

LG ENERGY SOLUTION, LTD.

**Interim Condensed Separate 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 Separate Financial Statements

English Translation of Independent Auditor's Review Report Originally Issued in Korean on August 9, 2024

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

Reviewed financial statements

We have reviewed the accompanying interim condensed separate financial statements of LG Energy Solution, Ltd. (the "Company"). These interim condensed separate financial statements consist of the interim condensed separate statement of financial position as of June 30, 2024, and the related interim condensed separate statements of profit or loss, interim condensed separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023; and the interim condensed separate statements of changes in equity and interim condensed separate 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 separate financial statements

Management is responsible for the preparation and presentation of these interim condensed separate 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 separate 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 separate 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 separate 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 separate statement of financial position as of December 31, 2023, and the related separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended in accordance with KSAs. We expressed an unqualified opinion on those separate financial statements, not presented herein, in our audit report dated March 7, 2024.

The accompanying separate statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited separate 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 separate financial statements and may result in modifications to this review report.

LG ENERGY SOLUTION, LTD. (the “Company”)

Interim condensed separate 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 separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

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

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

(Korean won in millions)

	Notes	June 30, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	3,5,6	₩ 1,562,949	₩ 1,855,224
Trade receivables	3,5,7,29	1,817,434	2,289,892
Other receivables	3,5,7,29	756,530	1,173,761
Prepaid income taxes		25,138	15,132
Other current financial assets	3,5,8	121,595	65,400
Other current assets	13	165,933	118,776
Inventories	9	1,490,531	1,265,558
		<u>5,940,110</u>	<u>6,783,743</u>
Non-current assets			
Trade receivables	3,5,7	138,469	127,946
Other receivables	3,5,7,29	140,548	153,173
Other non-current financial assets	3,5,8	378,113	287,187
Investments in subsidiaries	10	11,999,495	9,847,300
Investments in associates and joint ventures	10	279,167	271,463
Deferred tax assets	27	1,715,488	1,598,516
Property, plant and equipment	11	3,648,303	3,383,740
Intangible assets	12	768,676	712,217
Investment properties	32	200,026	212,650
Other non-current assets	13,16	124,134	168,004
		<u>19,392,419</u>	<u>16,762,196</u>
Total assets		<u>₩ 25,332,529</u>	<u>₩ 23,545,939</u>
Liabilities			
Current liabilities			
Trade payables	3,5,29	₩ 1,161,874	₩ 1,097,287
Other payables	3,5,29	868,069	983,134
Borrowings	3,5,11,14,30	852,912	670,418
Other current financial liabilities	3,5,8	52,067	58,440
Current provisions	15	445,769	374,710
Income taxes payable		20,382	-
Other current liabilities	17,31	546,092	326,930
		<u>3,947,165</u>	<u>3,510,919</u>
Non-current liabilities			
Other payables	3,5,29	2,329	3,368
Borrowings	3,5,11,14,30	4,779,625	3,149,383
Other non-current financial liabilities	3,5,8	182	68,368
Non-current provisions	15	188,046	152,295
Other non-current liabilities	17,31	62,620	60,112
		<u>5,032,802</u>	<u>3,433,526</u>
Total liabilities		<u>8,979,967</u>	<u>6,944,445</u>
Equity			
Share capital	19	117,000	117,000
Capital surplus	19	17,589,722	17,589,722
Accumulated other comprehensive loss		(51,290)	(53,516)
Accumulated deficit	20	(1,302,870)	(1,051,712)
Total equity		<u>16,352,562</u>	<u>16,601,494</u>
Total liabilities and equity		<u>₩ 25,332,529</u>	<u>₩ 23,545,939</u>

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

LG Energy Solution, Ltd.

Interim condensed separate 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
Revenue	21,29,31	₩ 1,654,590	₩ 3,562,521	₩ 3,030,170	₩ 6,328,853
Cost of sales	21,22,29	<u>1,498,659</u>	<u>2,936,096</u>	<u>2,437,362</u>	<u>5,288,661</u>
Gross profit		155,931	626,425	592,808	1,040,192
Selling and administrative expenses	21,22,23,29	<u>782,307</u>	<u>1,524,787</u>	<u>745,783</u>	<u>1,286,958</u>
Operating loss	21	(626,376)	(898,362)	(152,975)	(246,766)
Finance income	5,24,29	177,236	371,933	146,193	410,596
Finance costs	5,24,29	188,869	381,580	135,073	332,478
Other non-operating income	25	98,025	779,388	404,465	574,429
Other non-operating expenses	26	<u>68,020</u>	<u>128,452</u>	<u>95,230</u>	<u>212,597</u>
Profit (loss) before income tax expense (benefit)		(608,004)	(257,073)	167,380	193,184
Income tax expense (benefit)	27	<u>36,941</u>	<u>(6,576)</u>	<u>33,281</u>	<u>36,927</u>
Profit (loss) for the period		<u>₩ (644,945)</u>	<u>₩ (250,497)</u>	<u>₩ 134,099</u>	<u>₩ 156,257</u>
Earnings (losses) per share attributable to the equity holders of the parent company (in Korean won)	28				
Basic earnings (losses) per share		₩ (2,757)	₩ (1,071)	₩ 573	₩ 668

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

LG Energy Solution, Ltd.

Interim condensed separate statements of comprehensive income

For the three-month and six-month periods ended June 30, 2024 and 2023

(Korean won in millions)

	Note	June 30, 2024		June 30, 2023	
		Three months	Six months	Three months	Six months
Profit (loss) for the period		₩ (644,945)	₩ (250,497)	₩ 134,099	₩ 156,257
Other comprehensive income (loss):					
Items that will not be subsequently reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities	16	(205)	(856)	911	1,691
Gain (loss) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")	5	213	1,650	(3,215)	5,638
Income tax effect of other comprehensive income		(3)	(183)	609	(1,934)
		5	611	(1,695)	5,395
Items that may be subsequently reclassified to profit or loss:					
Gain (loss) on cash flow hedge	5	857	1,237	(1,177)	(603)
Income tax effect of other comprehensive income		(196)	(283)	311	159
		661	954	(866)	(444)
Other comprehensive income (loss) for the period, net of tax		<u>666</u>	<u>1,565</u>	<u>(2,561)</u>	<u>4,951</u>
Total comprehensive income (loss) for the period, net of tax		<u>₩ (644,279)</u>	<u>₩ (248,932)</u>	<u>₩ 131,538</u>	<u>₩ 161,208</u>

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

LG Energy Solution, Ltd.

**Interim condensed separate statements of changes in equity
For the six-month periods ended June 30, 2024 and 2023**

(Korean won in millions)

	Note	Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings (accumulated deficit)	Total
As of January 1, 2023		₩ 117,000	₩ 17,589,722	₩ 46,640	₩ (958,790)	₩ 16,794,572
Total comprehensive income for the period:						
Profit for the period		-	-	-	156,257	156,257
Remeasurements of net defined benefit liabilities	16	-	-	-	1,245	1,245
Gain on valuation of financial assets at FVOCI		-	-	4,150	-	4,150
Loss on cash flow hedge	5	-	-	(444)	-	(444)
Total comprehensive income for the period		-	-	3,706	157,502	161,208
As of June 30, 2023		₩ 117,000	₩ 17,589,722	₩ 50,346	₩ (801,288)	₩ 16,955,780
As of January 1, 2024		₩ 117,000	₩ 17,589,722	₩ (53,516)	₩ (1,051,712)	₩ 16,601,494
Total comprehensive loss for the period:						
Loss for the period		-	-	-	(250,497)	(250,497)
Remeasurements of net defined benefit liabilities	16	-	-	-	(661)	(661)
Gain on valuation of financial assets at FVOCI		-	-	1,272	-	1,272
Gain on cash flow hedge	5	-	-	954	-	954
Total comprehensive loss for the period		-	-	2,226	(251,158)	(248,932)
As of June 30, 2024		₩ 117,000	₩ 17,589,722	₩ (51,290)	₩ (1,302,870)	₩ 16,352,562

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

LG Energy Solution, Ltd.

