

# **LG ENERGY SOLUTION, LTD. AND ITS SUBSIDIARIES**

**Interim Condensed Consolidated Financial Statements  
As of June 30, 2024, and December 31, 2023, and  
For the Three-Month and Six-Month Periods  
Ended June 30, 2024 and 2023**

**(With the Independent Auditor's Review Report Thereon)**

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## Report on Review of Interim Condensed Consolidated Financial Statements

English Translation of Independent Auditor's Review Report Originally Issued in Korean on May 10, 2024

To the Shareholders and the Board of Directors of  
LG Energy Solution, Ltd.:

### Reviewed financial statements

We have reviewed the accompanying interim condensed consolidated financial statements of LG Energy Solution, Ltd. and its subsidiaries (the "Group"). These interim condensed consolidated financial statements consist of the interim condensed consolidated statement of financial position as of June 30, 2024, and the related interim condensed consolidated statements of profit or loss and interim condensed consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, and the interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows, all expressed in Korean won, for the six-month periods ended June 30, 2024 and 2023, and a summary of material accounting policies and other explanatory information.

### Management's responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the review standards for interim financial statements in the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing ("KSAs") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with K-IFRS 1034 *Interim Financial Reporting*.

# Deloitte.

## Other matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2023, and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, in accordance with KSA. We expressed an unqualified opinion on those consolidated financial statements, not presented herein, in our audit report dated March 7, 2024.

The accompanying consolidated statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

*Deloitte idnjin LLC*

August 9, 2024

This review report is effective as of August 9, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modifications to this review report.

# **LG ENERGY SOLUTION, LTD. AND ITS SUBSIDIARIES (the “Group”)**

Interim condensed consolidated financial statements  
as of June 30, 2024, and December 31, 2023, and  
for the three-month and six-month periods ended June 30, 2024 and 2023

“The accompanying interim condensed consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

**Dong Myung Kim**  
**Chief Executive Officer**  
**LG Energy Solution, Ltd.**

**LG Energy Solution, Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of financial position**  
**As of June 30, 2024, and December 31, 2023**

(Korean won in millions)

	Notes	June 30, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3,5,6	₩ 3,870,900	₩ 5,068,783
Trade receivables	3,5,7,30	5,096,863	5,128,474
Other receivables	3,5,7,30	330,699	555,186
Other current financial assets	3,5,8	122,068	65,439
Prepaid income taxes		106,535	67,072
Other current assets	13	1,426,514	927,106
Inventories	9	5,551,970	5,396,336
		<u>16,505,549</u>	<u>17,208,396</u>
<b>Non-current assets</b>			
Trade receivables	3,5,7	138,470	129,995
Other receivables	3,5,7,30	144,562	122,282
Other non-current financial assets	3,5,8	464,759	357,038
Investments in associates and joint ventures	10,32	205,442	223,559
Deferred tax assets	27	2,483,029	2,228,924
Property, plant and equipment	11,32	29,950,451	23,654,677
Intangible assets	12,32	964,152	875,993
Investment properties	32,34	199,867	212,489
Other non-current assets	13,16	444,926	423,791
		<u>34,995,658</u>	<u>28,228,748</u>
<b>Total assets</b>		<u>₩ 51,501,207</u>	<u>₩ 45,437,144</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	3,5,30	₩ 2,984,288	₩ 3,093,719
Other payables	3,5,30	3,315,608	3,458,103
Borrowings	3,5,11,14,31	3,755,990	3,211,456
Provisions	15	551,029	517,170
Other current financial liabilities	3,5,8	7,180	7,652
Income tax payables		110,312	33,321
Other current liabilities	17,33	565,811	615,764
		<u>11,290,218</u>	<u>10,937,185</u>
<b>Non-current liabilities</b>			
Other payables	3,5,30	18,445	25,291
Borrowings	3,5,11,14,31	9,517,709	7,720,832
Other non-current financial liabilities	3,5,8	490,145	68,824
Provisions	15	1,000,464	869,123
Net defined benefit liabilities	16	73	239
Deferred tax liabilities	27	61,964	19,958
Other non-current liabilities	17,33	1,490,370	1,422,183
		<u>12,579,170</u>	<u>10,126,450</u>
<b>Total liabilities</b>		<u>23,869,388</u>	<u>21,063,635</u>
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	19	117,000	117,000
Capital surplus	19	17,164,627	17,164,627
Accumulated other comprehensive income		1,475,402	554,518
Retained earnings	20	1,891,715	2,364,496
		<u>20,648,744</u>	<u>20,200,641</u>
<b>Non-controlling interest</b>		<u>6,983,075</u>	<u>4,172,868</u>
<b>Total equity</b>		<u>27,631,819</u>	<u>24,373,509</u>
<b>Total liabilities and equity</b>		<u>₩ 51,501,207</u>	<u>₩ 45,437,144</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of profit or loss**  
**For the three-month and six-month periods ended June 30, 2024 and 2023**

(Korean won in millions)

	Notes	June 30, 2024		June 30, 2023	
		Three months	Six months	Three months	Six months
<b>Revenue</b>	21,30,32,33	₩ 6,161,866	₩ 12,290,580	₩ 8,773,487	₩ 17,520,604
Cost of sales	21,22,30	5,468,974	10,673,689	7,439,411	14,892,318
<b>Gross profit</b>		692,892	1,616,891	1,334,076	2,628,286
Other operating income	21,32	447,794	636,748	110,916	211,210
Selling and administrative expenses	21,22,30	945,367	1,900,983	984,393	1,745,731
<b>Operating profit</b>	21	195,319	352,656	460,599	1,093,765
Finance income	5,24,30	205,102	487,769	353,190	642,226
Finance costs	5,24,30	276,516	534,094	217,515	482,794
Share of loss of associates and joint ventures	10	(28,974)	(41,605)	(8,432)	(18,292)
Other non-operating income	25	120,540	324,524	384,274	724,266
Other non-operating expenses	26	124,227	275,357	326,239	602,104
<b>Profit before income tax expense</b>		91,244	313,893	645,877	1,357,067
<b>Income tax expense</b>	27	114,984	125,581	180,736	329,940
<b>Profit (loss) for the period</b>		₩ (23,740)	₩ 188,312	₩ 465,141	₩ 1,027,127
<b>Profit (loss) for the period attributable to:</b>					
Owners of the Parent Company		₩ (471,772)	₩ (472,236)	₩ 432,443	₩ 933,038
Non-controlling interests		448,032	660,548	32,698	94,089
<b>Earnings per share attributable to the equity holders of the Parent Company (in Korean won)</b>	28				
Basic or diluted earnings per share		(2,016)	(2,018)	1,848	3,987

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of comprehensive income**  
**For the three-month and six-month periods ended June 30, 2024 and 2023**

(Korean won in millions)

	Notes	June 30, 2024		June 30, 2023	
		Three months	Six months	Three months	Six months
<b>Profit (loss) for the period</b>		₩ (23,740)	₩ 188,312	₩ 465,141	₩ 1,027,127
<b>Other comprehensive income:</b>					
Items that will not be subsequently reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities	16	(205)	(856)	912	1,691
Gain(loss) on valuation of financial assets at FVOCI	5	(2,837)	(1,930)	(8,243)	2,095
Income tax effect of other comprehensive income		767	723	1,899	(1,110)
		(2,275)	(2,063)	(5,432)	2,676
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		609,657	1,303,128	(25,168)	446,020
Loss on cash flow hedge	5	2,291	3,674	(8,248)	(15,475)
Share of other comprehensive income of associates and joint ventures		6,246	15,784	1,564	8,467
Income tax effect of other comprehensive income		3,067	(1,733)	6,556	11,150
		621,261	1,320,853	(25,296)	450,162
<b>Other comprehensive income (loss) for the period, net of tax</b>		618,986	1,318,790	(30,728)	452,838
<b>Total comprehensive income for the period, net of tax</b>		₩ 595,246	₩ 1,507,102	₩ 434,413	₩ 1,479,965
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Parent Company		₩ (44,285)	₩ 447,988	₩ 387,318	₩ 1,303,402
Non-controlling interest		639,531	1,059,114	47,095	176,563

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



**LG Energy Solution, Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of changes in equity**  
**For the six-month periods ended June 30, 2024 and 2023**

(Korean won in millions)

	Notes	Attributable to the equity holders of the Parent Company					Non-controlling interests	Total
		Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal		
<b>As of January 1, 2023</b>		₩ 117,000	₩ 17,164,627	₩ 296,070	₩ 1,154,518	₩ 18,732,215	₩ 1,861,547	₩ 20,593,762
Comprehensive income for the period:								
Profit for the period		-	-	-	933,038	933,038	94,089	1,027,127
Remeasurements of net defined benefit liabilities	16	-	-	-	1,245	1,245	-	1,245
Exchange differences on translation of foreign operations		-	-	370,825	-	370,825	82,473	453,298
Gain on valuation of financial assets at FVOCI	5	-	-	1,431	-	1,431	-	1,431
Loss on cash flow hedge	5	-	-	(11,603)	-	(11,603)	-	(11,603)
Equity adjustments in equity method	10	-	-	8,467	-	8,467	-	8,467
<b>Total comprehensive income for the period</b>		-	-	369,120	934,283	1,303,403	176,562	1,479,965
<b>Transactions with owners of the Parent Company recognized directly in equity:</b>								
Capital increase		-	-	-	-	-	1,054,990	1,054,990
<b>Total transactions with owners of the Parent Company recognized directly in equity</b>		-	-	-	-	-	1,054,990	1,054,990
<b>As of June 30, 2023</b>		₩ 117,000	₩ 17,164,627	₩ 665,190	₩ 2,088,801	₩ 20,035,618	₩ 3,093,099	₩ 23,128,717
<b>As of January 1, 2024</b>		₩ 117,000	₩ 17,164,627	₩ 554,518	₩ 2,364,496	₩ 20,200,641	₩ 4,172,868	₩ 24,373,509
Comprehensive income for the period:								
Profit for the period		-	-	-	(472,236)	(472,236)	660,548	188,312
Remeasurements of net defined benefit liabilities	16	-	-	-	(660)	(660)	-	(660)
Exchange differences on translation of foreign operations		-	-	903,720	-	903,720	398,566	1,302,286
Gain on valuation of financial assets at FVOCI	5	-	-	(1,402)	-	(1,402)	-	(1,402)
Gain on cash flow hedge	5	-	-	2,782	-	2,782	-	2,782
Equity adjustments in equity method	10	-	-	15,784	-	15,784	-	15,784
<b>Total comprehensive income for the period</b>		-	-	920,884	(472,896)	447,988	1,059,114	1,507,102
<b>Transactions with owners of the Parent Company recognized directly in equity:</b>								
Capital increase		-	-	-	-	-	1,952,673	1,952,673
Others		-	-	-	115	115	(201,580)	(201,465)
<b>Total transactions with owners of the Parent Company recognized directly in equity</b>		-	-	-	115	115	1,751,093	1,751,208
<b>As of June 30, 2024</b>		₩ 117,000	₩ 17,164,627	₩ 1,475,402	₩ 1,891,715	₩ 20,648,744	₩ 6,983,075	₩ 27,631,819

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Interim condensed consolidated statements of cash flows**  
**For the six-month periods ended June 30, 2024 and 2023**

(Korean won in millions)

	<u>Notes</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<b>Cash flows from operating activities:</b>			
Cash generated from operations	31	₩ 1,813,015 ₩	1,766,782
Interest received		102,871	76,212
Interest paid		(267,645)	(167,826)
Dividends received		348	99
Income tax paid		(281,573)	(378,837)
<b>Net cash provided by operating activities</b>		<u>1,367,016</u>	<u>1,296,430</u>
<b>Cash flows from investing activities:</b>			
<b>Cash inflow from investing activities:</b>			
Decrease in other receivables		35,020	158,114
Decrease in other non-current receivables		3,974	3,110
Proceeds from disposal of financial instruments		1,288	-
Proceeds from disposal of property, plant and equipment		13,328	3,047
Proceeds from disposal of intangible assets		1,096	1,271
Government grants received		110,996	130,463
Other cash inflow for investing activities		144	-
		<u>165,846</u>	<u>296,005</u>
<b>Cash outflow for investing activities:</b>			
Increase in other receivables		(1,137)	(122,832)
Increase in other non-current receivables		(52,552)	(64,946)
Acquisition of investments in associates and joint ventures		(7,847)	(46,575)
Acquisition of financial instruments		(32,381)	(86,424)
Acquisition of property, plant and equipment		(6,263,517)	(4,224,684)
Acquisition of intangible assets		(49,261)	(51,678)
Other cash outflow for investing activities		-	(4,431)
		<u>(6,406,695)</u>	<u>(4,601,570)</u>
<b>Net cash used in investing activities</b>		<u>(6,240,849)</u>	<u>(4,305,565)</u>
<b>Cash flows from financing activities:</b>			
<b>Cash inflow from financing activities:</b>			
Proceeds from borrowings and others	31	3,919,431	2,442,507
Paid-in capital by non-controlling interests		1,952,673	1,054,990
		<u>5,872,104</u>	<u>3,497,497</u>
<b>Cash outflow for financing activities:</b>			
Repayments of borrowings and others	31	(2,210,540)	(1,600,311)
Others		(201,580)	-
		<u>(2,412,120)</u>	<u>(1,600,311)</u>
<b>Net cash provided by financing activities</b>		<u>3,459,984</u>	<u>1,897,186</u>
Net increase (decrease) in cash and cash equivalents		(1,413,849)	(1,111,949)
Cash and cash equivalents at the beginning of period		5,068,783	5,937,967
Effects of exchange rate changes on cash and cash equivalents		215,966	34,188
<b>Cash and cash equivalents at the end of period</b>		<u>₩ 3,870,900 ₩</u>	<u>4,860,206</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**As of June 30, 2024, and December 31, 2023, and**  
**For the three-month and six-month periods ended June 30, 2024 and 2023**

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**1. GENERAL:**

General information about LG Energy Solution, Ltd. (the “Company” or the “Parent Company”) and its 22 subsidiaries (collectively, the “Group”) is as follows:

**1.1 Company Information**

The Parent Company, a split-off of LG Chem Ltd.’s battery division, was incorporated on December 1, 2020.

