

LG ENERGY SOLUTION, LTD.

**Interim Condensed Separate Financial Statements
As of March 31, 2025, and December 31, 2024, and
For the Three-Month Periods Ended March 31, 2025 and 2024**

(With the Independent Auditor's Review Report Thereon)

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Report on Review of Interim Condensed Separate Financial Statements

English Translation of Independent Auditor's Review Report Originally Issued in Korean on May 9, 2025

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

Reviewed financial statements

We have reviewed the accompanying interim condensed separate financial statements of LG Energy Solution, Ltd. (the "Company"). These interim condensed separate financial statements consist of the interim condensed separate statement of financial position as of March 31, 2025, and the related interim condensed separate statements of profit or loss, interim condensed separate statements of comprehensive income, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows, all expressed in Korean won, for the three-month periods ended March 31, 2025 and 2024, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed separate financial statements

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

Auditor's responsibility

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

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

Conclusion

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

**Other matters**

We have audited the separate statement of financial position as of December 31, 2024, and the related separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended in accordance with KSAs. We expressed an unqualified opinion on those separate financial statements, not presented herein, in our audit report dated March 5, 2025.

The accompanying separate statement of financial position as of December 31, 2024, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

A handwritten signature in black ink that reads "Deloitte Idnjin LLC". The signature is written in a cursive, stylized font.

May 9, 2025

This review report is effective as of May 9, 2025, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed separate financial statements and may result in modifications to this review report.

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

Interim condensed separate financial statements
as of March 31, 2025, and December 31, 2024, and
for the three-month periods ended March 31, 2025 and 2024

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

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

LG Energy Solution, Ltd.
Interim condensed separate statements of financial position
As of March 31, 2025, and December 31, 2024

(Korean won in millions)

	Notes		March 31, 2025		December 31, 2024
Assets					
Current assets					
Cash and cash equivalents	3,5,6	₩	1,158,885	₩	849,894
Trade receivables	3,5,7,29		2,144,542		2,303,799
Other receivables	3,5,7,29		1,162,885		1,015,552
Prepaid income taxes			11,880		10,478
Other current assets	13		100,995		185,384
Inventories	9		1,172,886		1,228,678
			5,752,073		5,593,785
Non-current assets					
Trade receivables	3,5,7		148,734		148,296
Other receivables	3,5,7,29		110,132		145,236
Other non-current financial assets	3,5,8		1,100,631		1,033,765
Investments in subsidiaries	10		14,383,417		13,379,517
Investments in associates and joint ventures	10		72,629		69,993
Deferred tax assets	27		2,027,176		1,913,174
Property, plant and equipment	11		3,980,605		4,059,252
Intangible assets	12		1,092,363		918,174
Investment properties	32		228,345		226,094
Other non-current assets	13,16		135,455		153,524
			23,279,487		22,047,025
Total assets		₩	29,031,560	₩	27,640,810
Liabilities					
Current liabilities					
Trade payables	3,5,29	₩	1,104,259	₩	1,114,929
Other payables	3,5,29		1,176,578		1,509,931
Borrowings	3,5,11,14,30		534,911		157,950
Other current financial liabilities	3,5,8		44,833		43,107
Current provisions	15		613,675		670,990
Other current liabilities	17,31		567,509		415,566
			4,041,765		3,912,473
Non-current liabilities					
Other payables	3,5,29		2,329		2,329
Borrowings	3,5,11,14,30		9,276,364		7,804,308
Non-current provisions	15		181,055		147,019
Other non-current liabilities	17,31		42,237		57,601
			9,501,985		8,011,257
Total liabilities			13,543,750		11,923,730
Equity					
Share capital	19		117,000		117,000
Capital surplus	19		17,589,722		17,589,722
Accumulated other comprehensive income			(53,623)		(51,598)
Accumulated deficit	20		(2,165,289)		(1,938,044)
Total equity			15,487,810		15,717,080
Total liabilities and equity		₩	29,031,560	₩	27,640,810

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

LG Energy Solution, Ltd.
Interim condensed separate statements of profit or loss
For the three-month periods ended March 31, 2025 and 2024

(Korean won in millions)

	Notes	March 31, 2025	March 31, 2024
Revenue	21,29,31	₩ 2,177,068	₩ 1,907,931
Cost of sales	21,22,29	1,735,915	1,437,437
Gross profit		441,153	470,494
Selling and administrative expenses	21,22,23,29	755,188	742,480
Operating loss	21	(314,035)	(271,986)
Finance income	5,24,29	166,181	194,697
Finance costs	5,24,29	172,355	192,711
Other non-operating income	25	89,263	681,363
Other non-operating expenses	26	61,056	60,432
Profit (loss) before income tax expense		(292,002)	350,931
Income tax benefit	27	64,076	43,517
Profit (loss) for the period		₩ (227,926)	₩ 394,448
Earnings (loss) per share attributable to the equity holders of the Company (in Korean won)			
Basic or diluted earnings (loss) per share	28	₩ (974)	₩ 1,686

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

LG Energy Solution, Ltd.
Interim condensed separate statements of comprehensive income
For the three-month periods ended March 31, 2025 and 2024

(Korean won in millions)

	Notes	March 31, 2025	March 31, 2024
Profit(loss) for the period	₩	(227,926) ₩	394,448
Other comprehensive income(loss):			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	16	881	(651)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income ("FVOCI")	5	(2,621)	1,437
Income tax effect of other comprehensive income		<u>396</u>	<u>(180)</u>
		(1,344)	606
Items that may be subsequently reclassified to profit or loss:			
Gain on cash flow hedge	5	-	380
Income tax effect of other comprehensive income		<u>-</u>	<u>(87)</u>
		-	293
Other comprehensive income (loss) for the period, net of tax		<u>(1,344)</u>	<u>899</u>
Total comprehensive income (loss) for the period, net of tax	₩	<u>(229,270) ₩</u>	<u>395,347</u>

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

LG Energy Solution, Ltd.

**Interim condensed separate statements of changes in equity
For the three-month periods ended March 31, 2025 and 2024**

(Korean won in millions)

	Notes	Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings (accumulated deficit)	Total
As of January 1, 2024		₩ 117,000	₩ 17,589,722	₩ (53,516)	₩ (1,051,712)	₩ 16,601,494
Comprehensive income for the period:						
Profit for the period		-	-	-	394,448	394,448
Remeasurements of net defined benefit liabilities	16	-	-	-	(502)	(502)
Gain on valuation of financial assets at FVOCI		-	-	1,108	-	1,108
Gain on cash flow hedge	5	-	-	293	-	293
Total comprehensive income for the period		-	-	1,401	393,946	395,347
As of March 31, 2024		₩ 117,000	₩ 17,589,722	₩ (52,115)	₩ (657,766)	₩ 16,996,841
As of January 1, 2025		₩ 117,000	₩ 17,589,722	₩ (51,598)	₩ (1,938,044)	₩ 15,717,080
Comprehensive loss for the period:						
Loss for the period		-	-	-	(227,926)	(227,926)
Remeasurements of net defined benefit liabilities	16	-	-	-	681	681
Loss on valuation of financial assets at FVOCI	5	-	-	(2,025)	-	(2,025)
Total comprehensive loss for the period		-	-	(2,025)	(227,245)	(229,270)
As of March 31, 2025		₩ 117,000	₩ 17,589,722	₩ (53,623)	₩ (2,165,289)	₩ 15,487,810

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

LG Energy Solution, Ltd.
Interim condensed separate statements of cash flows
For the three-month periods ended March 31, 2025 and 2024

(Korean won in millions)

	Notes	March 31, 2025	March 31, 2024
Cash flows from operating activities:			
Cash generated from operations	30 ₩	68,501 ₩	251,724
Interest received		10,899	15,048
Interest paid		(122,181)	(43,026)
Dividends received		16,074	280,860
Income tax paid		(67,102)	(78,425)
Net cash provided by (used in) operating activities		(93,809)	426,181
Cash flows from investing activities:			
Cash inflow from investing activities:			
Decrease in other receivables		-	5,000
Decrease in other non-current receivables		4,031	1,898
Proceeds from disposal of financial instruments		108	-
Proceeds from disposal of property, plant and equipment		292	423
Proceeds from disposal of intangible assets		-	3
Government grants received		2,000	-
		6,431	7,324
Cash outflow for investing activities:			
Increase in other non-current receivables		(3,003)	(5,203)
Acquisition of investments in subsidiaries		(1,003,901)	(1,622,440)
Acquisition of investments in associates		(2,636)	(2,758)
Acquisition of financial instruments		(12,056)	(156)
Acquisition of property, plant and equipment		(406,297)	(415,785)
Acquisition of intangible assets		(32,364)	(26,874)
Other cash outflow for investing activities		(146)	-
		(1,460,403)	(2,073,216)
Net cash used in investing activities		(1,453,972)	(2,065,892)
Cash flows from financing activities:			
Cash inflow from financing activity:			
Increase in borrowings	30	1,865,485	1,595,376
		1,865,485	1,595,376
Cash outflow for financing activity:			
Repayment of borrowings	30	(8,775)	(7,078)
		(8,775)	(7,078)
Net cash provided by financing activities		1,856,710	1,588,298
Net increase (decrease) in cash and cash equivalents		308,929	(51,413)
Cash and cash equivalents at the beginning of period		849,894	1,855,224
Effects of exchange rate changes on cash and cash equivalents		62	(4)
Cash and cash equivalents at the end of period	₩	<u>1,158,885</u>	₩ <u>1,803,807</u>

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

LG Energy Solution, Ltd.
Notes to interim condensed separate financial statements
As of March 31, 2025, and December 31, 2024, and
For the three-month periods ended March 31, 2025 and 2024

1. GENERAL:

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

1.1 Company Information

LG Energy Solution, Ltd. (the “Company”), a split-off of LG Chem, Ltd.’s battery division, was incorporated on December 1, 2020.

As of March 31, 2025, the Company is engaged in the battery industry with its manufacturing facilities located at Ochang.

The Company’s shares have been listed on the Korea Exchange since January 27, 2022, and the share capital is ₩117,000 million as of March 31, 2025. The largest shareholder of the Company is LG Chem, Ltd., which holds 81.84% of the Company’s ordinary shares.

The Company is authorized to issue 800 million shares (₩500 per share) and has issued 234 million of ordinary shares as of March 31, 2025.

1.2 Business Overview

The Company is engaged in providing energy solution services.