**Interim condensed separate statements of cash flows
For the six-month periods ended June 30, 2024 and 2023**

(Korean won in millions)

	<u>Note</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Cash flows from operating activities:			
Cash generated from operations	30	₩ 666,860	₩ (193,908)
Interest received		33,938	76,774
Interest paid		(94,843)	(28,971)
Dividends received		540,827	329,775
Income tax paid		(106,962)	(49,124)
Net cash provided by operating activities		<u>1,039,820</u>	<u>134,546</u>
Cash flows from investing activities:			
Cash inflow from investing activities:			
Decrease in other receivables		5,000	5,000
Decrease in other non-current receivables		2,588	2,138
Proceeds from disposal of financial instruments		1,288	-
Proceeds from disposal of property, plant and equipment		500	3,315
Proceeds from disposal of intangible assets		1,098	1,271
Other cash inflow for investing activities		144	-
		<u>10,618</u>	<u>11,724</u>
Cash outflow for investing activities:			
Increase in other non-current receivables		(6,828)	(7,056)
Acquisition of investments in subsidiaries		(2,152,195)	(1,350,195)
Acquisition of investments in associates		(7,847)	(46,575)
Acquisition of financial instruments		(17,486)	(73,409)
Acquisition of property, plant and equipment		(684,689)	(855,676)
Acquisition of intangible assets		(52,199)	(42,133)
Other cash outflow for investing activities		(2,359)	(4,431)
		<u>(2,923,603)</u>	<u>(2,379,475)</u>
Net cash used in investing activities		<u>(2,912,985)</u>	<u>(2,367,751)</u>
Cash flows from financing activities:			
Cash inflow from financing activity:			
Increase in borrowings	30	1,595,376	997,109
		<u>1,595,376</u>	<u>997,109</u>
Cash outflow for financing activity:			
Repayment of borrowings	30	(15,704)	(736,135)
		<u>(15,704)</u>	<u>(736,135)</u>
Net cash provided by financing activities		<u>1,579,672</u>	<u>260,974</u>
Net decrease in cash and cash equivalents		<u>(293,493)</u>	<u>(1,972,231)</u>
Cash and cash equivalents at beginning of the period		1,855,224	4,828,152
Effects of exchange rate changes on cash and cash equivalents		1,218	(21)
Cash and cash equivalents at end of the period		<u>₩ 1,562,949</u>	<u>₩ 2,855,900</u>

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

LG Energy Solution, Ltd.
Notes to the interim condensed separate 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. GENERAL:

General information about LG Energy Solution, Ltd. is as follows:

1.1 Company Information

LG Energy Solution, Ltd. (the “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 Company is engaged in providing energy solution services.

The Company 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.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The Company’s interim condensed separate financial statements were prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1034 *Interim Financial Reporting* as part of the period covered by the Company’s K-IFRSs’ annual separate financial statements, and these are separate financial statements prepared in accordance with K-IFRS 1027 *Separate Financial Statements*. In order to be understood, these interim condensed separate financial statements should be read in conjunction with the annual separate 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 separate financial statements are consistent with the accounting policies adopted in the preparation of the annual separate 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.

LG Energy Solution, Ltd.

Notes to the interim condensed separate 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) 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; specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- 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 commitment
- 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.

LG Energy Solution, Ltd.

Notes to the interim condensed separate 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

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.

3. FINANCIAL RISK MANAGEMENT:

3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market, credit and liquidity. The Company'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 Company. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company'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 Company'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 Company 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 for each division of the Company to manage its foreign exchange risk against its functional currency. The Company manages maximum loss for currency risk exposures within acceptable range by using currency risk management model and employs who are exclusively responsible for currency risk management.

The Company makes certain investments in foreign operations whose net assets are exposed to foreign exchange risk. This exposure 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):

	June 30, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 3,142,449	₩ 4,169,115	₩ 3,507,510	₩ 3,814,710
EUR	271,547	82,210	270,280	82,410
JPY	12,991	18,019	10,486	15,421
CNY and others	196,173	12,287	124,856	8,478

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 Company's net income as follows (Korean won in millions):

	June 30, 2024		December 31, 2023	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (102,667)	₩ 102,667	₩ (30,720)	₩ 30,720
EUR	18,934	(18,934)	18,787	(18,787)
JPY	(503)	503	(494)	494
CNY and others	18,389	(18,389)	11,638	(11,638)

The above sensitivity analysis has been performed for monetary assets and liabilities denominated in foreign currencies as of June 30, 2024, and December 31, 2023.

LG Energy Solution, Ltd.**Notes to the interim condensed separate 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**

As of June 30, 2024, the Company entered into foreign currency forwards 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) Price risk

The Company is exposed to price risks from equity instruments. As of June 30, 2024, the fair value of equity instruments is ₩92,144 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Company's equity by ₩9,214 million before tax.

(2) Credit risk

Credit risk arises from trade receivables that the Company holds as well as financial assets at amortized cost.

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

To manage credit risks relating to trade receivables, the Company 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 Company 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 Company is also provided with collateral by customers depending on their credit rating or payment guarantees from the customers' financial institutions, if necessary.

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

1) Trade receivables

The Company 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).

LG Energy Solution, Ltd.**Notes to the interim condensed separate 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**

	Receivables not past due (*)	Receivables past due, but not impaired (*)	Total
June 30, 2024 (trade receivables)			
Gross carrying amount	₩ 1,926,407 ₩	29,496 ₩	1,955,903
Expected loss rate	-	-	-
Provisions for receivables	-	-	-
December 31, 2023 (trade receivables)			
Gross carrying amount	2,385,614	32,224	2,417,838
Expected loss rate	-	-	-
Provisions for receivables	-	-	-

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

For the six-month period ended June 30, 2024, and for the year ended December 31, 2023, there was no changes in the provisions for trade receivables.

As of June 30, 2024, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩1,955,903 million (as of December 31, 2023, ₩2,417,838 million).

2) Other financial assets at amortized cost

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

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.

(3) Liquidity risk

The finance team of the Company monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Company's liquidity management policy considers the Company'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 Company groupings based on the remaining period from the reporting date 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):

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	June 30, 2024			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 1,045,640	₩ 956,812	₩ 4,179,943	₩ 203,972
Lease liabilities	35,774	24,456	18,724	123
Trade and other payables	<u>2,029,943</u>	<u>1,478</u>	<u>851</u>	<u>-</u>
	3,111,357	982,746	4,199,518	204,095
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	(694,600)	-	(2,083,800)	-
Outflows	<u>567,800</u>	<u>-</u>	<u>1,889,015</u>	<u>-</u>
	(126,800)	-	(194,785)	-
	<u>₩ 2,984,557</u>	<u>₩ 982,746</u>	<u>₩ 4,004,733</u>	<u>₩ 204,095</u>
December 31, 2023				
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 809,298	₩ 266,085	₩ 2,660,107	₩ 656,385
Lease liabilities	27,736	24,625	9,180	-
Trade and other payables	<u>2,080,421</u>	<u>2,924</u>	<u>444</u>	<u>-</u>
	2,917,455	293,634	2,669,731	656,385
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	(644,700)	-	(1,289,400)	(644,700)
Outflows	<u>567,800</u>	<u>-</u>	<u>1,337,600</u>	<u>551,415</u>
	(76,900)	-	48,200	(93,285)
	<u>₩ 2,840,555</u>	<u>₩ 293,634</u>	<u>₩ 2,717,931</u>	<u>₩ 563,100</u>

2) As of June 30, 2024, and December 31, 2023, the Company has entered into swap contracts, to which cash flow hedge accounting is applied, to avoid fluctuations in the market price of raw materials (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, SC	December 2026	₩ 555	₩ 987	27	₩ 1,697

(*) 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.

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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 (*)	₩ 3,206,620	₩ -	₩ -	₩ -

	December 31, 2023			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Financial guarantee contracts (*)	₩ 3,504,027	₩ -	₩ -	₩ -

(*) The Company 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 ₩5,211,750 million (as of December 31, 2023, was ₩5,364,738 million) (see Note 18).

3.2 Capital Risk Management

The Company's objectives for managing capital are to safeguard the Company's ability to continue to provide profits to shareholders and 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 Company 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 separate 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)	₩ 5,632,537	₩ 3,819,801
Less: cash and cash equivalents (B)	(1,562,949)	(1,855,224)
Net debt (C=A+B)	4,069,588	1,964,577
Total liabilities (D)	8,979,967	6,944,445
Total equity (E)	16,352,562	16,601,494
Total capital (F=C+E)	₩ 20,422,150	₩ 18,566,071
Gearing ratio (C/F)	19.90%	10.6%
Debt-to-equity ratio (D/E)	54.9%	41.8%

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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):

	June 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current):				
Cash and cash equivalents	₩ 1,562,949	(*)	₩ 1,855,224	(*)
Trade receivables	1,817,434	(*)	2,289,892	(*)
Other receivables (excluding deposits from financial institutions)	756,530	(*)	1,168,761	(*)
Deposits from financial institutions	-	(*)	5,000	(*)
Current derivative financial assets	288	288	12	12
Current derivative financial assets (currency forward)	121,307	121,307	65,388	65,388
Financial assets (non-current):				
Trade receivables	138,469	(*)	127,946	(*)
Other receivables (excluding deposits from financial institutions)	80,534	(*)	93,159	(*)
Deposits from financial institutions	60,014	(*)	60,014	(*)
Other non-current financial assets (measured at fair value):				
Marketable financial assets	7,575	7,575	12,255	12,255
Non-marketable financial assets	238,998	238,998	210,602	210,602
Non-current derivative financial assets	18,773	18,773	17,192	17,192
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	-	-
Financial liabilities (current):				
Trade and other payables	2,029,943	(*)	2,080,421	(*)
Current borrowings (excluding lease liabilities)	819,102	(*)	643,895	(*)
Current derivative financial liabilities	804	804	1,191	1,191
Other current financial liabilities	51,263	(*)	57,249	(*)
Financial liabilities (non-current):				
Non-current borrowings (excluding lease liabilities)	4,738,202	4,918,533	3,116,289	3,238,725
Other non-current payables	2,329	(*)	3,368	(*)
Non-current derivative financial liabilities	182	182	506	506
Non-current derivative financial liabilities (currency swap)	-	-	67,862	67,862

