



OPEN THE NEW DOOR TO THE FUTURE



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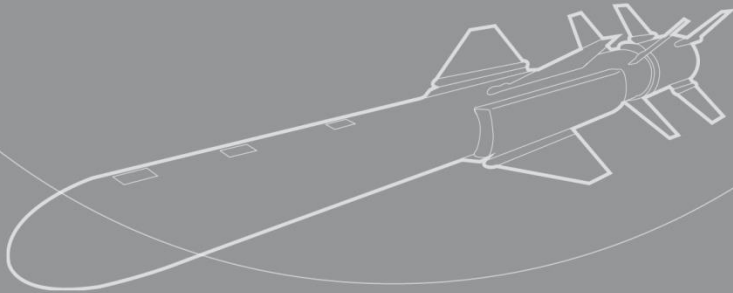
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OPEN THE DOOR
TO THE NEW FUTURE

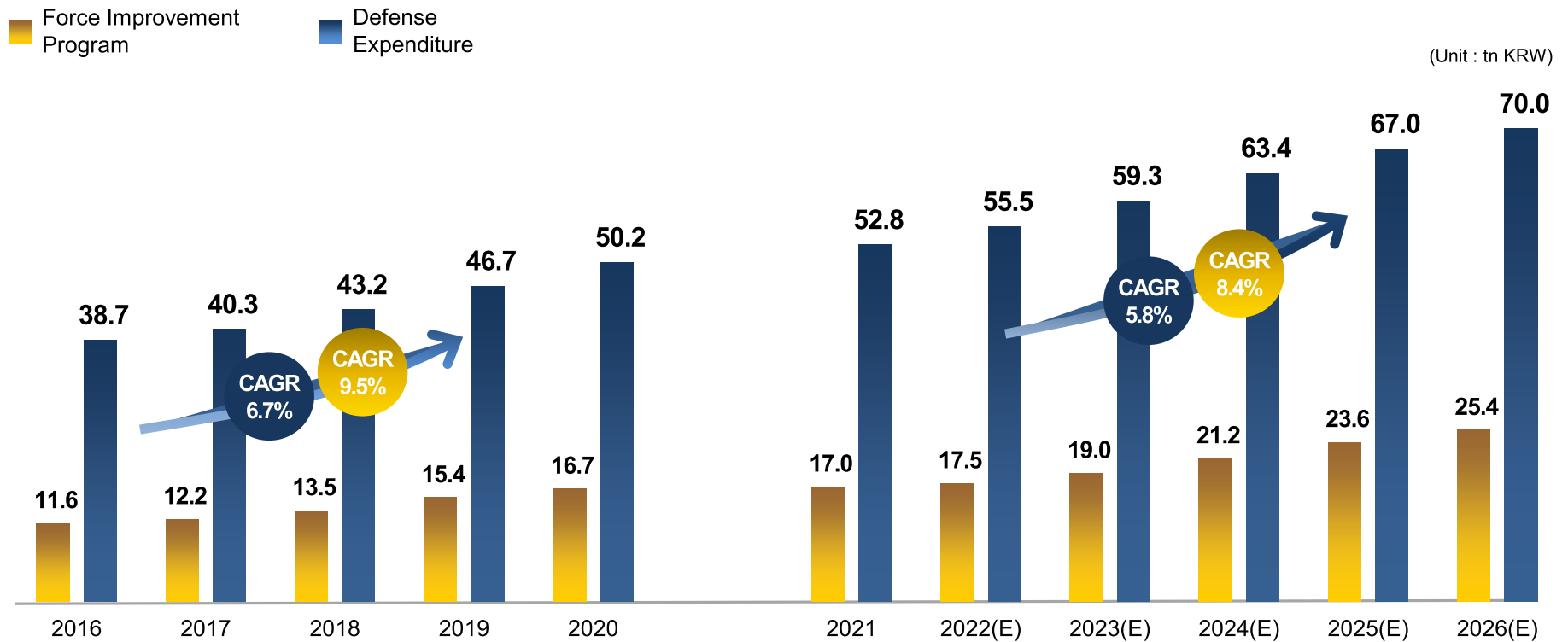
LIG Nex1



- **01. Industry Overview**
- 02. Company Overview**
- 03. Business Portfolio**
- 04. Expanding Global Presence**
- 05. Financial Highlights**

Continuous growth in ROK defense budget and its force improvement expenditures

ROK Defense / Force Improvement Program Expenditure



※ Reference: Korea Ministry of National Defense's Business Statistics Annual Report

※ Force Improvement Program : Expenditures used in purchasing or developing weapon systems

In line with MND's vision in building an elite and advanced force, increase in demand for procuring state of the art weapon system is expected

ROK MND's Vision and Objectives



- Enhancing Anti Ballistic Missile capability in both quality and quantity
- Significant expansion in intelligence collecting capabilities by enhancing surveillance and reconnaissance forces
- Gaining predominance over aerospace and expanding multi-dimensional naval operations capabilities(surface, underwater and air)
- Establishment of manned-unmanned combat system by utilizing core technologies of 4th industrial revolution
- Planning on allocating more than 80% of force improvement spending in domestic development and procurement

02. Company Overview

LIG Nex1, Leader in Korea's defense industry

LIG Nex1 Profile

Company Name	LIG Nex1
CEO	Kim Ji-Chan
Founded	February 1976 (since Gold Star Precision)
Capital Stock	KRW 110bn (as of Dec. 2020)
No. of Employees	3,270 (as of Dec. 2021)
Industry	Involved throughout all stages of weapon system's lifecycle from development to production and MRO
Headquarters	207, Mabuk-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Korea
Website	https://www.lignex1.com

Ownership (as of Dec. 2021)

Shareholder	Owning Percentage
☞LIG (Largest Shareholder)	46.36%
National Pension Service	13.60%
Employee Ownership	3.16%
Common Investor	35.95%
Treasury stock	0.93%