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The Company’s interim condensed separate financial statements were prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1034 *Interim Financial Reporting* as part of the period covered by the Company’s K-IFRSs annual separate financial statements, and these are separate financial statements prepared in accordance with K-IFRS 1027 *Separate Financial Statements*. In order to be understood, these interim condensed separate financial statements should be read in conjunction with the annual separate financial statements as of and for the fiscal year ended December 31, 2024, prepared in accordance with the K-IFRSs.

2.2 Application of the Amended and Enacted Standards

The material accounting policies applied in the preparation of the interim condensed separate financial statements are consistent with the accounting policies adopted in the preparation of the annual separate financial statements as of and for the fiscal year ended December 31, 2024, except for the impacts related to the adoption of the standards or interpretations described below.

LG Energy Solution, Ltd.
Notes to interim condensed separate financial statements
As of March 31, 2025, and December 31, 2024, and
For the three-month periods ended March 31, 2025 and 2024

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

- K-IFRS 1021 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

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

- K-IFRS 1109 Financial Instruments and K-IFRS 1107 Financial Instruments: Disclosures – Classification and Measurement Requirements of Financial Instruments

The amendments clarify the conditions related to the discharge of a financial liability before the settlement date when settling such financial liabilities using an electronic payment system. They further specify an interest feature, a contingent feature, financial assets with non-recourse features and contractually linked instruments that should be considered in assessing whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. Furthermore, the amendments include additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows. The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1109 Financial Instruments – Derecognition of Lease Liabilities and Transaction Price

The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with K-IFRS 1109, the lessee is required to recognize any resulting gain or loss in profit or loss. Additionally, the amendments have replaced ‘their transaction price (as defined in K-IFRS 1115)’ in K-IFRS 1109:5.1.3 with ‘the amount determined by applying K-IFRS 1115’ to remove an inconsistency between K-IFRS 1109 and the requirements in K-IFRS 1115.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1110 Consolidated Financial Statements – Determination of ‘De Facto Agent’

The amendments have amended K-IFRS 10:B74 to use less conclusive language and to clarify that the relationship described in IFRS 10:B74 is just one example of a circumstance in which judgment is required to determine whether a party is acting as a de facto agent.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1101 First-Time Adoption of Korean International Financial Reporting Standards – Hedging Accounting by a First-Time Adopter

The amendments have improved the consistency of the wording of K-IFRS 1101:B6 with the requirements for hedge accounting in K-IFRS 1109 and added cross-references to K-IFRS 1109:6.4.1 to improve the understandability of K-IFRS 1101.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

LG Energy Solution, Ltd.
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- K-IFRS 1107 Financial Instruments: Disclosures – Gain or Loss on Derecognition

The amendments have updated the obsolete cross-reference in K-IFRS 1107:B38 and aligned the wording of this paragraph with the terms used in K-IFRS.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

- K-IFRS 1007 Statement of Cash Flows: Cost Method

The amendments have replaced the term ‘cost method’ with ‘at cost’ in K-IFRS 1007:37.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

The Company does not anticipate that the application of the amendment will have a significant impact on its interim condensed separate financial statements.

LG Energy Solution, Ltd.
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3. FINANCIAL RISK MANAGEMENT:

3.1 Financial Risk Factors

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

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

(1) Market risk

1) Foreign exchange risk

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

Management has set up a policy requiring each division of the Company to manage its foreign exchange risk against its functional currency. The Company operates a dedicated team for foreign exchange risk management and utilizes foreign exchange derivatives, such as forward exchange contracts and currency swaps as hedging instruments, while principally excluding transactions for trading purposes.

The Company makes certain investments in foreign operations whose net assets are exposed to foreign exchange risk. This exposure is managed primarily through borrowings denominated in the relevant foreign currencies.

Monetary assets and liabilities denominated in foreign currencies as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 3,909,866	₩ 6,281,282	₩ 3,792,951	₩ 6,429,977
EUR	96,141	44,665	233,520	103,185
JPY	37,870	26,125	41,070	30,329
CNY and others	62,242	41,990	183,072	45,407

With all other variables held constant as of March 31, 2025, and December 31, 2024, a hypothetical change in exchange rates by 10% would have increased (decreased) the Company's net income as follows (Korean won in millions):

	March 31, 2025		December 31, 2024	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (237,142)	₩ 237,142	₩ (263,703)	₩ 263,703
EUR	5,148	(5,148)	13,034	(13,034)
JPY	1,174	(1,174)	1,074	(1,074)
CNY and others	2,025	(2,025)	13,767	(13,767)

The above sensitivity analysis has been performed for monetary assets and liabilities denominated in foreign currencies as of March 31, 2025, and December 31, 2024.

LG Energy Solution, Ltd.
Notes to interim condensed separate financial statements
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As of March 31, 2025, the Company entered into foreign currency forwards and foreign currency swaps to hedge change in exchange rates and the details are as follows (Korean won in millions):

	Contractor	Contract amount (in millions)	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency forward (*)	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	₩ 130,226	₩ -
	JP Morgan	USD 200	1,337.60	2023.09.25	2026.09.25	26,214	-
	Shinhan Bank	USD 200	1,337.60	2023.09.25	2026.09.25	24,907	-
	KDB Bank	USD 400	1,337.60	2023.09.25	2028.09.25	44,814	-
	Woori Bank	USD 200	1,337.60	2023.09.25	2028.09.25	22,397	-
	DBS	USD 200	1,380.80	2024.07.02	2027.07.02	20,846	-
	JP Morgan	USD 200	1,380.80	2024.07.02	2027.07.02	20,767	-
	Shinhan Bank	USD 300	1,380.80	2024.07.02	2027.07.02	29,090	-
Currency swap (*)	KB Kookmin Bank	USD 200	1,380.80	2024.07.02	2029.07.02	18,243	-
	Woori Bank	USD 200	1,380.80	2024.07.02	2029.07.02	18,302	-
	Korea Exim Bank	USD 200	1,380.80	2024.07.02	2029.07.02	18,159	-
	IBK Securities	USD 100	1,380.80	2024.07.02	2029.07.02	9,082	-
	KDB Bank	USD 100	1,380.80	2024.07.02	2029.07.02	9,096	-
	KDB Bank	USD 400	1,380.80	2024.07.02	2034.07.02	21,932	-
	Woori Bank	USD 100	1,380.80	2024.07.02	2034.07.02	5,488	-

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

2) Interest rate risk

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

The Company adequately minimizes risks from interest-rate fluctuations through various policies, such as sharing excess cash within the Company (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 in interest rates on the Company's equity and profit before tax for the period. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 bp) with all other variables held constant (Korean won in millions).

	Effect on profit and loss before tax		Impact on equity	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Increase	₩ (2,700)	₩ -	₩ (2,700)	-
Decrease	2,700	-	2,700	-

3) Price risk

The Company is exposed to price risks from equity instruments. As of March 31, 2025, the fair value of equity instruments is ₩88,691 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Company's equity by ₩8,869 million before tax.

LG Energy Solution, Ltd.
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(2) Credit risk

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

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

To manage credit risks relating to trade receivables, the Company evaluates the credit rating of customers and determines the 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 and collateral, as well as payment guarantees.

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

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

1) Trade receivables

The Company applies the simplified approach in measuring expected credit losses, which uses lifetime expected provisions for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

For the three-month period ended March 31, 2025, and for the year ended December 31, 2024, there were no changes in the provisions for trade receivables.

As of March 31, 2025, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩2,293,276 million (as of December 31, 2024, ₩2,452,095 million).

LG Energy Solution, Ltd.
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2) Other financial assets at amortized cost

All of the financial assets at amortized cost are considered to have low credit risk, and the provisions recognized during the period were, therefore, limited to 12 months' expected losses. As of March 31, 2025, and December 31, 2024, the provision for other financial assets measured at amortized cost do not exist.

3) Debt instruments measured at FVOCI

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

(3) Liquidity risk

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

- 1) The table below analyzes the Company groupings based on the remaining period from the reporting date to the contractual maturity date. Cash flows presented below are gross cash flows before discount and include cash flows for interests (Korean won in millions):

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		March 31, 2025			
		Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Non-derivative instruments:					
Borrowings	₩	560,111	₩ 2,370,980	₩ 7,338,529	₩ 1,176,800
Lease liabilities		31,673	12,390	13,328	111
Trade and other payables (*)		2,280,837	1,935	394	-
		2,872,621	2,385,305	7,352,251	1,176,911
Derivative instruments:					
Currency forwards and swaps settled in gross:					
Inflows		-	(586,600)	(3,812,900)	(733,250)
Outflows		-	535,040	3,425,175	690,400
		-	(51,560)	(387,725)	(42,850)
	₩	2,872,621	₩ 2,333,745	₩ 6,964,526	₩ 1,134,061
		December 31, 2024			
		Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Non-derivative instruments:					
Borrowings	₩	502,206	₩ 1,696,424	₩ 6,206,171	₩ 1,137,105
Lease liabilities		34,638	15,152	14,876	123
Trade and other payables (*)		2,624,860	1,478	851	-
		3,161,704	1,713,054	6,221,898	1,137,228
Derivative instruments:					
Currency forwards and swaps settled in gross:					
Inflows		-	(588,000)	(3,822,000)	(735,000)
Outflows		-	535,040	3,425,175	690,400
		-	(52,960)	(396,825)	(44,600)
	₩	3,161,704	₩ 1,660,094	₩ 5,825,073	₩ 1,092,628

(*) As of March 31, 2025, the amount paid using the purchasing card includes ₩425,479 million, for which the substantive maturity has been extended (as of December 31, 2024, was ₩439,603 million) (see Note 5.(3)).

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2) Details of financial guarantee contracts by maturity as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Financial guarantee contracts (*)	₩ 2,932,975	₩ -	₩ -	₩ -

	December 31, 2024			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Financial guarantee contracts (*)	₩ 2,731,136	₩ -	₩ -	₩ -

(*) The Company has provided financial guarantees for subsidiaries, etc., and the amount represents the maximum amount that can be required to guarantee as of March 31, 2025 and December 31, 2024. As of March 31, 2025, the total limit amount of committed payment guarantee is ₩6,148,891 million (as of December 31, 2024, was ₩5,036,530 million) (see Note 18).