(*) 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 the bonds' credit ratings same as the 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 Company 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>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets/liabilities measured at fair value:				
Current derivative financial assets	₩	- ₩	288 ₩	- ₩
Current derivative financial assets (currency forward)	-	121,307	-	121,307
Non-current derivative financial assets	-	267	18,506	18,773
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)	7,575	-	-	7,575
Other non-current financial assets (non-marketable financial assets)	-	-	238,998	238,998
Current derivative financial liabilities	-	804	-	804
Non-current derivative financial liabilities	-	182	-	182
Financial assets/liabilities not measured at fair value:				
Non-current borrowings (excluding lease liabilities)	-	4,918,533	-	4,918,533

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	December 31, 2023				
	Level 1	Level 2	Level 3	Total	
Financial assets/liabilities measured at fair value:					
Current derivative financial assets	₩	- ₩	12 ₩	- ₩	12
Current derivative financial assets (currency forward)	-	65,388	-	-	65,388
Non-current derivative financial assets	-	15	17,177	-	17,192
Non-current derivative financial assets (currency forward)	-	47,138	-	-	47,138
Other non-current financial assets (marketable financial assets)	12,255	-	-	-	12,255
Other non-current financial assets (non-marketable financial assets)	-	-	210,602	-	210,602
Current derivative financial liabilities	-	1,191	-	-	1,191
Non-current derivative financial liabilities	-	506	-	-	506
Non-current derivative financial liabilities (currency swap)	-	67,862	-	-	67,862
Financial assets/liabilities not measured at fair value:					
Non-current borrowings (excluding lease liabilities)	-	3,238,725	-	-	3,238,725

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of interim condensed separate financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgment in applying the Company'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 Company's interim condensed separate financial statements are the same as those of the annual separate financial statements as of and for the year ended December 31, 2023, except for estimates used in determining income tax expenses.

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

(1) Income taxes

If certain portion of the taxable income is not used for investments, increase in wages or dividends, the Company 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 Company's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(2) Provisions

The Company 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 Company's customers 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 Company 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 of financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs for the impairment calculation based on the Company'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 Company 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):

Financial assets	June 30, 2024				
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 1,562,949	₩ -	₩ -	₩ -	₩ 1,562,949
Trade receivables	1,817,434	-	-	-	1,817,434
Non-current trade receivables	138,469	-	-	-	138,469
Other receivables	756,530	-	-	-	756,530
Other non-current receivables	140,548	-	-	-	140,548
Other current financial assets	-	121,307	-	288	121,595
Other non-current financial assets	-	285,702	92,144	267	378,113
	<u>₩ 4,415,930</u>	<u>₩ 407,009</u>	<u>₩ 92,144</u>	<u>₩ 555</u>	<u>₩ 4,915,638</u>

Financial liabilities	June 30, 2024			
	Financial liabilities at amortized cost	Financial liabilities at FVPL	Other financial liabilities (*3)	Total
Trade payables	₩ 1,161,874	₩ -	₩ -	₩ 1,161,874
Other payables	868,069	-	-	868,069
Other non-current payables	2,329	-	-	2,329
Current borrowings	819,102	-	33,810	852,912
Non-current borrowings	4,738,202	-	41,423	4,779,625
Other current financial liabilities	51,263	-	804	52,067
Other non-current financial liabilities	-	-	182	182
	<u>₩ 7,640,839</u>	<u>₩ -</u>	<u>₩ 76,219</u>	<u>₩ 7,717,058</u>

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Financial assets	December 31, 2023				
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 1,855,224	₩ -	₩ -	₩ -	₩ 1,855,224
Trade receivables	2,289,892	-	-	-	2,289,892
Non-current trade receivables	127,946	-	-	-	127,946
Other receivables	1,173,761	-	-	-	1,173,761
Other non-current receivables	153,173	-	-	-	153,173
Other current financial assets	-	65,388	-	12	65,400
Other non-current financial assets	-	196,678	90,494	15	287,187
	₩ 5,599,996	₩ 262,066	₩ 90,494	₩ 27	₩ 5,952,583

Financial liabilities	December 31, 2023			
	Financial liabilities at amortized cost	Financial liabilities at FVPL	Other financial liabilities (*3)	Total
Trade payables	₩ 1,097,287	₩ -	₩ -	₩ 1,097,287
Other payables	983,134	-	-	983,134
Other non-current payables	3,368	-	-	3,368
Current borrowings	643,895	-	26,523	670,418
Non-current borrowings	3,116,289	-	33,094	3,149,383
Other current financial liabilities	57,249	-	1,191	58,440
Other non-current financial liabilities	-	67,862	506	68,368
	₩ 5,901,222	₩ 67,862	₩ 61,314	₩ 6,030,398

(*1) At initial recognition, the Company 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 Company 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.

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

	June 30, 2024		June 30, 2023	
	Three months	Six months	Three months	Six months
Interest income:				
Financial assets at amortized cost	₩ 18,170	₩ 36,281	₩ 33,918	₩ 72,862
Interest expense:				
Financial liabilities at amortized cost	(57,009)	(105,596)	(13,627)	(28,102)
Other financial liabilities	(645)	(1,090)	(199)	(448)
Gain or loss on valuation/disposal:				
Financial assets at FVPL	226	226	-	-
Financial assets at FVOCI (*)	213	1,650	(3,215)	5,638
Derivative instruments	75,785	190,648	(917)	39,101
Exchange differences:				
Financial assets at amortized cost	101,738	252,362	28,919	198,578
Financial liabilities at amortized cost	(113,260)	(271,534)	(32,934)	(152,721)
Financial assets at FVPL	3,033	6,972	1,425	2,433

(*) Changes in fair value are recognized in profit or loss or in other comprehensive income.

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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):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Bank deposits and cash on hand	₩ 3,667	₩ 6,524
Cash equivalents	1,559,282	1,848,700
	<u>₩ 1,562,949</u>	<u>₩ 1,855,224</u>

(2) As of June 30, 2024, there are no cash and cash equivalents, subject to restriction on use.

7. TRADE AND OTHER RECEIVABLES:

(1) Trade and other receivables and their provisions for impairment are as follows (Korean won in millions):

	<u>June 30, 2024</u>			<u>December 31, 2023</u>		
	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Trade receivables	₩ 1,817,434	₩ -	₩ 1,817,434	₩ 2,289,892	₩ -	₩ 2,289,892
Non-current trade receivables	138,469	-	138,469	127,946	-	127,946
Other current receivables	756,530	-	756,530	1,173,761	-	1,173,761
Other non-current receivables	140,548	-	140,548	153,173	-	153,173
	<u>₩ 2,852,981</u>	<u>₩ -</u>	<u>₩ 2,852,981</u>	<u>₩ 3,744,772</u>	<u>₩ -</u>	<u>₩ 3,744,772</u>

(2) Details of other receivables 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>
Current:		
Non-trade receivables	₩ 739,548	₩ 1,154,699
Deposits from financial institutions	-	5,000
Accrued income	5,925	3,582
Guarantee deposits provided	11,057	10,480
	<u>756,530</u>	<u>1,173,761</u>
Non-current:		
Non-trade receivables	44,836	61,125
Deposits from financial institutions (*)	60,014	60,014
Guarantee deposits provided	35,698	32,034
	140,548	153,173
	<u>₩ 897,078</u>	<u>₩ 1,326,934</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 and ₩14 million related to guarantee deposit for current account opening.

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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
Receivables not past due	₩ 1,926,407	₩ 887,489	₩ 2,385,614	₩ 1,316,073
Past due, but not impaired:				
Up to three months	29,496	9,589	32,224	10,861
Between three-six months	26,613	8,550	15,838	10,861
Over six months	2,883	63	16,386	-
	-	976	-	-
Impaired receivables	-	-	-	-
	₩ 1,955,903	₩ 897,078	₩ 2,417,838	₩ 1,326,934

(4) Changes in the provision for impairment 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	₩ -	₩ -	₩ -	₩ 54
Additions	-	-	-	-
Write-off	-	-	-	(54)
Ending	₩ -	₩ -	₩ -	₩ -

(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.