As of June 30, 2024, the Company is engaged in the battery industry, with its manufacturing facilities located in Ochang.

The Company’s shares have been listed on the Korea Exchange since January 27, 2022, and the share capital is ₩117,000 million as of June 30, 2024. The largest shareholder of the Company is LG Chem Ltd., which holds 81.84% of the Company’s ordinary shares.

The Company is authorized to issue 800 million shares (₩500 per share) and has issued 234 million of ordinary shares as of June 30, 2024.

**1.2 Business Overview**

The Group is engaged in providing energy solution services.

The Group manufactures and supplies batteries ranging from IT and new application batteries for mobile phones and laptops to automotive batteries for electric vehicles and ESS batteries. Demand for mobile batteries for new applications, such as electric tools and other electrical devices, as well as traditional IT devices, is increasing recently, and the automotive battery business is also expected to expand rapidly due to increasing demand for batteries associated with enhanced environment regulation in developed countries. Demand for ESS is expanding with an increasing importance of efficient usage of electricity and generation of renewable energy.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**As of June 30, 2024, and December 31, 2023, and**  
**For the three-month and six-month periods ended June 30, 2024 and 2023**

**1.3 Consolidated Subsidiaries and Investments in Associates and Joint Ventures**

	Ownership (%)		Location	Closing month	Business
	June 30, 2024	December 31, 2023			
<b>Subsidiaries:</b>					
LG Energy Solution (Nanjing) Co., Ltd.	100	100	China	December	Mobile battery manufacturing, sales and others
LG Energy Solution Michigan Inc. (*1)	100	100	USA	December	Automotive battery research and manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd.	100	100	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o.	100	100	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd.	100	100	Australia	December	ESS battery sales
LG Energy Solution Technology (Nanjing) Co., Ltd.	100	100	China	December	Automotive battery manufacturing, sales and others
Ultium Cells Holdings LLC (*2)	50	50	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC (*2)	50	50	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH	100	100	Germany	December	ESS battery sales and others
LG Energy Solution (Taiwan) Ltd.	100	100	Taiwan	December	Mobile battery sales and others
Areum noori Co., Ltd.	100	100	Korea	December	Facility management and cleaning
LG Energy Solution Fund I LLC	100	100	USA	December	Investment in ventures
LG Energy Solution Vertech Inc.	100	100	USA	December	ESS battery installation service
LG Energy Solution Arizona, Inc.	100	100	USA	December	Mobile battery manufacturing and sales
Baterias De Castilla, S.L.	100	100	Spain	December	Others
L-H Battery Company, Inc.	51	51	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited	100	100	India	December	Mobile battery sales and others
LG Energy Solution Arizona ESS, Inc.	100	100	USA	December	ESS battery manufacturing and sales
Nextstar Energy Inc.	51	51	Canada	December	Automotive battery manufacturing and sales
LG Energy Solution Fund II LLC	100	100	USA	December	Investment in ventures
HL-GA Battery Company LLC	50	50	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd. (*3)	100	-	Japan	December	ESS battery sales and others
<b>Associates and joint ventures:</b>					
PT. HLI Green Power (*4)	50	50	Indonesia	December	Automotive battery manufacturing and sales
Sama Aluminium Co., Ltd. (*5)	10.2	10.2	Korea	December	Aluminium manufacturing, sales and others
Nexpo Co., Ltd. (*6)	19	19	Korea	December	Battery product manufacturing, sales and others
Bricks Capital Management Global Battery Private Equity Fund I (*7)	59.9	59.9	Korea	December	Collective investment institution

(\*1) LG Energy Solution Michigan Inc. owns 50% of Ultium Cells Holdings LLC and HL-GA Battery Company LLC's shares.

(\*2) The Group does not hold a majority ownership interest in Ultium Cells LLC or Ultium Cells Holdings LLC. According to the arrangement between shareholders, however, the Group holds the majority of voting rights in the decision-making process of the entity and has the ability to affect the variable returns by engaging in the entity's production and cost management. This implies that the Group exercises control over the entity.

(\*3) During the current period, the Group newly acquired 100% of LG Energy Solution Japan Co., Ltd. for ₩535 million.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**As of June 30, 2024, and December 31, 2023, and**  
**For the three-month and six-month periods ended June 30, 2024 and 2023**

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- (\*4) As a company established under a joint arrangement in which the Group participated, the investee is structured as a separate organization over which the Group has rights to the net assets. Therefore, it is classified as a joint venture.
- (\*5) Although the ownership of Sama Aluminium Co., Ltd. is less than 20%, the arrangement between shareholders ensures that the Group has the ability to participate in the decision-making process, thus exerting significant influence over the entity. As a result, the entity is classified as an associate.
- (\*6) Although the ownership of Nexpo Co., Ltd. is less than 20%, the arrangement between shareholders ensures that the Group has the ability to participate in the decision-making process, thus exerting significant influence over the entity. As a result, the entity is classified as an associate.
- (\*7) The ownership interest in the equity fund by the Group exceeds 50%; however, due to the requirement of unanimous consent from all stakeholders in major decision-making processes, the Group cannot be deemed to control the equity fund. Therefore, it has been classified as an investment in an associate.

#### **1.4 Changes in Scope for Consolidation**

New subsidiary included in the interim condensed consolidated financial statements for the six-month period ended June 30, 2024, is as follows:

	<b>Reason for the inclusion</b>
LG Energy Solution Japan Co., Ltd.	Incorporated during the current period

## **2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:**

### **2.1 Basis of Preparation**

The Group's interim condensed consolidated financial statements were prepared in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1034 *Interim Financial Reporting* as part of the period covered by the Group's K-IFRSs annual consolidated financial statements. In order to be understood, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the fiscal year ended December 31, 2023, prepared in accordance with the K-IFRSs.

### **2.2 Application of the Amended and Enacted Standards**

The material accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies adopted in the preparation of the annual consolidated financial statements as of and for the fiscal year ended December 31, 2023, except for the impacts related to the adoption of the standards or interpretations described below.

1) New and amended K-IFRSs and new interpretations that are effective for the current period

- K-IFRS 1001 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-Current (Amendment)

The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period; specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**LG Energy Solution, Ltd. and its subsidiaries**  
**Notes to the interim condensed consolidated financial statements**  
**As of June 30, 2024, and December 31, 2023, and**  
**For the three-month and six-month periods ended June 30, 2024 and 2023**

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- K-IFRS 1001 *Presentation of Financial Statements* – Non-Current Liabilities with Covenants (Amendment)

The amendment specifies that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date. Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The amendment also specifies that the right to defer settlement of a liability for at least 12 months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within 12 months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

- K-IFRS 1007 *Statement of Cash Flows* and K-IFRS 1107 *Financial Instruments: Disclosures* – Supplier Finance Arrangements (Amendment)

The amendment adds a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1107 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangement
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both the financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

- K-IFRS 1116 *Leases* – Lease Liability in a Sale and Leaseback (Amendment)

The amendment to K-IFRS 1116 adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 to be accounted for as a sale. The amendment requires the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

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2) New and revised K-IFRSs in issue, but not yet effective

- K-IFRS 1021 *Effects of Changes in Foreign Exchange Rates* and K-IFRS 1101 *First-Time Adoption of Korean International Financial Reporting Standards – Lack of Exchangeability (Amendment)*

The amendment defines situations where a currency is exchangeable into another currency for accounting purposes and specifies the assessment of the exchangeability between two currencies, estimation for spot exchange rates when exchangeability is lacking and disclosure requirements.

If exchange with another currency is not possible, the spot exchange rate must be estimated at the measurement date, and observable exchange rates without adjustments or other estimation techniques should be used.

These amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted.

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**3. FINANCIAL RISK MANAGEMENT:**

**3.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market, credit and liquidity. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance team under policies approved by the board of directors. The finance team identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board of directors reviews and approves written principles for overall risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk; use of derivative financial instruments and non-derivative financial instruments; and investment of excess liquidity.

(1) Market risk

1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from forecast transactions and recognized assets and liabilities.

Management has set up a policy to require each company in the Group to manage its foreign exchange risk against its functional currency. The Group manages maximum loss for currency risk exposures within acceptable range using currency risk management model and employs who are exclusively responsible for currency risk management.

The Group has certain investments in foreign operations whose net assets are exposed to foreign exchange risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Monetary assets and liabilities denominated in foreign currencies as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
USD	₩ 3,746,849	₩ 4,160,717	₩ 3,960,461	₩ 4,217,923
EUR	472,541	4,635,821	494,637	4,402,758
JPY	16,204	60,178	10,673	64,295
CNY and others	137,845	26,282	128,184	9,188



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With all other variables held constant as of June 30, 2024, and December 31, 2023, a hypothetical change in exchange rates by 10% would have increased (decreased) the Group's net income as follows (Korean won in millions):

	June 30, 2024		December 31, 2023	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (41,387)	₩ 41,387	₩ (25,746)	₩ 25,746
EUR	(416,328)	416,328	(390,812)	390,812
JPY	(4,397)	4,397	(5,362)	5,362
CNY and others	11,156	(11,156)	11,900	(11,900)

The above sensitivity analysis has been performed for monetary assets and liabilities denominated in foreign currencies as of the end of the quarter.

As of June 30, 2024, the Group entered into foreign currency forward and foreign currency swaps to hedge change in exchange rates and the details are as follows (Korean won in millions):

	Contractor	Contract amount (in millions)	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency forward (*)	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	₩ 121,307	₩ -
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	85,941	-
	JP Morgan	USD 200	1,337.60	2023.09.25	2026.09.25	5,603	-
Currency swap (*)	Shinhan Bank	USD 200	1,337.60	2023.09.25	2026.09.25	8,215	-
	KDB Bank	USD 400	1,337.60	2023.09.25	2028.09.25	8,667	-
	Woori Bank	USD 200	1,337.60	2023.09.25	2028.09.25	4,341	-

(\*) A derivative where hedge accounting is not applied.

## 2) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating-rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rate fluctuations and net interest expense.

The Group adequately minimizes risks from interest rate fluctuations through various policies, such as sharing excess cash within the Group (internal cash sharing) to minimize external borrowings; avoiding high-rate borrowings; reforming capital structure; managing an appropriate ratio of fixed-rate borrowings and floating-rate borrowings; monitoring a fluctuation of domestic and foreign interest rates daily, weekly and monthly; establishing alternatives; and balancing floating-rate short-term borrowings with floating-rate deposits.

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The table below summarizes the impact of increases/decreases of interest rate on the Group's equity and profit before tax for the period. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 bp) with all other variables held constant (Korean won in millions).

	<b>Effect on profit and loss before tax</b>		<b>Impact on equity</b>	
	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Increase	₩ (51,372)	₩ (47,822)	₩ (51,372)	₩ (47,822)
Decrease	51,372	47,822	51,372	47,822

3) Price risk

The Group is exposed to price risks from equity instruments. As of June 30, 2024, the fair value of equity instruments is ₩149,902 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Group's equity by ₩14,990 million before tax.

(2) Credit risk

Credit risk arises from trade receivables that the Group holds, as well as financial assets at amortized cost or fair value through other comprehensive income ("FVOCI").

The Group has established the following policies and procedures to manage credit risks:

To manage credit risks relating to trade receivables, the Group evaluates the credit rating of customers and determines credit limit for each customer based on the information provided by credit rating agencies and other available financial information before commencing business with new customers. The credit risks relating to trade receivables are also mitigated by insurance contracts, collaterals and payment guarantees.

The Group has entered into export bond insurance contracts with Korea Trade Insurance Corporation to mitigate credit risks relating to export trade receivables to overseas customers. The Group is also provided with collateral by customers depending on their credit rating or payment guarantees from the customers' financial institutions, if necessary.

The Group has deposited its cash and cash equivalents and other long-term deposits in several financial institutions, such as Woori Bank and others. The Group has also entered into derivative contract with several financial institutions. The Group maintains business relationship with the financial institutions with high credit ratings evaluated by independent credit rating agencies, and accordingly, credit risks associated with these financial institutions are limited.

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1) Trade receivables

The Group applies the simplified approach in measuring expected credit losses, which uses lifetime expected provisions for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The provisions for receivables as of June 30, 2024, and December 31, 2023, are as follows. Expected credit losses include forward-looking information (Korean won in millions).

	<b>Receivables not past due (*)</b>	<b>Receivables past due, but not impaired (*)</b>	<b>Receivables impaired (individually evaluated)</b>	<b>Total</b>
<b>June 30, 2024 (trade receivables)</b>				
Gross carrying amount	₩ 4,969,846	₩ 265,487	₩ 1	₩ 5,235,334
Expected loss rate	-	-	100.00%	0.00%
Provisions for receivables	-	-	1	1
<b>December 31, 2023 (trade receivables)</b>				
Gross carrying amount	₩ 5,208,387	₩ 50,082	₩ -	₩ 5,258,469
Expected loss rate	-	-	-	-
Provisions for receivables	-	-	-	-

(\*) See Note 7.(3) for aging analysis.