※ No. of share: 22,000,000

※ Owns 205,640 treasury stock as of Dec. 2021

Key Locations



Overseas Offices



LIG Nex1 has grown side by side with the Korean Defense Industry

Growth of Korean Defense Industry

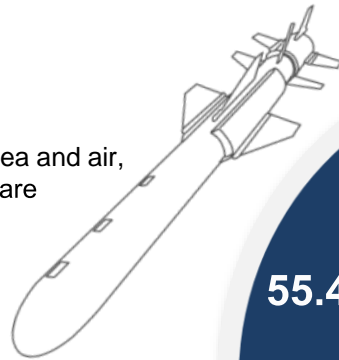
Indigenous Development of conventional weapons	Domestic refinement of imported weapon	Indigenous Development of precision weapons	Indigenous Development of World-class weapon system
 <p>1970</p>	 <p>1980</p>	 <p>1990</p>	 <p>2000 2010</p>
Depot Maintenance	Cooperative Production	Independent R&D	Independent Development of Modern Weapon System
 <ul style="list-style-type: none"> • Depot maintenance of Nike and Hawk Missiles • Depot maintenance of Sidewinder 	<ul style="list-style-type: none"> • Produced maritime radar based on technological cooperation • Became Korea's first developer of low-altitude surveillance radar 	 <ul style="list-style-type: none"> • Developed heavyweight torpedo • Developed ship to ship missile C-Star • Developed portable surface-to-air missile 	 <ul style="list-style-type: none"> • Developed lightweight torpedo • Exported portable radio to Indonesia • Developed airborne EW system • Developed Mid-range SAM • Developed 2.75"/130mm guided missile • Developed Raybolt • Developed Next Gen. Anti-artillery R/D • Developed Tactical Multiband/Multirole Radio

Growth of LIG Nex1

Total Solution Provider with business portfolio covering vast majority of industry

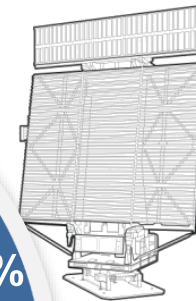
PGM

- PGM : Precision Guided Munition
- Accurately striking targets on land, sea and air, playing a crucial role in modern warfare



ISR

- ISR : Intelligence, Surveillance and Reconnaissance
- Detecting enemy targets quickly and accurately



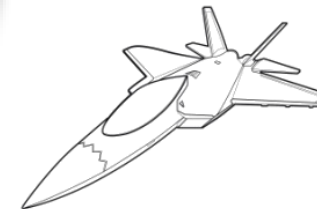
55.4%

2021 Sales
KRW
1,822 bn

20.5%

13.3%

10.8%



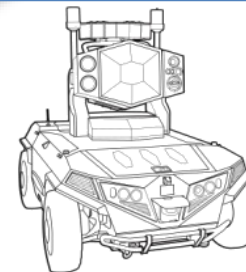
Command & Control (C4I)

- C4I : Command, Control, Communication, Computer, Intelligence
- Allowing prompt information delivery and decision-making on the battlefield



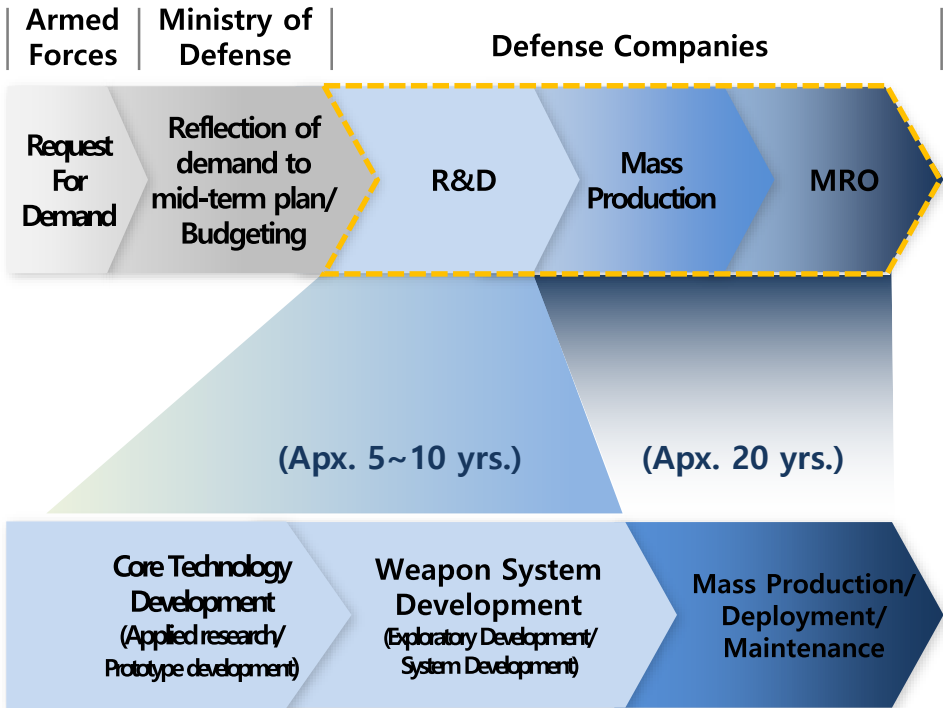
Avionics/EW & Others

- Airborne mission equipment
- Protecting friendly forces from enemy attacks and disrupting enemy communication and electronic equipment
- Future battlefield system, etc.