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):

	June 30, 2024	December 31, 2023
Other financial assets:		
Financial assets at FVOCI	₩ 92,144	₩ 90,494
Cash flow hedge	555	27
Financial assets at FVPL	407,009	262,066
	₩ 499,708	₩ 352,587
Other financial liabilities:		
Financial guarantee contracts	₩ 51,263	₩ 57,249
Cash flow hedge	986	1,697
Financial liabilities at FVPL	-	67,862
	₩ 52,249	₩ 126,808

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(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	₩ 90,494	₩ 202,094
Acquisitions/transfer	-	17,438
Valuation gain (loss) (before income tax deduction) and other comprehensive income item	1,650	(129,038)
Ending	<u>₩ 92,144</u>	<u>₩ 90,494</u>

The Company 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 agreement 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.

9. INVENTORIES:

(1) Details of inventories 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>Gross amount</u>	<u>Valuation allowance</u>	<u>Carrying amount</u>	<u>Gross amount</u>	<u>Valuation allowance</u>	<u>Carrying amount</u>
Merchandise	₩ 250,610	₩ (4,004)	₩ 246,606	₩ 233,113	₩ (2,910)	₩ 230,203
Finished/semifinished products	989,869	(127,484)	862,385	1,013,658	(102,993)	910,665
Raw materials	284,127	(3,164)	280,963	83,359	(2,419)	80,940
Supplies	12,946	(4,375)	8,571	15,288	(5,174)	10,114
Materials in transit	92,006	-	92,006	33,636	-	33,636
	<u>₩ 1,629,558</u>	<u>₩ (139,027)</u>	<u>₩ 1,490,531</u>	<u>₩ 1,379,054</u>	<u>₩ (113,496)</u>	<u>₩ 1,265,558</u>

(2) The amounts of inventories expensed as cost of sales for the six-month periods ended June 30, 2024 and 2023, were ₩2,847,381 million and ₩5,244,405 million, respectively.

LG Energy Solution, Ltd.

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10. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

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

	June 30, 2024		December 31, 2023	
Beginning	₩	10,118,763	₩	7,547,546
Acquisitions		2,159,899		2,598,354
Disposals/Impairment		-		(27,137)
Ending	₩	<u>12,278,662</u>	₩	<u>10,118,763</u>

(2) Details of investments in subsidiaries, associates and joint ventures as of June 30, 2024, and December 31, 2023, are as follows (Korean won in millions):

	Location	Percentage of ownership (%)		Carrying amount	
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	China	100	100	₩ 1,138,401	₩ 1,138,401
LG Energy Solution Michigan Inc.	USA	100	100	4,794,026	3,815,683
LG Energy Solution Battery (Nanjing) Co., Ltd.	China	100	100	323,438	323,438
LG Energy Solution Wroclaw sp. z o.o.	Poland	100	100	2,299,898	2,299,898
LG Energy Solution Australia Pty Ltd.	Australia	100	100	429	429
LG Energy Solution Technology (Nanjing) Co., Ltd.	China	100	100	788,171	788,171
LG Energy Solution Europe GmbH	Germany	100	100	34,729	34,729
LG Energy Solution (Taiwan) Ltd.	Taiwan	100	100	1,871	1,871
Areum noori Co., Ltd.	Korea	100	100	500	500
LG Energy Solution Fund I LLC	USA	100	100	48,596	47,842
LG Energy Solution Vertech Inc.	USA	100	100	16,168	16,168
LG Energy Solution Arizona, Inc.	USA	100	100	268,725	188,649
Baterias De Castilla S.L.	Spain	100	100	4	4
L-H Battery Company, Inc.	USA	51	51	1,153,002	548,958
LG Energy Solution India Private Limited	India	100	100	563	563
LG Energy Solution Arizona ESS, Inc.	USA	100	100	102,735	39,936
NextStar Energy Inc.	Canada	51	51	988,656	579,075
LG Energy Solution Fund II LLC	USA	100	100	39,048	22,985
LG Energy Solution Japan Co., Ltd. (*)	Japan	100	-	<u>535</u>	<u>-</u>
				11,999,495	9,847,300
Associates and joint ventures:					
PT. HLI Green Power	Indonesia	50	50	209,133	209,133
Sama Aluminium Co., Ltd.	Korea	10.2	10.2	46,575	46,575
Nexpo Co., Ltd.	Korea	19	19	4,274	2,374
Bricks Capital Management Global Battery Private Equity Fund I	Korea	59.9	59.9	19,185	13,381
				<u>279,167</u>	<u>271,463</u>
				<u>₩ 12,278,662</u>	<u>₩ 10,118,763</u>

(*) During the current period, the Company newly acquired 100% shares in LG Energy Solution Japan Co., Ltd. for ₩535 million.

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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>	
Beginning	₩	3,383,740	₩	2,504,936
Acquisition/Replacement		808,286		2,448,980
Disposal/Replacement		(350,347)		(1,231,848)
Depreciation		(186,071)		(335,707)
Impairment		(7,305)		(2,621)
Ending	<u>₩</u>	<u>3,648,303</u>	<u>₩</u>	<u>3,383,740</u>

(2) The current ending balances of property, plant and equipment include ₩1,001,454 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 ₩860,764 million).

(3) The Company capitalized ₩14,060 million of borrowing costs in relation to acquisition of property, plant and equipment (for the six-month period ended June 30, 2023, were ₩4,643 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.13% (for the six-month period ended June 30, 2023, was 3.02%).

(4) Line items, including depreciation in the interim condensed separate 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	₩ 57,703	₩ 112,383	₩ 51,250	₩ 101,329
Selling and administrative expenses	<u>37,662</u>	<u>73,688</u>	<u>31,031</u>	<u>57,889</u>
	<u>₩ 95,365</u>	<u>₩ 186,071</u>	<u>₩ 82,281</u>	<u>₩ 159,218</u>

(5) Lease

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

Details of amounts recognized in the interim condensed separate statements of financial position in relation to leases 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>	
Right-of-use assets (*):				
Buildings	₩	59,929	₩	43,129
Lands		248		228
Vehicles		<u>10,509</u>		<u>11,561</u>
	<u>₩</u>	<u>70,686</u>	<u>₩</u>	<u>54,918</u>

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

Additions to the right-of-use assets for the six-month period ended June 30, 2024, are ₩33,299 million (for the six-month period ended June 30, 2023, were ₩18,032 million).

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Lease liabilities (*):		
Current	₩ 33,810	₩ 26,523
Non-current	41,423	33,094
	<u>₩ 75,233</u>	<u>₩ 59,617</u>

(*) Included in ‘Borrowings’ in the interim condensed separate statements of financial position.

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

Details of amounts recognized in the interim condensed separate statements of profit or loss in relation to leases 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>
Depreciation of right-of-use assets:				
Buildings	₩ 6,873	₩ 12,821	₩ 4,709	₩ 9,298
Land	69	136	443	465
Vehicles and others	1,496	3,043	1,399	2,642
	<u>₩ 8,438</u>	<u>₩ 16,000</u>	<u>₩ 6,551</u>	<u>₩ 12,405</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 645	₩ 1,090	₩ 199	₩ 448
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	707	1,730	568	1,417
Expenses relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,782	3,446	1,774	3,312

Total cash outflow for leases for the six-month period ended June 30, 2024, is ₩21,971 million (for the six-month period ended June 30, 2023, was ₩13,118 million).

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>2024</u>	<u>2023</u>
Beginning	₩ 712,217	₩ 513,483
Acquisition/Replacement	122,252	304,499
Disposal/Replacement	(1,887)	(2,954)
Amortization	(63,906)	(102,802)
Impairment	-	(9)
Ending	<u>₩ 768,676</u>	<u>₩ 712,217</u>

LG Energy Solution, Ltd.

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(2) Line items, including amortization of intangibles in the interim condensed separate 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):

	2024		2023	
	Three months	Six months	Three months	Six months
Cost of sales	₩ 4,988	₩ 10,230	₩ 4,226	₩ 8,657
Selling and administrative expenses	27,641	53,676	19,600	38,226
	<u>₩ 32,629</u>	<u>₩ 63,906</u>	<u>₩ 23,826</u>	<u>₩ 46,883</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 (tons in thousands):

	2021	2022	2023	2024	2025
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 300,000 tons amount of allocated greenhouse gas emission rights.