Changes in the provisions for trade receivables for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Beginning	₩ -	₩ 1,234
Provisions recognized in profit or loss during the period	13	-
Write-off	(12)	(1,234)
Ending	<u>₩ 1</u>	<u>₩ -</u>

As of June 30, 2024, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩5,235,333 million (as of December 31, 2023, was ₩5,258,469 million).

2) Other financial assets at amortized cost

As of June 30, 2024, and December 31, 2023, the provision for other financial assets at amortized cost does not exist.

All of the financial assets at amortized cost are considered to have low credit risk, and the provisions recognized during the period were, therefore, limited to 12 months' expected losses.

3) Debt instruments measured at FVOCI

Debt instruments measured at FVOCI include trade receivables to be discounted. The provisions for these instruments are recognized in profit or loss and reduce the amount that would have been recognized in other comprehensive income as a loss on fair value change.

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(3) Liquidity risk

The finance team of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining the limit of unused borrowings at an appropriate level so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group's liquidity management policy considers the Group's financing plans; covenants on the debt contracts; target financial ratios; and, if applicable, other external regulatory requirements on the currency; and others.

1) The table below analyzes the Group's derivative financial liabilities into relevant maturity groupings based on the remaining period from the reporting period to the contractual maturity date. Cash flows presented below are gross cash flows before discount and include cash flows for interests (Korean won in millions):

	<b>June 30, 2024</b>			
	<b>Less than 1 year</b>	<b>Between 1 year–2 years</b>	<b>Between 2–5 years</b>	<b>More than 5 years</b>
<b>Non-derivative instruments:</b>				
Borrowings	₩ 4,199,068	₩ 2,843,148	₩ 6,579,084	₩ 1,180,849
Lease liabilities	66,914	45,994	38,774	23,832
Trade and other payables	6,299,896	12,260	6,047	138
	<u>10,565,878</u>	<u>2,901,402</u>	<u>6,623,905</u>	<u>1,204,819</u>
<b>Derivative instruments:</b>				
Currency forwards and swaps settled in gross:				
Inflows	(694,600)	-	(2,083,800)	-
Outflows	567,800	-	1,889,015	-
	<u>(126,800)</u>	<u>-</u>	<u>(194,785)</u>	<u>-</u>
	<u>₩ 10,439,078</u>	<u>₩ 2,901,402</u>	<u>₩ 6,429,120</u>	<u>₩ 1,204,819</u>
	<b>December 31, 2023</b>			
	<b>Less than 1 year</b>	<b>Between 1 year–2 years</b>	<b>Between 2–5 years</b>	<b>More than 5 years</b>
<b>Non-derivative instruments:</b>				
Borrowings	₩ 3,593,996	₩ 1,470,668	₩ 5,466,623	₩ 1,795,105
Lease liabilities	58,359	50,288	36,469	22,533
Trade and other payables	6,551,822	16,229	9,062	-
	<u>10,204,177</u>	<u>1,537,185</u>	<u>5,512,154</u>	<u>1,817,638</u>
<b>Derivative instruments:</b>				
Currency forwards and swaps settled in gross:				
Inflows	(644,700)	-	(1,289,400)	(644,700)
Outflows	567,800	-	1,337,600	551,415
	<u>(76,900)</u>	<u>-</u>	<u>48,200</u>	<u>(93,285)</u>
	<u>₩ 10,127,277</u>	<u>₩ 1,537,185</u>	<u>₩ 5,560,354</u>	<u>₩ 1,724,353</u>

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2) As of June 30, 2024, the Group has entered into swap contracts, to which cash flow hedge accounting is applied, to avoid fluctuations in the market price of raw materials as follows (Korean won in millions):

	Purpose of the contracts	Hedged items	Financial institution	Maturity	June 30, 2024		December 31, 2023	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap (*)	Cash flow hedge	Non-ferrous metal	Citibank, etc.	December 2026	₩ 1,161	₩ 2,400	₩ 89	₩ 4,899

(\*) Gain (loss) on the contracts that hedge the cash flow risk of forecast transaction is recognized in accumulated other comprehensive income and is fully effective portion for hedging.

3) Details of financial guarantee contracts by maturity as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Financial guarantee contracts (*)	₩ 419,538	₩ -	₩ -	₩ -

  

	December 31, 2023			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Financial guarantee contracts (*)	₩ 285,602	₩ -	₩ -	₩ -

(\*) The Group has provided financial guarantees for subsidiaries, etc., and the amount represents the maximum amount that can be required to guarantee as of June 30, 2024 and December 31, 2023. As of June 30, 2024, the total limit amount of committed payment guarantee is ₩493,861 million (as of December 31, 2023, it was ₩458,382 million) (see Note 18).

### 3.2 Capital Risk Management

The Group's objectives for managing capital are to safeguard the Group's ability to continue to provide profits to shareholders and for other stakeholders as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the interim condensed consolidated statements of financial position, plus net debt.

The gearing ratio and debt-to-equity ratio as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024	December 31, 2023
Total borrowings (Note 14) (A)	₩ 13,273,699	₩ 10,932,288
Less: Cash and cash equivalents (B)	(3,870,900)	(5,068,783)
Net debt (C=A+B)	9,402,799	5,863,505
Total liabilities (D)	23,869,388	21,063,635
Total equity (E)	27,631,819	24,373,509
Total capital (F=C+E)	37,034,618	30,237,014
Gearing ratio (C/F)	25.4%	19.4%
Debt-to-equity ratio (D/E)	86.4%	86.4%

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**3.3 Fair Value Estimation**

(1) The carrying amount and fair value of financial instruments by category as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets (current):</b>				
Cash and cash equivalents	₩ 3,870,900	(*)	₩ 5,068,783	(*)
Trade receivables	5,096,863	(*)	5,128,474	(*)
Other receivables (excluding deposits from financial institutions)	330,699	(*)	550,186	(*)
Deposits from financial institutions	-	(*)	5,000	(*)
Current derivative financial assets	761	761	51	51
Current derivative financial assets (currency forward)	121,307	121,307	65,388	65,388
<b>Financial assets (non-current):</b>				
Deposits from financial institutions	66,396	(*)	61,343	(*)
Trade receivables	138,470	(*)	129,995	(*)
Other receivables (excluding deposits from financial institutions)	78,166	(*)	60,939	(*)
Other non-current financial assets (measured at fair value):				
Marketable financial assets	24,174	24,174	31,143	31,143
Non-marketable financial assets	308,912	308,912	261,542	261,542
Non-current derivative financial assets	18,906	18,906	17,215	17,215
Non-current derivative financial assets (currency forward)	85,941	85,941	47,138	47,138
Non-current derivative financial assets (currency swap)	26,826	26,826	-	-
<b>Financial liabilities (current):</b>				
Trade and other payables	6,299,896	(*)	6,551,822	(*)
Current borrowings (excluding lease liabilities)	3,693,068	(*)	3,157,459	(*)
Current derivative financial liabilities	1,943	1,943	3,937	3,937
Financial guarantee contract liabilities	5,237	(*)	3,715	(*)
<b>Financial liabilities (non-current):</b>				
Non-current borrowings (excluding lease liabilities)	9,423,270	9,603,600	7,628,468	7,750,905
Other non-current payables	18,445	(*)	25,291	(*)
Non-current derivative financial liabilities	457	457	962	962
Non-current derivative financial liabilities (currency swap)	-	-	67,862	67,862
Non-current financial liabilities at amortized cost	489,688	(*)	-	-

(\*) Fair values for these financial assets and liabilities are not disclosed above as their carrying amounts are reasonable approximation of their fair values.

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(2) Fair values for measurement and disclosure are determined based on the following method:

Fair values of financial liabilities (non-current) are calculated by discounting the expected cash outflows by yield from corporate bonds. These bonds are Korean won denominated with credit rating same as that of the Parent Company (AA0). The applied discount rates as of June 30, 2024, and December 31, 2023, are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Discount rate	3.58% – 4.54%	3.79% – 4.79%

(3) Fair value hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1).
- All inputs other than quoted prices included in Level 1 that are observable (either directly, i.e., prices, or indirectly, i.e., derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

As of June 30, 2024, and December 31, 2023, fair value hierarchy of the financial instruments that are consistently measured and recognized at fair value is as follows (Korean won in millions):

	<u>June 30, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
<b>Financial assets/liabilities measured at fair value:</b>					
Current derivative financial assets	₩	- ₩	761 ₩	- ₩	761
Current derivative financial assets (currency forward)		-	121,307	-	121,307
Non-current derivative financial assets		-	400	18,506	18,906
Non-current derivative financial assets (currency forward)		-	85,941	-	85,941
Non-current derivative financial assets (currency swap)		-	26,826	-	26,826
Other non-current financial assets (marketable financial assets)	24,174	-	-	-	24,174
Other non-current financial assets (non-marketable financial assets)	-	-	308,912	-	308,912
Current derivative financial liabilities		-	1,943	-	1,943
Non-current derivative financial liabilities		-	457	-	457
<b>Financial assets/liabilities not measured at fair value:</b>					
Non-current borrowings (excluding lease liabilities)		-	9,603,600	-	9,603,600

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	<b>December 31, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b>Financial assets/liabilities measured at fair value:</b>					
Current derivative financial assets	₩	- ₩	51 ₩	- ₩	51
Current derivative financial assets (currency forward)		65,388		-	65,388
Non-current derivative financial assets		38	17,177		17,215
Non-current derivative financial assets (currency forward)		47,138		-	47,138
Other non-current financial assets (marketable financial assets)	31,143	-		-	31,143
Other non-current financial assets (non-marketable financial assets)		-	261,542		261,542
Current derivative financial liabilities		3,937		-	3,937
Non-current derivative financial liabilities		962		-	962
Non-current derivative financial liabilities (currency swap)		67,862		-	67,862
<b>Financial assets/liabilities not measured at fair value:</b>					
Non-current borrowings (excluding lease liabilities)		7,750,905		-	7,750,905

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

The preparation of interim condensed consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgment in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

The significant estimates and assumptions made by management on the application of the Group's interim condensed consolidated financial statements are the same as those of the annual consolidated financial statements as of and for the year ended December 31, 2023.

The following are the management's estimates and assumptions for its judgments regarding significant risks that may result in adjustments to the carrying amounts of assets and liabilities in the next fiscal year:



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(1) Income taxes

The Group's taxable income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. If certain portion of the taxable income is not used for investments, increase in wages or dividends, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income taxes is affected by these tax effects. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty in measuring the final tax effects.

(2) Provisions

The Group recognizes provisions for product warranties as explained in Note 15. These provisions are estimated based on past experience. Provisions related to voluntary recalls by the Group's customer are estimated based on the number of vehicles subject to recall, estimated total repair cost and cost-sharing ratio.

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at June 30, 2024 (see Note 3.3).

(4) Impairment of financial assets

The provision for impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past experience and existing market conditions, as well as forward-looking estimates at the end of each reporting period (see Note 3.1.(2)).

(5) Net defined benefit liability (asset)

The present value of net defined benefit liability (asset) depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate (see Note 16).

(6) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Periods covered by the extension option (or the termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

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5. **FINANCIAL INSTRUMENTS BY CATEGORY:**

(1) Categorizations of financial instruments are as follows (Korean won in millions):

<b>Financial assets</b>	<b>June 30, 2024</b>				
	<b>Financial assets at amortized cost</b>	<b>Financial assets at FVPL</b>	<b>Financial assets at FVOCI (*1)</b>	<b>Other financial assets (*2)</b>	<b>Total</b>
Cash and cash equivalents	₩ 3,870,900	₩ -	₩ -	₩ -	₩ 3,870,900
Trade receivables	4,730,135	-	366,728	-	5,096,863
Non-current trade receivables	138,470	-	-	-	138,470
Other receivables	330,699	-	-	-	330,699
Other non-current receivables	144,562	-	-	-	144,562
Other current financial assets	-	121,307	-	761	122,068
Other non-current financial assets	-	314,457	149,902	400	464,759
	<u>₩ 9,214,766</u>	<u>₩ 435,764</u>	<u>₩ 516,630</u>	<u>₩ 1,161</u>	<u>₩ 10,168,321</u>

<b>Financial liabilities</b>	<b>June 30, 2024</b>				
	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at FVPL</b>	<b>Other financial liabilities (*3)</b>		<b>Total</b>
Trade payables	₩ 2,984,288	₩ -	₩ -	₩ -	₩ 2,984,288
Other payables	3,315,608	-	-	-	3,315,608
Other non-current payables	18,445	-	-	-	18,445
Current borrowings	3,693,068	-	62,922	-	3,755,990
Non-current borrowings	9,423,270	-	94,439	-	9,517,709
Other current financial liabilities	5,237	-	1,943	-	7,180
Other non-current financial liabilities	489,688	-	457	-	490,145
	<u>₩ 19,929,604</u>	<u>₩ -</u>	<u>₩ 159,761</u>	<u>₩ -</u>	<u>₩ 20,089,365</u>

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<b>Financial assets</b>	<b>December 31, 2023</b>				
	<b>Financial assets at amortized cost</b>	<b>Financial assets at FVPL</b>	<b>Financial assets at FVOCI (*1)</b>	<b>Other financial assets (*2)</b>	<b>Total</b>
Cash and cash equivalents	₩ 5,068,783	₩ -	₩ -	₩ -	₩ 5,068,783
Trade receivables	4,709,277	-	419,197	-	5,128,474
Non-current trade receivables	129,995	-	-	-	129,995
Other current receivables	555,186	-	-	-	555,186
Other non-current receivables	122,282	-	-	-	122,282
Other current financial assets	-	65,388	-	51	65,439
Other non-current financial assets	-	216,565	140,435	38	357,038
	<u>₩ 10,585,523</u>	<u>₩ 281,953</u>	<u>₩ 559,632</u>	<u>₩ 89</u>	<u>₩ 11,427,197</u>

<b>Financial liabilities</b>	<b>December 31, 2023</b>			
	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at FVPL</b>	<b>Other financial liabilities (*3)</b>	<b>Total</b>
Trade payables	₩ 3,093,719	₩ -	₩ -	₩ 3,093,719
Other payables	3,458,103	-	-	3,458,103
Other non-current payables	25,291	-	-	25,291
Current borrowings	3,157,459	-	53,997	3,211,456
Non-current borrowings	7,628,468	-	92,364	7,720,832
Other current financial liabilities	3,715	-	3,937	7,652
Other non-current financial liabilities	-	67,862	962	68,824
	<u>₩ 17,366,755</u>	<u>₩ 67,862</u>	<u>₩ 151,260</u>	<u>₩ 17,585,877</u>

(\*1) At initial recognition, the Group made an irrevocable election to designate investments in equity instruments as at FVOCI. These instruments are held for the strategic purposes, not for short-term trading. In addition, the Group classified trade receivables under the 'hold to collect and sell' business model as financial assets at FVOCI.