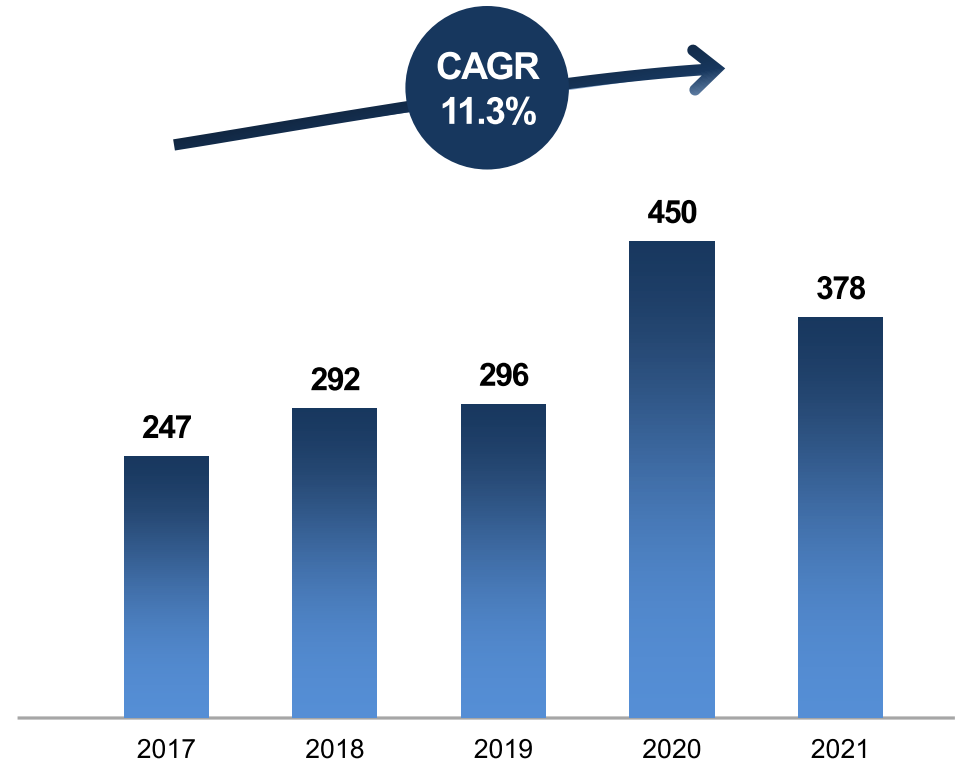
Securing R&D program/project leads to mass production and MRO, laying down the foundation for sustainable growth

Weapon System Procurement Procedure in Korea



R&D Revenue

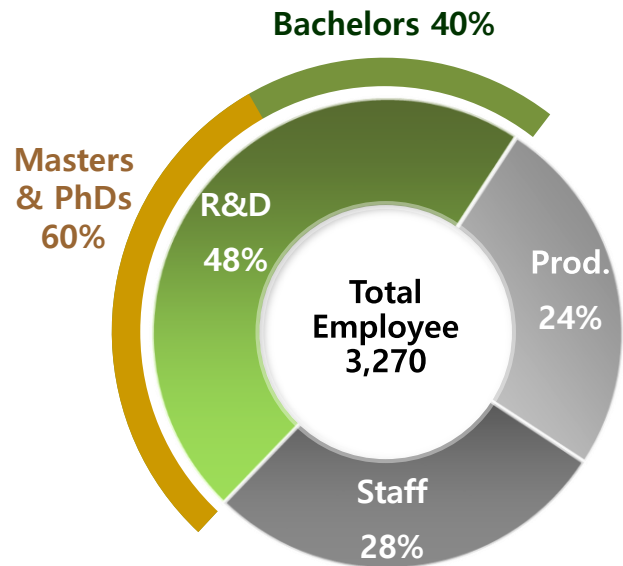
(Unit : KRW bn)



02. Company Overview_R&D Capacity & Facilities

Only defense company in Korea capable of handling weapon system throughout its lifecycle from R&D to production and MRO

Unmatched R&D Capacity



No. of R&D Staff: 1,569

R&D Human resources – the best in their respective fields

1,706 defense-related patents & 417 patent applications

19 researchers listed on “Marquis Who’s Who”

Korea’s Best Production & Test Facilities

System Integration, Assembly & Production Facilities

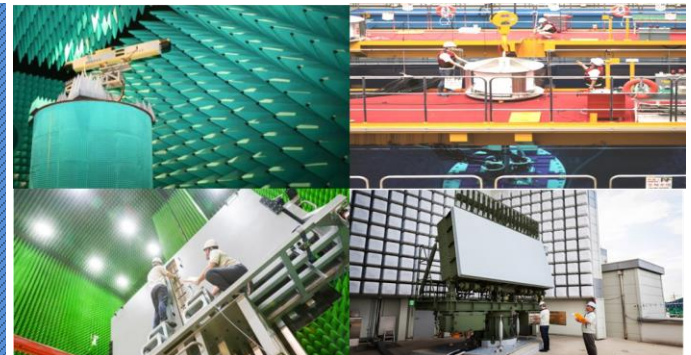
Integration/Assembly line

Material/Chemical Processing facilities



Specialized /customized Test Facilities

Anechoic chamber for EW/Seeker
Water tank test site
Near-Field test facility
Radar system integration facility