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

2) Changes in greenhouse gas emission right included in intangible assets for the six-month period ended June 30, 2024, and for the year ended December 31, 2023, are as follows (ton in thousands and Korean won in millions):

	2024					
	2023		2024		2025	
	Ton	Amount	Ton	Amount	Ton	Amount
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>

	2023							
	2022		2023		2024		2025	
	Ton	Amount	Ton	Amount	Ton	Amount	Ton	Amount
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>

LG Energy Solution, Ltd.**Notes to the interim condensed separate 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****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>
Current:		
Prepayments and prepaid expenses	₩ 55,727	₩ 60,954
Prepaid value-added tax	50,012	56,386
Others	60,194	1,436
	<u>₩ 165,933</u>	<u>₩ 118,776</u>
Non-current:		
Long-term prepayments and prepaid expenses	₩ 10,673	₩ 11,495
Net defined benefit assets	113,461	156,509
	<u>₩ 124,134</u>	<u>₩ 168,004</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>
Current:		
Current portion of debentures	₩ 819,102	₩ 643,895
Current lease liabilities	33,810	26,523
	<u>852,912</u>	<u>670,418</u>
Non-current:		
Debentures	4,738,202	3,116,289
Non-current lease liabilities	41,423	33,094
	<u>4,779,625</u>	<u>3,149,383</u>
	<u>₩ 5,632,537</u>	<u>₩ 3,819,801</u>

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

1) Debentures (USD in thousands and Korean won in millions)

		June 30, 2024				
	Financial institution	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion
	NH					
1 st Debenture (non-guaranteed/public)	Investment & Securities Co., Ltd. and others	2.214	2026.03.13	200,000	-	200,000
2-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29	125,000	125,000	-
2-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	-	370,000
2-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29	505,000	-	505,000
3-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.806	2026.02.16	180,000	-	180,000
3-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.889	2027.02.16	660,000	-	660,000
3-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.054	2029.02.16	570,000	-	570,000
3-4 th 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				(21,096)	(498)	(20,598)
				<u>₩ 5,557,304</u>	<u>₩ 819,102</u>	<u>₩ 4,738,202</u>

LG Energy Solution, Ltd.

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December 31, 2023						
	Financial institution	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion
	NH					
1 st Debenture (non-guaranteed/public)	Investment & Securities Co., Ltd. and others	2.214	2026.03.13	200,000	-	200,000
2-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29	125,000	-	125,000
2-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	-	370,000
2-3 rd 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>

2) Lease liabilities (Korean won in millions)

June 30, 2024						
	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others	2.21-4.20	2039.02.28	₩ 75,233 ₩	33,810 ₩	41,423	
December 31, 2023						
	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others	2.16-4.20	2028.06.07	₩ 59,617 ₩	26,523 ₩	33,094	

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15. PROVISIONS:

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

		2024			
		Warranty (*1)	Greenhouse gas emission (*2)	Other provisions (*3)	Total
Beginning	₩	423,920	₩ 195	₩ 102,890	₩ 527,005
Additions		248,462	(10)	7,920	256,372
Used		(149,562)	-	-	(149,562)
Ending		522,820	185	110,810	633,815
Less: current portion		(341,394)	(185)	(104,190)	(445,769)
	₩	<u>181,426</u>	<u>₩ -</u>	<u>₩ 6,620</u>	<u>₩ 188,046</u>
		2023			
		Warranty (*1)	Greenhouse gas emission (*2)	Other provisions (*3)	Total
Beginning	₩	920,184	₩ 1,250	₩ 4,118	₩ 925,552
Additions		251,654	(876)	98,772	349,550
Used		(747,918)	(179)	-	(748,097)
Ending		423,920	195	102,890	527,005
Less: current portion		(277,810)	(195)	(96,705)	(374,710)
	₩	<u>146,110</u>	<u>₩ -</u>	<u>₩ 6,185</u>	<u>₩ 152,295</u>

(*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 cost 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 Company estimates the expected future costs of emissions exceeding the Company's emission rights for the year and recognizes them as provisions. Estimated emissions are 147 thousand tons for the six-month period ended June 30, 2024 (for the year ended December 31, 2023, were 325 thousand tons).

(*3) In addition to provisions for warranties and greenhouse gases, the Company has reasonably estimated the probable amount of resource outflow embodying economic benefits as a present obligation resulting from past events and recognized it.

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16. NET DEFINED BENEFIT LIABILITIES (ASSETS):

(1) Details of net defined benefit liabilities (assets) recognized in the interim condensed separate statements of financial position 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 liabilities (*1)	₩ 701,586	₩ 671,375
Fair value of plan assets (*2)	<u>(815,047)</u>	<u>(827,884)</u>
	<u>₩ (113,461)</u>	<u>₩ (156,509)</u>

(*1) The present value of defined benefit obligations is the amount after deducting the 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 net defined benefit assets is included in the '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 separate 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	₩ 23,365	₩ 46,730	₩ 19,440	₩ 38,881
Interest cost	<u>(1,813)</u>	<u>(3,626)</u>	<u>(3,005)</u>	<u>(6,008)</u>
	<u>₩ 21,552</u>	<u>₩ 43,104</u>	<u>₩ 16,435</u>	<u>₩ 32,873</u>

(3) Retirement benefits recognized for defined contribution plan for the six-month period ended June 30, 2024, amounted to ₩1,207 million (for the six-month period ended June 30, 2023, amounted to ₩783 million).

(4) Retirement benefits recognized in the interim condensed separate 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	₩ 9,948	₩ 20,250	₩ 9,391	₩ 18,934
Selling and administrative expenses	<u>12,073</u>	<u>24,061</u>	<u>7,399</u>	<u>14,722</u>
	<u>₩ 22,021</u>	<u>₩ 44,311</u>	<u>₩ 16,790</u>	<u>₩ 33,656</u>

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

	<u>2024</u>		<u>2023</u>	
Beginning	₩	671,375	₩	547,721
Transfer in		1,146		12,516
Transfer out		(193)		(2,426)
Current service cost		46,730		77,762
Interest expense		15,540		28,988
Remeasurements:				
Actuarial loss from change in financial assumption		-		45,794
Actuarial loss from change in demographic assumption		-		1,824
Actuarial gain due to difference between the estimated and the actual		-		(8,634)
Others		-		(2,002)
Payments from plans		<u>(33,012)</u>		<u>(30,168)</u>
Ending	<u>₩</u>	<u>701,586</u>	<u>₩</u>	<u>671,375</u>

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

	<u>2024</u>	<u>2023</u>
Beginning	₩ 827,884	₩ 770,240
Transfer out	(60)	(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	-	43,000
Payments from plans	(30,308)	(26,650)
Administrative costs	(779)	(1,250)
Ending	<u>₩ 815,047</u>	<u>₩ 827,884</u>

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

(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 separate 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	₩ 815,047	100	₩ 827,884	100

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

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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>
Current:		
Advances from customers	₩ 59,028	₩ 56,660
Withholdings	7,017	35,907
Unearned revenues	324,721	46,509
Accrued expenses and others	<u>155,326</u>	<u>187,854</u>
	<u>₩ 546,092</u>	<u>₩ 326,930</u>
Non-current:		
Long-term employee benefits	₩ 27,980	₩ 26,567
Long-term unearned revenues	1,678	-
Long-term advance received	<u>32,962</u>	<u>33,545</u>
	<u>₩ 62,620</u>	<u>₩ 60,112</u>

18. COMMITMENTS AND CONTINGENCIES:

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

	<u>Currency</u>	<u>Amount</u>
Limit of bank overdraft	KRW	8,700
Limit of letter of credit	USD	12
Limit of discount of notes from export	USD	1,060
Limit of guaranteed payments in other foreign currency	USD	325
Derivatives	USD	2,446
	KRW	400,000
Business-to-business purchase arrangements	KRW	125,000
General loan agreements	KRW	500,000
Bond transfer transaction	KRW	150,000

- (4) The Company 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.
- (5) The Company provides performance guarantees of USD 9,120 million, EUR 1 million, CAD 815 million and others for subsidiaries.

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- (6) The Company 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 Company also has filed five lawsuit cases (amounted to USD 90 million and ₩646 million) and been sued in other 45 other cases (amounting to ₩1,818 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.
- (7) The Company has entered into a license agreement with LG Corp. to use trademarks on the products that the Company manufactures and sells and on the services the Company provides in relation to its business.
- (8) As of June 30, 2024, the Company 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 June 30, 2024. During the year ended December 31, 2023, the Company has decided to provide a payment guarantee of USD 450 million, 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 Company 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 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 Company 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 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 Company has decided to contribute USD 1,106 million to LG Energy Solution Arizona, Inc. and has contributed USD 208 million as of June 30, 2024. Furthermore, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,106 million and lease-related payment obligation of USD 4,483 million.
- (12) As of June 30, 2024, the Company has decided to contribute USD 1,173 million to LG Energy Solution Arizona ESS, Inc. and has contributed USD 73 million as of June 30, 2024. Furthermore, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,173 million.
- (13) 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	₩ 470,310	₩ 573,345

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

	<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

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

Guarantor	Guarantee beneficiary	Financial institution	Loan amount (*1)		Credit limit (*2)	
			June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
		MUFG	₩ -	₩ 71,330	₩ -	₩ 71,330
		KEB Hana Bank	-	285,318	-	285,318
		Citibank	-	71,330	-	71,330
		Citibank	74,354	71,330	74,354	71,330
		EBRD	59,483	71,330	148,707	142,659
		SMBC	40,894	46,364	74,354	71,330
		DBS	148,707	142,659	148,707	142,659
		EIB	475,862	532,593	713,794	684,763
	LG Energy Solution	EBRD	111,530	128,393	223,061	213,989
	Wroclaw sp. z o.o.	KDB Bank/ Korea Exim Bank	394,074	378,046	394,074	378,046
LG Energy Solution Ltd.		KDB Bank/ Korea Exim Bank/ NH Bank	817,889	784,625	817,889	784,625
		KDB Bank/ Korea Exim Bank	297,414	285,318	297,414	285,318
		KDB Bank/ Korea Exim Bank	148,707	142,659	148,707	142,659
		KDB Bank/ Korea Exim Bank	74,354	71,330	74,354	71,330
		KDB Bank/ Korea Exim Bank	74,354	71,330	74,354	71,330
	LG Energy Solution Michigan Inc. PT. HLI	KDB Bank/ Korea Exim Bank and others	69,460	64,470	1,528,120	1,418,340
	Green Power	ANZ and others	419,538	285,602	493,861	458,382
			<u>₩ 3,206,620</u>	<u>₩ 3,504,027</u>	<u>₩ 5,211,750</u>	<u>₩ 5,364,738</u>

(*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.