(\*2) Other financial assets include derivative assets.

(\*3) Other financial liabilities include lease liabilities and derivative liabilities.

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(2) Net gain (loss) on each category of financial instruments for the six-month periods ended June 30, 2024 and 2023, is as follows (Korean won in millions):

	<b>June 30, 2024</b>		<b>June 30, 2023</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Interest income:</b>				
Financial assets at amortized cost	₩ 52,302	₩ 112,557	₩ 37,326	₩ 81,860
<b>Interest expense:</b>				
Financial liabilities at amortized cost	(143,875)	(270,443)	(78,796)	(152,937)
Other financial liabilities	(1,248)	(2,309)	(616)	(1,197)
Financial assets at amortized cost (*)	(37)	(46)	(3,591)	(5,224)
<b>Gain or loss on valuation/disposal:</b>				
Financial assets at FVPL	226	226	-	-
Financial assets at FVOCI	(2,836)	(1,929)	(8,242)	2,095
Derivative instruments	77,219	193,085	(7,989)	24,229
<b>Exchange differences:</b>				
Financial assets at amortized cost	129,338	286,902	90,791	202,955
Financial liabilities at amortized cost	(149,301)	(272,854)	177,619	159,088
Financial assets at FVPL	3,033	6,972	1,425	2,433

(\*) Fees paid to financial institutions for factoring.

**6. CASH AND CASH EQUIVALENTS:**

(1) Details of cash and cash equivalents as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
Bank deposits and cash on hand	₩	1,986,123	₩	2,444,702
Cash equivalents		1,884,777		2,624,081
	₩	3,870,900	₩	5,068,783

(2) As of June 30, 2024, cash and cash equivalents include ₩4,363 million, which is subject to a restriction on the use and remittance (as of December 31, 2023, ₩1,165 million).

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**7. TRADE AND OTHER RECEIVABLES:**

(1) Trade and other receivables and their provisions for impairment as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024			December 31, 2023		
	Gross amount	Provision for impairment	Carrying amount	Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩ 5,096,864	₩ (1)	₩ 5,096,863	₩ 5,128,474	₩ -	₩ 5,128,474
Non-current trade receivables	138,470	-	138,470	129,995	-	129,995
Other current receivables	330,699	-	330,699	555,186	-	555,186
Other non-current receivables	144,562	-	144,562	122,282	-	122,282
	<u>₩ 5,710,595</u>	<u>₩ (1)</u>	<u>₩ 5,710,594</u>	<u>₩ 5,935,937</u>	<u>₩ -</u>	<u>₩ 5,935,937</u>

(2) Details of other receivables as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024	December 31, 2023
<b>Current:</b>		
Non-trade receivables	₩ 297,015	₩ 519,339
Deposits from financial institutions	-	5,000
Accrued income	6,518	4,840
Guarantee deposits provided	27,166	26,007
	<u>330,699</u>	<u>555,186</u>
<b>Non-current:</b>		
Non-trade receivables	8,405	7,592
Deposits from financial institutions (*)	66,396	61,343
Loans	10,729	6,344
Guarantee deposits provided	59,032	47,003
	<u>144,562</u>	<u>122,282</u>
	<u>₩ 475,261</u>	<u>₩ 677,468</u>

(\*) As of June 30, 2024, the deposits from financial institutions (non-current) are subject to withdrawal restrictions, which include ₩60,000 million for the Agreement on the Win-Win Growth Cooperation, ₩14 million related to guarantee deposit for current account opening, PLN 1 million for guarantee deposit related to the overseas transfer of dangerous waste, and USD 4 million as collateral for LOC issuance.

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(3) The aging analysis of trade and other receivables as of June 30, 2024, and December 31, 2023, is as follows (Korean won in millions):

	June 30, 2024		December 31, 2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
<b>Receivables not past due</b>	₩ 4,969,846	₩ 389,284	₩ 5,208,387	₩ 633,790
<b>Past due, but not impaired:</b>	265,487	85,977	50,082	43,678
Up to three months	262,604	70,859	33,667	27,694
Between 3–6 months	2,883	5,697	16,403	11,818
More than six months	-	9,421	12	4,166
<b>Impaired receivables</b>	1	-	-	-
	<u>₩ 5,235,334</u>	<u>₩ 475,261</u>	<u>₩ 5,258,469</u>	<u>₩ 677,468</u>

(4) Changes in the provision for impairment of trade and other receivables for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	2024		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ -	₩ -	₩ 1,234	₩ 54
Additions	13	-	-	-
Write-off	(12)	-	(1,234)	(54)
Ending	<u>₩ 1</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>

(5) The fair values of trade receivables and other receivables as of June 30, 2024, and December 31, 2023, are not significantly different from their carrying amounts.

(6) The Group transfers trade receivables along with substantially all the risks and rewards of ownership. Therefore, the amount was derecognized on the discount date. As of June 30, 2024, there is no balance of transferred trade receivables. (As of December 31, 2023, trade receivables are ₩35,033 million.)

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**8. OTHER FINANCIAL ASSETS AND LIABILITIES:**

(1) Details of other financial assets and liabilities as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<b>Other financial assets:</b>		
Financial assets at FVOCI	₩ 149,902	₩ 140,435
Cash flow hedge	1,161	89
Financial assets at FVPL	<u>435,764</u>	<u>281,953</u>
	<u>₩ 586,827</u>	<u>₩ 422,477</u>
<b>Other financial liabilities:</b>		
Financial guarantee contracts	₩ 5,237	₩ 3,715
Cash flow hedge	2,400	4,899
Financial liabilities at FVPL	-	67,862
Other financial liabilities at amortized cost	<u>489,688</u>	<u>-</u>
	<u>₩ 497,325</u>	<u>₩ 76,476</u>

(2) Details of changes in equity securities included in other financial assets for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Beginning	₩ 140,435	₩ 245,585
Acquisitions/transfer	7,671	30,169
Valuation gain (loss) (before income tax deduction), other comprehensive income item	(1,930)	(136,381)
Others	<u>3,726</u>	<u>1,062</u>
Ending	<u>₩ 149,902</u>	<u>₩ 140,435</u>

The Group has entered into a put-option contract to secure the investment capital for its equity securities held in Volta Energy Solutions S.a.r.l. The major terms of the agreements are as follows:

- Exercise date: From three years after the acceptance date (initial investment date, January 27, 2021) to the following three years.
- Exercise price: The amount contributed, less any dividends received from the date of contribution up to the exercise.
- Other term: The option cannot be exercised once Volta Energy Solutions S.a.r.l is listed.

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**9. INVENTORIES:**

(1) Details of inventories as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024			December 31, 2023		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 355,440	₩ (36,867)	₩ 318,573	₩ 340,444	₩ (28,951)	₩ 311,493
Finished/semifinished products	2,935,643	(199,234)	2,736,409	3,188,515	(161,497)	3,027,018
Raw materials	1,655,960	(9,920)	1,646,040	1,413,895	(45,709)	1,368,186
Supplies	118,888	(7,918)	110,970	121,344	(10,038)	111,306
Materials in transit	739,978	-	739,978	578,333	-	578,333
	<u>₩ 5,805,909</u>	<u>₩ (253,939)</u>	<u>₩ 5,551,970</u>	<u>₩ 5,642,531</u>	<u>₩ (246,195)</u>	<u>₩ 5,396,336</u>

(2) The amount of inventories expensed as cost of sales for the six-month periods ended June 30, 2024 and 2023, is ₩10,406,932 million and ₩14,758,027 million, respectively.

**10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:**

(1) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	2024				
	Beginning	Acquisitions	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Ending
PT. HLI Green Power	₩ 162,273	₩ -	₩ (41,558)	₩ 15,785	₩ 136,500
Sama Aluminium Co., Ltd.	46,257	-	220	-	46,477
Nexpo Co., Ltd.	2,186	1,900	(65)	-	4,021
Bricks Capital Management Global Battery Private Equity Fund	12,843	5,803	(202)	-	18,444
	<u>₩ 223,559</u>	<u>₩ 7,703</u>	<u>₩ (41,605)</u>	<u>₩ 15,785</u>	<u>₩ 205,442</u>

	2023					
	Beginning	Acquisitions	Share of loss of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Disposals/ Impairment	Ending
VINFAST LITHIUM BATTERY PACK LLC (*1)	₩ 2,428	₩ -	₩ (482)	₩ 66	₩ (2,012)	₩ -
Jiangxi VL Battery Co., Ltd. (*2)	13,323	-	(1,317)	543	(12,549)	-
PT. HLI Green Power	187,945	-	(29,606)	3,934	-	162,273
Sama Aluminium Co., Ltd.	-	46,575	(318)	-	-	46,257
Nexpo Co., Ltd.	-	2,375	(189)	-	-	2,186
Bricks Capital Management Global Battery Private Equity Fund I	-	13,381	(538)	-	-	12,843
	<u>₩ 203,696</u>	<u>₩ 62,331</u>	<u>₩ (32,450)</u>	<u>₩ 4,543</u>	<u>₩ (14,561)</u>	<u>₩ 223,559</u>

(\*1) During the year ended December 31, 2023, the Group disposed of its entire ownership interest in VINFAST LITHIUM BATTERY PACK LLC.



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(\*2) During the year ended December 31, 2023, the Group disposed of its entire ownership interest in Jiangxi VL Battery Co., Ltd.

(2) As of June 30, 2024, and December 31, 2023, the processes of adjusting the financial information to the carrying amounts of shares in associates and joint ventures are as follows (Korean won in millions):

	<b>June 30, 2024</b>				
	<u>Net assets</u>	<u>Group's percentage of ownership</u>	<u>Net asset value for shares</u>	<u>Intercompany transactions, etc.</u>	<u>Carrying amount</u>
PT. HLI Green Power	₩ 404,427	50.0	₩ 202,214	₩ (65,714)	₩ 136,500
Sama Aluminium Co., Ltd.	253,392	10.2	25,846	20,631	46,477
Nexpo Co., Ltd.	21,586	19.0	4,101	(80)	4,021
Bricks Capital Management Global Battery Private Equity Fund	<u>31,023</u>	59.9	<u>18,583</u>	<u>(139)</u>	<u>18,444</u>
	<u>₩ 710,428</u>		<u>₩ 250,744</u>	<u>₩ (45,302)</u>	<u>₩ 205,442</u>
	<b>December 31, 2023</b>				
	<u>Net assets</u>	<u>Group's percentage of ownership</u>	<u>Net asset value for shares</u>	<u>Intercompany transactions, etc.</u>	<u>Carrying amount</u>
PT. HLI Green Power	₩ 434,608	50.0	₩ 217,304	₩ (55,031)	₩ 162,273
Sama Aluminium Co., Ltd.	252,271	10.2	25,732	20,525	46,257
Nexpo Co., Ltd.	11,505	19.0	2,186	-	2,186
Bricks Capital Management Global Battery Private Equity Fund	<u>21,551</u>	59.9	<u>12,905</u>	<u>(62)</u>	<u>12,843</u>
	<u>₩ 719,935</u>		<u>₩ 258,127</u>	<u>₩ (34,568)</u>	<u>₩ 223,559</u>

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**11. PROPERTY, PLANT AND EQUIPMENT:**

(1) Changes in property, plant and equipment for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
<b>Beginning</b>	₩	23,654,677	₩	15,331,047
Acquisition/Replacement		9,780,747		14,773,469
Disposal/Replacement		(4,190,880)		(4,644,661)
Exchange differences		2,017,931		504,869
Depreciation		(1,305,829)		(2,144,184)
Impairment gain or loss		(6,195)		(165,863)
<b>Ending</b>	₩	<u>29,950,451</u>	₩	<u>23,654,677</u>

(2) The current-year ending balances of property, plant and equipment include ₩14,003,949 million of construction in progress as of June 30, 2024, and some of it will subsequently be transferred to intangible assets (as of December 31, 2023, were ₩10,782,140 million).

(3) The Group capitalized ₩42,826 million of borrowing costs in relation to acquisition of property, plant and equipment (for the six-month period ended June 30, 2023, were ₩20,280 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.57% (for the six-month period ended June 30, 2023, was 3.37%).

(4) Line items, including depreciation, in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Cost of sales	₩ 636,385	₩ 1,025,491	₩ 476,374	₩ 923,838
Selling and administrative expenses	52,524	100,338	43,237	80,643
	<u>₩ 688,909</u>	<u>₩ 1,305,829</u>	<u>₩ 519,611</u>	<u>₩ 1,004,481</u>

(5) Lease

① Amounts recognized in the interim condensed consolidated statements of financial position

Details of amounts recognized in the interim condensed consolidated statements of financial position in relation to lease for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
<b>Right-of-use assets (*):</b>				
Real estate	₩	156,199	₩	147,546
Machinery		464		561
Vehicles		15,281		15,460
Tools		2,606		1,736
Equipment		901		781
	₩	<u>175,451</u>	₩	<u>166,084</u>

(\*) Included in 'Property, plant and equipment' in the interim condensed consolidated statements of financial position.

