

**LG Energy Solution, Ltd. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>December 31, 2020</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3, 5, 6	1,493,145
Trade receivables	3, 5, 7, 30	2,931,150
Other receivables	3, 5, 7, 30	819,075
Other current financial assets	3, 5, 8	23,821
Prepaid income taxes		14,944
Other current assets	13	401,600
Inventories	9	3,043,138
Assets held for sale	34	358,833
Total current assets		<u>9,085,706</u>
<b>Non-current assets</b>		
Trade receivables	3, 5, 7	26,291
Other receivables	3, 5, 7	81,585
Investments in associates and joint ventures	1, 10, 32	48,350
Deferred tax assets	27	1,356,096
Property, plant and equipment	11	8,683,614
Intangible assets	12	325,786
Investment properties	36	255,086
Other non-current assets	13	79,281
Total non-current assets		<u>10,856,089</u>
<b>Total assets</b>		<u><u>19,941,795</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	3, 5, 30	2,592,309
Other payables	3, 5, 30	1,768,709
Borrowings	3, 5, 14	1,123,038
Provisions	15	997,209
Income tax payables	27	73,762
Other current liabilities	17	334,058
Liabilities held for sale	34	142
Total current liabilities		<u>6,889,227</u>
<b>Non-current liabilities</b>		
Other payables	3, 5	5,849
Borrowings	3, 5, 14	5,036,286
Other non-current financial liabilities	3, 5, 8	41,768
Provisions	15	242,635
Net defined benefit liabilities	16	42,786
Deferred tax liabilities	27	27,463
Other non-current liabilities	17	90,376
Total non-current liabilities		<u>5,487,163</u>
<b>Total liabilities</b>		<u><u>12,376,390</u></u>

**LG Energy Solution, Ltd. and Subsidiaries**  
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<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>December 31, 2020</b>
<b>Equity</b>		
Share capital	1, 19	100,000
Capital surplus		7,231,468
Accumulated other comprehensive income (loss)		1,205
Accumulated deficits	20	<u>(453,058)</u>
<b>Equity attributable to owners of the Parent Company</b>		<u>6,879,615</u>
<b>Non-controlling interest</b>		<u>685,790</u>
<b>Total equity</b>		<u>7,565,405</u>
<b>Total liabilities and equity</b>		<u>19,941,795</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

**LG Energy Solution, Ltd. and Subsidiaries**  
**Consolidated Statement of Profit or Loss**  
**One-Month Period Ended December 31, 2020**

<i>(in millions of Korean won, except per share amounts)</i>	<b>Notes</b>	<b>2020</b>
<b>Revenue</b>	30, 32	1,461,068
<b>Cost of sales</b>	22, 30	<u>1,237,020</u>
<b>Gross profit</b>		224,048
Selling and administrative expenses	21, 22, 30, 32	<u>699,254</u>
<b>Operating profit</b>	32	<u>(475,206)</u>
Finance income	5, 24	28,840
Finance costs	5, 24	138,843
Share of net profit of associates and joint ventures accounted for using the equity method	10	1,206
Other non-operating income	5, 25	52,215
Other non-operating expenses	5, 26	<u>73,066</u>
<b>Loss before income tax</b>	31	(604,854)
<b>Income tax income</b>	27	147,345
Profit from discontinued operations		<u>5,738</u>
<b>Loss for the period</b>		<u>(451,771)</u>
<b>Loss is attributable to:</b>		
Owners of the Parent Company		(455,515)
Non-controlling interests		3,744
<b>Losses per share for profit (loss) attributable to the equity holders of the Parent Company (in won)</b>	28	
Basic losses per ordinary share		(2,278)
Diluted losses per ordinary share		(2,278)
<b>Losses per share for profit (loss) from continuing operations attributable to the equity holders of the Parent Company (in won)</b>	28	
Basic losses per ordinary share		(2,301)
Diluted losses per ordinary share		(2,301)

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

**LG Energy Solution, Ltd. and Subsidiaries**  
**Consolidated Statement of Comprehensive Income**  
**One-Month Period Ended December 31, 2020**

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<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2020</b>
<b>Loss for the period</b>		<u>(451,771)</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		<b>2,457</b>
Remeasurements of net defined benefit liability	16	3,389
Income tax relating to this item		(932)
<i>Items that may be subsequently reclassified to profit or loss</i>		<b>(20,329)</b>
Exchange differences on translation of foreign operations		(21,737)
Cash flow hedge		1,884
Shares of other comprehensive loss of associates and joint ventures		(758)
Income tax relating to these items		282
<b>Other comprehensive loss for the period, net of tax</b>		<u>(17,872)</u>
<b>Total comprehensive loss for the period</b>		<u>(469,643)</u>
<b>Total comprehensive loss for the period is attributable to:</b>		
Owners of the Parent Company		(467,758)
Non-controlling interest		(1,885)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

**LG Energy Solution, Ltd. and Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**One-Month Period Ended December 31, 2020**

(in millions of Korean won)

	Notes	Attributable to owners of the Parent Company				Total	Non-controlling interests	Total equity
		Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Accumulated deficits			
<b>Balance at December 1, 2020</b>		100,000	7,241,329	15,905	-	7,357,234	687,675	8,044,909
<b>Comprehensive income</b>								
Loss for the period		-	-	-	(455,515)	(455,515)	3,744	(451,771)
Remeasurements of net defined benefit liability	16	-	-	-	2,457	2,457	-	2,457
Exchange differences on translation of foreign operations		-	-	(15,307)	-	(15,307)	(5,629)	(20,936)
Cash flow hedge		-	-	1,365	-	1,365	-	1,365
Shares of other comprehensive loss of associates and joint ventures		-	-	(758)	-	(758)	-	(758)
<b>Total comprehensive income (loss) for the period</b>		-	-	(14,700)	(453,058)	(467,758)	(1,885)	(469,643)
<b>Transactions with owners:</b>								
Equity transactions with a consolidated entity	33	-	(9,381)	-	-	(9,381)	-	(9,381)
Others		-	(480)	-	-	(480)	-	(480)
<b>Total transactions with owners</b>		-	(9,861)	-	-	(9,861)	-	(9,861)
<b>Balance at December 31, 2020</b>		100,000	7,231,468	1,205	(453,058)	6,879,615	685,790	7,565,405

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

**LG Energy Solution, Ltd. and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**One-Month Period Ended December 31, 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	31	398,426
Interest received		2,681
Interest paid		(5,652)
Income taxes paid		(95)
<b>Net cash inflow from operating activities</b>		<u>395,360</u>
<b>Cash flows from investing activities</b>		
Decrease in other non-current receivables		1,904
Proceeds from disposal of property, plant and equipment		4,145
Government grants received		7,614
Increase in other receivables		(603,266)
Increase in other non-current receivables		(1,379)
Acquisition of property, plant and equipment		(260,313)
Acquisition of intangible assets		(4,128)
Business combination		(29,389)
<b>Net cash outflow from investing activities</b>		<u>(884,812)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		32,922
Repayments of borrowings and others		(235,429)
Share issuance costs		(480)
<b>Net cash outflow from financing activities</b>		<u>(202,987)</u>
<b>Net decrease in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period		2,200,000
Effects of exchange rate changes on cash and cash equivalents		(14,416)
<b>Cash and cash equivalents at the end of the period in the consolidated statement of financial position</b>		<u>1,493,145</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

# LG Energy Solution, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2020

#### 1. General Information

General information about LG Energy Solution, Ltd. (the Parent Company) and its 8 subsidiaries (collectively referred to as “the Group”) is as follows:

##### 1.1 The Parent Company

The Parent Company was spun off on December 1, 2020, from the Energy solutions business of LG Chem, Ltd.

As at December 31, 2020, the Group has its manufacturing facilities in Ochang.

The Parent Company is authorized to issue 800 million shares of ordinary shares with par value of ₩500 per share. As at December 31, 2020, the Parent Company has issued and outstanding 200 million ordinary shares (₩ 100,000 million). The largest shareholder of the Parent Company is LG Chem, Ltd., which owns 100% of the Parent Company’s ordinary shares.

##### 1.2 Business Overview

The Group is engaged in Energy solutions.

Energy solutions business manufactures and supplies batteries ranging from IT & New application batteries for mobile phones and laptop computers, to automotive batteries for electric vehicles and ESS batteries. Demand of small-sized batteries for new applications such as electric tools and electric driving devices as well as traditional IT devices is increasing recently and the automotive battery business is also expected to expand rapidly due to an increasing demand of the batteries in 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.

##### 1.3 Consolidated Subsidiaries, Associates and Joint Ventures

	2020			
	Percentage of ownership (%)	Business location	Closing month	Business activities
<b>Consolidated subsidiaries</b>				
LG Chem (Nanjing) Information & Electronics Materials Co., Ltd.	81	China	December	Battery/ Polarizer manufacturing and sales
LG Energy Solution Michigan Inc. <sup>1</sup>	100	USA	December	Automotive battery research and manufacturing
Nanjing LG Chem New Energy Battery Co., Ltd. <sup>2</sup>	50	China	December	Automotive battery manufacturing and sales
LG Chem Wroclaw Energy sp. z o.o.	100	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd.	100	Australia	December	ESS sales
LG Chem Nanjing Energy Solution Co., Ltd.	100	China	December	Battery manufacturing and sales
Ultium Cells LLC <sup>1,3</sup>	50	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH <sup>4</sup>	100	Germany	December	Battery sales
<b>Associates</b>				
WUXI CL New Energy Technology Ltd.	30	China	December	ESS manufacturing and sales
VINFAST LITHIUM BATTERY PACK LLC.	35	Vietnam	December	Battery manufacturing and sales
Jiangxi VL Battery Co.,Ltd	34	China	December	Battery manufacturing and sales

# LG Energy Solution, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2020

#### Joint ventures

HL Greenpower Co., Ltd.	49	Korea	December	Automotive battery manufacturing and sales
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<sup>1</sup> LG Energy Solution Michigan Inc. owns 50% of Ultium Cells LLC's shares.