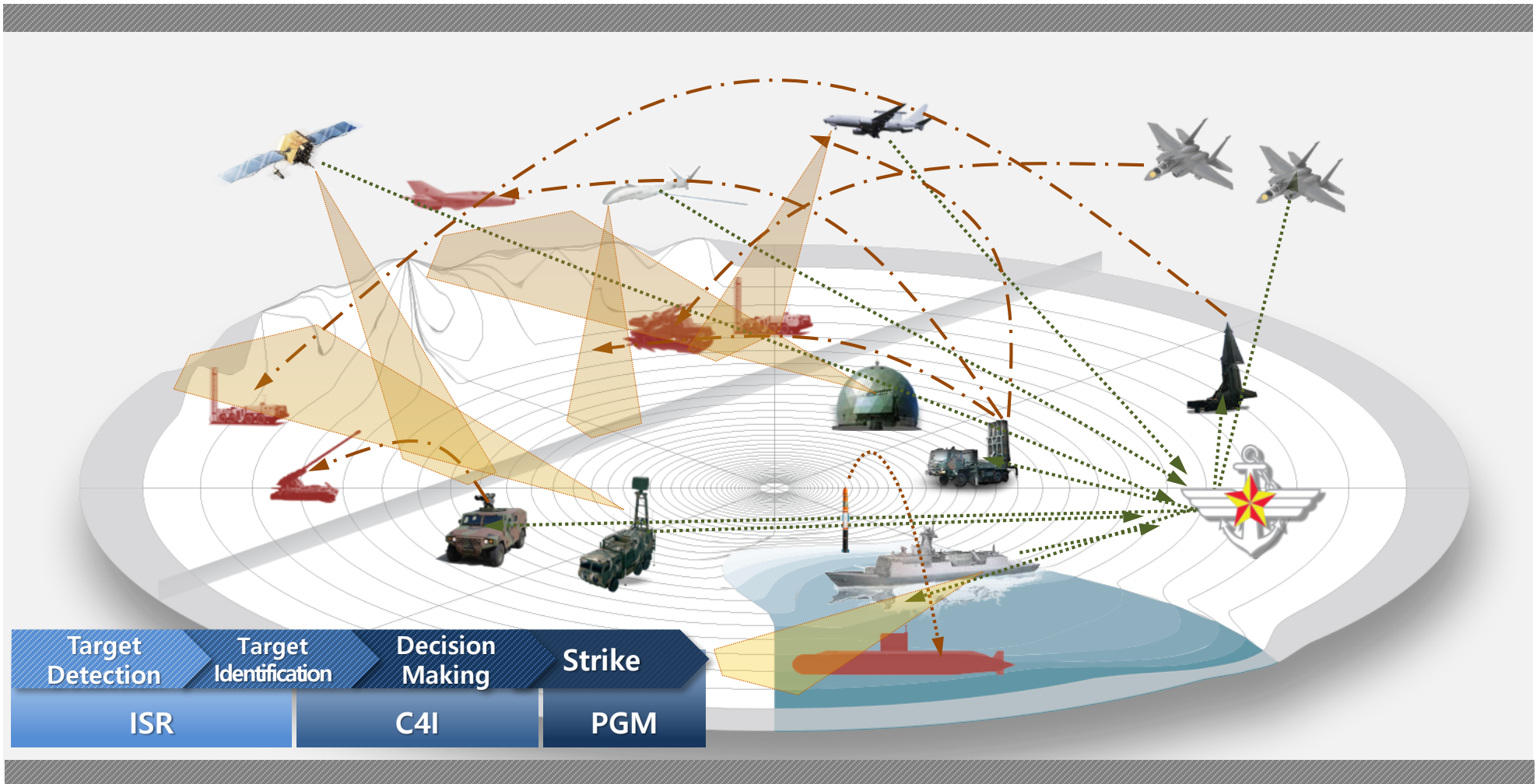
Reliability Test Facility

EMC test facility
Nondestructive test facility
Environment Test facility






※ Accredited by KOLAS(Korea Laboratory Accreditation Scheme)

From target detection to strike, Total Defense Solution can be provided



Established position in each of area with own core technology and know-hows

Intelligence, Surveillance & Reconnaissance		Command, Control & Communication		Precision-Guided Munition	
 <p>Sensor</p>				 <p>Shooter</p>	
Radar	TR Module	Tactical Communication	Network Algorithm	Precision Guided Munition	Seeker - IR, IIR - M/W, Multi-mode
SAR	Active arrayed antenna	Command and control system	Situational Awareness		Guidance Control
EO/IR	High-resolution EO/IR	Combat Management System	Fire and weapon Control system		Actuator
Underwater Detection	Acoustic Sensor/ Acoustic Detection	Datalink	Modem		Navigation Control - Inertial Nav., Satellite Nav.
					Altimeter
					Fuse/Propulsion
					Launcher

Remains as a key contributor in national missile defense system



Unparalleled market position in underwater surveillance and torpedoes

Underwater weapon system



Heavyweight torpedo White Shark



Heavyweight torpedo-II



Autonomous Decoy

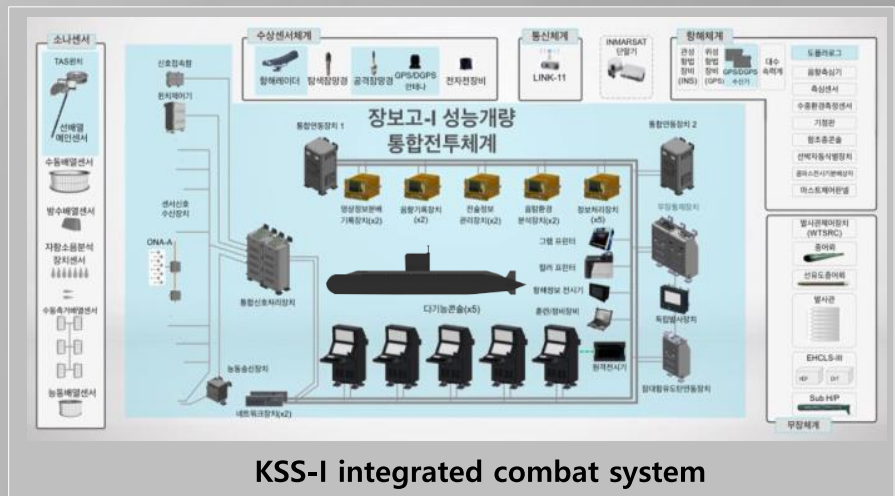


Lightweight torpedo Blue Shark



Long-range Anti-submarine torpedo Red Shark

Underwater sensors, surveillance system, combat management system



03. Business Portfolio_Precision Guided Munition

PGM
(Precision Guided Munition)