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Additions to the right-of-use assets for the six-month period ended June 30, 2024, are ₩44,244 million (for the six-month period ended June 30, 2023, were ₩37,832 million).

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<b>Lease liabilities (*):</b>		
Current	₩ 62,922	₩ 53,997
Non-current	94,439	92,363
	<u>₩ 157,361</u>	<u>₩ 146,360</u>

(\*) Included in 'Borrowings' in the interim condensed consolidated statements of financial position.

② Amounts recognized in the interim condensed consolidated statements of profit or loss

Details of amounts recognized in the interim condensed consolidated statements of profit or loss in relation to lease for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
<b>Depreciation of right-of-use assets:</b>				
Real estate	₩ 12,097	₩ 26,157	₩ 11,921	₩ 22,611
Machinery	60	121	104	208
Vehicles	2,455	4,904	2,279	4,533
Tools	318	603	219	437
Equipment	73	135	32	110
	<u>₩ 15,003</u>	<u>₩ 31,920</u>	<u>₩ 14,555</u>	<u>₩ 27,899</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 1,248	₩ 2,309	₩ 616	₩ 1,197
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	4,307	9,475	3,487	7,200
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,962	3,817	1,970	3,565

Total cash outflow for leases for the six-month period ended June 30, 2024, is ₩46,609 million (for the six-month period ended June 30, 2023, was ₩38,591 million).

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**12. INTANGIBLE ASSETS:**

(1) Changes in intangible assets for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
<b>Beginning</b>	₩	875,993	₩	642,090
Acquisition/Replacement		166,989		364,402
Disposal/Replacement		(4,276)		(4,352)
Exchange differences		10,411		10,628
Amortization		(85,034)		(136,672)
Impairment gain or loss		69		(103)
<b>Ending</b>	<u>₩</u>	<u>964,152</u>	<u>₩</u>	<u>875,993</u>

(2) Line items, including amortization of intangibles, in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Cost of sales	₩ 12,386	₩ 23,441	₩ 8,359	₩ 16,037
Selling and administrative expenses	32,083	61,593	24,019	46,518
	<u>₩ 44,469</u>	<u>₩ 85,034</u>	<u>₩ 32,378</u>	<u>₩ 62,555</u>

(3) Greenhouse gas emission right

1) The amount of allocated Greenhouse gas emission rights for the domestic third plan period (2021-2025) is as follows (ton in thousands):

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Allocated emission rights	281	332 (*1)	360(*2)	297	297

(\*1) An additional 32,000 tons have been allocated due to the expansion of the workplace discharge facility in addition to the initial free amount of 300,000 tons of allocated Greenhouse gas emission rights.

(\*2) An additional 60,000 tons have been allocated as the emissions were confirmed for 2023.

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2) Based on the Korea Emission Trading Scheme, changes in Greenhouse gas emission rights (included in other intangible assets) for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (ton in thousands and Korean won in millions):

	<b>June 30, 2024</b>					
	<b>2023</b>		<b>2024</b>		<b>2025</b>	
	<b>Ton</b>	<b>Amount</b>	<b>Ton</b>	<b>Amount</b>	<b>Ton</b>	<b>Amount</b>
Beginning/Allocated	360	₩ -	297	₩ -	297	₩ -
Purchase/Sale	-	-	-	-	-	-
Borrowing/Carried over	-	-	-	-	-	-
Government submission	-	-	-	-	-	-
Ending	<u>360</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>

  

	<b>December 31, 2023</b>							
	<b>2022</b>		<b>2023</b>		<b>2024</b>		<b>2025</b>	
	<b>Ton</b>	<b>Amount</b>	<b>Ton</b>	<b>Amount</b>	<b>Ton</b>	<b>Amount</b>	<b>Ton</b>	<b>Amount</b>
Beginning /Allocated	332	₩ -	300	₩ -	297	₩ -	297	₩ -
Purchase /Sale	23	179	-	-	-	-	-	-
Borrowing /Carried over	3	-	-	-	-	-	-	-
Government submission	(358)	(179)	-	-	-	-	-	-
Ending	<u>-</u>	<u>₩ -</u>	<u>300</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>

3) Based on the European Union Emission Trading System, changes in Greenhouse gas emission rights (included in other intangible assets) for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (ton in thousands and Korean won in millions):

	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
	<b>Ton</b>	<b>Amount</b>	<b>Ton</b>	<b>Amount</b>
Beginning	153	₩ 13,809	87	₩ 8,002
Increase	40	4,510	170	16,875
Usage	(115)	(8,361)	(104)	(11,068)
Ending	<u>78</u>	<u>₩ 9,958</u>	<u>153</u>	<u>₩ 13,809</u>

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**13. OTHER CURRENT AND NON-CURRENT ASSETS:**

Details of other current and non-current assets as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<b>Current:</b>		
Prepayments and prepaid expenses	₩ 261,658	₩ 220,761
Prepaid value-added tax	143,933	170,951
Others	1,020,923	535,394
	<u>₩ 1,426,514</u>	<u>₩ 927,106</u>
<b>Non-current:</b>		
Long-term prepayments and prepaid expenses	₩ 331,389	₩ 267,209
Net defined benefit assets	113,461	156,509
Others	76	73
	<u>₩ 444,926</u>	<u>₩ 423,791</u>

**14. BORROWINGS:**

(1) Borrowings as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<b>Current:</b>		
Short-term borrowings	₩ 2,106,713	₩ 1,576,437
Current portion of long-term borrowings	767,253	937,127
Current portion of debentures	819,102	643,895
Current lease liabilities	62,922	53,997
	<u>₩ 3,755,990</u>	<u>₩ 3,211,456</u>
<b>Non-current:</b>		
Long-term borrowings	₩ 4,685,068	₩ 4,512,180
Debentures	4,738,202	3,116,289
Non-current lease liabilities	94,439	92,363
	<u>₩ 9,517,709</u>	<u>₩ 7,720,832</u>
	<u>₩ 13,273,699</u>	<u>₩ 10,932,288</u>

(2) Details of borrowings as of June 30, 2024, and December 31, 2023, are as follows:

1) Short-term borrowings (Korean won in millions):

	<u>Bank</u>	<u>Interest rate (%)</u>	<u>Longest maturity date</u>		<u>June 30, 2024</u>	<u>December 31, 2023</u>
Bank loans	KB Kookmin Bank and others	4.41–6.52	2025.06.20	₩	2,106,713	₩ 1,576,437

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2) Long-term borrowings (Korean won in millions):

		<b>June 30, 2024</b>					
	<b>Bank</b>	<b>Interest rate (%)</b>	<b>Longest maturity date</b>	<b>Amount</b>		<b>Current</b>	<b>Non-current</b>
				<b>₩</b>	<b>₩</b>	<b>portion</b>	<b>portion</b>
Borrowings in foreign currencies	Citi	3M EURIBOR + 0.62	2024.08.19	₩ 74,360	₩ 74,360	₩	-
	DBS	3M EURIBOR + 0.90	2026.05.24	297,442	-		297,442
	DOE	6M EURIBOR + 1.00					
	DOE	3.65 – 4.55	2031.12.15	2,392,428	83,369		2,309,059
	EBRD	6M EURIBOR + 0.62	2026.10.15	171,029	74,360		96,669
	EIB	3M EURIBOR + 0.47	2027.03.31	475,907	158,636		317,271
	KDB/Korea Exim/Nonghyup	3M EURIBOR + 0.89 – 1.04	2027.04.26	1,506,527	259,333		1,247,194
	KDB/Korea Exim/Nonghyup and others	3M SOFR + 1.62	2030.12.20	60,986	-		60,986
	SMBC	0.48	2027.02.04	40,898	14,872		26,026
	China: Agricultural Bank	LPR (1Y) - 0.70 – 0.85	2027.03.18	159,910	53,701		106,209
	China: China Bank	LPR (1Y) - 0.65 – 1.00	2027.02.28	104,528	48,622		55,906
	China: Construction Bank	LPR (1Y) - 0.85 – 1.00	2027.03.24	168,306	-		168,306
				<u>₩ 5,452,321</u>	<u>₩ 767,253</u>	<u>₩</u>	<u>4,685,068</u>

		<b>December 31, 2023</b>					
	<b>Bank</b>	<b>Interest rate (%)</b>	<b>Longest maturity date</b>	<b>Amount</b>		<b>Current</b>	<b>Non-current</b>
				<b>₩</b>	<b>₩</b>	<b>portion</b>	<b>portion</b>
Borrowings in foreign currencies	Citibank	3M EURIBOR + 0.62	2024.08.19	₩ 143,097	₩ 143,097	₩	-
	DBS	3M EURIBOR + 0.90	2026.03.10	143,097	-		143,097
	DOE	6M EURIBOR + 1.00					
	DOE	3.65 – 4.55	2031.12.15	2,209,255	-		2,209,255
	EBRD	6M EURIBOR + 0.62	2026.10.15	200,336	71,549		128,787
	EIB	3M EURIBOR + 0.47	2027.03.31	534,227	152,636		381,591
	KDB	3M LIBOR + 0.91	2024.01.25	62,295	62,295		-
	KDB/Korea Exim/Nonghyup	3M EURIBOR + 0.89 – 1.04	2027.04.26	1,448,668	83,175		1,365,493
	KDB/Korea Exim/Nonghyup and others	3M SOFR + 1.62	2030.12.20	55,997	-		55,997
	KEB Hana	3M EURIBOR + 0.62	2024.02.15	286,194	286,194		-
	MUFG	6M EURIBOR + 0.80	2024.01.18	71,549	71,549		-
	SMBC	0.48	2027.02.04	46,507	14,310		32,197
	China: Agricultural Bank	LPR (1Y) - 0.70	2024.09.10	39,785	39,785		-
	China: China Bank	LPR (1Y) - 0.65 – 1.00	2025.06.14	106,565	12,537		94,028
China: Construction Bank	LPR (1Y) - 1.00	2026.05.24	101,735	-		101,735	
			<u>₩ 5,449,307</u>	<u>₩ 937,127</u>	<u>₩</u>	<u>4,512,180</u>	

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3) Debentures (USD in thousands and Korean won in millions):

		<b>June 30, 2024</b>					
	<b>Financial institution</b>	<b>Interest rate (%)</b>	<b>Longest maturity date</b>	<b>Amount</b>	<b>Current portion</b>	<b>Non-current portion</b>	
NH							
1 <sup>st</sup> Debenture (non-guaranteed/public)	Investment & Securities Co., Ltd. and others	2.214	2026.03.13	₩ 200,000	₩ -	₩ 200,000	
2-1 <sup>st</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29	125,000	125,000	-	
2-2 <sup>nd</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	-	370,000	
2-3 <sup>rd</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29	505,000	-	505,000	
3-1 <sup>st</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.806	2026.02.16	180,000	-	180,000	
3-2 <sup>nd</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.889	2027.02.16	660,000	-	660,000	
3-3 <sup>rd</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.054	2029.02.16	570,000	-	570,000	
3-4 <sup>th</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.202	2031.02.16	190,000	-	190,000	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.250	2024.10.15	694,600 (USD 500,000)	694,600	-	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.625	2029.04.15	694,600 (USD 500,000)	-	694,600	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.625	2026.09.25	555,680 (USD 400,000)	-	555,680	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.750	2028.09.25	833,520 (USD 600,000)	-	833,520	
Less: Discount on debentures				(21,095)	(498)	(20,598)	
				<u>₩ 5,557,305</u>	<u>₩ 819,102</u>	<u>₩ 4,738,202</u>	



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		<b>December 31, 2023</b>					
	<b>Financial institution</b>	<b>Interest rate (%)</b>	<b>Longest maturity date</b>	<b>Amount</b>	<b>Current portion</b>	<b>Non-current portion</b>	
	NH						
1 <sup>st</sup> Debenture (non-guaranteed/public)	Investment & Securities Co., Ltd. and others	2.214	2026.03.13	₩ 200,000	₩ -	₩ 200,000	
2-1 <sup>st</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29	125,000	-	125,000	
2-2 <sup>nd</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	-	370,000	
2-3 <sup>rd</sup> Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29	505,000	-	505,000	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.250	2024.10.15	644,700 (USD 500,000)	644,700	-	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.625	2029.04.15	644,700 (USD 500,000)	-	644,700	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.625	2026.09.25	515,760 (USD 400,000)	-	515,760	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.750	2028.09.25	773,640 (USD 600,000)	-	773,640	
Less: Discount on debentures				(18,616)	(805)	(17,811)	
				<u>₩ 3,760,184</u>	<u>₩ 643,895</u>	<u>₩ 3,116,289</u>	

4) Lease liabilities (Korean won in millions):

		<b>June 30, 2024</b>				
	<b>Interest rate (%)</b>	<b>Longest maturity date</b>	<b>Amount</b>	<b>Current portion</b>	<b>Non-current portion</b>	
Baeksan industry and others	0.67–5.77	2053.11.15	₩ 157,361	₩ 62,922	₩ 94,439	
		<b>December 31, 2023</b>				
	<b>Interest rate (%)</b>	<b>Longest maturity date</b>	<b>Amount</b>	<b>Current portion</b>	<b>Non-current portion</b>	
Baeksan industry and others	0.67–5.01	2053.11.15	₩ 146,360	₩ 53,997	₩ 92,363	

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**15. PROVISIONS:**

Changes in provisions for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

		<b>June 30, 2024</b>			
		<b>Warranty(*1)</b>	<b>Greenhouse gas emission(*2)</b>	<b>Other provisions(*3)</b>	<b>Total</b>
Beginning	₩	1,274,437	₩ 8,966	₩ 102,890	₩ 1,386,293
Additions		411,432	5,484	7,920	424,836
Used		(251,276)	(8,360)	-	(259,636)
Ending		1,434,593	6,090	110,810	1,551,493
Less: Current portion		(440,749)	(6,090)	(104,190)	(551,029)
	₩	993,844	₩ -	₩ 6,620	₩ 1,000,464

  

		<b>December 31, 2023</b>			
		<b>Warranty(*1)</b>	<b>Greenhouse gas emission(*2)</b>	<b>Other provisions(*3)</b>	<b>Total</b>
Beginning	₩	1,482,900	₩ 8,712	₩ 4,118	₩ 1,495,730
Additions		745,932	11,502	98,772	856,206
Used		(954,395)	(11,248)	-	(965,643)
Ending		1,274,437	8,966	102,890	1,386,293
Less: Current portion		(411,499)	(8,966)	(96,705)	(517,170)
	₩	862,938	₩ -	₩ 6,185	₩ 869,123

(\*1) Warranty provisions have been accrued for the estimated warranty costs to be incurred due to quality control, exchange and refunds with regard to products based on historical experience. In addition, provisions related to replacement costs due to ESS replacement costs and voluntary automotive battery recalls are included. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(\*2) In relation to Greenhouse gas emissions, the Group estimates the expected future costs of emissions exceeding the Group's emission rights for the year and recognizes them as provisions. Estimated emissions are 203 thousand tons for the six-month period ended June 30, 2024 (for the year ended December 31, 2023, were 440 thousand tons).