In addition, the Company provides letter of comfort in relation to certain borrowings of subsidiaries.

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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 in shares):

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

20. ACCUMULATED DEFICIT:

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

	June 30, 2024	December 31, 2023
Undisposed accumulated deficit	₩ (1,302,870)	₩ (1,051,712)

21. OPERATING LOSSES:

(1) The major items encompassed in the calculation of operating losses for the three-month 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
Revenue	₩ 1,654,590	₩ 3,562,521	₩ 3,030,170	₩ 6,328,853
Cost of sales	1,498,659	2,936,096	2,437,362	5,288,661
Gross profit	155,931	626,425	592,808	1,040,192
Selling and administrative expenses:				
Wages and salaries	₩ 150,305	₩ 328,250	₩ 164,748	₩ 324,443
Retirement benefits	12,073	24,061	7,399	14,722
Employee benefits	48,255	90,275	42,867	77,875
Travel expenses	14,924	26,778	14,470	21,716
Water and utilities	18,336	38,037	14,593	32,754
Rental expenses	11,418	24,201	19,735	39,373
Commission expenses	212,687	383,038	132,437	244,544
Depreciation	39,167	76,674	32,531	60,874
Advertising expenses	5,570	9,934	6,309	9,643
Freight expenses	5,601	7,585	6,196	9,503
Training expenses	6,734	13,364	7,678	14,208
Amortization	27,641	53,676	19,600	38,226
Sample expenses	915	2,648	297	2,552
Development costs	49,535	103,778	56,489	95,919
Transfers to (reversal of) provisions for warranties	126,379	248,462	187,824	209,225
Others	52,767	94,026	32,610	91,381
	782,307	1,524,787	745,783	1,286,958
Operating losses	₩ (626,376)	₩ (898,362)	₩ (152,975)	₩ (246,766)

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(2) Sales for the three-month 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
Sales recognized at a point in time	₩ 1,419,835	₩ 3,074,721	₩ 2,647,555	₩ 5,574,087
Sales recognized over time	234,755	487,800	382,615	754,766
	<u>₩ 1,654,590</u>	<u>₩ 3,562,521</u>	<u>₩ 3,030,170</u>	<u>₩ 6,328,853</u>

22. CLASSIFICATION OF EXPENSES BY NATURE:

Expenses by nature for the three-month 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
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ 20,151	₩ 31,961	₩ (140,708)	₩ (185,916)
Raw materials and consumables used	1,019,929	1,930,950	2,420,091	4,361,176
Purchase of merchandise	142,121	302,570	214,335	407,433
Employee benefit expenses	325,579	682,043	340,603	662,811
Advertising expenses	5,584	9,948	6,367	9,745
Freight expenses	5,929	8,156	7,242	11,778
Commission expenses	238,817	437,811	149,505	275,762
Depreciation and amortization	129,499	252,963	107,607	209,086
Rent expenses and usage fee	2,436	5,299	2,527	5,012
Transfers to provisions for service warranties	126,379	248,462	187,824	209,225
Other expenses	264,542	550,720	(112,248)	609,507
	<u>₩ 2,280,966</u>	<u>₩ 4,460,883</u>	<u>₩ 3,183,145</u>	<u>₩ 6,575,619</u>

23. EMPLOYEE BENEFIT EXPENSES:

Details of employee benefit expenses for the three-month 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
Wages and salaries	₩ 253,597	₩ 547,986	₩ 279,475	₩ 550,861
Retirement benefits: Defined benefit plan	21,552	43,104	16,435	32,873
Retirement benefits: Defined contribution plan	469	1,207	355	783
Others	49,961	89,746	44,338	78,294
	<u>₩ 325,579</u>	<u>₩ 682,043</u>	<u>₩ 340,603</u>	<u>₩ 662,811</u>

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24. FINANCE INCOME AND COSTS:

Details of finance income and costs for the three-month 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
Finance income:				
Interest income (*1)	₩ 18,170	₩ 36,281	₩ 33,918	₩ 72,862
Exchange differences	83,912	146,015	112,016	298,030
Gain on derivative instruments	74,928	189,411	259	39,704
Gain on disposal of financial assets at FVPL	226	226	-	-
	<u>₩ 177,236</u>	<u>₩ 371,933</u>	<u>₩ 146,193</u>	<u>₩ 410,596</u>
Finance costs:				
Interest expense (*2)	₩ 50,096	₩ 92,627	₩ 10,806	₩ 23,907
Exchange differences	138,773	288,953	124,267	308,571
	<u>₩ 188,869</u>	<u>₩ 381,580</u>	<u>₩ 135,073</u>	<u>₩ 332,478</u>

(*1) Details of interest income for the three-month 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
Cash and cash equivalents and others	₩ 16,484	₩ 32,874	₩ 32,234	₩ 69,509
Other loans and receivables	1,686	3,407	1,684	3,353
	<u>₩ 18,170</u>	<u>₩ 36,281</u>	<u>₩ 33,918</u>	<u>₩ 72,862</u>

(*2) Details of interest expense for the three-month 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
Interest on lease liabilities	₩ 645	₩ 1,090	₩ 199	₩ 448
Interest on debentures	57,009	105,596	13,613	28,088
Other interest expenses	-	-	14	14
Capitalized interest for qualifying assets	(7,558)	(14,059)	(3,020)	(4,643)
	<u>₩ 50,096</u>	<u>₩ 92,627</u>	<u>₩ 10,806</u>	<u>₩ 23,907</u>

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Details of other non-operating income for the three-month 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
Exchange differences	₩ 90,061	₩ 233,737	₩ 67,248	₩ 227,825
Gain on disposal of property, plant and equipment	176	296	6	360
Gain on disposal of intangible assets	-	-	191	191
Dividend income	150	530,670	329,775	329,775
Others	7,638	14,685	7,245	16,278
	<u>₩ 98,025</u>	<u>₩ 779,388</u>	<u>₩ 404,465</u>	<u>₩ 574,429</u>

26. OTHER NON-OPERATING EXPENSES:

Details of other non-operating expenses for the three-month 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
Exchange differences	₩ 43,689	₩ 103,000	₩ 57,588	₩ 168,994
Loss on disposal of property, plant and equipment	11,320	12,337	2,658	7,735
Loss on disposal of intangible assets	151	154	-	13
Impairment of investments in associates and joint ventures	-	-	27,137	27,137
Donations	5,544	5,564	3,298	3,829
Others	7,316	7,397	4,549	4,889
	<u>₩ 68,020</u>	<u>₩ 128,452</u>	<u>₩ 95,230</u>	<u>₩ 212,597</u>

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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 PER SHARE:

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

(1) Basic earnings per ordinary share for the three-month 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	(644,945)	(250,497)	134,099	156,257
Weighted-average number of ordinary shares outstanding	<u>234,000,000</u>	<u>234,000,000</u>	<u>234,000,000</u>	<u>234,000,000</u>
Basic earnings per ordinary share (in Korean won)	<u>₩ (2,757)</u>	<u>₩ (1,071)</u>	<u>₩ 573</u>	<u>₩ 668</u>