<sup>2</sup> The Group possesses control over the investee as the Group can exercise the majority voting rights in its decision-making process in accordance with the shareholders' agreement.

<sup>3</sup> The Group possesses control over the investee as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the variable returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholders' agreement.

<sup>4</sup> LG Energy Solution Europe GmbH was newly established during the year ended December 31, 2020, and acquired the Energy solutions business of LG Chem Europe GmbH. During the year ended December 31, 2020, the Parent Company acquired 100% shares of LG Energy Solution Europe GmbH for ₩34,682 million from LG Chem, Ltd.

#### 1.4 Summarized Financial Information of Subsidiaries, Associates and Joint Ventures

Summarized financial information (before elimination of intercompany transactions and adjustments for differences in accounting policies) of subsidiaries, associates and joint ventures is as follows:

(in millions of Korean won)

	December 31, 2020			2020	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<b>Subsidiaries</b>					
LG Chem (Nanjing) Information & Electronics Materials Co., Ltd.	3,793,936	1,536,320	2,257,616	285,200	22,061
LG Energy Solution Michigan Inc.	915,288	607,065	308,223	82,513	(72,801)
Nanjing LG Chem New Energy Battery Co., Ltd.	1,059,066	781,217	277,849	98,035	2,289
LG Chem Wroclaw Energy sp. z o.o.	6,526,231	5,350,936	1,175,295	732,757	(96,418)
LG Energy Solution Australia Pty Ltd.	4,793	3,049	1,744	676	38
LG Chem (Nanjing) Energy Solution Co., Ltd.	1,767,706	964,689	803,017	111,652	754
Ultium Cells LLC	336,851	32,309	304,542	-	-
LG Energy Solution Europe GmbH	49,626	14,814	34,812	9,855	130
<b>Associates</b>					
WUXI CL New Energy Technology Ltd.	1,910	2,972	(1,062)	-	(356)
VINFAST LITHIUM BATTERY PACK LLC.	18,148	6,323	11,825	452	(241)
Jiangxi VL Battery Co., Ltd	67,186	4,066	63,120	-	(423)
<b>Joint ventures</b>					
HL Greenpower Co., Ltd.	406,928	360,547	46,381	128,104	2,396

#### 1.5 Information of subsidiaries whose non-controlling interests are important.

(a) LG Chem (Nanjing) Information & Electronics Materials Co.

- Percentage of ownership held by non-controlling interests and cumulative non-controlling interests

(in millions of Korean won)

December 31, 2020

Percentage of ownership held by non-controlling interests

19.2%

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**December 31, 2020**

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cumulative non-controlling interests	414,287
- Net income and dividends attributable to non-controlling interests	
<i>(in millions of Korean won)</i>	<b>2020</b>
Net income allocated to non-controlling interests	1,849
Dividends attributable to non-controlling interests	-
- Summarized consolidated statement of financial position of subsidiaries whose non-controlling interests are important (before elimination of intercompany transactions)	
<i>(in millions of Korean won)</i>	<b>2020</b>
Total assets	3,793,936
Current assets	2,117,530
Non-current assets	1,676,406
Total liabilities	1,536,320
Current liabilities	1,181,410
Non-current liabilities	354,910
Total capital	2,257,616
- Summarized consolidated statement of comprehensive income of subsidiaries whose non-controlling interests are important (before elimination of intercompany transactions)	
<i>(in millions of Korean won)</i>	<b>2020</b>
Sales	285,200
Gain for the period	22,061
Total comprehensive gain for the period	22,061
- Summarized consolidated statement of cash flows of subsidiaries whose non-controlling interests are important (before elimination of intercompany transactions)	
<i>(in millions of Korean won)</i>	<b>2020</b>
Cash flows from operating activities	190,341
Cash flows from investing activities	(92,348)
Cash flows from financing activities	(83)
Effects of exchange rate changes on cash and cash equivalents	(2,493)
Increase in cash and cash equivalents	95,417
Cash and cash equivalents at the beginning of the period	181,586
Cash and cash equivalents at the end of the period	277,003

# LG Energy Solution, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2020

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#### 1.6 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the one-month period ended December 31, 2020, are as follows:

Subsidiary	Reason
LG Energy Solution Europe GmbH	Business combination

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments),
- assets held for sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### 2.2 Changes in Accounting Policies and Disclosures

#### *(a) New and amended standards not yet adopted by the Group*

The following new accounting standards and amendments have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Group.

*- Amendments to Korean IFRS 1116 Lease – Practical expedient for COVID-19 - Related Rent Exemption, Concessions, Suspension*

# LG Energy Solution, Ltd. and Subsidiaries

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As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The amendments should be applied for annual periods beginning on or after June 1, 2020, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

*- Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

*- Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

*- Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

*- Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

*- Annual improvements to Korean IFRS 2018-2020*

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Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

- *Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability include the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

### 2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

#### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The carrying amount method of accounting is used to account for the combination of entities under common control. The assets and liabilities transferred from a business combination are measured at carrying amount contained in the consolidated financial statements of the top parent, but if the consolidated financial statements are not prepared, the assets and liabilities in the acquiree's financial statements. In addition, the difference between the consolidated carrying amount of assets and liabilities being transferred and the accumulated other comprehensive income and the

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transferred consideration is reflected in the capital surplus.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

For transactions with non-controlling interests that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized in equity attributable to the owners of the Parent.

When the Group loses a control in a subsidiary, any retained interest in the subsidiary is remeasured at its fair value and resulting gain or loss is recognized in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### *(b) Associates*

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. When the Group uses associate's financial statements to apply the equity method, it adjusts the financial statements of the associates, if necessary, by reviewing whether the same accounting policies applied by the Group for the same transactions or events in similar circumstances.

#### *(c) Joint Arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

## **2.4 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision-maker (Note 33). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments and the Group has identified the Board of Directors as the chief operating decision-maker.

# LG Energy Solution, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

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#### 2.5 Foreign Currency Translation

##### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are recognized in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance income or costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other non-operating income or expenses'.

Foreign exchange gains and losses on non-monetary items are recognized as part of gains and losses resulting from the changes in fair value. Foreign exchange gains and losses on equity investments measured at fair value through other comprehensive income are recognized in other comprehensive income.

##### *(c) Translation into the presentation currency*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- ii) income and expenses for each statement of income are translated at monthly average exchange rates; and
- iii) equity is translated at the historical exchange rate; and
- iv) all resulting exchange differences are recognized in other comprehensive income.

#### 2.6 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### 2.7 Financial Assets

##### *(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost

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Financial assets are classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Gains and losses on financial assets measured at fair value are recognized either in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

Subsequent changes in the fair value of investments in equity instruments that are not held for trading are recognized in other comprehensive income.

#### *(b) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *A. Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:**  
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:**  
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income / costs or other non-operating income / expenses' and impairment losses are presented in 'other non-operating expenses'.
- **Fair value through profit or loss:**

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Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income / costs or other non-operating income / expenses' in the year in which it arises.

#### *B. Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income or finance costs' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

#### *(c) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

#### *(d) Recognition and Derecognition*

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the statement of financial position.

## **2.8 Derivative Financial Instruments**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or

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- hedges of a net investment in a foreign operation (net investment hedges)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability is classified as a current or non-current based on its expected maturity and its settlement, respectively.

#### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in 'other non-operating income (expenses)'.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognized in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognized within the costs of hedging in other comprehensive income within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot element as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot element of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognized within other comprehensive income within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately

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reclassified to profit or loss.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other non-operating income (expenses)' or 'finance income (costs)' based on the nature of transactions.

#### 2.9 Trade Receivables

At initial recognition, trade receivables are measured at the amount of unconditional consideration, unless the trade receivables contain a significant financing component. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance.

#### 2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted average cost method, except for goods in transit which is determined using the specific identification method.

#### 2.11 Assets Held for sale

Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

#### 2.12 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	<b>Useful lives</b>
Buildings	25 - 50 years
Structures	15 - 50 years
Machinery	4 - 15 years
Others	1 - 15 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### 2.13 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 25 ~ 50 years.

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#### 2.14 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

#### 2.15 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

#### 2.16 Intangible Assets

Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses.

Development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	<b>Useful lives</b>
Development costs	3 - 15 years
Industrial property rights	5 - 15 years
Others	6 - 20 years

#### 2.17 Research and Development

Costs associated with research are recognized as an expense as incurred. Costs that are identifiable, controllable and directly attributable to development projects are recognized as intangible asset when the following criteria are met:

- It is technically feasible to complete the development project so that it will be available for use;
- Management intends to complete the development project for its own use or selling;
- There is an ability to use or sell the development project;
- It can be demonstrated how the development project will generate probable future economic benefits;
- Adequate technical, financial resources and other resources to complete the development and to use or sell the development project are available; and
- The expenditure attributable to the development project during its development can be reliably measured.

Generally, internally generated development projects have the following stages; formulation and

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selection of a project, verification of idea and technology, development and testing, decision of commercialization, test of final application. Expenditures can be capitalized as intangible assets only after the decision of commercialization. Expenditures incurred in other stages are recognized as expenses on the research phase.

Expenditures incurred from technology license agreement with the third parties are recognized as intangible assets.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs that are recognized as intangible assets are amortized using the straight-line method over their estimated useful lives when the assets are available for use and are tested for impairment.

#### **2.18 Impairment of Non-financial Assets**

Intangible assets that have an indefinite useful life are not subject to amortization and tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **2.19 Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

#### **2.20 Financial Liabilities**

##### *(a) Classification and measurement*

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade payables', 'borrowings', and 'other payables' in the statement of financial position.

##### *(b) Derecognition*

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized

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in profit or loss.

#### 2.21 Financial Guarantee Contracts

Financial guarantee contract is recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognized in the statement of financial position within 'other financial liabilities'.

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

#### 2.22 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group recognizes current income tax on the basis of amounts expected to be paid to the tax authorities. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

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#### 2.23 Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

#### 2.24 Greenhouse Gas Emissions Permits and Obligations

With enforcement of *The Act on the Allocation and Trading of Greenhouse Gas Emission Permits*, the permits that are received free of charge from the government are measured at zero while permits purchased are measured at acquisition cost and stated net of accumulated impairment loss. Emissions obligations are measured as the sum of the carrying amount of the allocated permits that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of reporting period for any excess emission. The permits and emissions obligations are classified as intangible assets and provisions, respectively, in the consolidated statement of financial position.