(\*3) The Group estimates the cost of restoring the leased office to its original state and records it as a provision.

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**16. NET DEFINED BENEFIT LIABILITIES (ASSETS):**

(1) Details of net defined benefit liabilities (assets) as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations (*1)	₩ 703,855	₩ 673,251
Fair value of plan assets	(817,243)	(829,521)
	<u>₩ (113,388)</u>	<u>₩ (156,270)</u>
Net defined benefit liabilities	₩ 73	₩ 239
Net defined benefit assets (*2)	<u>(113,461)</u>	<u>(156,509)</u>
	<u>₩ (113,388)</u>	<u>₩ (156,270)</u>

(\*1) The present value of retirement benefit obligations is the amount after deducting contributions to the National Pension Plan of ₩32 million as of June 30, 2024 (as of December 31, 2023, was ₩35 million).

(\*2) The ₩113,461 million of plan assets exceeding the defined benefit obligations of the Parent Company is included in other non-current assets as of June 30, 2024 (as of December 31, 2023, was ₩156,509 million).

(2) The amounts recognized in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Current service cost	₩ 23,601	₩ 47,168	₩ 19,620	₩ 39,240
Interest cost	(1,813)	(3,626)	(3,004)	(6,008)
	<u>₩ 21,788</u>	<u>₩ 43,542</u>	<u>₩ 16,616</u>	<u>₩ 33,232</u>

(3) Retirement benefits recognized for defined contribution plan for the six-month period ended June 30, 2024, amounted to ₩1,441 million (the six-month period ended June 30, 2023, was ₩907 million).

(4) Retirement benefits recognized in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Cost of sales	₩ 10,167	₩ 20,691	₩ 9,569	₩ 19,318
Selling and administrative expenses	12,252	24,292	7,453	14,821
	<u>₩ 22,419</u>	<u>₩ 44,983</u>	<u>₩ 17,022</u>	<u>₩ 34,139</u>

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(5) Changes in the present value of defined benefit obligations for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Beginning	₩ 673,251	₩ 549,225
Transfer in	1,168	12,516
Transfer out	(193)	(2,426)
Current service cost	47,168	78,442
Interest expense	15,540	28,988
Remeasurements:		
Actuarial gain from change in financial assumption	-	45,794
Actuarial gain from change in demographic assumption	-	1,824
Actuarial loss due to the difference between the estimated and the actual	-	(8,634)
Others	-	(2,002)
Foreign currency conversion difference	-	(46)
Payments from plans	(33,079)	(30,430)
Ending	<u>₩ 703,855</u>	<u>₩ 673,251</u>

(6) Changes in the fair value of plan assets for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Beginning	₩ 829,521	₩ 771,244
Transfer out	(61)	(125)
Interest income	19,166	41,004
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(856)	1,665
Contribution:		
Employer contribution to plan assets	635	43,899
Payments from plans	(30,383)	(26,916)
Administrative costs	(779)	(1,250)
Ending	<u>₩ 817,243</u>	<u>₩ 829,521</u>

(7) The actual return on plan assets for the six-month period ended June 30, 2024, was ₩18,310 million (the six-month period ended June 30, 2023, was ₩22,193 million).

(8) The significant actuarial assumptions as of June 30, 2024, and December 31, 2023, are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Discount rate	4.70%	4.70%
Salary growth rate	5.34%	5.33%

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(9) The sensitivity analysis for changes in key actuarial assumptions as of June 30, 2024, is as follows (Korean won in millions):

		<u>Increase by 1.0%</u>	<u>Decrease by 1.0%</u>
Discount rate:			
Increase (decrease) in defined benefit liabilities	₩	(83,097) ₩	99,865
Salary growth rate:			
Increase (decrease) in defined benefit liabilities		103,962	(87,499)

A decrease in corporate bond yields may lead most significantly to an increase in defined benefit liabilities.

The above sensitivity analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized in the interim condensed consolidated statements of financial position.

The methods and assumptions used for the sensitivity analysis are the same as those of previous period.

(10) Plan assets as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>Composition (%)</u>	<u>Amount</u>	<u>Composition (%)</u>
Insurance contracts with guaranteed yield	₩ 817,243	100	₩ 829,521	100

Plan assets consist of guaranteed debt instruments and others, which have no quoted market prices in an active market.

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**17. OTHER CURRENT AND NON-CURRENT LIABILITIES:**

Details of other current and non-current liabilities as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<b>Current:</b>		
Advances from customers	₩ 206,212	₩ 177,044
Withholdings	39,409	61,588
Unearned revenues	59,545	79,640
Accrued expenses and others	<u>260,645</u>	<u>297,492</u>
	<u>₩ 565,811</u>	<u>₩ 615,764</u>
<b>Non-current:</b>		
Long-term accrued expenses	₩ 27,980	₩ 28,593
Long-term unearned revenues	110,442	114,097
Long-term advance received	<u>1,351,948</u>	<u>1,279,493</u>
	<u>₩ 1,490,370</u>	<u>₩ 1,422,183</u>

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**18. COMMITMENTS AND CONTINGENCIES:**

- (1) The Group is jointly liable with LG Chem Ltd. for liabilities recognized before the split-off date.
- (2) As of June 30, 2024, the Group has been guaranteed by Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As of June 30, 2024, the Group has various specific line of credit agreements with several financial institutions as follows (Korean won in millions and foreign currencies in millions):

	Currency	June 30, 2024	
		The Parent Company	Certain subsidiaries
Limit of bank overdraft	KRW	8,700	-
	EUR	-	325
Limit of the letter of credit	USD	12	108
	CNY	-	959
Limit of discount of notes from export	USD	1,060	-
Limit of guaranteed payments in other foreign currency	USD	325	113
	CNY	-	460
Business-to-business purchase arrangements	KRW	125,000	-
	USD	-	6,068
General loan agreements	CNY	-	11,390
	EUR	-	2,956
Derivatives	KRW	500,000	-
	USD	2,446	657
Factoring arrangements	EUR	-	210
	KRW	400,000	30,000
	KRW	150,000	-

- (4) As of June 30, 2024, the Group has entered into payment guarantee contracts of USD 109 million and EUR 5 million with financial institutions in relation to product warranty for certain installed products. Also, certain subsidiaries have entered into payment guarantee contracts of CNY 305 million with financial institutions in relation to customs clearance of imported raw materials.
- (5) As of June 30, 2024, the Group has entered into an arrangement with General Motors (“GM”) regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC, whereby each party can sell its shares to third parties in eight years after the inception of the contract. In addition, if one party defaults, the other party has the right to purchase shares from the other party. In this regard, the Group has completed the government's approval process for the use of core technologies in accordance with the Industrial Technology Protection Act.
- (6) The Group has been sued and related in five class actions by consumers in relation to the sales of mobile batteries and GM Bolt EV, and actions are still in process as of June 30, 2024. The Group has also filed five lawsuit cases (amounted to USD 90 million and ₩646 million) and been sued in other 54 other cases (amounted to ₩1,818 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.

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- (7) The Group has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.
- (8) As of June 30, 2024, the Group has entered into a joint venture agreement with Honda, and has committed to invest USD 1,802 million and has contributed USD 874 million as of the end of June 30, 2024. Also, the Group has decided to provide a payment guarantee of USD 450 million to the joint venture, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 883 million. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (9) As of June 30, 2024, the Group has entered into a joint venture agreement with Stellantis, and has committed to invest USD 1,464 million and has contributed USD 765 million as of the end of June 30, 2024. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (10) As of June 30, 2024, the Group has entered into a joint venture agreement with HMG Global LLC, and has committed to invest USD 1,108 million and has contributed USD 395 million as of the end of June 30, 2024. After the expiration of the contract period, each party can sell its shares to third parties. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (11) As of June 30, 2024, the Group has entered into an agreement of USD 2,048 million for the construction of the new facility of LG Energy Solution Arizona, Inc.
- (12) Capital expenditure arrangements that have not been incurred as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	₩ 7,747,873	₩ 8,421,551

- (13) Investment commitments as of June 30, 2024, are as follows (Korean won in millions and USD in million):

	<u>Currency</u>	<u>Contractual amount</u>	<u>Total investments</u>	<u>Remaining amount</u>
BNZ (Beyond Net Zero) Fund	USD	75	37	38
Secondary Battery Growth Fund	KRW	6,700	5,637	1,063
KBE (Korea Battery ESG) Fund	KRW	75,000	41,463	33,537
BCM Global Battery Fund	KRW	30,000	13,381	16,619
Yonsei Technology Holdings IP Fund	KRW	3,000	1,020	1,980

- (14) As of June 30, 2024, and December 31, 2023, the details of the payment guarantee for the borrowings by the Group are as follows (Korean won in millions):

<u>Guarantor</u>	<u>Guarantee beneficiary</u>	<u>Financial institution</u>	<u>Loan amount (*1)</u>		<u>Credit limit (*2)</u>	
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
LG Energy Solution Ltd.	PT. HLI Green Power	ANZ and others	₩ 419,538	₩ 285,602	₩ 493,861	₩ 458,382

(\*1) The amounts represent borrowed amount as of June 30, 2024, and December 31, 2023.

(\*2) The limits indicate the aggregate amount of payment guarantees.



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**19. SHARE CAPITAL:**

Changes in share capital and share premium for the six-month period ended June 30, 2024, are as follows (Korean won in millions and shares):

	<b>Ordinary shares</b>		
	<b>Number of shares</b>	<b>Share capital</b>	<b>Share premium</b>
December 31, 2023	234,000,000 ₩	117,000 ₩	17,589,722
Changes	-	-	-
June 30, 2024	234,000,000 ₩	117,000 ₩	17,589,722

**20. RETAINED EARNINGS:**

Details of retained earnings as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Unappropriated retained earnings	₩ 1,891,715 ₩	2,364,496

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**21. OPERATING PROFITS:**

(1) The major items encompassed in the calculation of operating profits for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Revenue	₩ 6,161,866	₩ 12,290,580	₩ 8,773,487	₩ 17,520,604
Cost of sales	<u>5,468,974</u>	<u>10,673,689</u>	<u>7,439,411</u>	<u>14,892,318</u>
<b>Gross profit</b>	692,892	1,616,891	1,334,076	2,628,286
Other operating income (*)	447,794	636,748	110,916	211,210
<b>Selling and administrative expenses:</b>				
Wages and salaries	₩ 203,026	₩ 430,139	₩ 213,882	₩ 414,355
Retirement benefits	12,252	24,292	7,453	14,821
Employee benefits	59,936	113,726	54,772	100,439
Travel expenses	17,248	31,685	17,747	27,272
Water and utilities	19,588	40,291	14,955	33,501
Rental expenses	11,797	25,121	19,979	38,784
Commission expenses	123,433	233,383	134,800	249,396
Depreciation	54,026	103,321	44,736	83,624
Advertising expenses	8,798	16,406	6,708	10,347
Freight expenses	18,427	30,141	35,013	60,217
Training expenses	7,241	14,565	8,666	15,826
Amortization	32,083	61,593	24,019	46,518
Sample expenses	2,636	4,883	546	3,160
Development costs	45,562	96,890	52,673	89,279
Addition to warranty provisions	209,463	411,432	329,037	507,024
Others	<u>119,851</u>	<u>263,115</u>	<u>19,407</u>	<u>51,168</u>
	945,367	1,900,983	984,393	1,745,731
<b>Operating profits</b>	<u>₩ 195,319</u>	<u>₩ 352,656</u>	<u>₩ 460,599</u>	<u>₩ 1,093,765</u>

(\*) Under Advanced Manufacturing Production Tax Credit of the U.S. Inflation Reduction Act, effective January 1, 2023, tax credit can be received for battery cells/modules produced and sold in the United States, and the amount is revenue expected to be received by the Group for the six-month period ended June 30, 2024.

(2) Consolidated revenue of the Group consists of sales of battery-related products and service sales, such as research and development, of which most of the sales are recognized at a time in relation to the sales of goods.