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

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29. 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 Company or have receivable and payable balances, other than separate subsidiaries, 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, Inc.	NANUMNURI 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. and others	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 the related parties of the Company in accordance with K-IFRS 1024, these entities 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 fair value through profit or loss ("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			Others
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	
Parent:					
LG Chem, Ltd.	₩ 28,133	₩ 29,034	₩ -	₩ 11	₩ 1,396
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	614,717	553,392	-	-	-
LG Energy Solution Michigan, Inc.	148,247	-	-	-	16,066
LG Energy Solution Battery (Nanjing) Co., Ltd.	39,989	243,147	-	-	-
LG Energy Solution Wroclaw sp. z o.o.	261,490	3,558	-	-	2,713
LG Energy Solution Australia Pty Ltd.	(724)	-	-	-	15,627
LG Energy Solution Technology (Nanjing) Co., Ltd.	41,801	810,171	-	-	31
Ultium Cells LLC	54,815	-	-	-	-
LG Energy Solution Europe GmbH	4,959	-	-	-	33,393
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	1,683
Areum noori Co., Ltd.	7	-	-	-	6,038
LG Energy Solution Veritech Inc.	256,939	-	-	-	86,718
L-H Battery Company, Inc.	2,055	-	-	-	-
LG Energy Solution India Private Ltd.	-	-	-	-	1,033
LG Energy Solution Japan Co., Ltd.	-	-	-	-	405
Associates and joint ventures:					
PT. HLI Green Power	31,615	363	-	-	5,402
Sama Aluminium	-	558	-	-	-
Nexpo Co., Ltd.	-	54	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	19,360
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	16,960	-	-	-
LG HY BCM Co., Ltd.	-	673	-	-	-
TECWIN Co., Ltd.	-	-	217	-	33
LG Management Development Institute	-	-	-	-	17,177
D&O Co., Ltd. and its subsidiaries	43	-	2,146	-	2,533
LG CNS Co., Ltd. and its subsidiaries	13,723	27	159,847	-	69,514
Others	-	-	-	-	795
Others:					
LG Electronics Inc., Ltd. and its subsidiaries	91,870	6,757	25,177	-	9,182
Xi C&A and its subsidiaries (*)	-	2,725	15,169	-	70
S&I Corporation (*)	-	3,027	7,610	-	18,229
Others	17	-	-	9	1,418
	<u>₩ 1,589,696</u>	<u>₩ 1,670,446</u>	<u>₩ 210,166</u>	<u>₩ 20</u>	<u>₩ 308,816</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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	2023				
	Sales and others	Purchase and others			Others
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	
Parent:					
LG Chem, Ltd.	₩ 4,580	₩ 37,321	₩ -	₩ 16	₩ 1,750
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	487,393	1,506,323	-	-	484
LG Energy Solution Michigan, Inc.	622,387	132	-	-	7,581
LG Energy Solution Battery (Nanjing) Co., Ltd.	1,022	478,570	-	-	961
LG Energy Solution Wroclaw sp. z o.o.	1,103,669	34,348	-	-	84
LG Energy Solution Australia Pty Ltd.	7	82	-	-	7,998
LG Energy Solution Technology (Nanjing) Co., Ltd.	825	1,098,499	-	-	64
Ultium Cells LLC	11,376	-	-	-	-
LG Energy Solution Europe GmbH	89,112	-	-	-	40,832
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	2,981
Areum noori Co., Ltd.	6	-	-	-	-
LG Energy Solution Vertech Inc.	5,196	-	-	-	8,124
Associates and joint ventures:					
PT. HLI Green Power	23,081	-	-	-	-
VINFAST LITHIUM BATTERY PACK LLC. (*)	256	-	-	-	-
Sama Aluminium	-	1,132	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	34,891
LG Chem America, Inc.	-	-	-	-	1
HAENGBOKNURI CO., LTD.	5	-	-	-	560
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	115,878	-	-	-
TECWIN Co., Ltd.	-	-	-	-	46
LG Management Development Institute	11	-	-	-	16,543
D&O Co., Ltd. and its subsidiaries	42	-	2,685	-	1,841
LG CNS Co., Ltd. and its subsidiaries	24,845	101	93,086	-	53,344
Others	-	-	-	-	1,775
Others:					
LG Electronics Inc., Ltd. and its subsidiaries	104,465	34,046	24,981	-	6,967
Xi C&A and its subsidiaries	-	2,326	25,874	-	483
S&I Corporation	-	4,872	22,086	-	23,217
Others	23	-	399	17	1,418
	<u>₩ 2,478,301</u>	<u>₩ 3,313,630</u>	<u>₩ 169,111</u>	<u>₩ 33</u>	<u>₩ 211,945</u>

(*) During the previous year, the Company disposed of its entire ownership interest, and it 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
Parent:							
LG Chem, Ltd.	₩ 978	₩ 10,743	₩ 11,721	₩ 23,331	₩ 825	₩ 4,063	₩ 28,219
Subsidiaries:							
LG Energy Solution (Nanjing) Co., Ltd.	782	234,253	235,035	495,255	-	57,722	552,977
LG Energy Solution Michigan, Inc.	67,521	94,483	162,004	(2,498)	-	23,910	21,412
LG Energy Solution Battery (Nanjing) Co., Ltd.	-	260	260	94,633	-	1	94,634
LG Energy Solution Wroclaw sp. z o.o.	10,664	235,556	246,220	296	-	5,879	6,175
LG Energy Solution Australia Pty Ltd.	3,869	(5)	3,864	-	-	8,406	8,406
LG Energy Solution Technology (Nanjing) Co., Ltd.	133	58	191	283,277	-	1	283,278
Ultium Cells LLC	15	57,064	57,079	-	-	5,626	5,626
LG Energy Solution Europe GmbH	79,322	13	79,335	-	-	30,567	30,567
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	-	311	311
Areum noori Co., Ltd.	-	-	-	-	-	1,171	1,171
LG Energy Solution Vertech Inc.	187,522	2,182	189,704	-	-	45,208	45,208
L-H Battery Company, Inc.	-	1,925	1,925	-	-	-	-
LG Energy Solution India Private Ltd.	-	-	-	-	-	(222)	(222)
LG Energy Solution Japan Co., Ltd.	-	-	-	-	-	166	166
Associates and joint ventures:							
PT. HLI Green Power	-	13,446	13,446	-	-	23,470	23,470
Sama Aluminium	-	-	-	198	-	-	198
Nexpo Co., Ltd.	-	-	-	44	-	-	44
Other related parties:							
LG Corp.	-	11,415	11,415	-	-	5,626	5,626
LG HY BCM Co., Ltd.	-	-	-	673	-	-	673
LG Management Development Institute	-	-	-	-	-	1,024	1,024
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	2,009	2,009
LG CNS Co., Ltd. and its subsidiaries	11,906	-	11,906	-	-	126,596	126,596
Others:							
LG Display Co., Ltd. and its subsidiaries	-	817	817	-	-	-	-
LG Electronics Inc., Ltd. and its subsidiaries (*)	40,838	3,484	44,322	4,210	-	15,416	19,626
Others	-	559	559	-	671	4,479	5,150
	<u>₩ 403,550</u>	<u>₩ 666,253</u>	<u>₩ 1,069,803</u>	<u>₩ 899,419</u>	<u>₩ 1,496</u>	<u>₩ 361,429</u>	<u>₩ 1,262,344</u>

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

LG Energy Solution, Ltd.

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	December 31, 2023						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
Parent:							
LG Chem, Ltd.	₩ 19,063	₩ 15,319	₩ 34,382	₩ 21,184	₩ 1,100	₩ 3,581	₩ 25,865
Subsidiaries:							
LG Energy Solution (Nanjing) Co., Ltd.	1,210	200,519	201,729	353,933	-	239	354,172
LG Energy Solution Michigan, Inc.	45,594	265,361	310,955	-	-	13,455	13,455
LG Energy Solution Battery (Nanjing) Co., Ltd.	-	479	479	69,581	-	-	69,581
LG Energy Solution Wroclaw sp. Z o.o.	39,616	307,828	347,444	18,477	-	5,976	24,453
LG Energy Solution Australia Pty Ltd.	4,258	46	4,304	-	-	4,926	4,926
LG Energy Solution Technology (Nanjing) Co., Ltd.	-	-	-	364,291	-	15,644	379,935
Ultium Cells LLC	-	35,843	35,843	-	-	-	-
LG Energy Solution Europe GmbH	88,746	-	88,746	-	-	11,451	11,451
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	-	634	634
Areum Noori Co., Ltd.	-	-	-	-	-	1,030	1,030
LG Energy Solution Vertech Inc.	-	1,718	1,718	-	-	666	666
L-H Battery Company, Inc.	-	1,645	1,645	-	-	-	-
LG Energy Solution India Private Ltd.	-	-	-	-	-	1,715	1,715
Associates and joint ventures:							
PT. HLI Green Power	-	4,006	4,006	-	-	45,778	45,778
Sama Aluminium	-	-	-	545	-	-	545
Other related parties:							
LG Corp.	-	-	-	-	-	15,025	15,025
LG Chem (Taiwan), Ltd.	-	-	-	-	-	1	1
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	14,504	-	-	14,504
TECWIN Co., Ltd.	-	-	-	-	-	2,186	2,186
LG Management Development Institute	-	-	-	-	-	680	680
D&O Co., Ltd. and its subsidiaries	-	23	23	-	-	2,771	2,771
LG CNS Co., Ltd. and its subsidiaries	7,859	108	7,967	-	-	187,718	187,718
Others	-	-	-	-	-	213	213
Others:							
LG Electronics Inc., Ltd. and its subsidiaries (*)	40,482	4,320	44,802	5,535	-	32,820	38,355
Xi C&A and its subsidiaries	-	-	-	-	-	27,320	27,320
S&I Corporation	-	-	-	-	-	35,304	35,304
Others	-	559	559	-	1,006	4,713	5,719
	<u>₩ 246,828</u>	<u>₩ 837,774</u>	<u>₩ 1,084,602</u>	<u>₩ 848,050</u>	<u>₩ 2,106</u>	<u>₩ 413,846</u>	<u>₩ 1,264,002</u>