#### 2.25 Employee Benefits

##### *(a) Post-employment benefits*

The Group operates both defined contribution and defined benefit pension plans. For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due. A defined benefit plan is a pension plan that is not a defined contribution plan.

Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

##### *(b) Other long-term employee benefits*

Certain entities within the Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the period. These liabilities are valued annually by an independent qualified actuary.

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#### 2.26 Revenue Recognition

##### *(a) Identify performance obligation*

With regard to the contract of selling products to the customer, the Group identifies the services provided separately to the customer as a different performance obligation. When the Group makes a sales contract with the customer, the standard warranty period for each product and customer is set up considering the legal warranty period. Even though the standard warranty period has been expired, the warranties are recognized as a revenue and is identified as a separate performance obligation when the Group provides additional warranties for the quality of product or when the customer has an option to purchase additional warranties separately.

##### *(b) A performance obligation satisfied at a point in time*

The revenue from the sale of goods is recognized at the time they are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with volume discounts, and it is the group's policy to sell its products to the customer with a right of return. Accumulated experience is used to estimate for the discounts and the refund, and the volume discounts is calculated based on the periodical forecast sales. The warranty provision for the sales and refund is reasonably estimated and recognized properly.

##### *(c) Significant financing component*

As a practical expedient, the Group need not adjust the promised amount of consideration for the effects of a significant financing component as the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service is generally one year or less.

#### 2.27 Lease

##### *Lease activities and accounting policies of the Group*

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

The Group leases various machinery, real estate and cars. Lease contracts are typically made for fixed periods, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases or leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

#### *(a) Variable lease payments*

Some property leases contain variable payment terms that are linked to sales generated from a warehouse. Variable lease payments that depend on usage are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

#### *(b) Extension and termination options*

Extension and termination options are included in a number of leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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The Group determines the lease term as the non-cancellable period of a lease within the period for which the contract is enforceable, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When both lessee and lessor have the right to terminate the lease without permission from the other party, the Group considers the contractual termination payments in determining the period for which the contract is enforceable.

### **3. Financial Risk Management**

#### **3.1 Financial Risk Factors**

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

Risk management is carried out by the Group's finance team under policies approved by the Board of the Directors. The finance team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of the 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, investment of excess liquidity.

#### **(1) Market risk**

##### **1) Foreign exchange risk**

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

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group manages maximum loss for currency risk exposures within acceptable range by using currency risk management model and hires employees who are exclusively responsible for currency risk management.

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

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As at December 31, 2020, the Group's monetary assets and liabilities denominated in currencies other than its functional currency, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>	
	<b>Assets</b>	<b>Liabilities</b>
USD	3,044,453	3,597,064
EUR	165,779	4,407,694
JPY	16,334	225,774
CNY and others	286,631	5,794

As at December 31, 2020, if the Group's functional currency had weakened / strengthened by 10% against the US dollar with all other variables held constant, profit before income tax would have been affected as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>	
	<b>10% Increase</b>	<b>10% Decrease</b>
USD	(24,355)	24,355

The above sensitivity analysis has been performed for monetary assets and liabilities denominated in foreign currencies other than the Group's functional currency at the reporting date.

At December 31, 2020, the Group entered into foreign currency forwards to hedge change of exchange rates and the details are as follows:

<i>(in millions of Korean won and in millions of US dollars)</i>							<b>Book amount</b>	
	<b>Contractor</b>	<b>Contract amount</b>	<b>Contract exchange rate</b>	<b>Interest rate (%)</b>	<b>Contract inception date</b>	<b>Contract maturity</b>	<b>Assets</b>	<b>Liabilities</b>
Currency forward <sup>1</sup>	Shinhan Bank	USD 500	1,135.60	-	2020.10.14	2024.10.15	-	23,115
	KB Kookmin Bank	USD 500	1,102.83	-	2020.11.24	2029.04.16	-	18,653

<sup>1</sup> A derivative instrument which is not subject to hedging.

2) Interest rate risk

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

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

The table below summarizes the impact of increases/decreases of interest rate on the Group's

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equity and post-tax profit for the period. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

(in millions of Korean won)

	<b>2020</b>	
	<b>Impact on post-tax profit</b>	<b>Impact on equity</b>
Increase	(35,686)	(35,686)
Decrease	35,686	35,686

(2) Credit risk

Credit risk arises from trade receivables and that the Group holds, as well as debt instruments at amortized cost or fair value through other comprehensive income.

1) Trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance 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 loss allowance provision as at December 31, 2020 is as follows. Expected credit losses include forward-looking information.

(in millions of Korean won)

	<b>Receivables not past due<sup>1</sup></b>	<b>Receivables past due but not impaired<sup>1</sup></b>	<b>Total</b>
Gross carrying amount	2,521,293	436,279	2,957,572
Expected loss rate	0.0%	0.0%	0.0%
Loss allowance provision	131	-	131

<sup>1</sup> See Note 7 for aging analysis.

Movements in the loss allowance provision for trade receivables for the one-month period ended December 31, 2020, are as follows:

(in millions of Korean won)

	<b>Trade receivables</b>
	<b>2020</b>
<b>Beginning balance</b>	159
Reversal of loss allowance recognized in profit or loss during the period	(28)
<b>Ending balance</b>	<b>131</b>

As at December 31, 2020, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩ 2,957,572 million.

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2) Other financial assets at amortized cost

Movements in loss allowance provision for other financial assets at amortized cost for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<u>Other receivables</u>
	<u>2020</u>
<b>Beginning balance</b>	-
Increase in loss allowance recognized as 'other non-operating expenses' in profit or loss during the period	54
<b>Ending balance</b>	<u>54</u>

All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses.

3) Debt investments measured at fair value through other comprehensive income

Debt investments measured at fair value through other comprehensive income include trade receivables to be discounted. For these investments, changes in fair value are accumulated within the financial assets at fair value through other comprehensive income reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is impaired.

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

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

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

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

(3) Liquidity risk

Finance team of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity

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groupings based on the remaining period at the reporting period to the contractual maturity date. Cash flows presented below are gross cash flows before discount, and includes cash flows for interests.

(in millions of Korean won)

	<b>2020</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Borrowings (excluding lease liabilities)	1,195,766	1,122,253	3,001,387	1,165,230
Lease liabilities	14,101	6,601	9,890	-
Trade and other payables	4,361,018	5,849	-	-
<b>Total</b>	<b>5,570,885</b>	<b>1,134,703</b>	<b>3,011,277</b>	<b>1,165,230</b>
Derivative instruments				
Gross settlement currency forwards				
(Inflows)	-	-	(544,000)	(544,000)
Outflows	-	-	567,800	551,415
	-	-	23,800	7,415
<b>Total</b>	<b>5,570,885</b>	<b>1,134,703</b>	<b>3,035,077</b>	<b>1,172,645</b>

As at December 31, 2020, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

(in millions of Korean won)

	<b>2020</b>				
	<b>Purpose of the contracts</b>	<b>Hedged items</b>	<b>Financial institution</b>	<b>Maturity</b>	<b>Fair value</b>
Merchandise (raw materials) swap	Cash flow hedge	Non-ferrous metal	Citi bank	~2021. 12	23,821

Details of derivative assets and liabilities as at December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>	
	<b>Assets</b>	<b>Liabilities</b>
Merchandise (raw materials) swap <sup>1</sup>	23,821	-
<b>Total</b>	<b>23,821</b>	<b>-</b>

<sup>1</sup> Gain (loss) resulting from the contracts to avoid cash flow fluctuation risk of expected future transaction is accounted for as accumulated other comprehensive income (Note 5).

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#### 3.2 Capital Risk Management

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

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

The gearing ratio and debt-to-equity ratio as at December 31, 2020, were as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>2020</b>
Total borrowings (Note 14) (A)	6,159,324
Less: cash and cash equivalents (B)	<u>(1,493,145)</u>
Net debt (C=A+B)	<u>4,666,179</u>
Total liabilities (D)	12,376,390
Total equity (E)	<u>7,565,405</u>
Total capital (F=C+E)	<u>12,231,584</u>
Gearing ratio (C/F)	38.1%
Debt-to-equity ratio (D/E)	163.6%

#### 3.3 Fair Value

(1) Carrying amount and fair value of financial instruments by category as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets (current)</b>		
Cash and cash equivalents	1,493,145	1
Deposits held by financial institutions	600,000	1
Trade receivables	2,931,150	1
Other receivables (excluding deposits held by financial institutions)	219,075	1
Current derivative financial assets	23,821	23,821
<b>Financial assets (non-current)</b>		
Deposits held by financial institutions	60,014	1
Trade receivables	26,291	1
Other receivables (excluding deposits held by financial institutions)	21,571	1
<b>Financial liabilities (current)</b>		
Trade and other payables	4,361,018	1
Current borrowings (excluding lease liabilities)	1,109,796	1
Current lease liabilities	13,242	2

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(in millions of Korean won)

	2020	
	Carrying amount	Fair value
<b>Financial liabilities (non-current)</b>		
Non-current borrowings (excluding lease liabilities)	5,020,394	5,097,222
Non-current lease liabilities	15,892	<sup>2</sup>
Other non-current payables	5,849	<sup>1</sup>
Other non-current derivative financial liabilities (currency forward)	41,768	41,768

<sup>1</sup> These financial assets and liabilities are not included in the disclosure above as their carrying amount is a reasonable approximation of the fair value.

<sup>2</sup> Fair values for these financial assets and liabilities are not disclosed above in accordance with related Korean IFRS.