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**22. CLASSIFICATION OF EXPENSES BY NATURE:**

Expenses by nature for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ 106,538	₩ 283,529	₩ 207,934	₩ 235,475
Raw materials and consumables used	3,418,604	6,615,506	4,964,877	10,743,633
Purchase of merchandise	302,216	567,545	244,203	513,555
Employee benefit expenses	715,246	1,430,431	661,992	1,284,788
Advertising expenses	9,130	17,088	6,776	10,472
Freight expenses	22,285	37,362	41,746	73,107
Commission expenses	294,139	557,055	243,883	473,028
Depreciation and amortization	734,880	1,393,846	553,487	1,070,017
Rent expenses and usage fee	8,951	21,847	13,175	28,187
Transfers to provisions for service warranties	209,463	411,432	329,037	507,024
Other expenses	592,889	1,239,031	1,156,694	1,698,763
	<u>₩ 6,414,341</u>	<u>₩ 12,574,672</u>	<u>₩ 8,423,804</u>	<u>₩ 16,638,049</u>

**23. EMPLOYEE BENEFIT EXPENSES:**

Details of employee benefit expenses for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Wages and salaries	₩ 570,962	₩ 1,153,632	₩ 544,496	₩ 1,059,538
Retirement benefits: Defined benefit plan	21,788	43,542	16,616	33,232
Retirement benefits: Defined contribution plan	631	1,441	406	907
Others	121,865	231,816	100,474	191,111
	<u>₩ 715,246</u>	<u>₩ 1,430,431</u>	<u>₩ 661,992</u>	<u>₩ 1,284,788</u>

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**24. FINANCE INCOME AND COSTS:**

Details of finance income and costs for the three-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
<b>Finance income:</b>				
Interest income (*1)	₩ 52,302	₩ 112,557	₩ 37,326	₩ 81,860
Dividends income	198	198	99	99
Exchange differences	77,447	185,377	315,506	520,563
Gain on derivative instruments	74,929	189,411	259	39,704
Gain on disposal of financial assets at FVPL	226	226	-	-
	<u>₩ 205,102</u>	<u>₩ 487,769</u>	<u>₩ 353,190</u>	<u>₩ 642,226</u>
<b>Finance costs:</b>				
Interest expense (*2)	₩ 128,202	₩ 229,926	₩ 64,358	₩ 133,854
Exchange differences	148,277	304,122	149,566	343,716
Loss on disposal of trade receivables	37	46	3,591	5,224
	<u>₩ 276,516</u>	<u>₩ 534,094</u>	<u>₩ 217,515</u>	<u>₩ 482,794</u>

(\*1) Details of interest income for the three-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Cash and cash equivalents and others	₩ 40,350	₩ 84,849	₩ 29,484	₩ 70,265
Other loans and receivables	11,952	27,708	7,842	11,595
	<u>₩ 52,302</u>	<u>₩ 112,557</u>	<u>₩ 37,326</u>	<u>₩ 81,860</u>

(\*2) Details of interest expense for the three-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Interest on financial institutions	₩ 84,767	₩ 161,272	₩ 63,364	₩ 120,305
Interest on financial lease liabilities	1,248	2,309	616	1,197
Interest on debentures	57,009	105,596	13,613	28,088
Other interest expenses	2,099	3,575	1,819	4,544
Capitalized interest for qualifying assets	(16,921)	(42,826)	(15,054)	(20,280)
	<u>₩ 128,202</u>	<u>₩ 229,926</u>	<u>₩ 64,358</u>	<u>₩ 133,854</u>

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**25. OTHER NON-OPERATING INCOME:**

Details of other non-operating income for the three-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Exchange differences	₩ 116,193	₩ 311,107	₩ 378,722	₩ 706,045
Gain on disposal of property, plant and equipment	577	1,634	531	736
Others	3,770	11,783	5,021	17,485
	<u>₩ 120,540</u>	<u>₩ 324,524</u>	<u>₩ 384,274</u>	<u>₩ 724,266</u>

**26. OTHER NON-OPERATING EXPENSES:**

Details of other non-operating expenses for the three-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Exchange differences	₩ 62,293	₩ 171,342	₩ 274,826	₩ 518,416
Loss on disposal of property, plant and equipment	46,683	83,139	26,603	41,894
Loss on disposal of intangible assets	343	418	107	342
Impairment of investments in associates and joint ventures	-	-	14,560	14,560
Donations	5,591	5,706	3,303	3,894
Others	9,317	14,752	6,840	22,998
	<u>₩ 124,227</u>	<u>₩ 275,357</u>	<u>₩ 326,239</u>	<u>₩ 602,104</u>

**27. INCOME TAX EXPENSE:**

Income tax expense was recognized based on the best estimate of the weighted-average annual income tax rate for the entire fiscal year.

**28. EARNINGS (LOSSES) PER SHARE:**

Basic earnings (losses) per share are calculated by dividing the earnings (losses) attributable to ordinary shares of the Parent Company by weighted-average number of shares issued.

Basic earnings (losses) per ordinary share for the three- and six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
	Three months	Six months	Three months	Six months
Profits attributable to ordinary shares of the Parent Company	₩ (471,772)	₩ (472,236)	₩ 432,443	₩ 933,038
Weighted-average number of ordinary shares outstanding	234,000,000	234,000,000	234,000,000	234,000,000
Basic earnings per ordinary share (in Korean won)	<u>₩ (2,016)</u>	<u>₩ (2,018)</u>	<u>₩ 1,848</u>	<u>₩ 3,987</u>

The Group has not issued any potential ordinary shares. Therefore, basic earnings (losses) per share are identical to diluted earnings (losses) per share.

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**29. DIVIDEND:**

Foreign subsidiaries of the Group paid ₩201,580 million dividends for the accounting period ended June 30, 2024.

**30. RELATED-PARTY TRANSACTIONS:**

- (1) As of June 30, 2024, the parent company is LG Chem Ltd. (percentage of ownership: 81.84%), over which LG Corp. exercises a significant influence.
- (2) Details of related parties and others that have sales and other transactions with the Group, or have receivable and payable balances, other than associates and joint ventures (see Note 10) as of June 30, 2024, are as follows:

Related party	Related-party's subsidiary (Domestic)	Related-party's subsidiary (Overseas)	Details
LG Chem Ltd.	HAENGBOKNURI CO., LTD. and others	LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd. and others	Subsidiary of LG Chem Ltd.
D&O Co., Ltd.	D&O CM, Ltd. and others.	D&O CM NANJING and others	
LG CNS Co., Ltd.	Biz Tech I Co., Ltd. and others	LG CNS America Inc. and others	Subsidiary of LG Corp.
LG Management Development Institute			
LG Display Co., Ltd.	Nanum nuri Co., Ltd.	LG Display (China) Co., Ltd. and others	
LG Electronics, Inc.	LG Innotek Co., Ltd. and others	LG Electronics Philippines, Inc. and others	
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. and others	LG Household & Health Care Trading (Shanghai) Co., Ltd. and others	LG Enterprise group (*1)
LG Uplus Corp.	LG HelloVision Corp.	LG UPLUS FUND I LLC and others	
HS AD Inc.		GIIR America Inc. and others	
Mintech Co., Ltd. (*2)			

(\*1) Although these entities are not included within the scope of related parties under K-IFRS 1024, they belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

(\*2) Although the Company holds less than 20% of the shares in the form of redeemable convertible preference shares, it has significant influence, as it holds the right to appoint directors. Meanwhile, the Company classifies it as financial assets at FVPL, taking into account the nature of the shares held and K-IFRS 1109.

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(3) Transactions with related parties for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024				
	Sales and others	Purchase and others			
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	Others
<b>Parent:</b>					
LG Chem Ltd.	₩ 3,537	₩ 992,318	₩ -	₩ 11	₩ 1,396
<b>Associates and joint ventures:</b>					
PT. HLI Green Power	31,615	363	-	-	5,402
Sama Aluminium Co., Ltd.	-	26,701	-	-	-
Nexpo Co., Ltd.	-	54	-	-	-
<b>Other related parties:</b>					
LG Corp.	-	-	-	-	19,359
LG Chem (China) Investment Co., Ltd.	-	-	-	-	122
LG Chem Europe GmbH	-	-	-	-	8
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	593,145	-	-	-
LG HY BCM Co., Ltd.	-	315,334	-	-	-
Techwin, Inc.	-	-	217	-	33
LG Chem Poland Sp. z o.o.	-	79,567	-	-	-
LG Management Development Institute	-	-	-	-	17,191
D&O Co., Ltd. and its subsidiaries	43	-	12,015	-	2,533
LG CNS Co., Ltd. and its subsidiaries	13,723	10,831	320,807	-	88,521
Others	-	-	139	-	1,326
<b>Others:</b>					
LG Display Co., Ltd. and its subsidiaries	-	-	-	5	-
LG Electronics Inc. and its subsidiaries	94,355	116,422	575,622	-	14,060
Xi C&A and its subsidiaries(*)	-	2,725	44,655	-	2,701
S&I Corporation(*)	-	3,027	7,610	-	18,229
Others	17	-	-	9	1,456
	<u>₩ 143,290</u>	<u>₩ 2,140,487</u>	<u>₩ 961,065</u>	<u>₩ 25</u>	<u>₩ 172,337</u>

(\*) The company has been excluded from the large enterprise group after their separation from LG Group during the six-month period ended June 30, 2024. The amount includes transactions before the separation.

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	<b>2023</b>				
	<b>Sales and others</b>	<b>Purchase and others</b>			<b>Others</b>
		<b>Purchase of raw materials /merchandises</b>	<b>Acquisition of property, plant and equipment and intangibles</b>	<b>Interest expense</b>	
<b>Parent:</b>					
LG Chem Ltd.	₩ 4,580	₩ 1,869,329	₩ -	₩ 16	₩ 1,750
<b>Associates and joint ventures:</b>					
PT. HLI Green Power	23,081	-	-	-	-
VINFAST LITHIUM BATTERY PACK LLC (*)	256	-	-	-	-
Sama Aluminium Co., Ltd.	-	14,072	-	-	-
<b>Other related parties:</b>					
LG Corp.	-	-	-	-	34,891
LG Chem America, Inc.	-	-	-	-	1
LG Chem (Taiwan), Ltd.	-	-	-	1	-
LG Chem (China) Investment Co., Ltd.	-	-	-	-	127
LG Chem Europe GmbH	-	-	-	-	17
HAENGBOKNURI CO., LTD.	5	-	-	-	560
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	1,188,658	-	-	-
Techwin, Inc.	-	-	-	-	46
LG Chem Poland Sp. z o.o.	-	122,966	-	-	-
LG Management Development Institute	11	-	-	-	16,558
D&O Co., Ltd. and its subsidiaries	42	-	8,718	-	1,841
LG CNS Co., Ltd. and its subsidiaries	24,845	101	249,805	-	74,079
Others	-	-	-	-	2,363
<b>Others:</b>					
LG Display Co., Ltd. and its subsidiaries	-	-	-	5	-
LG Electronics Inc. and its subsidiaries	1,026,901	172,144	379,858	-	25,773
Xi C&A and its subsidiaries	-	2,326	183,252	-	483
S&I Corporation	-	4,873	22,086	-	23,217
Others	23	-	398	17	1,416
	<u>₩ 1,079,744</u>	<u>₩ 3,374,469</u>	<u>₩ 844,117</u>	<u>₩ 39</u>	<u>₩ 183,122</u>

(\*) During the year ended December 31, 2023, the Group disposed of its entire ownership interest and was excluded from the related party.



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(4) Balances of receivables and payables from related parties as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
<b>Parent:</b>							
LG Chem Ltd.	₩ 978	₩ 10,743	₩ 11,721	₩ 477,692	₩ 824	₩ 4,064	₩ 482,580
<b>Associates and joint ventures:</b>							
PT. HLI Green Power	-	13,446	13,446	-	-	23,470	23,470
Sama Aluminium Co., Ltd.	-	-	-	5,644	-	-	5,644
Nexpo Co., Ltd.	-	-	-	44	-	-	44
<b>Other related parties:</b>							
LG Corp.	-	11,415	11,415	-	-	5,626	5,626
LG Chem (Taiwan), Ltd.	-	-	-	-	-	5	5
LG Chem (China) Investment Co., Ltd.	-	-	-	-	-	37	37
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	200,574	-	-	200,574
LG HY BCM Co., Ltd.	-	-	-	240,250	-	-	240,250
LG Chem Poland Sp. z o.o.	-	-	-	43,450	-	-	43,450
LG Management Development Institute	-	-	-	-	-	1,024	1,024
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	4,181	4,181
LG CNS Co., Ltd. and its subsidiaries	11,905	5	11,910	-	-	261,987	261,987
Others	-	-	-	-	-	92	92
<b>Others:</b>							
LG Display Co., Ltd. and its subsidiaries	-	817	817	-	149	17	166
LG Electronics Inc. and its subsidiaries (*)	40,838	3,484	44,322	29,643	-	140,790	170,433
Others	-	559	559	-	671	4,481	5,152
	₩ 53,721	₩ 40,469	₩ 94,190	₩ 997,297	₩ 1,644	₩ 445,774	₩ 1,444,715

(\*) Provisions for GM Bolt EV recall are not included in the balance of receivables and payables above.

