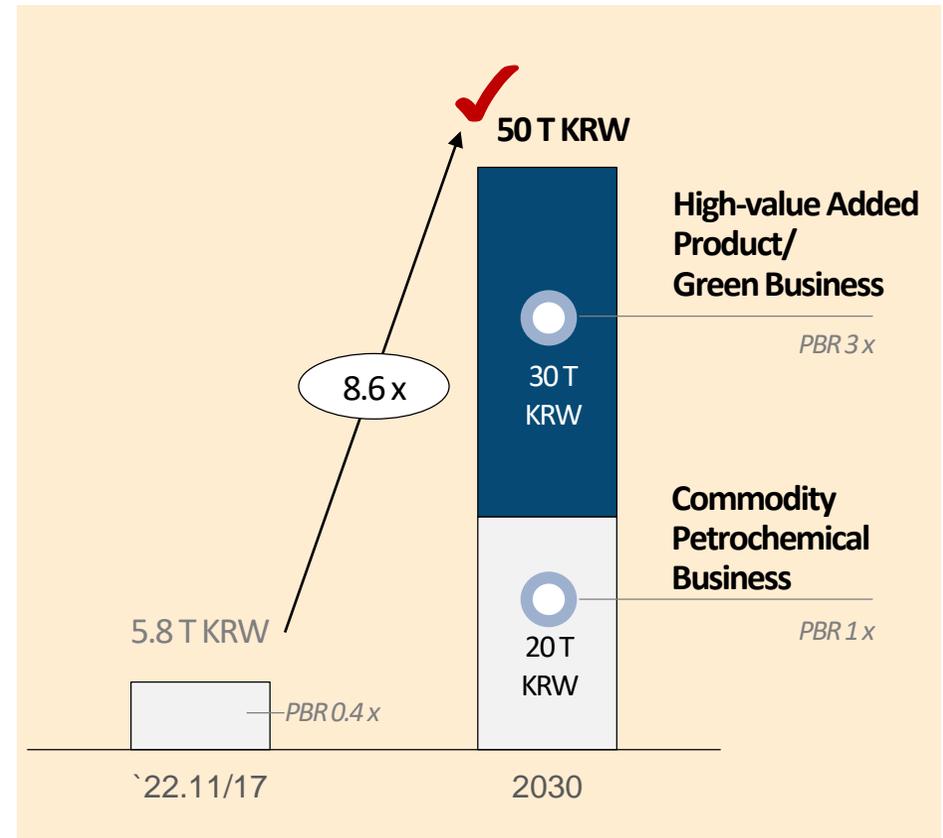


✓ Contribute to enhancement of shareholder value, with corporate value re-evaluation through transition into High-value & Green business focused portfolio by 2030

Revenue / Operating Profit Goal



Market Capitalization Goal





MISSION

사랑과 신뢰를 받는
제품과 서비스를 제공하여
인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing
Superior products and services that
Our customers love trust