ISR

Avionics/EW

C4I

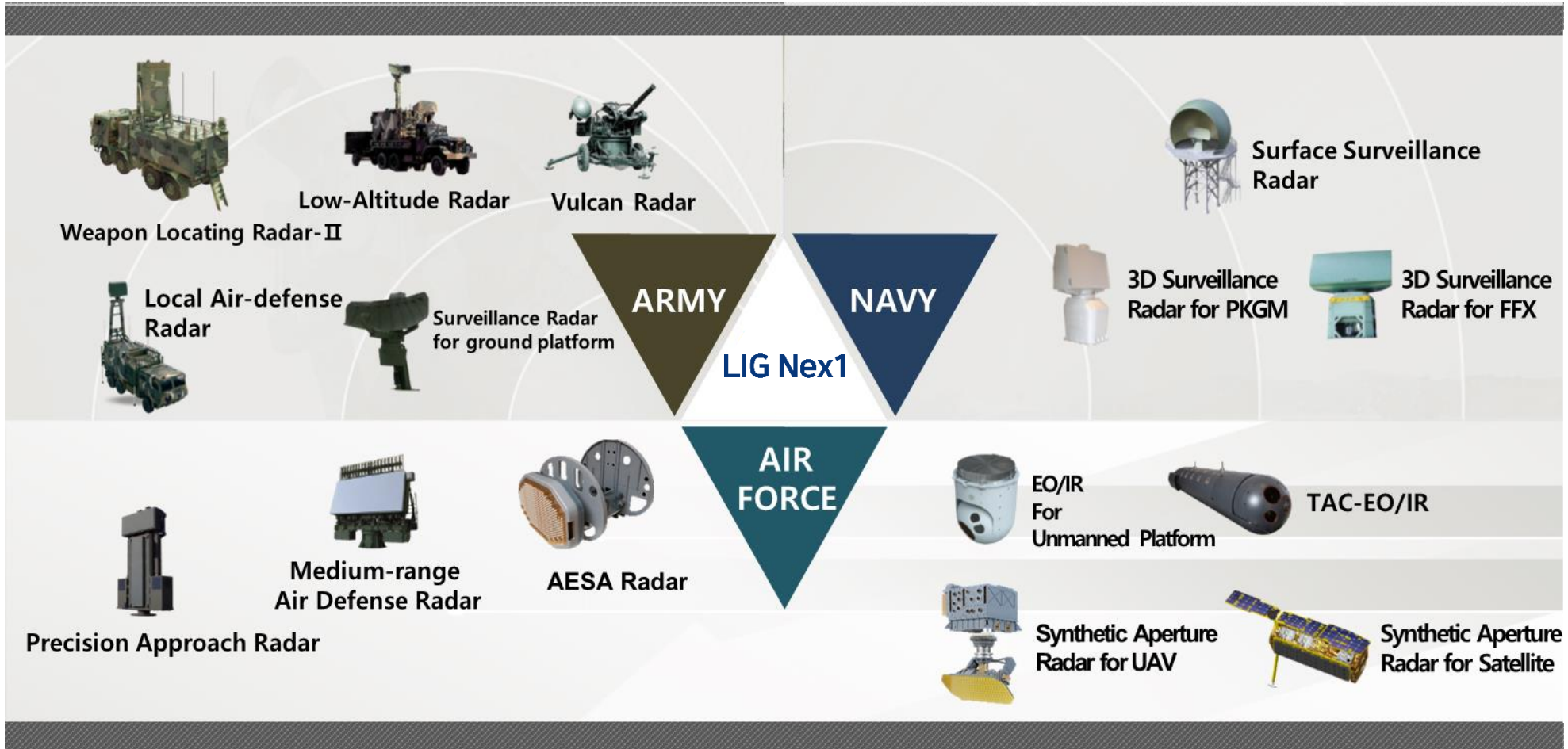
Others

- LIG Nex1's core business area where the company develop & produce various guided weapon systems as well as core components and seekers
- Has played major role in growth of the company under the government's support and company's bold investment
- 55.5% of 2021 total revenue (KRW 1.92 trn)

Business Area	Description
Anti-Air	Guided weapons striking targets on air
Anti-Vessel/Submarine	Guided weapons striking enemy vessels & subs.
Anti-Surface	Guided weapons striking targets on ground
Air to Ground	Guided bombs & missiles strike against enemies on ground
Underwater Weapon	Underwater weapons striking enemy battleship and submarines



Prompt and accurate detection of the enemy transmission of target intelligence



03. Business Portfolio_ISR

PGM	ISR (Intelligence, Surveillance and Reconnaissance)	Avionics/EW	C4I	Others
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- Develop & produce various weapon systems for surveillance and reconnaissance covering from underwater to space
- 20.5% of 2021 total revenue (KRW 372.8bn)

Business Area	Description
Surveillance Radar	Detects targets and acquires information on direction, distance and altitude of the targets
Tracking Radar	Simultaneous tracking systems for multiple targets
Imaging Radar (SAR)	Proactive radar sensor mounted on aircrafts and satellites; sends out electromagnetic waves to the targets on ground and reconstructs imaging information with reflected signals
Electro-optics System	Detects invisible rays to collect or acquire signals and imaging information on strategic/tactical targets on the ground, in the sea, in the air or space and on the battlefields
Underwater Surveillance System	Enables early detection and reaction against surface or underwater threats to enhance survivability of friendly forces (ships, submarines, key port facilities, etc.)



03. Business Portfolio_Avionics/EW

AEW
(Avionics/Electronic Warfare)

PGM

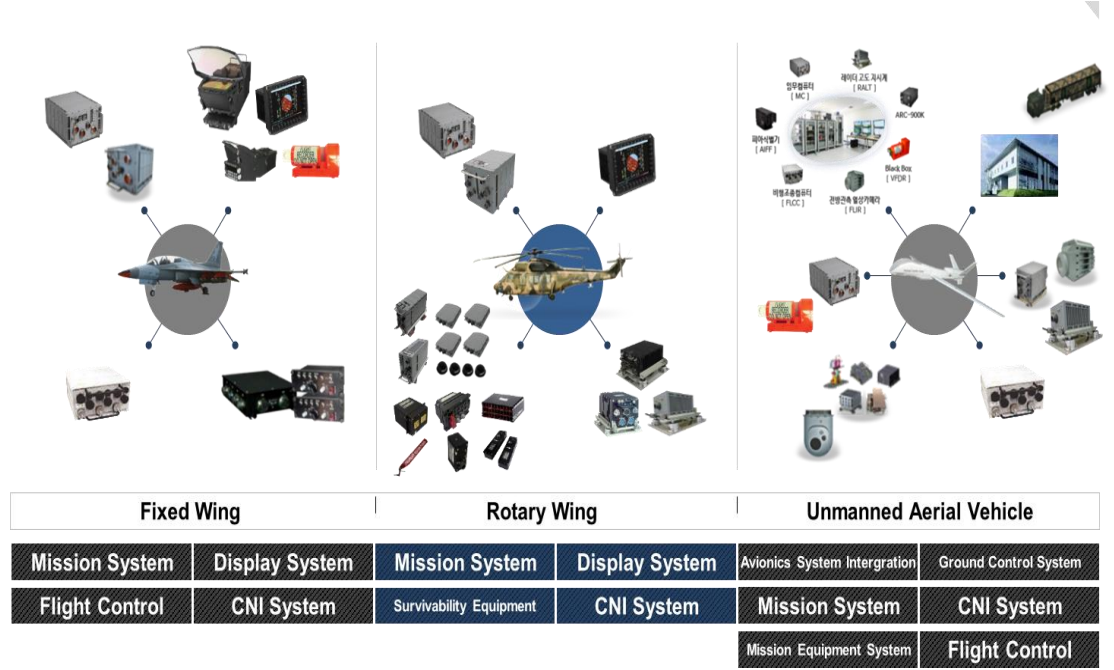
ISR

C4I

Others

- Develop & produce various systems & electronic components for airborne units as well as Electronic Warfare weapon systems
- 11.6% of 2021 total revenue (KRW 211.8 bn)