3.2 Capital Risk Management

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

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

The gearing ratio and debt-to-equity ratio as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Total borrowings (Note 14) (A)	₩ 9,811,275	₩ 7,962,258
Less: cash and cash equivalents (B)	(1,158,885)	(849,894)
Net debt (C=A+B)	8,652,390	7,112,364
Total liabilities (D)	13,543,750	11,923,730
Total equity (E)	15,487,810	15,717,080
Total capital (F=C+E)	₩ 24,140,200	₩ 22,829,444
Gearing ratio (C/F)	35.8%	31.2%
Debt-to-equity ratio (D/E)	87.4%	75.9%

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3.3 Fair Value Estimation

(1) The carrying amount and fair value of financial instruments by category as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current):				
Cash and cash equivalents	₩ 1,158,885	(*)	₩ 849,894	(*)
Trade receivables	2,144,542	(*)	2,303,799	(*)
Other receivables (excluding deposits from financial institutions)	1,162,885	(*)	1,015,552	(*)
Financial assets (non-current):				
Trade receivables	148,734	(*)	148,296	(*)
Other receivables (excluding deposits from financial institutions)	50,118	(*)	85,222	(*)
Deposits from financial institutions	60,014	(*)	60,014	(*)
Other non-current financial assets (measured at fair value):				
Marketable financial assets	4,570	4,570	7,320	7,320
Non-marketable financial assets	645,431	645,431	625,029	625,029
Non-current derivative financial assets	31,067	31,067	31,141	31,141
Non-current derivative financial assets (currency forward)	130,226	130,226	118,088	118,088
Non-current derivative financial assets (currency swap)	289,337	289,337	252,187	252,187
Financial liabilities (current):				
Trade and other payables	2,280,837	(*)	2,624,860	(*)
Current borrowings (excluding lease liabilities)	504,642	(*)	124,911	(*)
Other current financial liabilities	44,833	(*)	43,107	(*)
Financial liabilities (non-current):				
Non-current borrowings (excluding lease liabilities)	9,251,747	9,803,883	7,775,529	8,336,700
Other non-current payables	2,329	(*)	2,329	(*)

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

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

Fair values of financial liabilities (non-current) are calculated by discounting the expected cash outflows by yield from corporate bonds. These bonds are Korean won denominated with the bonds' credit ratings same as the Company (AA0). The applied discount rates as of March 31, 2025, and December 31, 2024, are as follows:

	March 31, 2025	December 31, 2024
Discount rate	3.00% – 3.97%	3.17% – 4.12%

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(3) Fair value hierarchy

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

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

As of March 31, 2025, and December 31, 2024, fair value hierarchy of the financial instruments that are consistently measured and recognized at fair value is as follows (Korean won in millions):

March 31, 2025					
	Level 1	Level 2	Level 3	Total	
Financial assets/liabilities measured at fair value:					
Non-current derivative financial assets	₩	- ₩	- ₩	31,067 ₩	31,067
Non-current derivative financial assets (currency forward)		-	130,226	-	130,226
Non-current derivative financial assets (currency swap)		-	289,337	-	289,337
Other non-current financial assets (marketable financial assets)	4,570	-	-	-	4,570
Other non-current financial assets (non-marketable financial assets)	-	-	645,431	-	645,431
Financial assets/liabilities not measured at fair value:					
Non-current borrowings (excluding lease liabilities)		-	9,803,883	-	9,803,883

December 31, 2024					
	Level 1	Level 2	Level 3	Total	
Financial assets/liabilities measured at fair value:					
Non-current derivative financial assets	₩	- ₩	- ₩	31,141 ₩	31,141
Non-current derivative financial assets (currency forward)		-	118,088	-	118,088
Non-current derivative financial assets (currency swap)		-	252,187	-	252,187
Other non-current financial assets (marketable financial assets)	7,320	-	-	-	7,320
Other non-current financial assets (non-marketable financial assets)	-	-	625,029	-	625,029
Financial assets/liabilities not measured at fair value:					
Non-current borrowings (excluding lease liabilities)		-	8,336,700	-	8,336,700

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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

The significant estimates and assumptions made by management on the application of the Company's interim condensed separate financial statements are the same as those of the annual separate financial statements as of and for the year ended December 31, 2024. The following are the management's estimates and assumptions for its judgements regarding significant risks that may result in adjustments to the carrying amounts of assets and liabilities in the next fiscal year:

(1) Income taxes

If certain portion of the taxable income is not used for investments, increase in wages or dividends, the Company is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income taxes is affected by these tax effects. As the Company's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(2) Provisions

The Company recognizes provisions for product warranties as explained in Note 15. These provisions are estimated based on the average warranty period, revenue and historical claim experience rate. Provisions related to voluntary recalls by the Company's customers are estimated based on the number of vehicles subject to recall, estimated total repair cost and cost-sharing ratio.

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at March 31, 2025 (see Note 3.3).

(4) Impairment of financial assets

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

(5) Net defined benefit liability (asset)

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

(6) Lease

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

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

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5. FINANCIAL INSTRUMENTS BY CATEGORY:

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

Financial assets	March 31, 2025			
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Total
Cash and cash equivalents	₩ 1,158,885	₩ -	₩ -	₩ 1,158,885
Trade receivables	2,144,542	-	-	2,144,542
Non-current trade receivables	148,734	-	-	148,734
Other receivables	1,162,885	-	-	1,162,885
Other non-current receivables	110,132	-	-	110,132
Other non-current financial assets	-	1,011,940	88,691	1,100,631
	<u>₩ 4,725,178</u>	<u>₩ 1,011,940</u>	<u>₩ 88,691</u>	<u>₩ 5,825,809</u>

Financial liabilities	March 31, 2025		
	Financial liabilities at amortized cost	Other financial Liabilities (*2)	Total
Trade payables	₩ 1,104,259	₩ -	₩ 1,104,259
Other payables	1,176,578	-	1,176,578
Other non-current payables	2,329	-	2,329
Current borrowings	504,642	30,269	534,911
Non-current borrowings	9,251,747	24,617	9,276,364
Other current financial liabilities	44,833	-	44,833
	<u>₩ 12,084,388</u>	<u>₩ 54,886</u>	<u>₩ 12,139,274</u>

Financial assets	December 31, 2024			
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Total
Cash and cash equivalents	₩ 849,894	₩ -	₩ -	₩ 849,894
Trade receivables	2,303,799	-	-	2,303,799
Non-current trade receivables	148,296	-	-	148,296
Other receivables	1,015,552	-	-	1,015,552
Other non-current receivables	145,236	-	-	145,236
Other non-current financial assets	-	942,453	91,312	1,033,765
	<u>₩ 4,462,777</u>	<u>₩ 942,453</u>	<u>₩ 91,312</u>	<u>₩ 5,496,542</u>

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Financial liabilities	December 31, 2024		
	Financial liabilities at amortized cost	Other financial Liabilities (*2)	Total
Trade payables	₩ 1,114,929	₩ -	₩ 1,114,929
Other payables	1,509,931	-	1,509,931
Other non-current payables	2,329	-	2,329
Current borrowings	124,911	33,039	157,950
Non-current borrowings	7,775,529	28,779	7,804,308
Other current financial liabilities	43,107	-	43,107
	<u>₩ 10,570,736</u>	<u>₩ 61,818</u>	<u>₩ 10,632,554</u>

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

(*2) Other financial liabilities include lease liabilities and derivative liabilities.

(2) Net gains (losses) on each category of financial instruments for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	March 31, 2025	March 31, 2024
Interest income:		
Financial assets at amortized cost	₩ 11,949	₩ 18,111
Financial assets at FVPL	12,979	-
Interest expense:		
Financial liabilities at amortized cost	(94,244)	(48,587)
Other financial liabilities	(513)	(445)
Gains on valuation or disposal:		
Financial assets at FVOCI	(2,621)	1,437
Derivative instruments (*)	49,288	114,863
Exchange differences:		
Financial assets at amortized cost	(12,731)	150,624
Financial liabilities at amortized cost	15,834	(158,274)
Financial assets at FVPL	(896)	3,939

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

(3) Supplier financing arrangements

Supplier financing arrangements involve one or more financial institutions providing amounts that the Company is obligated to pay to the supplier. The Company then reimburses the financial institutions according to the terms of the arrangement after the supplier has received the payment. These arrangements typically provide the Company with an extended payment term beyond the supplier's payment due date or allow the supplier to receive payment earlier than expected.

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As of March 31, 2025, and December 31, 2024, the Company has entered into the following supplier financing arrangements (Korean won in millions):

Classification	Line item		March 31, 2025		December 31, 2024	Index
Purchase card	Accounts payable	₩	425,479	₩	439,603	(*)

(*) Under the purchase card arrangement, the financial institution acquires the rights to specific receivables of the supplier. Although there is a change in the payment terms due to this arrangement, since the terms of the liability have not materially changed, it was deemed appropriate to continue presenting the amounts related to accounts payable and other liabilities in the financial statement. In the cash flow statement, the Company determined that it is not a party to the cash flows between the financial institution and the supplier, and since the substantive terms of the accounts payable have not changed, it was considered a regular payment for business transactions.

There were no significant business combinations or exchange rate differences affecting the supplier financing liabilities. The supplier financing liabilities are short-term, and their carrying amounts are considered to be a reasonable approximation of fair value.

6. CASH AND CASH EQUIVALENTS:

(1) Details of cash and cash equivalents as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Bank deposits and cash on hand	₩ 17,085	₩ 18,848
Cash equivalents	1,141,800	831,046
	<u>₩ 1,158,885</u>	<u>₩ 849,894</u>

(2) As of March 31, 2025, there are no cash and cash equivalents subject to restriction on use.

7. TRADE AND OTHER RECEIVABLES:

(1) Trade and other receivables and their provisions for impairment as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025			December 31, 2024		
	Gross amount	Provision for impairment	Carrying amount	Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩ 2,144,542	₩ -	₩ 2,144,542	₩ 2,303,799	₩ -	₩ 2,303,799
Non-current trade receivables	148,734	-	148,734	148,296	-	148,296
Other current receivables	1,162,885	-	1,162,885	1,015,552	-	1,015,552
Other non-current receivables	110,132	-	110,132	145,236	-	145,236
	<u>₩ 3,566,293</u>	<u>₩ -</u>	<u>₩ 3,566,293</u>	<u>₩ 3,612,883</u>	<u>₩ -</u>	<u>₩ 3,612,883</u>

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(2) Details of other receivables as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Current:		
Non-trade receivables	₩ 1,127,389	₩ 1,005,076
Accrued income	5,171	288
Guarantee deposits provided	<u>30,325</u>	<u>10,188</u>
	1,162,885	1,015,552
Non-current:		
Non-trade receivables	32,489	46,428
Due from financial institutions (*)	60,014	60,014
Guarantee deposits provided	<u>17,629</u>	<u>38,794</u>
	110,132	145,236
	<u>₩ 1,273,017</u>	<u>₩ 1,160,788</u>

(*) As of March 31, 2025, the due from financial institutions (non-current) are subject to withdrawal restrictions, which include ₩60,000 million for the agreement on the Win-Win Growth Cooperation and ₩14 million related to guarantee deposit for current account opening.