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

Fair values of financial liabilities (non-current) are based on cash outflows discounted by using Korean won currency note yield in the same credit grade with the Parent Company (AA+), and the applied discount rates as at December 31, 2020, are as follows:

<i>(in percentage)</i>	<b>2020</b>
Discount rate	0.98% ~ 2.27%

(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 an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value or their fair value are disclosed as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets/liabilities measured at fair value</b>				
Current derivative financial assets	-	23,821	-	23,821
Current derivative financial liabilities (currency forward)	-	41,768	-	41,768
<b>Financial assets/liabilities not measured at fair value</b>				
Non-current borrowings (excluding finance lease liabilities)	-	5,097,222	-	5,097,222

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#### 4. Critical Accounting Estimates and Assumptions

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

During 2020, the spread of Coronavirus disease 2019 ("COVID-19") has a material impact on the global economy. This can negatively affect productivity degradation, reduced or delayed sales, and the collection of existing bonds. Accordingly, it may have an impact on the financial position and financial performance of the Group, which is expected to continue in the 2020 financial statements.

Significant accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Group's business, financial position and financial performance cannot presently be determined.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *(a) Income taxes*

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the Tax System for Recirculation of Corporate Income, the Group is liable to pay additional income tax calculated based on the tax laws. The new tax system is effective for three years from 2015. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

##### *(b) Provisions*

As at December 31, 2020, the Group recognizes provisions for product warranties as explained in Note 15. These provisions are estimated based on past experience. Provisions related to voluntary recalls by the Group's customer are estimated based on the number of vehicles subject to recall, estimated total repair cost, and cost sharing ratio.

##### *(c) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at December 31, 2020 (Note 3.3).

##### *(d) Impairment of financial assets*

The provision for impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions

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as well as forward looking estimates at the end of each reporting period (Note 3.1.(2)).

(e) *Net defined benefit liability*

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

(f) *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. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

**5. Financial Instruments by Category**

Categorizations of financial instruments as at December 31, 2020, are as follows:

(in millions of Korean won)

	2020			Total
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial assets <sup>1</sup>	
Cash and cash equivalents	1,493,145	-	-	1,493,145
Trade receivables	2,906,185	24,965	-	2,931,150
Non-current trade receivables	26,291	-	-	26,291
Other receivables	819,075	-	-	819,075
Other non-current receivables	81,585	-	-	81,585
Other current financial assets	-	-	23,821	23,821
<b>Total</b>	<b>5,326,281</b>	<b>24,965</b>	<b>23,821</b>	<b>5,375,067</b>

(in millions of Korean won)

	2020		Total
	Financial liabilities at amortized cost	Other financial liabilities <sup>2</sup>	
Trade payables	2,592,309	-	2,592,309
Other payables	1,768,709	-	1,768,709
Borrowings (current)	1,109,796	13,242	1,123,038
Other non-current financial liabilities	-	41,768	41,768
Other non-current payables	5,849	-	5,849
Borrowings (non-current)	5,020,394	15,892	5,036,286
<b>Total</b>	<b>10,497,057</b>	<b>70,902</b>	<b>10,567,959</b>

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<sup>1</sup> Other financial assets include derivative assets.

<sup>2</sup> Other financial liabilities include lease liabilities and derivative liabilities.

Net gains or losses on each category of financial instruments for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Interest income</b>	
Financial assets at amortized cost	801
<b>Interest expense</b>	
Financial assets at fair value through other comprehensive income <sup>1</sup>	(28)
Financial liabilities at amortized cost	(8,008)
Other financial liabilities	(57)
<b>Gain on valuation</b>	
Derivative instruments	(13,545)
<b>Exchange differences</b>	
Financial assets at amortized cost	(26,783)
Financial liabilities at amortized cost	(80,193)

<sup>1</sup> Fees paid to financial institutions for factoring.

**6. Cash and Cash Equivalents**

Details of cash and cash equivalents as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Bank deposits and cash on hand	946,609
Deposits held by financial institutions and others	546,536
<b>Total</b>	<u>1,493,145</u>

As at December 31, 2020, cash and cash equivalents include ₩ 6,445 million which is subject to a restriction on the use and restricted for remittance.

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**7. Trade and Other Receivables**

Trade and other receivables and its provisions for impairment, as at December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Trade receivables	2,931,281	(131)	2,931,150
Non-current trade receivables	26,291	-	26,291
Other current receivables	819,129	(54)	819,075
Other non-current receivables	81,585	-	81,585
<b>Total</b>	<b>3,858,286</b>	<b>(185)</b>	<b>3,858,101</b>

Details of other receivables as at December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>
<b>Current</b>	
Non-trade receivables	200,152
Deposits held by financial institutions	600,000
Accrued income	448
Loans	68
Guarantee deposits provided	18,407
	<u>819,075</u>
<b>Non-current</b>	
Deposits held by financial institutions <sup>1</sup>	60,014
Loans	439
Guarantee deposits provided	21,132
	<u>81,585</u>
<b>Total</b>	<u>900,660</u>

<sup>1</sup> As at December 31, 2020, ₩ 60,000 million is restricted from being withdrawn in relation to large, small and medium-sized companies cooperation agreement and others. In addition, ₩14 million is restricted from withdrawal in connection with maintaining checking accounts

The aging analysis of trade and other receivables as at December 31, 2020, is as follows:

(in millions of Korean won)

	<b>2020</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>
<b>Receivables not past due</b>	<u>2,521,293</u>	<u>854,760</u>
<b>Past due but not impaired</b>		
Up to 3 months	280,944	44,443
Between 3-6 months	67,366	118
Over 6 months	87,969	1,339
	<u>436,279</u>	<u>45,900</u>
<b>Impaired receivables</b>	-	54
<b>Total</b>	<u>2,957,572</u>	<u>900,714</u>

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Movements on the provision for impairment of trade and other receivables for the years ended December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>			
	<b>Trade receivables</b>		<b>Other receivables</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Beginning balance</b>	159	-	-	-
Additions (reversal)	(28)	-	54	-
Write-off	-	-	-	-
<b>Ending balance</b>	<u>131</u>	<u>-</u>	<u>54</u>	<u>-</u>

As at December 31, 2020, the carrying amounts of trade and other receivables are approximation of their fair values.

The Group transferred trade and other receivables to financial institutions for ₩66,206 million at December 31, 2020, and derecognized the trade and other receivables from the financial statements at the date of disposal, as substantial all the risks and rewards were transferred.

**8. Other Financial Assets and Liabilities**

Details of other financial assets and liabilities as at December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>
<b>Other financial assets</b>	
Derivative financial assets (forward contract) (current)	<u>23,821</u>
	<u>23,821</u>
<b>Other financial liabilities</b>	
Financial liabilities at fair value through profit or loss (non-current)	<u>41,768</u>
	<u>41,768</u>

There are no changes in equity instruments and debt securities included in other financial assets for the one-month period ended December 31, 2020.

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**9. Inventories**

Details of inventories as at December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>		
	<b>Gross amount</b>	<b>Valuation allowance</b>	<b>Carrying amount</b>
Merchandise	49,219	(1,816)	47,403
Finished / Semi-finished products	1,861,412	(55,214)	1,806,198
Raw materials	621,275	(1,558)	619,717
Supplies	37,294	-	37,294
Materials-in-transit	532,526	-	532,526
<b>Total</b>	<b>3,101,726</b>	<b>(58,588)</b>	<b>3,043,138</b>

During the year ended December 31, 2020, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩978,451.

**10. Investments in Associates and Joint Ventures**

Changes in investments in associates and joint ventures for the one-month period ended December 31, 2020, are as follows:

(in millions of Korean won)

	<b>2020</b>			
	<b>Beginning balance</b>	<b>Share of profit (loss) of associates and joint ventures</b>	<b>Share of other comprehensive loss of associates and joint ventures</b>	<b>Ending balance</b>
HL Greenpower Co., Ltd.	21,446	1,264	-	22,710
WUXI CL New Energy Technology Ltd <sup>1</sup>	-	-	-	-
VINFAST LITHIUM BATTERY PACK LIMITED LIABILITY COMPANY	4,641	(129)	(333)	4,179
Jiangxi VL Battery Co.,Ltd	21,815	71	(425)	21,461
	<u>47,902</u>	<u>1,206</u>	<u>(758)</u>	<u>48,350</u>

<sup>1</sup> As at December 31, 2020, the Group discontinued recognizing its share of further losses as its share of losses of an associate exceeds the carrying amount of its interest in the associate. Unrecognized accumulated losses amounted to ₩ 320 million.

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#### 11. Property, Plant and Equipment

Changes in property, plant and equipment for the one-month period ended December 31, 2020, are as follows:

(in millions of Korean won)	2020										
	Land	Buildings	Structures	Machinery	Vehicles	Tools	Equipment	Right-of- use assets	Construction -in-progress	Machinery -in-transit	Total
<b>Beginning balance</b>	258,773	2,394,785	92,061	3,733,218	6,190	386,761	67,704	32,099	1,554,297	23,225	8,549,113
Cost	259,441	2,729,429	132,523	6,451,370	10,435	792,528	163,318	46,192	1,558,069	23,225	12,166,530
Accumulated depreciation	-	(331,177)	(38,628)	(2,716,396)	(4,237)	(405,493)	(95,089)	(14,093)	-	-	(3,605,113)
Accumulated impairment	(668)	(3,467)	(1,834)	(1,756)	(8)	(274)	(525)	-	(3,772)	-	(12,304)
Business combination	-	-	-	-	-	567	501	2,698	-	-	3,766
Acquisitions/ transfer	-	21,977	5,406	259,579	101	20,335	7,469	1,716	313,258	515	630,356
Disposals/ transfer	-	(112)	(20)	(3,238)	(15)	(1,611)	(453)	-	(307,451)	(471)	(313,371)
Exchange differences	(354)	(13,449)	(414)	(32,808)	(47)	(1,847)	(270)	(206)	(9,843)	-	(59,238)
Depreciation	-	(7,115)	(464)	(88,852)	(122)	(10,284)	(1,800)	(1,412)	-	-	(110,049)
Transfer to assets held for sale (Note 35)	-	(198)	(5,111)	(11,394)	-	(129)	(30)	-	(101)	-	(16,693)
<b>Ending balance</b>	<b>258,419</b>	<b>2,395,888</b>	<b>91,458</b>	<b>3,856,505</b>	<b>6,107</b>	<b>393,792</b>	<b>73,121</b>	<b>34,895</b>	<b>1,550,160</b>	<b>23,269</b>	<b>8,683,614</b>
Cost	259,087	2,734,415	132,257	6,629,916	10,466	806,978	168,638	51,438	1,553,876	23,269	12,370,340
Accumulated depreciation	-	(335,064)	(38,965)	(2,769,226)	(4,351)	(412,791)	(94,993)	(16,543)	-	-	(3,671,933)
Accumulated impairment	(668)	(3,463)	(1,834)	(4,185)	(8)	(395)	(524)	-	(3,716)	-	(14,793)

During the one-month period ended December 31, 2020, the Group capitalized ₩ 183 million of borrowing costs in relation to acquisition of property, plant and equipment, on property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 0.9%.