Business Area	Description
Avionics Components	Various electronic components for avionics
Avionics Mission System	Comprehensive system supporting airborne mission
Avionics CMS	Comprehensive system to help aircrafts in completing airborne mission
Ground/ Shipboard/ Airborne EW	Protects friendly forces against electronic attacks from enemies by detecting and disrupting enemy's electronic signals



PGM	ISR	Avionics/EW	C4I (Command, Control, Communication, Computer & Intelligence)	Others
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- Develop & produce various communication and command systems
- 10.8% of 2021 total revenue (KRW 197.4 bn)

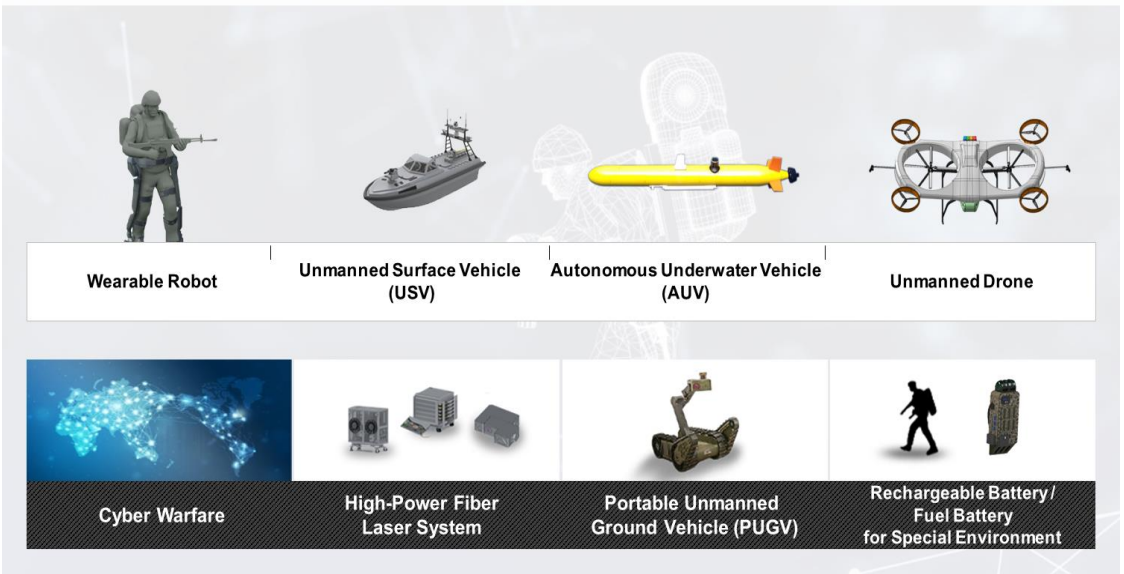
Business Area	Description
Communication Terminal	Provides data and communication information for users through networks
Ground Combat System	Connects all ground detection, armed system and support devices into a network to consolidate all information into one tactical intelligence
Data Link/ NW Management	Manages communication routes and communication networks for information transmission between multiple terminals
Shipboard CMS	Comprehensive weapon system by networking all detection systems, armament system and navigation support system
Interoperability	Enables seamless sharing and exchange of specific services, information or data between different forces, military units or systems

 <p>Software Defined Radio</p>	 <p>VHF FM Radio (PRC-999K)</p>	 <p>Handheld Radio</p>	 <p>Milsatcom Transportable Terminal</p>	
 <p>Data Link for UAV</p>	 <p>Korean Joint Tactical Data Link System (JTDLIS)</p>	 <p>Anti Jamming GPS</p>	 <p>Battalion Tactical Command System (BTCS)</p>	 <p>Vehicle Command and Control System</p>

PGM	ISR	Avionics/EW	C4I	Others
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- Unmanned system, specialized weapon system, cyber warfare, M&S (Modeling & Simulation), etc.
- 1.7% of 2021 total revenue (KRW 31.0 bn)

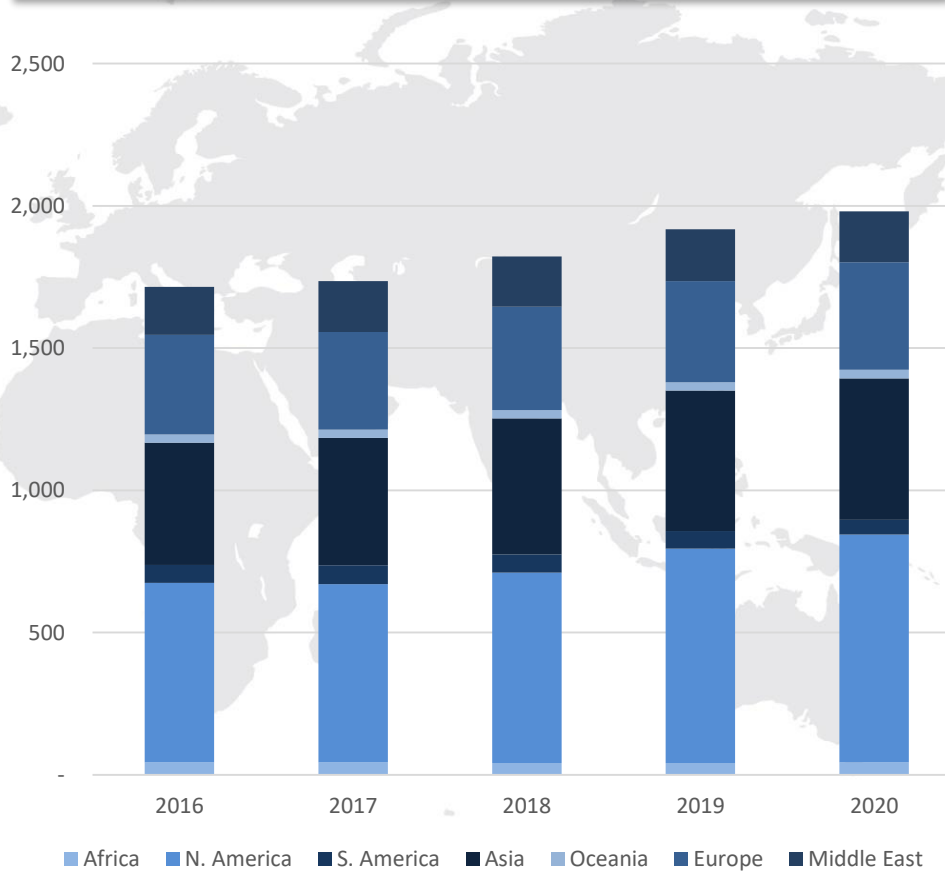
Business Area	Description
Unmanned System	Replaces human engagement or manned systems for search/reconnaissance activities at battle field, minimizing human casualty
Specialized Weapon System	Focuses on developing future new-concept weapon system (laser, EMP, etc.) and energy sources (secondary cells, etc.)
Cyber Warfare	Detecting, defending, and tracking technologies for cyber warfare
M&S	Performs modeling & simulation for systems difficult or impossible to be actually implemented or for future forecasting