(3) The aging analysis of trade and other receivables as of March 31, 2025, and December 31, 2024, is as follows (Korean won in millions):

	<u>March 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Trade receivables</u>	<u>Other receivables</u>	<u>Trade receivables</u>	<u>Other receivables</u>
Receivables not past due	₩ 2,236,862	₩ 1,269,700	₩ 2,266,156	₩ 1,155,713
Past due, but not impaired:				
Up to 3 months	55,165	328	184,894	5,060
Between 3-6 months	417	2,974	961	-
Over 6 months	<u>832</u>	<u>15</u>	<u>84</u>	<u>15</u>
	56,414	3,317	185,939	5,075
Impaired receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>₩ 2,293,276</u>	<u>₩ 1,273,017</u>	<u>₩ 2,452,095</u>	<u>₩ 1,160,788</u>

(4) For the three-month period ended March 31, 2025, and for the year ended December 31, 2024, there were no changes in the provisions.

(5) The fair values of trade receivables and other receivables as of March 31, 2025, and December 31, 2024, are not significantly different from their carrying amounts.

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8. OTHER FINANCIAL ASSETS AND LIABILITIES:

(1) Details of other financial assets and liabilities as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Other financial assets:		
Financial assets at FVOCI	₩ 88,691	₩ 91,312
Financial assets at FVPL (*)	<u>1,011,940</u>	<u>942,453</u>
	<u>₩ 1,100,631</u>	<u>₩ 1,033,765</u>
Other financial liabilities:		
Financial guarantee contracts	₩ 44,833	₩ 43,107
	<u>₩ 44,833</u>	<u>₩ 43,107</u>

(*) The financial assets include convertible bonds issued by Liontown Resources Ltd. The key terms of the investment agreement related to these convertible bonds are as follows.

- Date of issuance: July 4, 2024
- Issue amount: USD 250 million
- Conversion terms: The bonds are convertible at the holder's option from six months after the issue date until five days prior to the fifth anniversary of the issue date.

(2) Details of changes in equity securities included in other financial assets for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Beginning	₩ 91,312	₩ 90,494
Valuation gain (loss) (before income tax deduction), other comprehensive income item	<u>(2,621)</u>	<u>818</u>
Ending	<u>₩ 88,691</u>	<u>₩ 91,312</u>

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

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

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9. INVENTORIES:

(1) Details of inventories as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025			December 31, 2024		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 127,069	₩ (4,828)	₩ 122,241	₩ 143,210	₩ (3,352)	₩ 139,858
Finished/Semifinished products	791,749	(106,716)	685,033	778,801	(107,180)	671,621
Raw materials	255,607	(3,986)	251,621	286,014	(4,669)	281,345
Supplies	10,358	(7,520)	2,838	10,380	(3,510)	6,870
Materials in transit	111,153	-	111,153	128,984	-	128,984
	<u>₩ 1,295,936</u>	<u>₩ (123,050)</u>	<u>₩ 1,172,886</u>	<u>₩ 1,347,389</u>	<u>₩ (118,711)</u>	<u>₩ 1,228,678</u>

(2) The amounts of inventories expensed as cost of sales for the three-month periods ended March 31, 2025 and 2024, was ₩1,701,740 million and ₩1,375,125 million, respectively.

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10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES:

(1) Changes in investments in subsidiaries and associates for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Beginning	₩ 13,449,510	₩ 10,118,763
Acquisitions	1,006,536	3,330,747
Ending	<u>₩ 14,456,046</u>	<u>₩ 13,449,510</u>

(2) Details of investments in subsidiaries and associates as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

		Percentage of ownership (%)		Carrying amount	
		March	December	March	December
	Location	31, 2025	31, 2024	31, 2025	31, 2024
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	China	100	100	₩ 1,138,401	₩ 1,138,401
LG Energy Solution Michigan Inc.	USA	100	100	5,438,441	4,993,186
LG Energy Solution Battery (Nanjing) Co., Ltd.	China	100	100	323,438	323,438
LG Energy Solution Wroclaw sp. z o.o.	Poland	100	100	2,299,898	2,299,898
LG Energy Solution Australia Pty Ltd.	Australia	100	100	429	429
LG Energy Solution Technology (Nanjing) Co., Ltd.	China	100	100	788,171	788,171
LG Energy Solution Europe GmbH	Germany	100	100	34,729	34,729
LG Energy Solution (Taiwan) Ltd.	Taiwan	100	100	1,871	1,871
Areum noori Co., Ltd.	Korea	100	100	500	500
LG Energy Solution Fund I LLC	USA	100	100	50,110	49,605
LG Energy Solution Vertech Inc.	USA	100	100	16,168	16,168
LG Energy Solution Arizona, Inc.	USA	100	100	268,725	268,725
Baterias De Castilla S.L.	Spain	100	100	4	4
L-H Battery Company, Inc.	USA	51	51	2,297,274	1,764,828
LG Energy Solution India Private Limited	India	100	100	563	563
LG Energy Solution Arizona ESS, Inc.	USA	100	100	102,735	102,735
NextStar Energy Inc.	Canada	51	51	1,342,085	1,342,085
LG Energy Solution Fund II LLC	USA	100	100	56,033	44,513
LG Energy Solution Japan Co., Ltd.	Japan	100	100	535	535
PT. HLI Green Power	Indonesia	50	50	209,133	209,133
LG Energy Solution China, Co., Ltd.(*)	China	100	-	14,174	-
				14,383,417	13,379,517
Associates:					
Sama Aluminium Co., Ltd.	Korea	10.2	10.2	46,575	46,575
Nexpo Co., Ltd.	Korea	19	19	6,649	4,274
Bricks Capital Management Global Battery Private Equity Fund I	Korea	59.9	59.9	19,405	19,144
				72,629	69,993
				₩ 14,456,046	₩ 13,449,510

(*) During the current period, the Company newly acquired 100% shares in LG Energy Solution China Co., Ltd. for ₩14,174 million.

LG Energy Solution, Ltd.

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11. PROPERTY, PLANT AND EQUIPMENT:

- (1) Changes in property, plant and equipment for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	2025	2024
Beginning	₩ 4,059,252	₩ 3,383,740
Acquisition	209,858	1,377,274
Replacement	(183,668)	(252,631)
Disposal	(2,068)	(38,398)
Depreciation	(98,756)	(396,109)
Impairment	(4,013)	(14,624)
Ending	<u>₩ 3,980,605</u>	<u>₩ 4,059,252</u>

- (2) The current ending balances of property, plant and equipment include ₩1,092,670 million of construction in progress as of March 31, 2025, and some of it will subsequently be transferred to intangible assets (as of December 31, 2024, was ₩1,145,910 million).
- (3) The Company capitalized ₩10,726 million of borrowing costs in relation to acquisition of property, plant and equipment (for the three-month period ended March 31, 2024, was ₩6,501 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.14% (for the three-month period ended March 31, 2024, was 4.15%).
- (4) Line items, including depreciation in the interim condensed separate statements of profit or loss for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Cost of sales	₩ 53,021	₩ 54,680
Selling and administrative expenses	45,735	36,026
	<u>₩ 98,756</u>	<u>₩ 90,706</u>

- (5) Lease

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

Details of amounts recognized in the interim condensed separate statements of financial position in relation to leases for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Right-of-use assets (*):		
Buildings	₩ 40,904	₩ 47,511
Lands	225	243
Vehicles	10,246	10,316
	<u>₩ 51,375</u>	<u>₩ 58,070</u>

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

Additions to the right-of-use assets for the three-month period ended March 31, 2025, are ₩3,015 million (for the three-month period ended March 31, 2024, were ₩31,293 million).

LG Energy Solution, Ltd.

Notes to interim condensed separate financial statements

As of March 31, 2025, and December 31, 2024, and

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	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Lease liabilities (*):		
Current	₩ 30,269	₩ 33,039
Non-current	24,617	28,779
	<u>₩ 54,886</u>	<u>₩ 61,818</u>

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

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

Details of amounts recognized in the interim condensed separate statements of profit or loss in relation to leases for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Depreciation of right-of-use assets:		
Buildings	₩ 6,711	₩ 5,948
Land	18	67
Vehicles	1,458	1,547
	<u>₩ 8,187</u>	<u>₩ 7,562</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 513	₩ 445
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	263	1,023
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,783	1,664

Total cash outflow for leases for the three-month period ended March 31, 2025, is ₩10,809 million (for the three-month period ended March 31, 2024, was ₩10,211 million).

12. INTANGIBLE ASSETS:

(1) Changes in intangible assets for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Beginning	₩ 918,174	₩ 712,217
Acquisition	32,364	113,267
Replacement	190,559	233,742
Disposal	(366)	(4,216)
Amortization	(48,309)	(136,836)
Impairment	(59)	-
Ending	<u>₩ 1,092,363</u>	<u>₩ 918,174</u>

LG Energy Solution, Ltd.

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As of March 31, 2025, and December 31, 2024, and

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(2) Line items, including amortization of intangibles in the interim condensed separate statements of profit or loss for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Cost of sales	₩	1,969	₩	5,242
Selling and administrative expenses		<u>46,340</u>		<u>26,035</u>
	₩	<u>48,309</u>	₩	<u>31,277</u>

(3) Greenhouse gas emission right

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

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

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

(*2) An additional 60,000 tons have been allocated due to the determination of emissions for 2023.