Line items including depreciation in the consolidated statement of profit or loss for the one-month period ended December 31, 2020, are as follows:

(in millions of Korean won)	2020
Cost of sales	103,736
Selling and administrative expenses	6,187
Discontinued operations	126
<b>Total</b>	<b>110,049</b>

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*Lease*

(i) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>2020</b>
Right-of-use assets <sup>1</sup>	
Real-estate	30,234
Machinery	15
Vehicles	3,731
Tools	370
Equipment	545
	<u>34,895</u>

<sup>1</sup> Included in the line item 'Property, plant and equipment' in the consolidated statements of financial position.

Additions to the right-of-use assets during the one-month period ended December 31, 2020, were ₩ 4,414 million.

<i>(in millions of Korean won)</i>	<b>2020</b>
Lease liabilities <sup>1</sup>	
Current	13,242
Non-current	15,892
	<u>29,134</u>

<sup>1</sup> Included in the line item 'borrowings' in the consolidated statements of financial position.

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(ii) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>2020</b>
Depreciation of right-of-use assets	
Real-estate	1,047
Machinery	1
Vehicles	314
Tools	14
Equipment	36
	<u>1,412</u>
Interest expense relating to lease liabilities (included in finance cost)	57
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	906
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	102

The total cash outflow for leases during the one-month period ended December 31, 2020, was W 2,370 million.

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**12. Intangible Assets**

Changes in intangible assets for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>				
	<b>Software</b>	<b>Industrial property rights</b>	<b>Memberships</b>	<b>Others</b>	<b>Total</b>
<b>Beginning balance</b>	167,249	145,495	9,362	991	323,097
Business combination	432	-	-		432
Separate acquisitions/ transfer	3,822	3,908	-	-	7,730
Disposals/transfer	(8)	(74)	-		(82)
Exchange differences	(397)	-	(1)	(7)	(405)
Amortization	<u>(3,749)</u>	<u>(1,224)</u>	<u>-</u>	<u>(13)</u>	<u>(4,986)</u>
<b>Ending balance</b>	<u>167,349</u>	<u>148,105</u>	<u>9,361</u>	<u>971</u>	<u>325,786</u>

Line items including amortization of intangible assets for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Cost of sales	1,976
Selling and administrative expenses	2,999
Discontinued operations	<u>11</u>
<b>Total</b>	<u>4,986</u>

The Group recognized total research and development costs of ₩ 26,464 million as expenses.

**13. Other Current and Non-Current Assets**

Details of other current and non-current assets as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Current</b>	
Prepayments to suppliers and prepaid expenses	72,717
Prepaid value added tax	301,015
Others	<u>27,868</u>
<b>Total</b>	<u>401,600</u>
<b>Non-current</b>	
Long-term prepayments and long-term prepaid expenses	<u>79,281</u>
<b>Total</b>	<u>79,281</u>

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**14. Borrowings**

Borrowings as at December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Current</b>	
Short-term borrowings	793,584
Current portion of long-term borrowings of bank loans	316,212
Current lease liabilities	13,242
	<u>1,123,038</u>
<b>Non-current</b>	
Long-term borrowings	3,076,693
Debentures	1,943,701
Non-current lease liabilities	15,892
	<u>5,036,286</u>
<b>Total</b>	<u><u>6,159,324</u></u>

Details of short-term borrowings as at December 31, 2020 and December 1, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Bank</b>	<b>Latest maturity date</b>	<b>Interest rate(%) as at December 31, 2020</b>	<b>December 31, 2020</b>
Bank loans	KDB and others	November 2021	2.69% and others	<u>793,584</u>
<b>Total</b>				<u><u>793,584</u></u>

Details of long-term borrowings as at December 31, 2020 and December 1, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>December 31, 2020</b>				
<b>Bank</b>	<b>Annual interest rate (%)</b>	<b>Amount in Korean won</b>	<b>Current</b>	<b>Non-current</b>	
<b>Borrowings in foreign currencies</b>	BOC	3M LIBOR + 1.15%	5,475	5,475	-
	CIMB	3M LIBOR + 1.50%	49,021	49,021	-
	Citi	USD: 3M LIBOR + 0.95% EUR: 3M EURIBOR + 0.62 ~ 0.70%	241,354	39,212	202,142
	DBS	6M EURIBOR + 0.60%	134,761	-	134,761
	EBRD	6M EURIBOR + 0.62%	336,903	-	336,903
	EIB	3M EURIBOR + 0.47%	646,856	-	646,856
	HSBC	USD: 3M LIBOR + 1.40% CNY: PBOC × 0.95, LPR-33.75%	87,806	60,541	27,265

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ING	6M EURIBOR + 0.70 ~ 0.83%	161,714	-	161,714
KDB	USD: 3M LIBOR + 0.93%	216,905	43,381	173,524
KDB / The Export-Import Bank of Korea / Nonghyup Bank	EUR: 3M EURIBOR+1.50%	741,188	-	741,188
KEB Hana Bank	3M EURIBOR + 0.62%	269,523	-	269,523
MUFG	6M EURIBOR + 0.60~0.80%	134,761	-	134,761
SCB	USD: 3M LIBOR + 1.20 CNY: PBOC ×0.95	92,036	79,514	12,522
SMBC	0.32 ~ 0.48%	202,142	-	202,142
Construction Bank of China	LPR(1Y) + 0.36 ~ 0.46%	66,784	33,392	33,392
Communications Bank of China	PBOC ×1.00	5,676	5,676	-
<b>Total</b>		<b>3,392,905</b>	<b>316,212</b>	<b>3,076,6923</b>

Details of debentures as at December 31, 2020, are as follows:

(in millions of Korean won)

		2020				
	Financial institution	Annual interest rate (%)	Latest maturity date	Amount in Korean won	Current	Non-current
<b>1st Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.21	2026.03.13	200,000	-	200,000
<b>USD foreign currency debenture with maturity in 2024</b>	CITI and others	3.25	2024.10.15	544,000	-	544,000
<b>USD foreign currency debenture with maturity in 2029</b>	CITI and others	3.63	2029.04.15	544,000	-	544,000
<b>EUR foreign currency debenture with maturity in 2023</b>	CITI and others	0.50	2023.04.15	669,120	-	669,120
Less: discount on debentures				(13,419)	-	(13,419)
<b>Total</b>				<b>1,943,701</b>	<b>-</b>	<b>1,943,701</b>

Details of lease liabilities as at December 31, 2020, are as follows:

(in millions of Korean won)

		2020			
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Baekshin industry and others	2.01 ~ 2.34	2025.12.31	29,134	13,242	15,892

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**15. Provisions**

Changes in provisions for other liabilities and charges for the one-month period ended December 31, 2020, as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>			
	<b>Warranty<sup>1</sup></b>	<b>Greenhouse gas emission<sup>2</sup></b>	<b>Legal claims<sup>3</sup></b>	<b>Total</b>
<b>Beginning balance</b>	676,612	746	336	677,694
Additions (reversal)	577,244	96	(5)	577,335
Used	(15,185)	-	-	(15,185)
<b>Ending balance</b>	1,238,671	842	331	1,239,844
Less: current portion	(996,367)	(842)	-	(997,209)
<b>Total</b>	<b>242,304</b>	<b>-</b>	<b>331</b>	<b>242,635</b>

<sup>1</sup> Warranty provisions have been accrued for the estimated warranty costs to be incurred due to quality control, exchange, refunds with regard to products based on historical experience. In addition, provisions related to replacement costs for ESS and voluntary automotive battery recalls are included.

<sup>2</sup> Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. Due to the split-off from LG Chem, Ltd. on December 1, 2020, the provision was calculated by estimating the basis of the quota to 194 thousand tons based on the estimated total emissions of 219 thousand tons in 2020. The estimated emission as at December 31, 2020 amounts to 215 thousand tons.

<sup>3</sup> Lawsuit provisions have been accrued for certain pending cases.

**16. Net Defined Benefit Liabilities**

Details of net defined benefit liabilities recognized in the consolidated statement of financial position as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Present value of defined benefit obligations <sup>1</sup>	458,710
Fair value of plan assets	(415,924)
<b>Liabilities in the consolidated statement of financial position</b>	<b>42,786</b>

<sup>1</sup> The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩ 44 million as at December 31, 2020.

The amounts recognized in the consolidated statements of profit or loss for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Current service cost <sup>1</sup>	5,303
Interest cost	53
<b>Total, included in employee benefit expenses</b>	<b>5,356</b>

<sup>1</sup> The above amounts excluded ₩ 483 million of expenses capitalized to construction in progress and development costs.

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Post-employment benefits recognized for defined contribution plan for the one-month period ended December 31, 2020, amounted to ₩ 83 million.

Post-employment benefits recognized in the consolidated statements of profit or loss for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Cost of sales	2,702
Selling and administrative expenses	2,737
<b>Total</b>	<u>5,439</u>

Movements in the present value of defined benefit obligations for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Beginning balance</b>	455,133
Transfer in	998
Current service cost	5,786
Interest expense	924
Remeasurements:	
Actuarial gain from change in financial assumptions	(3,879)
Others	232
Payments from plans	(484)
<b>Ending balance</b>	<u>458,710</u>

Movements in the fair value of plan assets for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Beginning balance</b>	415,772
Interest income	871
Remeasurements:	
Return on plan assets (excluding amounts included in interest income)	(258)
Contributions:	
Employers	-
Payments from plans	(395)
Administrative costs	(66)
<b>Ending balance</b>	<u>415,924</u>

The actual return on plan assets for the one-month period ended December 31, 2020, was ₩ 613 million.