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	December 31, 2023						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
<b>Parent:</b>							
LG Chem Ltd.	₩ 19,062	₩ 15,319	₩ 34,381	₩ 410,997	₩ 1,100	₩ 3,581	₩ 415,678
<b>Associates and joint ventures:</b>							
PT. HLI Green Power	-	4,006	4,006	-	-	45,778	45,778
Sama Aluminium Co., Ltd.	-	-	-	3,769	-	-	3,769
<b>Other related parties:</b>							
LG Corp.	-	-	-	-	-	15,025	15,025
LG Chem (Taiwan), Ltd.	-	-	-	-	-	10	10
LG Chem (China) Investment Co., Ltd.	-	-	-	-	-	51	51
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	2	2	156,692	-	-	156,692
LG HY BCM Co., Ltd.	-	-	-	-	-	210	210
Techwin, Inc.	-	-	-	-	-	2,186	2,186
LG Chem Poland Sp. z o.o.	-	-	-	52,049	-	-	52,049
LG Management Development Institute	-	-	-	-	-	680	680
D&O Co., Ltd. and its subsidiaries	-	23	23	-	-	8,194	8,194
LG CNS Co., Ltd. and its subsidiaries	7,859	107	7,966	280	-	371,328	371,608
Others	-	-	-	-	-	348	348
<b>Others:</b>							
LG Display Co., Ltd. and its subsidiaries	-	-	-	-	277	19	296
LG Electronics Inc. and its subsidiaries (*)	225,439	4,341	229,780	45,524	-	296,622	342,146
Xi C&A and its subsidiaries	-	-	-	-	-	57,447	57,447
S&I Corporation	-	-	-	-	-	35,304	35,304
Others	-	559	559	-	1,006	4,734	5,740
	<u>₩ 252,360</u>	<u>₩ 24,357</u>	<u>₩ 276,717</u>	<u>₩ 669,311</u>	<u>₩ 2,383</u>	<u>₩ 841,517</u>	<u>₩ 1,513,211</u>

(\*) Provisions for the GM Bolt EV recall are not included in the balance of receivables and payables above.

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(5) Fund transactions with related parties for the three-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	2024							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
<b>Parent:</b>								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	264
<b>Associates and joint ventures:</b>								
Nexpo Co., Ltd.		-	-	1,900	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I		-	-	5,803	-	-	-	-
<b>Others:</b>								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	105
LG Household & Health Care		-	-	-	-	-	-	327
	₩	- ₩	- ₩	7,703 ₩	- ₩	- ₩	- ₩	696

(\*) The amounts represent lease liabilities that were recognized or repaid during the current period.

	2023							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
<b>Parent:</b>								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	258
<b>Associates and joint ventures:</b>								
Sama Aluminium Co., Ltd.		-	-	46,575	-	-	-	-
<b>Other related parties:</b>								
LG Chem (Taiwan), Ltd.		-	-	-	-	-	-	93
<b>Others:</b>								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	91
LG Household & Health Care		-	-	-	-	-	-	319
	₩	- ₩	- ₩	46,575 ₩	- ₩	- ₩	- ₩	761

(\*) The amounts represent lease liabilities that were recognized or repaid during the previous period.

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(6) Compensation for key management of the Group for the six-month periods ended June 30, 2024 and 2023, is as follows (Korean won in millions):

	<b>2024</b>		<b>2023</b>	
Short-term employee benefits	₩	15,078	₩	33,463
Retirement benefits		5,032		4,400
	₩	20,110	₩	37,863

Key management includes directors (including non-executive) having duties and responsibilities over planning, operations and controlling of the Group's business activities.

(7) As of June 30, 2024, the payment guarantees provided by the Group for related parties are disclosed in Note 18.

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**31. CONSOLIDATED STATEMENTS OF CASH FLOWS:**

(1) Details of cash generated from operations for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>
Profit before income tax:	₩ 313,893	₩	1,357,067
Adjustments for:			
- Depreciation	1,308,812		1,007,462
- Amortization	85,034		62,555
- Retirement benefits	43,542		33,232
- Financial income	(444,208)		(474,969)
- Financial costs	512,099		307,928
- Foreign currency conversion differences	425		61,273
- Loss on valuations of inventories	7,744		29,778
- Gain on disposal of property, plant and equipment	(1,634)		(736)
- Loss on disposal of property, plant and equipment and intangible assets	83,557		46,962
- Impairment losses (gains) on property, plant and equipment and intangible assets	6,126		(4,726)
- Impairment of investments in associates and joint ventures	-		14,560
- Changes in contract assets and liabilities	21,812		(17,762)
- Contribution to provisions	416,916		514,376
- Other income and expenses	43,596		19,023
- Changes in inventories	77,942		102,005
- Changes in trade receivables	328,007		(319,412)
- Changes in other receivables	123,979		(228,656)
- Changes in other current assets	(474,850)		53,064
- Settlement of derivatives	-		(2,509)
- Changes in trade payables	(311,459)		327,387
- Changes in other payables	(48,647)		(511,626)
- Changes in other current liabilities	31,045		(388,692)
- Changes in provisions	(259,636)		(244,394)
- Changes in net defined benefit liabilities	(1,516)		7,265
- Other cash flows from operations	(49,564)		16,327
Cash generated from operations	<u>₩ 1,813,015</u>	₩	<u>1,766,782</u>

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(2) Changes in liabilities from financing activities for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<b>2024</b>						
	<b>Cash flows from</b>						
	<b>Beginning</b>	<b>financing activities</b>	<b>Reclassification of current portion</b>	<b>Amortization</b>	<b>Lease liabilities</b>	<b>Others</b>	<b>Ending</b>
Short-term borrowings	₩ 2,567,561	₩ (272,320)	₩ 195,575	₩ -	₩ -	₩ 446,072	₩ 2,936,888
Long-term borrowings	4,604,543	385,835	(195,575)	-	37,078	(52,374)	4,779,507
Debentures	3,760,184	1,595,376	-	3,168	-	198,576	5,557,304
	<u>₩ 10,932,288</u>	<u>₩ 1,708,891</u>	<u>₩ -</u>	<u>₩ 3,168</u>	<u>₩ 37,078</u>	<u>₩ 592,274</u>	<u>₩ 13,273,699</u>

  

	<b>2023</b>						
	<b>Cash flows from</b>						
	<b>Beginning</b>	<b>financing activities</b>	<b>Reclassification of current portion</b>	<b>Amortization</b>	<b>Lease liabilities</b>	<b>Others</b>	<b>Ending</b>
Short-term borrowings	₩ 2,191,623	₩ 363,272	₩ 833,653	₩ -	₩ -	₩ (682,567)	₩ 2,705,981
Long-term borrowings	3,782,596	210,010	(833,653)	-	30,887	941,509	4,131,349
Debentures	2,135,034	268,914	-	1,430	-	97,881	2,503,259
	<u>₩ 8,109,253</u>	<u>₩ 842,196</u>	<u>₩ -</u>	<u>₩ 1,430</u>	<u>₩ 30,887</u>	<u>₩ 356,823</u>	<u>₩ 9,340,589</u>

(3) Significant non-cash transactions for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<b>2024</b>	<b>2023</b>
Reclassification of construction in progress	₩ 4,024,582	₩ 1,348,783
Reclassification of machinery in transit	9,351	4,382
Reclassification of debentures into current portion	125,000	-
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(312,007)	18,930

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**32. SEGMENT INFORMATION:**

(1) General information about the Group's reportable segments is as follows:

<u>Segment</u>	<u>Major products and services</u>
LG Energy solution (*)	Automotive batteries, mobile batteries, ESS batteries and others

(\*) The Group has determined the reporting segment as a single reporting segment based on the performance evaluation unit reported to the board of directors, the chief operating decision maker.

(2) Segment information on revenue and profit for the six-month periods ended June 30, 2024 and 2023, is as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Total segment revenue	₩ 6,161,866	₩ 12,290,580	₩ 8,773,487	₩ 17,520,604
Revenue from external customers (*1)	6,161,866	12,290,580	8,773,487	17,520,604
Other operation income (*2)	447,794	636,748	110,916	211,210
Operating profit of reportable segment (*3)	195,319	352,656	460,599	1,093,765

(\*1) Revenue from external customers consists of sales of goods. Interest income and dividend income are included in finance income.

(\*2) Under Advanced Manufacturing Production Tax Credit of the U.S. Inflation Reduction Act, effective January 1, 2023, tax credit can be received for battery cells/modules produced and sold in the United States, and the amount is revenue expected to be received by the Group for the six-month period ended June 30, 2024.

(\*3) Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

(3) Segment information on assets and liabilities as of June 30, 2024, and December 31, 2023, is as follows (Korean won in millions):

	<u>June 30, 2024</u>			<u>December 31, 2023</u>		
	<u>Assets</u>	<u>Investments in associates and joint ventures</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Investments in associates and joint ventures</u>	<u>Liabilities</u>
Reportable segment assets and liabilities	₩ 51,501,207	₩ 205,442	₩ 23,869,388	₩ 45,437,144	₩ 223,559	₩ 21,063,635

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(4) Sales for the six-month periods ended June 30, 2024 and 2023, and non-current assets as of June 30, 2024, and December 31, 2023, by geographical segments, are as follows (Korean won in millions):

	<b>Sales</b>				<b>Non-current assets (*1)</b>	
	<b>2024</b>		<b>2023</b>		<b>June 30, 2024</b>	<b>December 31, 2023</b>
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>		
Korea (*2)	₩ 248,721	₩ 514,137	₩ 758,866	₩ 1,426,742	₩ 4,618,959	₩ 4,310,996
China	1,399,378	3,013,950	1,702,588	3,328,022	4,087,342	4,251,338
Asia/Oceania	185,195	444,096	355,322	700,794	1,193	1,126
America	2,762,376	4,916,341	2,473,749	4,668,177	17,353,135	11,104,415
Europe	1,566,196	3,402,056	3,482,962	7,396,869	5,053,841	5,075,284
	<u>₩ 6,161,866</u>	<u>₩ 12,290,580</u>	<u>₩ 8,773,487</u>	<u>₩ 17,520,604</u>	<u>₩ 31,114,470</u>	<u>₩ 24,743,159</u>

(\*1) Represents aggregate amount of property, plant and equipment; intangible assets; and investment properties.

(\*2) Domestic sales include exports made through local letters of credit.

(5) For the six-month period ended June 30, 2024, revenues from external customers who account for 10% or more of the Group's revenue amounted to ₩3,313,707 million and ₩2,758,874 million, respectively (the six-month period ended June 30, 2023, were ₩2,028,479 million and ₩3,166,005 million).

**33. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:**

(1) Assets and liabilities related to contracts with customers as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>Contract assets:</b>		
Due from customers	₩ 54,064	₩ 70,356
	<u>₩ 54,064</u>	<u>₩ 70,356</u>
<b>Contract liabilities:</b>		
Advances from customers received as part of the Group's main business activities	₩ 1,276,102	₩ 1,292,914
Expected customer incentives	884	1,660
Unearned revenue	55,436	70,055
Due to customers	21,022	2,785
	<u>₩ 1,353,444</u>	<u>₩ 1,367,414</u>

(2) Revenue recognized in relation to contract liabilities

Revenues recognized from the carried-forward contract liabilities for the six-month periods ended June 30, 2024 and 2023, are as follows (Korean won in millions):

	<b>2024</b>		<b>2023</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Revenue recognized in the current period from the beginning contract liabilities:</b>				
Revenues in relation to advances from customers received as part of the Group's main business activities	₩ 10,069	₩ 21,979	₩ 2,380	₩ 48,234
Unearned revenue	11,839	22,521	12,984	25,014
Due to customers	147	489	1,670	12,198
	<u>₩ 22,055</u>	<u>₩ 44,989</u>	<u>₩ 17,034</u>	<u>₩ 85,446</u>



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**34. INVESTMENT PROPERTIES:**

(1) Details of investment properties as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024				December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Buildings	₩ 279,571	₩ (78,306)	₩ (1,628)	₩ 199,637	₩ 295,848	₩ (81,878)	₩ (1,721)	₩ 212,249
Land	275	(10)	(35)	230	283	(8)	(35)	240
	<u>₩ 279,846</u>	<u>₩ (78,316)</u>	<u>₩ (1,663)</u>	<u>₩ 199,867</u>	<u>₩ 296,131</u>	<u>₩ (81,886)</u>	<u>₩ (1,756)</u>	<u>₩ 212,489</u>

(2) Changes in investment properties for the six-month period ended June 30, 2024, and the year ended December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024		December 31, 2023	
	Land	Building	Land	Building
Beginning	₩ 240	₩ 212,249	₩ 245	₩ 212,797
Acquisition/Transfer	-	793	-	6,500
Disposal/Transfer	(8)	(10,424)	-	(1,030)
Depreciation	(2)	(2,981)	(5)	(6,018)
Impairment	-	-	-	-
Ending	<u>₩ 230</u>	<u>₩ 199,637</u>	<u>₩ 240</u>	<u>₩ 212,249</u>

(3) The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as of June 30, 2024, is ₩241,006 million (as of December 31, 2023, was ₩245,247 million).

Rental income from investment properties under operating lease for the six-month period ended June 30, 2024, is ₩3,860 million, and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) for the six-month period ended June 30, 2024, are ₩2,983 million.

(4) Operating lease

Investment properties are leased to tenants under operating leases with monthly rent payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and, therefore, will not immediately realize any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of investment properties.

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	June 30, 2024	December 31, 2023
Less than one year	₩ 4,763	₩ 150
Between one year and two years	1,805	150
Between two years and five years	1,075	299
	<u>₩ 7,643</u>	<u>₩ 599</u>

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**35. EVENT AFTER THE REPORTING PERIOD:**

The Group issued bonds worth USD 2 billion on July 2, 2024, according to the decision of Management Committee on May 31, 2024. Details of bonds are as follows (USD in million):

	<u>Maturity date</u>	<u>Amount</u>	
USD foreign currency debenture (non-guaranteed) (3 years)	2027.07.02	USD	700
Global Green Bond (non-guaranteed) (5 years)	2029.07.02	USD	800
Global Green Bond (non-guaranteed) (10 years)	2034.07.02	USD	500