2) Changes in greenhouse gas emission rights included in intangible assets for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (ton in thousands and Korean won in millions):

	2025			
	2024		2025	
	Ton	Amount	Ton	Amount
Beginning/Allocated	297	₩ -	297	₩ -
Purchase/Sale	-	-	-	-
Borrowing/Carried over	-	-	-	-
Government submission	-	-	-	-
Ending	<u>297</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>

	2024					
	2023		2024		2025	
	Ton	Amount	Ton	Amount	Ton	Amount
Beginning/Allocated	360	₩ -	297	₩ -	297	₩ -
Purchase/Sale	7	171	-	-	-	-
Borrowing/Carried over	-	-	-	-	-	-
Government submission	(367)	(171)	-	-	-	-
Ending	<u>-</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>

LG Energy Solution, Ltd.
Notes to interim condensed separate financial statements
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13. OTHER CURRENT AND NON-CURRENT ASSETS:

Details of other current and non-current assets as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025		December 31, 2024	
Current:				
Prepayments and prepaid expenses	₩	49,664	₩	48,430
Prepaid value-added tax		22,394		55,284
Others		28,937		81,670
	₩	100,995	₩	185,384
Non-current:				
Long-term prepayments and prepaid expenses	₩	10,686	₩	10,790
Net defined benefit assets		124,769		142,734
	₩	135,455	₩	153,524

14. BORROWINGS:

(1) Borrowings as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025		December 31, 2024	
Current:				
Current portion of debentures	₩	504,642	₩	124,911
Current lease liabilities		30,269		33,039
		534,911		157,950
Non-current:				
Long-term borrowings		269,610		-
Debentures		8,982,137		7,775,529
Non-current lease liabilities		24,617		28,779
		9,276,364		7,804,308
	₩	9,811,275	₩	7,962,258

(2) Details of borrowings as of March 31, 2025, and December 31, 2024, are as follows:

1) Long-term borrowings (Korean won in millions)

		March 31, 2025					
	Bank	Interest rate (%)	Latest maturity date	Amount		Current portion	Non-current portion
Borrowings in local currencies	Korea Exim Bank	3M market yield on Supply Chain Resilience Fund + 0.34	2029.07.02	₩	269,610	₩	- ₩ 269,610
		December 31, 2024					
	Bank	Interest rate (%)	Latest maturity date	Amount		Current portion	Non-current portion
Borrowings in local currencies	-	-	-	₩	-	₩	- ₩

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

		March 31, 2025					
	Financial institution	Interest rate (%)	Latest Maturity date		Amount	Current portion	Non-current portion
1 st Debenture (non-guaranteed/public)	NH Investment & Securities Co., Ltd. and others	2.214	2026.03.13	₩	200,000	₩200,000	₩ -
2-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29		125,000	125,000	-
2-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29		370,000	-	370,000
2-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29		505,000	-	505,000
3-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.806	2026.02.16		180,000	180,000	-
3-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.889	2027.02.16		660,000	-	660,000
3-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.054	2029.02.16		570,000	-	570,000
3-4 th Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.202	2031.02.16		190,000	-	190,000
4-1 st Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.138	2027.02.14		640,000	-	640,000
4-2 nd Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.228	2028.02.14		590,000	-	590,000
4-3 rd Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.247	2030.02.14		310,000	-	310,000
4-4 th Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.406	2032.02.14		60,000	-	60,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.625	2029.04.15		733,250 (USD 500,000)	-	733,250
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.625	2026.09.25		586,600 (USD 400,000)	-	586,600
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.750	2028.09.25		879,900 (USD 600,000)	-	879,900
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2027.07.02		1,026,550 (USD 700,000)	-	1,026,550
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2029.07.02		1,173,200 (USD 800,000)	-	1,173,200
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.500	2034.07.02		733,250 (USD 500,000)	-	733,250
Less: discount on debentures	-	-	=		(45,971)	(358)	(45,613)
				₩	<u>9,486,779</u>	<u>₩504,642</u>	<u>₩8,982,137</u>

LG Energy Solution, Ltd.

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	December 31, 2024					
	Financial institution	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion
1 st Debenture (non-guaranteed/public)	NH Investment & Securities Co., Ltd. and others	2.214	2026.03.13	₩ 200,000	₩ -	₩ 200,000
2-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29	125,000	125,000	-
2-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	-	370,000
2-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29	505,000	-	505,000
3-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.806	2026.02.16	180,000	-	180,000
3-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.889	2027.02.16	660,000	-	660,000
3-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.054	2029.02.16	570,000	-	570,000
3-4 th Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.202	2031.02.16	190,000	-	190,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.625	2029.04.15	735,000 (USD 500,000)	-	735,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.625	2026.09.25	588,000 (USD 400,000)	-	588,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.750	2028.09.25	882,000 (USD 600,000)	-	882,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2027.07.02	1,029,000 (USD 700,000)	-	1,029,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2029.07.02	1,176,000 (USD 800,000)	-	1,176,000
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.500	2034.07.02	735,000 (USD 500,000)	-	735,000
Less: discount on debentures	-	-	-	(44,560)	(89)	(44,471)
				<u>₩ 7,900,440</u>	<u>₩ 124,911</u>	<u>₩ 7,775,529</u>

The Company has entered into debenture agreements stipulating that a loss of benefit of term will occur if the agreed ratio under the covenant is not maintained based on the reporting for each quarter, half-year or full fiscal year. As of the end of the current period, the relevant amount is ₩4.4 trillion, and the covenant ratios have been complied with.

LG Energy Solution, Ltd.

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3) Lease liabilities (Korean won in millions)

		March 31, 2025				
	Interest rate (%)	Longest maturity date	Amount		Current portion	Non-current portion
Baeksan industry and others	2.21 – 4.20	2039.02.28	₩	54,886 ₩	30,269 ₩	24,617

		December 31, 2024				
	Interest rate (%)	Longest maturity date	Amount		Current portion	Non-current portion
Baeksan industry and others	2.21 – 4.20	2039.02.28	₩	61,818 ₩	33,039 ₩	28,779

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15. PROVISIONS:

Changes in provisions for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

2025					
	Warranty (*1)	Greenhouse gas emission (*2)	Other provisions (*3)	Total	
Beginning	₩ 699,865	₩ 74	₩ 118,070	₩ 818,009	
Provision transfer	60,453	13	(102)	60,364	
Used	(83,643)	-	-	(83,643)	
Ending	676,675	87	117,968	794,730	
Less: current portion	(502,507)	(87)	(111,081)	(613,675)	
	<u>₩ 174,168</u>	<u>₩ -</u>	<u>₩ 6,887</u>	<u>₩ 181,055</u>	
2024					
	Warranty (*1)	Greenhouse gas emission (*2)	Other provisions (*3)	Total	
Beginning	₩ 423,920	₩ 195	₩ 102,890	₩ 527,005	
Provision transfer	745,611	50	24,357	770,018	
Used	(469,666)	(171)	(9,177)	(479,014)	
Ending	699,865	74	118,070	818,009	
Less: current portion	(559,600)	(74)	(111,316)	(670,990)	
	<u>₩ 140,265</u>	<u>₩ -</u>	<u>₩ 6,754</u>	<u>₩ 147,019</u>	

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

(*2) In relation to greenhouse gas emissions, the Company estimates the expected future costs of emissions exceeding the Company's emission rights for the year and recognizes them as provisions. Estimated emissions are 90 thousand tons for the three-month period ended March 31, 2025 (for the year ended December 31, 2024, were 305 thousand tons).

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

LG Energy Solution, Ltd.
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16. NET DEFINED BENEFIT LIABILITIES (ASSETS):

(1) Details of net defined benefit liabilities (assets) recognized in the interim condensed separate statements of financial position as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Present value of defined benefit liabilities (*1)	₩ 676,693	₩ 665,108
Fair value of plan assets (*2)	(801,462)	(807,842)
	<u>₩ (124,769)</u>	<u>₩ (142,734)</u>

(*1) The present value of defined benefit obligations is the amount after deducting the contributions to the National Pension Plan of ₩26 million as of March 31, 2025 (as of December 31, 2024, was ₩26 million).

(*2) The ₩124,769 million of net defined benefit assets is included in the 'Other non-current assets' as of March 31, 2025 (as of December 31, 2024, was ₩142,734 million).

(2) The amounts recognized in the interim condensed separate statements of profit or loss for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Current service cost	₩ 22,663	₩ 23,365
Net interest cost	(1,463)	(1,813)
	<u>₩ 21,200</u>	<u>₩ 21,552</u>

(3) Retirement benefits recognized for the defined contribution plan for the three-month period ended March 31, 2025, amounted to ₩789 million (for the three-month period ended March 31, 2024, amounted to ₩738 million).

(4) Retirement benefits recognized in the interim condensed separate statements of profit or loss for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Cost of sales	₩ 8,042	₩ 10,302
Selling and administrative expenses	13,947	11,988
	<u>₩ 21,989</u>	<u>₩ 22,290</u>

(5) Changes in the present value of defined benefit obligations for the three-month period ended March 31, 2025, and for the year ended December 31, 2024, are as follows (Korean won in millions):

	2025	2024
Beginning	₩ 665,108	₩ 671,375
Transfer in	378	2,475
Transfer out	(987)	(1,572)
Current service cost	22,663	93,460
Interest expense	6,700	31,080
Remeasurements:		
Actuarial loss from change in financial assumption	-	(69,888)
Actuarial loss from change in demographic assumption	-	1,906
Actuarial gain due to difference between the estimated and the actual	-	(3,502)
Others	-	-
Payments from plans	(17,169)	(60,226)
Ending	<u>₩ 676,693</u>	<u>₩ 665,108</u>

LG Energy Solution, Ltd.

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(6) Changes in the fair value of plan assets for the three-month period ended March 31, 2025, and for the year ended December 31, 2024, are as follows (Korean won in millions):

	2025		2024
Beginning	₩ 807,842	₩	827,884
Transfer out	(107)		(760)
Interest income	8,163		38,332
Remeasurements:			
Return on plan assets	881		(4,941)
(excluding amounts included in interest income)			
Contribution:			
Employer contribution to plan assets	-		-
Payments from plans	(14,941)		(51,058)
Administrative costs	(376)		(1,615)
Ending	<u>₩ 801,462</u>	₩	<u>807,842</u>

(7) The actual return on plan assets for the three-month period ended March 31, 2025, was ₩9,044 million (for the three-month period ended March 31, 2024, was ₩8,932 million).