04. Expanding Global Presence_Global Defense Industry

**2020 Worldwide Defense Spending has increased 0.9% from previous year;
Total Spending : Approx. 1.93 tn USD**

Global Defense Spending



Global Defense Trend

- Global pandemic caused by COVID-19 did not have significant influence over the defense industry
- Along with geographical conflicts that can be observed through out the world , Military Modernization move has kept the defense expenditure relatively steady if not strong against other government expenditures.

Top 15 Defense Expenditure by Countries in 2020

Ranking		Country	Defense Spending	Ratio(%)
2020	2019			
1	1	USA	778	39
2	2	China	252	13
3	3	India	72.9	3.7
4	4	Russia	61.7	3.1
5	6	England	59.2	3
6	5	Saudi Arabia	57.5	2.9
7	8	Germany	52.8	2.7
8	7	France	52.7	2.7
9	9	Japan	49.1	2.5
10	10	S. Korea	45.7	2.3
11	11	Italia	28.9	1.5
12	12	Australia	27.5	1.4
13	14	Canada	22.8	1.1
14	16	Israel	21.7	1.1
15	13	Brazil	19.7	1

<Source : 2020 World Defense Market Annual Report, Defense Agency for Technology & Quality>
() : 2019 Middle East Defense Spending excludes Qatar, Syria, UAE, Yemen

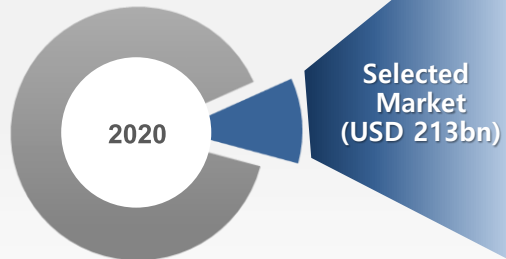
Promoting overseas business as one of the future growth driver

Select and Concentration Strategy

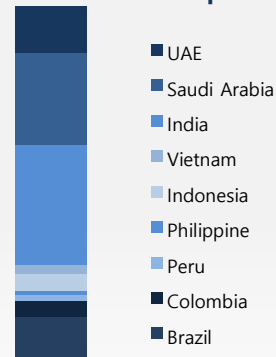
- Selected 9 countries among the emerging markets with rapid growth in its defense expenditure

- Middle East (UAE, Saudi Arabia)
- Asia (India, Vietnam, Indonesia, Philippine)
- South America (Peru, Colombia, Brazil)

Global Defense Expenditure (USD 1.93tn)








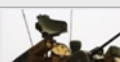





2020 Defense Spending



<Source : 2019 World Defense Market Annual Report, Defense Agency for Technology & Quality>

- Differentiating from advanced countries by offering solutions through strategic collaboration with local companies (local production, transfer of know-how, etc.)
- Establish foothold in strategic and adjacent markets
- Actively participating in defense exhibitions in strategic markets

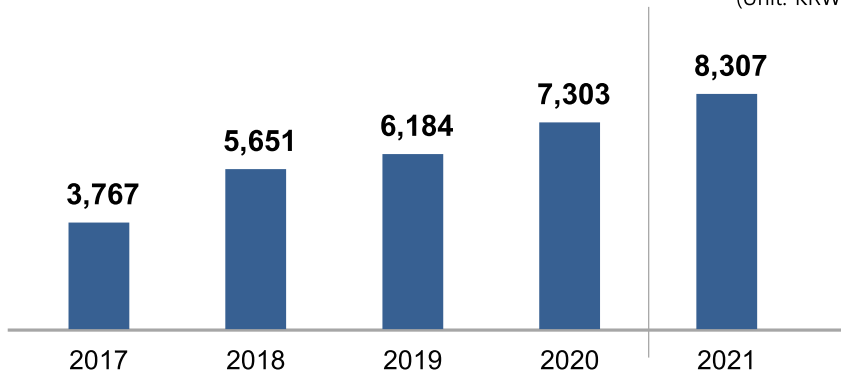
Overseas Business Presence & Projects in progress

2006. 12.	• First export of portable radio devices	
2008. 10.	• Established US Office	
2011. 10.	• Established Colombia Office	
2013. 07.	• Established Indonesian Office	
2018. 07.	• Established UAE Office	
Middle East	• 70mm guided rocket	
	• Surface-to-air guided weapon system	
	• Portable anti-tank missile	
	• Sea port surveillance system	
	• KGGB(Smart Bomb)	
Asia	• Multi-function surface to air missile	
	• Portable air defense system	
	• Ship-to-ship cruise missile	
	• Light-weight torpedo	
South America	• Ship-to-ship cruise missile	
	• Shipboard combat system	