The significant actuarial assumptions as at December 31, 2020, are as follows:

	<b>2020</b>
Discount rate	2.53%
Salary growth rate	5.00%

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The sensitivity analysis for changes in key actuarial assumptions as at December 31, 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>Increase by 0.5%</b>	<b>Decrease by 0.5%</b>
<b>Discount rate:</b>		
Increase (decrease) in defined benefit obligations	(32,061)	35,495
<b>Salary growth rate:</b>		
Increase (decrease) in defined benefit obligations	34,445	(31,487)

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 principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

Plan assets as at December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2020</b>	
	<b>Amount</b>	<b>Composition (%)</b>
Insurance contracts with guaranteed yield	415,924	100.0
	<u>415,924</u>	<u>100.0</u>

Plan assets consist of various debt instruments with principal and interest protection and others which have no quoted market prices in an active market.

The weighted average duration of the defined benefit obligation is 13.13 years.

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to post-employment benefit plans for the year ending December 31, 2021, are ₩113,243 million.

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**17. Other Current and Non-Current Liabilities**

Details of other current and non-current liabilities as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Current</b>	
Advances from customers	130,628
Withholdings	40,170
Unearned revenues	37,738
Accrued expenses	125,522
<b>Total</b>	<u>334,058</u>
<b>Non-current</b>	
Long-term accrued expenses	21,761
Long-term advanced received	68,615
<b>Total</b>	<u>90,376</u>

**18. Commitments and Contingencies**

- (1) The Company is jointly liable for liabilities of LG Chem, Ltd.
- (2) As at December 31, 2020, the Parent Company and certain subsidiaries have been guaranteed from Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As at December 31, 2020, the Parent Company and certain subsidiaries have various specific line of credit agreements with several financial institutions, as follows:

*(unit: Korean won in millions, foreign currencies in millions)*

Classification	The Parent Group		Certain Overseas Subsidiaries		
	KRW	USD	USD	CNY	EUR
Limit of bank overdraft	8,700	-	160	800	-
Limit of the letter of credit	-	30	106	1,310	-
Limit of discount of notes from export	-	135	-	-	-
Limit of loan arrangements	-	-	1,829	1,150	2,475
Limit of guaranteed payments in other foreign currency	-	56	-	-	-

The Parent Company has B2B purchase arrangements amounting to ₩ 140,000 million and certain subsidiaries have factoring arrangements amounting to USD 280 million.

- (4) As at December 31, 2020, the Parent Company has entered into payment guarantee contract of USD 3 million, EUR 3 million and KRW 5,373 million with financial institutions to guarantee the warrant of certain installed products. Also, certain subsidiaries have entered into payment guarantee contract of CNY 67 million with financial institutions in relation to custom of imported raw materials.
- (5) As of December 31, 2020, the Group has entered into an agreement with General Motors (GM) regarding joint investment in Ultium Cells LLC, whereby each party can sell its shares to third parties in 8 years after the inception of the contract. In addition, if one party defaults, the other party has the right to purchase shares from the other party. The Group is in the process of approval by the government for the use of core technologies according to the Industrial Technology Protection Act.

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- (6) As at December 1, 2020, in relation to price fixing of mobile batteries, the consumers in Israel have filed one class action against the Parent Company and certain overseas subsidiaries. However, the ultimate outcome of these cases cannot be determined at the reporting date.
- (7) In addition, as at December 1, 2020, the Parent Company and certain subsidiaries have been named as a plaintiff in 4 legal actions. They have been named as a defendant in 144 (with ₩ 5,158 million in claims) and 28 legal actions, respectively. The ultimate outcome of these cases cannot be determined at the reporting date.
- (8) The Parent Company has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.
- (9) Capital expenditure arrangement that has not incur as at December 31, 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Property, plant and equipment	1,911,328

- (10) After the reporting period, General Motors Company has issued a recall for the Chevrolet Bolt EV to investigate fire risk. Investigation on the cause of the fire is being conducted by related authorities and the exact cause of fire has not been determined yet at the reporting date. As such, the Group cannot make reasonable expectation of the timing and amount of an outflow from the Group of resources due to the uncertainty of the cause of the accident.

**19. Share Capital**

Share capital and share premium for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won and in shares)</i>	<u>Ordinary shares</u>		
	<b>Number of shares</b>	<b>Share capital</b>	<b>Share premium</b>
December 31, 2020	200,000,000	100,000	7,510,351

**20. Retained Earnings**

Retained earnings as at December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2020</b>
Unappropriated deficit	<u>(453,058)</u>
<b>Total</b>	<u>(453,058)</u>

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**21. Selling and Administrative Expenses**

Selling and administrative expenses for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Wages and salaries	18,186
Post-employment benefits (Note 16)	2,737
Employee benefits	6,635
Travel expense	1,087
Water & utilities	2,420
Packaging expense	6
Rental expenses	4,545
Commission expenses	21,624
Depreciation	6,739
Advertising expense	962
Freight expenses	6,055
Training expense	411
Amortization (Note 12)	2,999
Sample expense	114
Development costs	4,101
Transfers to provisions for service warranties	577,244
Others	43,389
<b>Total</b>	<u>699,254</u>

**22. Breakdown of Expenses by Nature**

Cost of sales, and selling and administrative expenses by nature for the one-month period ended December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2020</b>
Changes in inventories of merchandise, finished goods, semi-finished goods and work in process	49,574
Raw materials and consumables used	843,041
Purchase of merchandise	85,836
Employee benefit expenses (Note 24)	87,491
Advertising expenses	962
Freight expenses	6,925
Commission expenses	45,833
Depreciation and amortization	115,450
Rent expenses and usage fee	1,531
Other expenses	699,631
<b>Total</b>	<u>1,936,274</u>

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**23. Employee Benefit Expenses**

Details of employee benefit expenses for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Salaries	69,899
Post-employment benefits – Defined benefit plan (Note 16)	5,356
Post-employment benefits – Defined contribution plan (Note 16)	83
Others	12,153
<b>Total</b>	<u>87,491</u>

**24. Finance Income and Costs**

Details of finance income and costs for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Finance income</b>	
Interest income <sup>1</sup>	801
Exchange differences	28,039
<b>Total</b>	<u>28,840</u>
<b>Finance costs</b>	
Interest expense <sup>2</sup>	7,910
Exchange differences	115,504
Loss on valuation of derivative instruments	15,429
<b>Total</b>	<u>138,843</u>

<sup>1</sup> Details of interest income for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Deposits held by financial institutions	789
Other loans and receivables	12
<b>Total</b>	<u>801</u>

<sup>2</sup> Details of interest expense for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Interest on financial institutions	3,656
Interest on lease liabilities	57
Interest on debentures	3,996
Other interest expenses	384
Capitalized interest for qualifying assets	(183)
<b>Total</b>	<u>7,910</u>

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**25. Other Non-Operating Income**

Details of other non-operating income for the one-month period December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<u>2020</u>
	<b>One months</b>
Exchange differences	49,555
Gain on disposal of property, plant and equipment	319
Others	<u>2,341</u>
<b>Total</b>	<b><u>52,215</u></b>

**26. Other Non-Operating Expenses**

Details of other non-operating expenses for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<u>2020</u>
	<b>One months</b>
Exchange differences	69,066
Loss on disposal of property, plant and equipment	1,441
Loss on disposal of intangible assets	5
Donations	241
Others	<u>2,313</u>
<b>Total</b>	<b><u>73,066</u></b>

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**27. Tax Expense and Deferred Tax**

Details of income tax income for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Current tax on profit for the periods	11,174
Deferred tax - movement in temporary differences	(138,872)
Deferred tax – tax credit carryforwards	(6,449)
Deferred tax – deficit carryforwards	(11,046)
	<u>(145,193)</u>
Deferred tax charged directly to equity	282
Current tax charged directly to equity	(932)
Other	(1,502)
Income tax income	<u>(147,345)</u>

The aggregate current and deferred tax charged directly to equity (other comprehensive income) for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Current tax</b>	
Remeasurements of net defined benefit liabilities	(932)
<b>Deferred tax</b>	
Loss on valuation of derivative instruments	(518)
Exchange differences on translation of foreign operations	800
<b>Total</b>	<u>282</u>

Movements in deferred tax assets (liabilities) for the one-month period ended December 31, 2020, are as follows:

	<b>2020</b>				
	<b>Beginning balance</b>	<b>Increase (decrease)</b>			<b>Ending balance</b>
		<b>Profit (loss) for the period</b>	<b>Other comprehensive income (loss)</b>	<b>Exchange differences</b>	
Net defined benefit liabilities	119,472	734	-	-	120,206
Plan assets	(113,186)	(1,193)	-	-	(114,379)
-Provisions	150,626	-	-	-	150,626
Property, plant and equipment	94,701	12,234	-	86	107,021
Investments in subsidiaries, associates and joint ventures	(33,667)	5,703	-	-	(27,964)
Government grants	122,840	-	-	-	122,840
Succession of assets (industrial property right)	591,389	-	-	-	591,389
Succession of assets (land)	61,423	-	-	-	61,423
Succession of assets (others)	61,867	-	-	-	61,867
Others	117,849	121,394	(518)	(1,416)	237,309
	<u>1,173,314</u>	<u>138,872</u>	<u>(518)</u>	<u>(1,330)</u>	<u>1,310,338</u>
Exchange differences on translation of foreign operations	-	-	800	-	800
Tax credit carryforwards	-	6,449	-	-	6,449
Tax loss carryforwards	-	11,046	-	-	11,046
Deferred tax assets (liabilities)	<u>1,173,314</u>	<u>156,367</u>	<u>282</u>	<u>(1,330)</u>	<u>1,328,633</u>

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The effects on income tax of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statement are reflected in capital surplus.