(8) The significant actuarial assumptions as of March 31, 2025, and December 31, 2024, are as follows:

	March 31, 2025	December 31, 2024
Discount rate	4.10%	4.10%
Salary growth rate	3.96%	3.96%

(9) The sensitivity analysis for changes in key actuarial assumptions as of March 31, 2025, is as follows (Korean won in millions):

	Increase by 1.0%	Decrease by 1.0%
Discount rate:		
(Decrease) increase in defined benefit liabilities	₩ (76,364)	₩ 90,953
Salary growth rate:		
Increase (decrease) in defined benefit liabilities	94,074	(80,007)

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

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

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

(10) Plan assets as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025		December 31, 2024	
	Amount	Composition (%)	Amount	Composition (%)
Insurance contracts with guaranteed yield	₩ 801,462	100	₩ 807,842	100

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

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17. OTHER CURRENT AND NON-CURRENT LIABILITIES:

Details of other current and non-current liabilities as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Current:		
Advances received	₩ 47,956	₩ 48,911
Unearned revenues	429,118	262,616
Accrued expenses and others	<u>90,435</u>	<u>104,039</u>
	<u>₩ 567,509</u>	<u>₩ 415,566</u>
Non-current:		
Long-term employee benefits	₩ 34,479	₩ 34,494
Long-term unearned revenues	1,599	1,625
Long-term advances from customers	<u>6,159</u>	<u>21,482</u>
	<u>₩ 42,237</u>	<u>₩ 57,601</u>

18. COMMITMENTS AND CONTINGENCIES:

- (1) The Company is jointly liable with LG Chem, Ltd. for liabilities recognized before the split-off date.
- (2) As of March 31, 2025, the Company has been guaranteed by the Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As of March 31, 2025, the Company has various specific lines of credit agreements with several financial institutions as follows (Korean won in millions and USD in millions):

	Currency	Amount
Limit of letter of credit	USD	12
Limit of discount of notes from export	USD	998
Limit of guaranteed payments in other foreign currency	USD	375
Derivatives	USD	2,605
	KRW	400,000
Business-to-business purchase arrangements	KRW	125,000
General loan agreements	KRW	600,000
Bond transfer transaction	KRW	150,000

- (4) The Company has entered into payment guarantee contracts of USD 36 million and EUR 5 million with financial institutions in relation to product warranty for certain installed products.
- (5) The Company provides performance guarantees of USD 22,677 million, EUR 1 million, CAD 1,110 million and others for subsidiaries.
- (6) The Company has been sued and related in five class actions by consumers in relation to the sales of mobile batteries and GM Bolt EV, and actions are still in process as of March 31, 2025. The Company also has filed three lawsuit cases (amounted to USD 90 million and ₩646 million) and been sued in other 34 other cases (amounted to USD 157 million and ₩1,818 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.

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- (7) The Company has entered into a license agreement with LG Corp. to use trademarks on the products that the Company manufactures and sells and on the services the Company provides in relation to its business.
- (8) As of March 31, 2025, the Company has entered into a joint venture agreement with Honda and has committed to invest USD 1,802 million and has contributed USD 1,684 million as of March 31, 2025. The Company has decided to provide a payment guarantee of USD 450 million, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 883 million. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (9) As of March 31, 2025, the Company has entered into a joint venture agreement with Stellantis and has committed to invest USD 1,464 million and has contributed USD 1,020 million as of March 31, 2025. In addition, if one party defaults, the other party has the right to purchase shares from the other party. Also, the Company has decided to provide a payment guarantee of USD 686 million to the joint venture, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 1,344 million.
- (10) As of March 31, 2025, the Company has entered into a joint venture agreement with HMG Global LLC and has committed to invest USD 1,108 million and has contributed USD 850 million as of March 31, 2025. After the expiration of the contract period, each party can sell its shares to third parties. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (11) As of March 31, 2025, the Company has decided to contribute USD 1,106 million to LG Energy Solution Arizona, Inc. and has contributed USD 208 million as of March 31, 2025. Furthermore, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,106 million and lease-related payment obligation of USD 4,483 million.
- (12) As of March 31, 2025, the Company has decided to contribute USD 1,173 million to LG Energy Solution Arizona ESS, Inc. and has contributed USD 76 million as of March 31, 2025. Furthermore, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,173 million.
- (13) As of March 31, 2025, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,410 million to LG Energy Solution Michigan, Inc. Furthermore, the Company has decided to provide a guarantee up to USD 2,500 million in relation to the acquisition agreement for all asset of the third Ultium Cells LLC plant (Lansing).
- (14) Capital expenditure arrangements that have not been incurred as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	₩ 496,175	₩ 631,492

- (15) Investment commitments as of March 31, 2025, are as follows (Korean won and USD in millions):

	<u>Currency</u>	<u>Contractual amount</u>	<u>Total investments</u>	<u>Remaining amount</u>
BNZ (Beyond Net Zero) Fund	USD	75	51	24
Secondary Battery Growth Fund	KRW	6,700	4,677	-
KBE (Korea Battery ESG) Fund	KRW	75,000	55,980	19,020
BCM Global Battery Fund	KRW	30,000	19,405	10,595
Yonsei Technology Holdings IP Fund	KRW	3,000	2,040	960

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(16) As of March 31, 2025, and December 31, 2024, the details of the payment guarantee for the borrowings by the Company are as follows (Korean won in millions):

Guarantor	Guarantee beneficiary	Financial institution	Loan amount (*1)		Credit limit (*2)	
			March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
LG Energy Solution Ltd.	Wroclaw sp. z o.o.	EBRD	₩ 47,636	₩ 45,862	₩ 158,785	₩ 152,873
		SMBC	31,757	34,396	79,393	76,437
		DBS	158,785	152,873	158,785	152,873
		EIB	338,741	407,662	762,168	733,790
		EBRD	95,271	91,724	238,178	229,310
		KDB Bank/ Korea Exim Bank	315,585	354,474	420,780	405,113
		KDB Bank/ Korea Exim Bank/ NH Bank	873,318	840,802	873,318	840,802
		KDB Bank/ Korea Exim Bank	119,089	133,764	158,785	152,873
		KDB Bank/ Korea Exim Bank	59,544	66,882	79,393	76,437
		KDB Bank/ Korea Exim Bank	59,544	66,882	79,393	76,437
		KDB Bank/ Korea Exim Bank and others	73,325	73,500	1,613,150	1,617,000
		EDC, Citi and others	299,166	-	1,005,422	-
		ANZ and others	461,214	462,315	521,341	522,585
			₩ 2,932,975	₩ 2,731,136	₩ 6,148,891	₩ 5,036,530

(*1) The amounts represent borrowed amount as of March 31, 2025, and December 31, 2024.

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

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

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19. SHARE CAPITAL:

Changes in share capital and share premium for the three-month period ended March 31, 2025, are as follows (Korean won in millions and in shares):

	Ordinary shares		
	Number of shares	Share capital	Share premium
December 31, 2024	234,000,000	₩ 117,000	₩ 17,589,722
Changes	-	-	-
March 31, 2025	234,000,000	₩ 117,000	₩ 17,589,722

20. ACCUMULATED DEFICIT:

Details of accumulated deficit as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Undisposed accumulated deficit	₩ (2,165,289)	₩ (1,938,044)

21. OPERATING LOSSES:

(1) The major items encompassed in the calculation of operating losses for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Revenue	₩ 2,177,068	₩ 1,907,931
Cost of sales	<u>1,735,915</u>	<u>1,437,437</u>
Gross profit	441,153	470,494
Selling and administrative expenses:		
Wages and salaries	209,423	177,945
Retirement benefits	13,947	11,988
Employee benefits	49,843	42,020
Travel expenses	14,842	11,854
Water and utilities	24,150	19,701
Rental expenses	11,158	12,783
Commission expenses	162,777	170,351
Depreciation	47,321	37,507
Advertising expenses	4,148	4,364
Freight expenses	16,304	1,984
Training expenses	3,788	6,630
Amortization	46,340	26,035
Sample expenses	958	1,733
Development costs	54,727	54,243
Addition of warranty provisions	60,453	122,083
Others	<u>35,009</u>	<u>41,259</u>
	755,188	742,480
Operating losses	₩ (314,035)	₩ (271,986)

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(2) Sales for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>
Sales recognized at a point in time	₩ 1,781,688	₩	1,654,886
Sales recognized over time	395,380		253,045
	<u>₩ 2,177,068</u>	₩	<u>1,907,931</u>

22. CLASSIFICATION OF EXPENSES BY NATURE:

Expenses by nature for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ 4,206	₩	11,810
Raw materials and consumables used	1,018,997		911,021
Purchase of merchandise	190,746		160,449
Employee benefit expenses	373,382		356,464
Advertising expenses	4,150		4,364
Freight expenses	18,111		2,227
Commission expenses	181,695		198,994
Depreciation and amortization	148,650		123,464
Rent expenses and usage fee	2,087		2,863
Transfers to provisions for warranties	60,453		122,083
Other expenses	488,626		286,178
	<u>₩ 2,491,103</u>	₩	<u>2,179,917</u>

23. EMPLOYEE BENEFIT EXPENSES:

Details of employee benefit expenses for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>
Wages and salaries	₩ 306,384	₩	294,389
Retirement benefits: defined benefit plan	21,200		21,552
Retirement benefits: defined contribution plan	789		738
Others	45,009		39,785
	<u>₩ 373,382</u>	₩	<u>356,464</u>

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24. FINANCE INCOME AND COSTS:

Details of finance income and costs for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Finance income:		
Interest income (*1)	₩ 24,928	₩ 18,111
Exchange differences	91,028	62,103
Gain on derivative instruments	<u>50,225</u>	<u>114,483</u>
	<u>₩ 166,181</u>	<u>₩ 194,697</u>
Finance costs:		
Interest expense (*2)	₩ 84,031	₩ 42,531
Exchange differences	87,387	150,180
Loss on derivative instruments	<u>937</u>	<u>-</u>
	<u>₩ 172,355</u>	<u>₩ 192,711</u>

(*1) Details of interest income for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents and others	₩ 10,154	₩ 16,390
Financial assets at FVPL	12,979	-
Other loans and receivables	<u>1,795</u>	<u>1,721</u>
	<u>₩ 24,928</u>	<u>₩ 18,111</u>

(*2) Details of interest expense for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	₩ 513	₩ 445
Interest on debentures	88,074	48,587
Other interest expenses	6,171	-
Capitalized interest for qualifying assets	<u>(10,726)</u>	<u>(6,501)</u>
	<u>₩ 84,032</u>	<u>₩ 42,531</u>

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25. OTHER NON-OPERATING INCOME:

Details of other non-operating income for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024
Exchange differences	₩ 53,472	₩	143,676
Gain on disposal of property, plant and equipment	84		120
Dividend income	16,111		530,520
Others	19,596		7,047
	<u>₩ 89,263</u>	₩	<u>681,363</u>

26. OTHER NON-OPERATING EXPENSES:

Details of other non-operating expenses for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024
Exchange differences	₩ 54,906	₩	59,311
Loss on disposal and impairment of property, plant and equipment	4,521		1,017
Loss on disposal and impairment of intangible assets	69		3
Donations	24		20
Others	1,536		81
	<u>₩ 61,056</u>	₩	<u>60,432</u>

27. INCOME TAX EXPENSE:

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

28. EARNINGS (LOSSES) PER SHARE:

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

Basic earnings (losses) per ordinary share for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024
Profits (losses) attributable to ordinary shares	₩ (227,926)	₩	394,448
Weighted-average number of ordinary shares outstanding	234,000,000		234,000,000
Basic earnings(losses) per ordinary share (in Korean won)	<u>₩ (974)</u>	₩	<u>1,686</u>

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

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29. RELATED-PARTY TRANSACTIONS:

- (1) As of March 31, 2025, the parent company is LG Chem, Ltd. (percentage of ownership: 81.84%) over which LG Corp. exercises a significant influence.
- (2) Details of related parties and others that have sales and other transactions with the Company or have receivable and payable balances, other than separate subsidiaries, associates and joint ventures (see Note 10), as of March 31, 2025, are as follows:

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

- (*1) Although these entities are not the related parties of the Company in accordance with K-IFRS 1024, these entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.
- (*2) Although the Company holds less than 20% of the shares in the form of redeemable convertible preference shares, it has significant influence, as it holds the right to appoint directors. Meanwhile, the Company classifies it as financial assets at fair value through profit or loss ("FVPL"), taking into account the nature of the shares held and K-IFRS 1109.