05. Financial Highlights

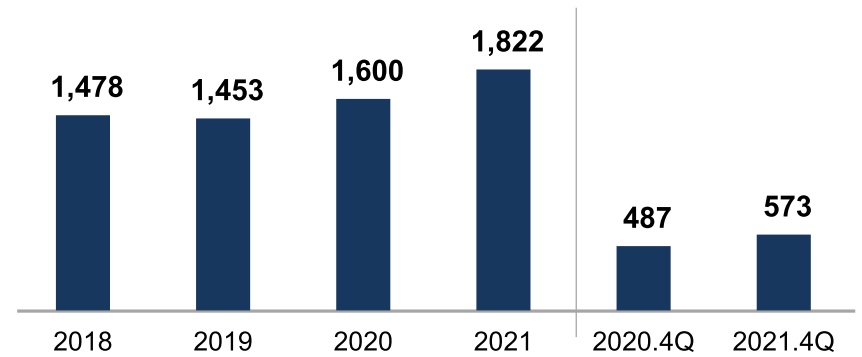
Order Backlog

(Unit: KRW bn)



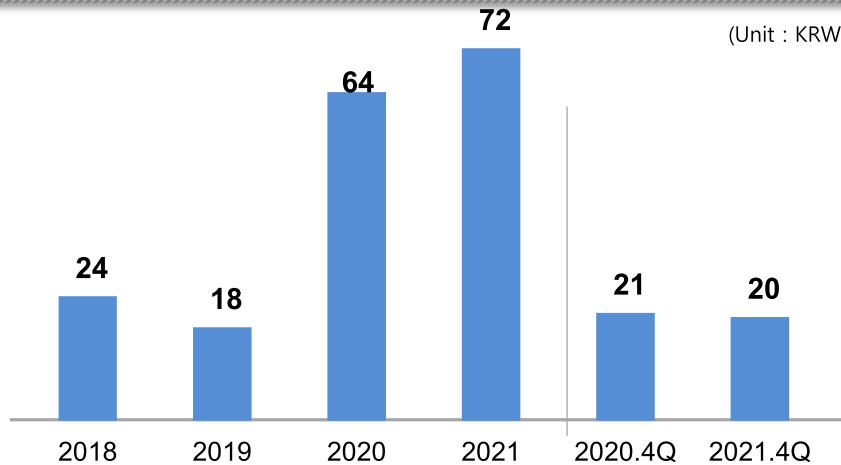
Sales

(Unit : KRW bn)



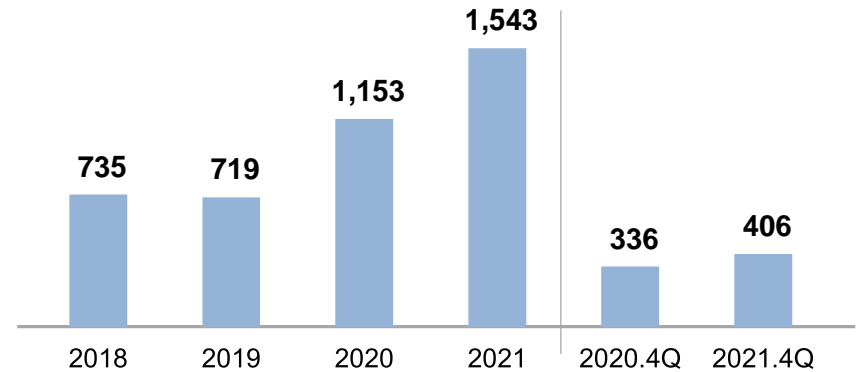
Operating Income

(Unit : KRW bn)



EBITDA

(Unit : KRW bn)



Appendix. Summary Key Financials

LIG Nex1

Income Statement

(Unit : KRW bn)

	2018	2019	2020	2021	2020.4Q	2021.4Q
Sales	1,477.5	1,452.7	1,600.3	1,822.2	486.9	573.0
COGS	1,336.2	1,314.7	1,410.7	1,590.6	432.9	508.4
Gross Profit	141.3	138.0	189.7	231.7	54.1	64.7
SG&A	117.2	119.9	125.9	134.4	33.2	44.5
Operating Income	24.1	18.1	63.7	97.2	20.9	20.1
Non-operating Profit/Loss	△12.9	△4.4	△24.9	31.9	△36.0	2.3
EBT	11.2	13.8	38.9	129.1	△15.1	22.5
Income Tax	6.8	10.6	△19.0	24.1	△26.4	0.5
Net Income	4.5	3.2	57.9	105.1	11.3	22.1
EBITDA	73.5	71.9	115.3	154.3	33.5	40.6

Balance Sheet

(Unit: KRW bn)

	2017	2018	2019	2020	2021
I. Current Assets	1,165.9	1,419.8	1,380.9	1,545.7	1,485.9
II. Non-current Assets	842.5	902.3	936.6	1,049.9	1,090.9
Total Assets	2,008.4	2,322.1	2,317.5	2,595.6	2,576.8
I. Current Liabilities	1,151.5	1,305.9	1,237.5	1,380.4	1,481.1
II. Non-current Liabilities	263.8	366.1	446.0	542.7	332.4
Total Liabilities	1,415.3	1,672.0	1,683.5	1,923.1	1,813.5
I. Capital Stocks	110.0	110.0	110.0	110.0	110.0
II. Capital Surplus	140.7	140.7	140.7	140.7	142.1
III. Retained Earnings	342.6	327.0	310.7	358.0	443.9
IV. Other Comprehensive Income	△0.3	72.5	72.6	72.3	72.6
V. Others	-	-	-	△8.5	△5.3
Total Equity	593.0	650.1	634.0	672.5	763.3
Total Liabilities & Shareholders' Equity	2,008.4	2,322.1	2,317.5	2,595.6	2,576.8

Shareholder Return Policy

Our company continuously review our shareholder return policy to provide investors with greater value. Currently, our company is taking mixed-policy in paying out dividends depending on company's profit size.

Mixed policy means that company is paying out the annual dividends by either calculating the amount at certain proportion, approximately 25% depending on future investment plan, of the profit per share or by fixed amount, on average of 500 KRW per share depending on the size of profit per share.

Dividend Summary

Division		FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Face value per share	Common stock	KRW 5,000	KRW 5,000	KRW 5,000	KRW 5,000	KRW 5,000
Cash dividend per share	Common stock	KRW 900	KRW 600	KRW 500	KRW 500	KRW 940
Net Profit(bn. KRW)		57.9	3.19	4.46	(9.49)	77.05
Total dividends(bn. KRW)		19.5	13.2	11.0	11.0	20.68
Dividend Yield Ratio (%)	Common stock	3.0	1.9	1.5	0.9	1.2