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

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(5) Fund transactions with related parties for the six-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	
Parent:								
LG Chem, Ltd.	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	264
Subsidiaries:								
LG Energy Solution (Nanjing) Co., Ltd.	464,205	-	-	-	-	-	-	-
LG Energy Solution Technology (Nanjing) Co., Ltd.	39,789	-	-	-	-	-	-	-
LG Energy Solution Michigan, Inc.	-	-	978,342	-	-	-	-	-
LG Energy Solution Fund I LLC.	-	-	755	-	-	-	-	-
L-H Battery Company, Inc.	-	-	604,044	-	-	-	-	-
LG Energy Solution Battery (Nanjing) Co., Ltd.	26,526	-	-	-	-	-	-	-
LG Energy Solution Arizona ESS, Inc.	-	-	62,799	-	-	-	-	-
LG Energy Solution Arizona, Inc.	-	-	80,076	-	-	-	-	-
LG Energy Solution Japan Co., Ltd.	-	-	535	-	-	-	-	-
NextStar Energy Inc.	-	-	409,581	-	-	-	-	-
LG Energy Solution Fund II LLC	-	-	16,063	-	-	-	-	-
Associates and joint ventures:								
Sama Aluminium	150	-	-	-	-	-	-	-
Nexpo Co., Ltd.	-	-	1,900	-	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I	-	-	5,803	-	-	-	-	-
Others:								
LG Household & Health Care Ltd.	-	-	-	-	-	-	-	326
	<u>₩ 530,670</u>	<u>₩ -</u>	<u>₩ 2,159,898</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>590</u>

(*) The amounts represent lease liabilities that were recognized or repaid during the six-month period ended June 30, 2024.

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	2023							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem, Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	258
Subsidiaries:								
LG Energy Solution (Nanjing) Co., Ltd.		329,775	-	-	-	-	-	-
LG Energy Solution Michigan, Inc.		-	-	560,607	-	-	-	-
LG Energy Solution Fund I LLC.		-	-	13,209	-	-	-	-
L-H Battery Company, Inc.		-	-	515,606	-	-	-	-
LG Energy Solution Wroclaw sp. Z o.o.		-	-	187,489	-	-	-	-
LG Energy Solution Battery (Nanjing) Co., Ltd.		-	-	37,129	-	-	-	-
LG Energy Solution India Private Ltd.		-	-	563	-	-	-	-
LG Energy Solution Arizona ESS, Inc.		-	-	39,936	-	-	-	-
LG Energy Solution Arizona, Inc.		-	-	32,785	-	-	-	-
Associates and joint ventures:								
Sama Aluminium		-	-	46,575	-	-	-	-
Others:								
LG Household & Health Care Ltd.		-	-	-	-	-	-	319
	<u>₩</u>	<u>329,775 ₩</u>	<u>- ₩</u>	<u>1,433,899 ₩</u>	<u>- ₩</u>	<u>- ₩</u>	<u>- ₩</u>	<u>577</u>

(*) The amounts represent lease liabilities that were recognized or repaid during the six-month period ended June 30, 2023.

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

	2024		2023	
Short-term employee benefits	₩	14,889 ₩	₩	32,967
Retirement benefits		4,506		4,016
	<u>₩</u>	<u>19,395 ₩</u>	<u>₩</u>	<u>36,983</u>

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

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

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30. INTERIM CONDENSED SEPARATE 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 (loss) before income tax	₩ (257,073)	₩ 193,184
Adjustments for:		
- Depreciation	189,057	162,203
- Amortization	63,906	46,883
- Retirement benefits	43,104	32,873
- Financial income	(319,919)	(474,632)
- Financial costs	320,612	85,239
- Inventory valuation loss	25,531	10,425
- Gain on disposal of property, plant and equipment	(296)	(360)
- Gain on disposal of intangible assets	-	(191)
- Loss on disposal of property, plant and equipment	12,337	7,735
- Loss on disposal of intangible assets	154	13
- Impairment loss on property, plant and equipment	7,305	-
- Loss on disposal of investments in associates and joint ventures	-	27,137
- Contribution to provisions	248,452	209,445
- Dividend income	(530,670)	-
- Other income and expenses	665	51,293
- Changes in inventories	(250,504)	(171,064)
- Changes in trade receivables	526,884	152,947
- Changes in other receivables	436,446	(20,873)
- Changes in other current assets	(46,336)	(58,852)
- Changes in trade payables	53,116	97,101
- Changes in other payables	66,793	(120,736)
- Changes in other current liabilities	227,770	(170,615)
- Changes in net defined benefit liabilities	(912)	7,736
- Changes in provisions	(149,562)	(261,914)
- Changes in other operating activities	-	1,115
Cash generated from operations	<u>₩ 666,860</u>	<u>₩ (193,908)</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):

	Cash flows from financing activities						2024	
	Beginning	Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending		
Short-term borrowings	₩ 26,523	₩ (15,704)	₩ 22,991	₩ -	₩ -	₩ 33,810		
Long-term borrowings	33,094	-	(22,991)	-	31,320	-		
Debtentures	3,760,184	1,595,376	-	3,168	-	198,576		
	<u>₩ 3,819,801</u>	<u>₩ 1,579,672</u>	<u>₩ -</u>	<u>₩ 3,168</u>	<u>₩ 31,320</u>	<u>₩ 198,576</u>	<u>₩ 5,632,537</u>	

	Cash flows from financing activities						2023	
	Beginning	Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending		
Short-term borrowings	₩ 16,037	₩ (7,940)	₩ 15,836	₩ -	₩ -	₩ 23,933		
Long-term borrowings	41,986	-	(15,836)	-	15,392	-		
Debtentures	2,135,034	268,914	-	1,430	-	97,881		
	<u>₩ 2,193,057</u>	<u>₩ 260,974</u>	<u>₩ -</u>	<u>₩ 1,430</u>	<u>₩ 15,392</u>	<u>₩ 97,881</u>	<u>₩ 2,568,734</u>	

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

	2024	2023
Reclassification of construction in progress	₩ 328,892	₩ 411,774
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(194,201)	(243,591)
Reclassification of debtentures into current portion	125,000	-
Reclassification of machinery in transit	9,351	4,382
Reclassification of dividend receivables into investments in subsidiaries	-	37,128

31. LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

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

	June 30, 2024	December 31, 2023
Contract liabilities:		
Advances from customers received as part of the Company's main business activities	₩ 86,895	₩ 74,886
Expected customer incentives	884	1,660
Unearned revenue	326,264	46,425
	<u>₩ 414,043</u>	<u>₩ 122,971</u>

LG Energy Solution, Ltd.

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(2) Revenue recognized in relation to contract liabilities

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

	2024		2023	
	Three months	Six months	Three months	Six months
Revenue recognized in the period from the beginning contract liabilities:				
Revenue in relation to advances from customers received as part of the Company's main business activities	₩ 10,068	₩ 21,485	₩ 9,091	₩ 20,922
Unearned revenue	11,396	21,925	11,640	23,242
	<u>₩ 21,464</u>	<u>₩ 43,410</u>	<u>₩ 20,731</u>	<u>₩ 44,164</u>

32. 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	₩ 279,802	₩ (78,378)	₩ (1,628)	₩ 199,796	₩ 296,079	₩ (81,948)	₩ (1,721)	₩ 212,410
Land	275	(10)	(35)	230	283	(8)	(35)	240
	<u>₩ 280,077</u>	<u>₩ (78,388)</u>	<u>₩ (1,663)</u>	<u>₩ 200,026</u>	<u>₩ 296,362</u>	<u>₩ (81,956)</u>	<u>₩ (1,756)</u>	<u>₩ 212,650</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):

	2024		2023	
	Land	Buildings	Land	Buildings
Beginning	₩ 240	₩ 212,410	₩ 245	₩ 213,044
Acquisition/transfer	-	794	-	6,501
Disposal/transfer	(8)	(10,424)	-	(1,112)
Depreciation	(2)	(2,984)	(5)	(6,023)
Ending	<u>₩ 230</u>	<u>₩ 199,796</u>	<u>₩ 240</u>	<u>₩ 212,410</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 ₩241,145 million (as of December 31, 2023, was ₩245,385 million).

Rental income from investment properties under operating lease for the six-month period ended June 30, 2024, is ₩3,867 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 ₩2,986 million.

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(4) Operating lease

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

Although the Company is exposed to changes in the residual value at the end of the current leases, the Company 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):

	<u>June 30, 2024</u>		<u>December 31, 2023</u>
Less than one year	₩ 4,768	₩	160
Between one year and two years	1,805		151
Between two and five years	1,075		299
	<u>₩ 7,648</u>	₩	<u>610</u>

33. EVENT AFTER THE REPORTING PERIOD:

The Company 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