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(3) Transactions with related parties for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025					
	Purchase and others					Others
	Sales and others(*)	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense		
Parent:						
LG Chem, Ltd.	₩ 8,788	₩ 8,494	₩ -	₩ 2	₩	527
Subsidiaries:						
LG Energy Solution (Nanjing) Co., Ltd.	200,187	457,453	-	-		-
LG Energy Solution Michigan, Inc.	52,843	75	-	-		7,539
LG Energy Solution Battery (Nanjing) Co., Ltd.	-	125,090	-	-		2,357
LG Energy Solution Wroclaw sp. z o.o.	401,815	3,748	-	-		4,406
LG Energy Solution Australia Pty Ltd.	-	-	-	-		7,636
LG Energy Solution Technology (Nanjing) Co., Ltd.	18,435	343,742	-	-		2
Ultium Cells LLC	154,394	-	-	-		-
LG Energy Solution Europe GmbH	4,004	-	-	-		9,731
LG Energy Solution (Taiwan), Ltd.	-	-	-	-		465
Areum noori Co., Ltd.	4	-	-	-		3,113
LG Energy Solution Vertech Inc.	14,686	-	-	-		3,347
LG Energy Solution Arizona, Inc.	-	-	-	-		1,897
L-H Battery Company, Inc.	6,890	-	-	-		-
LG Energy Solution India Private Ltd.	-	-	-	-		1,539
LG Energy Solution Japan Co., Ltd.	-	-	-	-		75,247
HL-GA BATTERY COMPANY LLC	1,034	-	-	-		-
PT. HLI Green Power	9,384	15	-	-		3,452
NextStar Energy Inc.	2,858	9	-	-		-
Associates:						
Sama Aluminium	-	290	-	-		-
Mintech Co., Ltd.	-	-	59	-		-
Other related parties:						
LG Corp.	-	-	-	-		9,199
HAENGBOKNURI CO., LTD.	1	-	-	-		271
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	9,046	-	-		-
TECWIN Co., Ltd.	-	-	11,740	-		-
LG Management Development Institute	-	-	-	-		8,677
D&O Co., Ltd. and its subsidiaries	22	-	1,526	-		2,206
LG CNS Co., Ltd. and its subsidiaries	7,808	10	28,387	-		43,458
Others:						
LG Electronics Inc., Ltd. and its subsidiaries	35,423	5,954	17,195	-		65,162
Others	7	-	-	2		628
	<u>₩ 918,583</u>	<u>₩ 953,926</u>	<u>₩ 58,907</u>	<u>₩ 4</u>	<u>₩</u>	<u>250,859</u>

(*) Dividends received and other income are included.

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	2024				
	Sales and others(*)	Purchase and others			
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	Others
Parent:					
LG Chem, Ltd.	₩ 15,613	₩ 7,965	₩ -	₩ 6	₩ 682
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	546,987	300,087	-	-	-
LG Energy Solution Michigan, Inc.	60,327	-	-	-	6,607
LG Energy Solution Battery (Nanjing) Co., Ltd.	28,189	117,677	-	-	-
LG Energy Solution Wroclaw sp. z o.o.	151,950	844	-	-	2,984
LG Energy Solution Australia Pty Ltd.	283	-	-	-	7,775
LG Energy Solution Technology (Nanjing) Co., Ltd.	41,669	406,601	-	-	-
Ultium Cells LLC	16,679	-	-	-	-
LG Energy Solution Europe GmbH	4,209	-	-	-	24,646
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	780
Areum noori Co., Ltd.	4	-	-	-	-
LG Energy Solution Vertech Inc.	106,774	-	-	-	32,865
L-H Battery Company, Inc.	1,682	-	-	-	-
LG Energy Solution India Private Ltd.	-	-	-	-	473
LG Energy Solution Japan Co., Ltd.	-	-	-	-	104
Associates and joint ventures:					
PT. HLI Green Power	11,615	-	-	-	2,369
Sama Aluminium	-	257	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	10,310
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	12,676	-	-	-
LG Management Development Institute	-	-	-	-	8,308
D&O Co., Ltd. and its subsidiaries	21	-	1,130	-	1,783
LG CNS Co., Ltd. and its subsidiaries	2,846	8	63,246	-	35,477
Others	-	-	-	-	412
Others:					
LG Electronics Inc., Ltd. and its subsidiaries	52,641	4,065	14,594	-	5,581
Xi C&A and its subsidiaries	-	2,725	15,169	-	70
S&I Corporation	-	3,027	7,610	-	18,230
Others	8	-	-	5	621
	<u>₩ 1,041,497</u>	<u>₩ 855,932</u>	<u>₩ 101,749</u>	<u>₩ 11</u>	<u>₩ 160,077</u>

(*) Dividends received and other income are included.

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(4) Balances of receivables and payables from related parties as of March 31, 2025, and December 31, 2024, are as follows
(Korean won in millions):

	March 31, 2025						
	Receivables			Payables			Total
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	
Parent:							
LG Chem, Ltd.	₩ 569	₩ 43,505	₩ 44,074	₩ 9,024	₩ 412	₩ 3,829	₩ 13,265
Subsidiaries:							
LG Energy Solution (Nanjing) Co., Ltd.	9,477	151,291	160,768	335,352	-	32,356	367,708
LG Energy Solution Michigan, Inc.	32,317	29,951	62,268	-	-	12,415	12,415
LG Energy Solution Battery (Nanjing) Co., Ltd.	-	141	141	87,510	-	1,200	88,710
LG Energy Solution Wroclaw sp. z o.o.	167,739	361,786	529,525	6,974	-	1,220	8,194
LG Energy Solution Australia Pty Ltd.	16	-	16	-	-	3,825	3,825
LG Energy Solution Technology (Nanjing) Co., Ltd.	18,377	-	18,377	236,415	-	30,004	266,419
Ultium Cells LLC	126,142	28,990	155,132	-	-	-	-
LG Energy Solution Europe GmbH	7,105	10	7,115	-	-	273	273
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	-	179	179
Areum noori Co., Ltd.	-	-	-	-	-	1,138	1,138
LG Energy Solution Vertech Inc.	304,707	149,330	454,037	-	-	31,478	31,478
LG Energy Solution Arizona, Inc.	-	-	-	-	-	1,910	1,910
L-H Battery Company, Inc.	-	8,796	8,796	-	-	2	2
LG Energy Solution India Private Ltd.	-	-	-	-	-	1,204	1,204
LG Energy Solution Japan Co., Ltd.	-	-	-	-	-	284	284
HL-GA BATTERY COMPANY LLC	-	51	51	-	-	-	-
PT. HLI Green Power	-	13,243	13,243	15	-	-	15
NextStar Energy Inc.	1,470	13,097	14,567	8	-	-	8
Associates:							
Sama Aluminium	-	38	38	187	-	-	187
Other related parties:							
LG Corp.	-	28,190	28,190	-	-	-	-
HAENGBOKNURI CO., LTD.	-	-	-	-	-	99	99
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	3,669	-	-	3,669
TECWIN Co., Ltd.	-	-	-	-	-	12,804	12,804
LG Management Development Institute	-	-	-	-	-	799	799
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	2,156	2,156
LG CNS Co., Ltd. and its subsidiaries	8,589	-	8,589	-	-	65,074	65,074
Others:							
LG Electronics Inc., Ltd. and its subsidiaries (*)	38,807	30,253	69,060	7,329	-	23,414	30,743
Others	-	559	559	-	168	2,172	2,340
	<u>₩ 715,315</u>	<u>₩ 859,231</u>	<u>₩ 1,574,546</u>	<u>₩ 686,483</u>	<u>₩ 580</u>	<u>₩ 227,835</u>	<u>₩ 914,898</u>

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

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	December 31, 2024						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
Parent:							
LG Chem, Ltd.	₩	- ₩	8,644 ₩	8,644 ₩	9,545 ₩	550 ₩	3,305 ₩ 13,400
Subsidiaries:							
LG Energy Solution (Nanjing) Co., Ltd.	891	178,899	179,790	447,745	-	62,768	510,513
LG Energy Solution Michigan, Inc.	22,816	79,913	102,729	12,925	-	27,691	40,616
LG Energy Solution Battery (Nanjing) Co., Ltd.	-	-	-	97,287	-	-	97,287
LG Energy Solution Wrocław sp. z o.o.	161,466	293,411	454,877	4,433	-	5,739	10,172
LG Energy Solution Australia Pty Ltd.	16	(13)	3	-	-	3,957	3,957
LG Energy Solution Technology (Nanjing) Co., Ltd.	-	223	223	219,271	-	28,881	248,152
Ultium Cells LLC	11,319	73,570	84,889	-	-	-	-
LG Energy Solution Europe GmbH	46,846	2,874	49,720	-	-	58,338	58,338
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	-	267	267
Areum noori Co., Ltd.	-	-	-	-	-	1,154	1,154
LG Energy Solution Vertech Inc.	320,310	7,865	328,175	-	-	15	15
L-H Battery Company, Inc.	2,201	2,770	4,971	-	-	-	-
LG Energy Solution India Private Ltd.	-	-	-	-	-	(146)	(146)
LG Energy Solution Japan Co., Ltd.	-	-	-	-	-	273	273
PT. HLI Green Power (*1)	-	23,318	23,318	-	-	158	158
NextStar Energy Inc.	-	6,519	6,519	438	-	-	438
Associates:							
Sama Aluminium	-	-	-	430	-	-	430
Nexpo Co., Ltd.	-	-	-	17	-	-	17
Other related parties:							
LG Corp.	-	22,043	22,043	-	-	-	-
HAENGBOKNURI CO., LTD	-	-	-	-	-	99	99
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd	-	-	-	8,560	-	-	8,560
LG HY BCM Co., Ltd.	-	-	-	2	-	1,050	1,052
TECWIN Co., Ltd.	-	-	-	-	-	302	302
LG Management Development Institute	-	-	-	-	-	750	750
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	2,389	2,389
LG CNS Co., Ltd. and its subsidiaries	5,149	-	5,149	-	-	144,483	144,483
Others:							
LG Electronics Inc., Ltd. and its subsidiaries (*2)	37,084	2,233	39,317	4,982	-	43,024	48,006
Others	-	559	559	-	335	5,191	5,526
	<u>₩ 608,098</u>	<u>₩ 702,828</u>	<u>₩ 1,310,926</u>	<u>₩ 805,635</u>	<u>₩ 885</u>	<u>₩ 389,688</u>	<u>₩ 1,196,208</u>

(*1) During the prior period, the Company reclassified PT. HLI Green Power from a joint venture to a subsidiary due to amendments in the shareholders' agreement.