The reconciliations between income tax expense and accounting profit for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Loss before income tax expense<sup>1</sup></b>	<u>(595,886)</u>
<b>Tax at domestic tax rates applicable to profits in the respective countries<sup>2</sup></b>	(143,785)
<b>Tax effects of:</b>	(3,560)
Income not subject to tax	(52)
Expenses not deductible for tax purposes	1,563
Unrecognized deferred income tax for temporary differences in the current period	(8)
Tax credit	(6,449)
Effect of changes in the tax rate	-
Others	<u>1,386</u>
<b>Income tax expense</b>	<u>(147,345)</u>
Effective tax rate (income tax expense/profit before income tax)	24.73%

<sup>1</sup> The amount before regarding profit from discontinued operations.

<sup>2</sup> The weighted average applicable tax rate on loss before income tax for the one-month period ended December 31, 2020, is 24.13%

Realization of deferred tax assets is dependent on the Group's ability to generate future taxable profits in excess of the profits arising from the reversal of taxable temporary differences, and economic and industry outlooks. Management periodically reviews on these factors.

Deferred tax assets include ₩ 11,046 million related to tax loss carry forwards. The Group concluded that the deferred tax assets are recoverable based on the approved budgets. The Group expects to generate taxable income from 2022. The deadline for the tax loss carry forwards is 15 years from the year of occurrence.

Details of deductible (taxable) temporary differences unrecognized as deferred tax assets (liabilities) as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>	
Investments in subsidiaries, associates and joint ventures	(9,217)	Permanently re-invested income not distributed as dividend
Unused tax loss carryforwards	1,626,250	No possibility of disposal
	318,114	Uncertainty of future tax income

The maturity of unused loss is as follows:

<i>(in millions of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
2020 Tax loss carryforwards	-	-	-	358,282

**LG Energy Solution, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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**28. Earnings per Share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the number of shares issued.

Basic earnings (losses) per share for profit from continuing operations and earnings (losses) per share attributable to the equity holders of the Parent Company for the one-month period ended December 31, 2020, are computed as follows:

**Basic earnings per ordinary share from continuing operations**

<i>(in millions of Korean won and in number of shares)</i>	<b>2020</b>
Loss from continuing operations attributable to ordinary shares	(460,147)
Number of ordinary shares outstanding	<u>200,000,000</u>
Basic losses per ordinary share from continuing operations <i>(in won)</i>	<u>(2,301)</u>

**Basic earnings per ordinary share**

<i>(in millions of Korean won and in number of shares)</i>	<b>2020</b>
Loss attributable to ordinary shares	(455,515)
Number of ordinary shares outstanding	<u>200,000,000</u>
Basic losses per ordinary shares <i>(in won)</i>	<u>(2,278)</u>

Basic earnings (losses) per share attributable to ordinary shares from discounted operations for the one-month period ended December 31, 2020, are as follows:

<i>(in Korean won)</i>	<b>2020</b>
Basic earnings per ordinary share from discounted operations	23

**29. Dividends**

The Group did not pay dividends for the one-month period ended December 31, 2020.

# LG Energy Solution, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

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#### 30. Related Party Transactions

As at December 31, 2020, LG Chem, Ltd is an entity, which owns 100% of the Parent Company, and LG Corp. is an entity exercising a significant influence over LG Chem, Ltd.

Details of other related parties other than associates and joint ventures (Note 10) that have sales and other transactions with the Group or have receivables and payables balances as at December 31, 2020, are as follows:

Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Details
LG Chem, Ltd	HAENGBOKNURI CO., LTD.	LG Chem America. and others	Subsidiary of LG Chem, Ltd.
S&I Corp.	S&I CM	S&I CM NANJING Co., Ltd. and others	Subsidiary of LG Corp.
LG CNS Co., Ltd.	Biz Tech Partners Co., Ltd. and others	LG CNS America Inc. and others	Subsidiary of LG Corp.
LG Management Development Institute	-	-	Subsidiary of LG Corp.
LG MMA Corporation	-	-	Joint venture of LG Corp.
LG Display Co., Ltd.	-	LG Display (China) Co., Ltd. and others	LG Enterprise group <sup>1</sup>
LG Electronics, Inc.	LG Innotek Co., Ltd. and others	Inspur LG Digital Mobile Communications Co., Ltd. and others	LG Enterprise group <sup>1</sup>
LG International Corp.	Pantos Logistics Co., Ltd.	LG International (Japan) Ltd. and others	LG Enterprise group <sup>1</sup>
LG Household & Health Care Ltd.	Coca-Cola Beverage Co.	-	LG Enterprise group <sup>1</sup>
LG Uplus Corp.	LG HelloVision Corp.	-	LG Enterprise group <sup>1</sup>
GIIR Inc.	HS AD Inc.	-	LG Enterprise group <sup>1</sup>

<sup>1</sup> Although these entities are not the related parties of the Group in accordance with Korean IFRS 1024, these entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

**LG Energy Solution, Ltd. and Subsidiaries**  
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Sales and purchases with related parties for the one-month period ended December 31, 2020, are as follows:

	2020					
	Sales and others	Purchase and others				
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of-use assets	Interest expense	Others
<b>Parent Company</b>						
LG Chem, Ltd.	13,558	118,299	-	3,204	6	5,072
<b>Associates and joint ventures</b>						
HL Greenpower Co., Ltd.	83,875	-	-	-	-	319
<b>Other related parties</b>						
LG Corp.	-	-	-	-	-	2,058
LG Chem America, Inc.	-	-	-	-	-	6
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	6,357	11,341	-	-	-	-
LG Chem (Taiwan), Ltd.	7,420	-	-	-	-	-
LG Chem Display Materials (Beijing) Co., Ltd.	4,061	-	-	-	-	-
LG Chem (China) Investment Co., Ltd.	-	-	-	-	-	1,535
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd.	-	16,058	-	-	-	-
TECWIN Co., Ltd.	-	-	2,126	-	-	-
LG MMA Corporation	9	-	-	-	-	-
S&I Corp. and its subsidiaries	19	3,457	2,217	-	-	10,762
LG CNS Co., Ltd. and its subsidiaries	1,005	38	56,312	-	-	9,713
Others	2	-	-	-	-	492
<b>Others</b>						
LG Display Co., Ltd. and its subsidiaries	1,532	-	-	-	1	-
LG Electronics Inc. and its subsidiaries	89,557	83,206	12,698	-	-	2,307
LG International Corp. and its subsidiaries	-	327	2,843	-	-	6,287
Others	2	-	175	-	-	738
<b>Total</b>	<b>207,397</b>	<b>232,726</b>	<b>76,371</b>	<b>3,204</b>	<b>7</b>	<b>39,289</b>

**LG Energy Solution, Ltd. and Subsidiaries**  
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Balances of receivables and payables arising from sales and purchases of goods and services as at December 31, 2020, are as follows:

(in millions of Korean won)

	2020			
	Receivables			Total
	Trade receivables and others	Loan receivables	Other receivables	
<b>Parent Company</b>				
LG Chem, Ltd.	14,857	-	2,764	17,621
<b>Associates and joint ventures</b>				
HL Greenpower Co., Ltd.	277,326	-	-	277,326
<b>Other related parties</b>				
LG Corp.	-	-	25	25
LG Chem America, Inc.	-	-	-	-
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	26,144	-	-	26,144
LG Chem (Taiwan), Ltd.	20,495	-	-	20,495
LG Chem Display Materials (Beijing) Co., Ltd.	8,685	-	-	8,685
LG Chem (China) Investment Co., Ltd.	-	-	-	-
LG Chem Europe GmbH	40,876	-	543	41,419
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd.	-	-	-	-
TECWIN Co., Ltd.	-	-	-	-
LG MMA Corporation	-	-	10	10
S&I Corp. and its subsidiaries	-	-	21	21
LG CNS Co., Ltd. and its subsidiaries	7,048	-	-	7,048
Others	-	-	1,800	1,800
<b>Others</b>				
LG Display Co., Ltd. and its subsidiaries	472	-	2,264	2,736
LG Electronics Inc. and its subsidiaries	158,447	-	111,418	269,865
LG International Corp. and its subsidiaries	-	-	-	-
Others	-	-	3	3
<b>Total</b>	<b>554,350</b>	<b>-</b>	<b>118,848</b>	<b>673,198</b>

(in millions of Korean won)

	2020				Total
	Payables			Other payables	
	Trade payables	Borrowings	Lease liabilities		
<b>Parent Company</b>					
LG Chem, Ltd.	336,730	-	3,330	38,637	378,697
<b>Associates and joint ventures</b>					
HL Greenpower Co., Ltd.	-	-	-	330	330
<b>Other related parties</b>					
LG Corp.	-	-	-	664	664
LG Chem America, Inc.	-	-	-	76	76
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	34,028	-	-	-	34,028
LG Chem (Taiwan), Ltd.	-	-	-	638	638
LG Chem Display Materials (Beijing) Co., Ltd.	-	-	-	-	-
LG Chem (China) Investment Co., Ltd.	-	-	-	1,607	1,607
LG Chem Europe GmbH	-	-	-	857	857
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd.	20,562	-	-	-	20,562

**LG Energy Solution, Ltd. and Subsidiaries**  
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TECWIN Co., Ltd.	-	-	-	5,531	5,531
LG MMA Corporation	-	-	-	-	-
S&I Corp. and its subsidiaries	-	-	-	51,834	51,834
LG CNS Co., Ltd. and its subsidiaries	-	-	-	95,166	95,166
Others	-	-	-	672	672
<b>Others</b>					
LG Display Co., Ltd. and its subsidiaries	-	-	703	13	716
LG Electronics Inc. and its subsidiaries	117,010	-	-	234,982	351,992
LG International Corp. and its subsidiaries	-	-	575	33,610	34,185
Others	-	-	-	661	661
<b>Total</b>	<b>508,330</b>	<b>-</b>	<b>4,608</b>	<b>465,278</b>	<b>978,216</b>

Fund transactions with related parties for the one-month period ended December 31, 2020, are as follows:

(in millions of Korean won)

	2020						
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction)	Loans		Borrowings <sup>1</sup>	
Loans				Repayment	Borrowings	Repayment	
<b>Parent Company</b>							
LG Chem, Ltd.	-	-	-	-	-	3,431	95
<b>Other related parties</b>							
LG Corp.	-	-	-	-	-	-	-
<b>Others</b>							
LG DISPLAY AMERICA, INC	-	-	-	-	-	-	12
Pantos Logistics France S.A.R.L	-	-	-	-	-	-	59
Pantos Logistics Spain S.L.U.	-	-	-	-	-	-	23
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,431</b>	<b>189</b>

<sup>1</sup> The amounts represent lease liabilities that were recognized or repaid for the one-month period ended December 31, 2020.

Compensation for key management of the Group for the one-month period ended December 31, 2020, consists of:

(in millions of Korean won)

	2020
Short-term employee benefits	2,829
Post-employment benefits	246
<b>Total</b>	<b>3,075</b>

Key management includes directors and audit committee members having duties and responsibilities over planning, operations and controlling of the Group's business activities.

There are no provisions recognized against receivables from related parties as at December 31, 2020.

**LG Energy Solution, Ltd. and Subsidiaries**  
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As at December 31, 2020, there are no payment guarantees provided by the Group for related parties.

**31. Cash Generated from Operations**

Reconciliation between profit (loss) before income tax and cash generated from operations for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Loss before income tax</b>	
Loss before income tax from continuing operations	(604,854)
Profit before income tax from discontinued operations	8,968
	<u>(595,886)</u>
<b>Adjustments for:</b>	
Depreciation	110,601
Amortization	4,986
Post-employment benefits	5,356
Finance income	(33,648)
Finance costs	152,986
Foreign exchange differences	(267)
Gain on valuation of inventories	(1,738)
Gain on disposal of property, plant and equipment	(319)
Loss on disposal of property, plant and equipment	1,440
Loss on disposal of intangible assets	5
Additions to provisions	577,335
Other income	(72)
Increase in inventories	(207,010)
Increase in trade receivables	(110,400)
Decrease in other receivables	97,729
Decrease in other current assets	37,997
Increase in trade payables	258,024
Increase in other payables	113,733
Decrease in other current liabilities	(16,647)
Decrease in provisions	(15,185)
Increase in net defined benefit liabilities	975
Other cash flows from operations	18,431
<b>Cash generated from operations</b>	<u><u>398,426</u></u>

**LG Energy Solution, Ltd. and Subsidiaries**  
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Changes in liabilities arising from financial activities for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	2020						At December 31, 2020
	At December 1, 2020	Cash flows from financing activities	Reclassifi- cation of current portion	Amortization	Lease liabilities	Others	
Short-term borrowings	1,322,881	(229,953)	35,187	-	-	(5,077)	1,123,038
Long-term borrowings	3,037,919	27,447	(35,187)	-	4,548	57,858	3,092,585
Debentures	1,951,409	-	-	273	-	(7,981)	1,943,701
<b>Total</b>	<b>6,312,209</b>	<b>(202,506)</b>	<b>-</b>	<b>273</b>	<b>4,548</b>	<b>44,800</b>	<b>6,159,324</b>

The significant non-cash transactions for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	2020
Reclassification of construction-in-progress	307,451
Reclassification of machinery-in-transit	470
Reclassification into non-current assets held for sale	16,963
Reclassification of long-term borrowings into current portion	35,187
Other payables related to acquisitions of property, plant and equipment and intangible assets	1,129,491

**LG Energy Solution, Ltd. and Subsidiaries**  
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**32. Segment Information**

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

Segment	Products or services	Major customers
Energy solutions	Mobile batteries, Automotive batteries, Electricity storage batteries and others	Hewlett-Packard Co., General Motors Corp., and others

<sup>1</sup> The Group has determined the reporting segment as a single reporting segment based on the performance evaluation reported to the Management Committee, the chief operating decision-maker.

The segment information on revenue, profit and loss for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
	<b>Energy solutions</b>
Total segment revenue	1,461,068
Revenue from external customers <sup>1</sup>	1,461,068
Operating profit <sup>2</sup>	(475,206)

<sup>1</sup> Revenue from external customers consists of sales of goods. Interest income and dividend income are included in finance income.

<sup>2</sup> Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

The segment information on assets and liabilities as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>		
	<b>Assets</b>	<b>Investments in associates and joint ventures</b>	<b>Liabilities</b>
Reportable segment asset	19,941,795	48,350	12,376,390

The external sales and non-current assets by geographical segments from continuing operations for the one-month period ended December 31, 2020, and as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Sales</b>	<b>Non-current assets<sup>1</sup></b>
	<b>2020</b>	<b>December 31, 2020</b>
Korea <sup>2</sup>	132,385	2,059,227
China	148,980	2,826,847
Asia	108,620	187
America	246,686	548,665
Europe	824,397	3,829,560
<b>Total</b>	<b>1,461,068</b>	<b>9,264,486</b>

# LG Energy Solution, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2020

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<sup>1</sup> Represents aggregate amount of property, plant and equipment, intangible assets and investment properties.

<sup>2</sup> Domestic sales include the exports made through local letters of credit.

Revenues of approximately ₩ 299,329 million, over 10% of the Group's revenue, are derived from a single external customer. These revenues are attributed to the Europe automotive battery segment.

### 33. Combination of Entities Under Common Control

As at December 1, 2020, the Group acquired 100% of shares of LG Energy Solution Europe GmbH from LG Chem, Ltd.

The consideration transferred, assets acquired and the liabilities assumed regarding the acquisition of LG Energy Solution Europe GmbH, are as follows:

*(In millions of Korean won)*

	<b>Amount</b>
<b>Consideration transferred</b>	
Cash and cash equivalents	34,682
<b>Total</b>	<u>34,682</u>
<b>Assets acquired and liabilities assumed</b>	
Cash and cash equivalents	5,293
Other receivables	218
Prepaid income taxes	1,122
Inventories	18,200
Property, plant and equipment	3,766
Intangible assets	432
Other assets	68
Trade and other payables	(173)
Borrowings	(2,777)
Other liabilities	(848)
<b>Net asset acquired</b>	<u>25,301</u>
Other components of equity <sup>1</sup>	9,381
<b>Total</b>	<u>34,682</u>

<sup>1</sup> The differences arising between consideration transferred and the identifiable net assets acquired are recognized in other components of equity.

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**34. Non-current Assets and Liabilities Held for Sale and Discontinued Operations (Pending)**

**34.1 Non-current Assets and Liabilities Held for Sale**

Upon the approval of management of LG Chem, Ltd. before split-off, the Group decided to dispose of six lines of small pouch assembly facilities and others (June 2019) and LCD polarizer business (June 2020).

Details of assets of disposal group classified as held for sale as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Assets of disposal group</b>	
Inventories	121,125
Property, plant and equipment	237,652
Intangible assets	56
<b>Total</b>	<u>358,833</u>
<b>Liabilities of disposal group</b>	
Borrowings and others	142
<b>Total</b>	<u>142</u>

Assets of the disposal group were measured at net fair value immediately before the initial classification as assets as held for sale and there are no other non-operating expenses (income) recognized from the measurement for the one-month period ended December 31, 2020.

The Group recognized cumulative losses of ₩ 1,663 million directly to other comprehensive income in relation to the disposal groups classified as held for sale.

**34.2 Discontinued Operations**

The Group decided to dispose of LCD polarizer business upon the approval of management before split-off in June 2020. Accordingly, the assets and liabilities from the related operations are classified as assets as held for sale and as liabilities as held for sale, and the disposal was completed in February 2021.

Comprehensive income information from discontinued operation for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<u><b>2020</b></u>
Revenue	111,395
Expense	<u>(102,427)</u>
Gain (loss) before income tax of discontinued operation	8,968
Income tax expense	<u>(3,230)</u>
Gain (loss) after income tax of discontinued operations	<u>5,738</u>

**LG Energy Solution, Ltd. and Subsidiaries**  
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Net cash flows from discontinued operations for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<u>2020</u>
Net cash inflow from operating activities	23,030
Net cash inflow (outflow) from investing activities	(973)
Net cash inflow (outflow) from financing activities	(22,057)

**35. Assets and Liabilities related to Contracts with Customers**

Assets and liabilities related to contracts with customers as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
<b>Contract liabilities</b>	
Advances in relation to revenue from the Group's main business activities	198,454
Expected customer incentives	3,858
Unearned revenue	340
<b>Total contract liabilities</b>	<u>202,652</u>

*Revenue recognized in relation to contract liabilities*

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

<i>(in millions of Korean won)</i>	<b>2020</b>
Revenue recognized in the current period from the contract liability balance at the beginning of the period	17,503
Advances in relation to revenue from the Group's main business activities	16,708
Unearned revenue	795

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**36. Investment Properties**

Details of investment properties as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>			<b>Book amount</b>
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment</b>	
Buildings	333,869	(78,342)	(441)	255,086
	<u>333,869</u>	<u>(78,342)</u>	<u>(441)</u>	<u>255,086</u>

Changes in investment properties for the one-month period ended December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Beginning balance	255,638
Depreciation	<u>(552)</u>
Ending balance	<u>255,086</u>

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 at December 31, 2020, is ₩ 282,227 million.

Rental income from investment properties under operating lease is ₩1,237 million, and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩552 million.

*Operating lease*

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

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

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as at December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2020</b>
Less than 1 year	14,842
Between 1-2 years	12,831
Between 2-5 years	<u>12,831</u>
	<u>40,504</u>

# **LG Energy Solution, Ltd. and Subsidiaries**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2020**

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#### **37. Events After the Reporting Period**

In January 2021, the Group acquired 6.28% shares of Doosan Electro-Materials Luxembourg S.ar.l.(“DEL”), which is a subsidiary of Solus Advanced Materials.

#### **38. Approval of Issuance of the Financial Statements**

The consolidated financial statements 2020 were approved for issue by the Board of Directors on March 4, 2021 and are subject to change with the approval of shareholders at their Annual General Meeting.