(*2) Provisions for GM Bolt recall is not included in the balances of receivables and payables above.

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(5) Fund transactions with related parties for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem, Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	135
Subsidiaries:								
LG Energy Solution (Nanjing) Co., Ltd.	14,173	-	-	-	-	-	-	-
LG Energy Solution Michigan, Inc.	-	-	445,255	-	-	-	-	-
LG Energy Solution Fund I LLC.	-	-	505	-	-	-	-	-
L-H Battery Company, Inc.	-	-	532,446	-	-	-	-	-
LG Energy Solution Fund II LLC	-	-	11,521	-	-	-	-	-
Areum noori Co., Ltd.	1,900	-	-	-	-	-	-	-
LG Energy Solution China Co., Ltd.	-	-	14,174	-	-	-	-	-
Associates:								
Sama Aluminium	38	-	-	-	-	-	-	-
Nexpo Co., Ltd.	-	-	2,375	-	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I	-	-	262	-	-	-	-	-
Others:								
LG Household & Health Care Ltd.	-	-	-	-	-	-	-	166
	₩ 16,111	₩ -	₩ 1,006,538	₩ -	₩ -	₩ -	₩ -	301

(*) The amounts represent lease liabilities that were recognized or repaid during the three-month period ended March 31, 2025.

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	2024							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem, Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	132
Subsidiaries:								
LG Energy Solution (Nanjing) Co., Ltd.	464,205	-	-	-	-	-	-	-
LG Energy Solution Technology (Nanjing) Co., Ltd.	39,789	-	-	-	-	-	-	-
LG Energy Solution Michigan, Inc.	-	-	526,580	-	-	-	-	-
LG Energy Solution Fund I LLC.	-	-	427	-	-	-	-	-
L-H Battery Company, Inc.	-	-	604,044	-	-	-	-	-
LG Energy Solution Battery (Nanjing) Co., Ltd.	26,526	-	-	-	-	-	-	-
LG Energy Solution Arizona, Inc.	-	-	80,076	-	-	-	-	-
LG Energy Solution Japan Co., Ltd.	-	-	535	-	-	-	-	-
NextStar Energy Inc.	-	-	409,581	-	-	-	-	-
LG Energy Solution Fund II LLC	-	-	1,197	-	-	-	-	-
Associates and joint ventures:								
Nexpo Co., Ltd.	-	-	1,900	-	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I	-	-	857	-	-	-	-	-
Others:								
LG Household & Health Care Ltd.	-	-	-	-	-	-	-	162
	₩ 530,520	₩ -	₩ 1,625,197	₩ -	₩ -	₩ -	₩ -	294

(*) The amounts represent lease liabilities that were recognized or repaid during the three-month period ended March 31, 2024.

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(6) Compensation for key management of the Company for the three-month periods ended March 31, 2025 and 2024, is as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>
Short-term employee benefits	₩ 21,502	₩	6,330
Retirement benefits	<u>1,472</u>		<u>2,360</u>
	<u>₩ 22,974</u>	₩	<u>8,690</u>

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

(7) As of March 31, 2025 and December 31, 2024, the payment guarantees provided by the Company for related parties are disclosed in Note 18.

LG Energy Solution, Ltd.**Notes to interim condensed separate financial statements****As of March 31, 2025, and December 31, 2024, and****For the three-month periods ended March 31, 2025 and 2024****30. INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS:**

(1) Details of cash generated from operations for the three-month periods ended March 31, 2025 and 2024, are as follows
(Korean won in millions):

	2025	2024
Profit (loss) before income tax	₩ (292,002)	₩ 350,931
Adjustments for:		
- Depreciation	100,341	92,187
- Amortization	48,309	31,277
- Retirement benefits	21,200	21,552
- Financial income	(137,623)	(223,736)
- Financial costs	133,135	174,750
- Loss on valuation of inventory	4,339	45,320
- Gain on disposal of property, plant and equipment	(84)	(120)
- Loss on disposal of property, plant and equipment	508	1,017
- Loss on disposal of intangible assets	10	3
- Impairment of property, plant and equipment	4,013	-
- Impairment of intangible assets	59	-
- Contribution to provisions	60,446	122,092
- Dividend income	(16,111)	(530,520)
- Other income and expenses	316	255
- Changes in inventories	51,453	(70,793)
- Changes in trade receivables	167,981	484,869
- Changes in other receivables	(85,956)	(182,402)
- Changes in other current assets	84,484	(14,724)
- Changes in trade payables	(20,282)	(206,006)
- Changes in other payables	(106,652)	56,391
- Changes in other current liabilities	136,594	205,192
- Changes in net defined benefit liabilities	(2,354)	452
- Changes in provisions	(83,643)	(106,263)
Cash generated from operations	₩ <u>68,501</u>	₩ <u>251,724</u>

LG Energy Solution, Ltd.
Notes to interim condensed separate financial statements
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(2) Changes in liabilities from financing activities for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

		2025						
		Cash flows from financing activities		Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending
	Beginning							
Short-term borrowings	₩ 33,039	₩ (8,250)	₩ 5,480	₩ -	₩ -	₩ -	₩ -	₩ 30,269
Long-term borrowings	28,779	269,595	(5,480)	15	1,318	-	-	294,227
Debentures	7,900,440	1,595,365	-	3,101	-	(12,126)	-	9,486,780
	<u>₩ 7,962,258</u>	<u>₩ 1,856,710</u>	<u>₩ -</u>	<u>₩ 3,116</u>	<u>₩ 1,318</u>	<u>₩ (12,126)</u>	<u>₩ -</u>	<u>₩ 9,811,276</u>

		2024						
		Cash flows from financing activities		Reclassification of current portion	Amortization	Lease liabilities	Others	Ending
	Beginning							
Short-term borrowings	₩ 26,523	₩ (7,078)	₩ 14,512	₩ -	₩ -	₩ -	₩ -	₩ 33,957
Long-term borrowings	33,094	-	(14,512)	-	30,463	-	-	49,045
Debentures	3,760,184	1,595,376	-	1,507	-	114,163	-	5,471,230
	<u>₩ 3,819,801</u>	<u>₩ 1,588,298</u>	<u>₩ -</u>	<u>₩ 1,507</u>	<u>₩ 30,463</u>	<u>₩ 114,163</u>	<u>₩ -</u>	<u>₩ 5,554,232</u>

(3) Material non-cash transactions for the three-month periods ended March 31, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Reclassification of construction in progress	₩ 252,111	₩ 180,282
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(197,456)	(222,180)
Reclassification of debentures into current portion	379,731	-
Reclassification of machinery in transit	6,902	5,953

31. LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

(1) Liabilities related to contracts with customers as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025	December 31, 2024
Contract liabilities:		
Advances from customers received as part of the Company's main business activities	₩ 44,481	₩ 60,396
Expected customer incentives	128	1,535
Unearned revenue	430,414	264,173
	<u>₩ 475,023</u>	<u>₩ 326,104</u>

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(2) Revenue recognized in relation to contract liabilities

Revenue recognized from the carried-forward contract liabilities for the three-month periods ended March 31, 2025 and 2024, is as follows (Korean won in millions):

	2025		2024	
Revenue recognized in the current period from the beginning contract liabilities:				
Revenue in relation to advances from customers received as part of the Company’s main business activities	₩	17,441	₩	11,417
Unearned revenue		133,421		10,529
	₩	150,862	₩	21,946

32. INVESTMENT PROPERTIES:

(1) Details of investment properties as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	March 31, 2025				December 31, 2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Buildings	₩ 313,078	₩ (83,333)	₩ (1,626)	₩ 228,119	₩ 309,299	₩ (81,804)	₩ (1,629)	₩ 225,866
Land	274	(13)	(35)	226	274	(11)	(35)	228
	₩ 313,352	₩ (83,346)	₩ (1,661)	₩ 228,345	₩ 309,573	₩ (81,815)	₩ (1,664)	₩ 226,094

(2) Changes in investment properties for the three-month period ended March 31, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	2025		2024	
	Land	Buildings	Land	Buildings
Beginning	₩ 227	₩ 225,867	₩ 240	₩ 212,410
Acquisition/transfer	-	4,018	-	28,057
Disposal/transfer	-	(182)	(8)	(8,000)
Depreciation	(1)	(1,584)	(4)	(6,601)
Ending	₩ 226	₩ 228,119	₩ 228	₩ 225,866

(3) The fair value of investment properties is measured either by independent professional appraisers with certified qualifications or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as of March 31, 2025, is ₩240,825 million (as of December 31, 2024, was ₩241,006 million).

Rental income from investment properties under operating lease for the year ended March 31, 2025, is ₩1,928 million, and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) for the three-month period ended March 31, 2025, are ₩1,585 million.

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(4) Operating lease

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

Although the Company is exposed to changes in the residual value at the end of the current leases, it 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 future residual values are reflected in the fair value of investment properties.

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as of March 31, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Less than one year	₩ 6,732	₩ 7,654
Between one year and two years	1,404	2,293
Between two and five years	128	174
	<u>₩ 8,264</u>	<u>₩ 10,121</u>

33. EVENT AFTER THE REPORTING PERIOD:

The Company resolved to issue unsecured USD bonds at the Management Committee meeting held on February 28, 2025. The Company issued bonds worth USD 2,000 million on April 2, 2025.

1st Debenture: USD 400 million (maturity date: April 2, 2028)

2nd Debenture: USD 900 million (maturity date: April 2, 2030)

Global Green Bond: USD 700 million (maturity date: April 2, 2035)