

LG ENERGY SOLUTION, LTD. AND ITS SUBSIDIARIES

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

(With the Independent Auditor's Review Report Thereon)

LG ENERGY SOLUTION, LTD.

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Report on Review of Interim Condensed Consolidated Financial Statements

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

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

Reviewed financial statements

We have reviewed the accompanying interim condensed consolidated financial statements of LG Energy Solution, Ltd. and its subsidiaries (the "Group"). These interim condensed consolidated financial statements consist of the interim condensed consolidated statement of financial position as of March 31, 2024, and the related interim condensed consolidated statements of profit or loss, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows, all expressed in Korean won, for the three-month periods ended March 31, 2024 and 2023, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed consolidated financial statements

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

Auditor's responsibility

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

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

Conclusion

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

Deloitte.

Other matters

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

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

Deloitte idnjin LLC

May 10, 2024

This review report is effective as of May 10, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modifications to this review report.

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

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

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

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

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

(Korean won in millions)

	Notes		March 31, 2024		December 31, 2023
Assets					
Current assets					
Cash and cash equivalents	3,5,6	₩	5,288,382	₩	5,068,783
Trade receivables	3,5,7,30		4,650,709		5,128,474
Other receivables	3,5,7,30		825,599		555,186
Other current financial assets	3,5,8		96,719		65,439
Prepaid income taxes			100,730		67,072
Other current assets	13		1,208,742		927,106
Inventories	9		<u>5,657,920</u>		<u>5,396,336</u>
			17,828,801		17,208,396
Non-current assets					
Trade receivables	3,5,7		147,034		129,995
Other receivables	3,5,7,30		140,861		122,282
Other non-current financial assets	3,5,8		449,345		357,038
Investments in associates and joint ventures	10,32		223,224		223,559
Deferred tax assets	27		2,376,551		2,228,924
Property, plant and equipment	11,32		26,532,490		23,654,677
Intangible assets	12,32		933,120		875,993
Investment properties	32,34		201,258		212,489
Other non-current assets	13,16		<u>442,674</u>		<u>423,791</u>
			31,446,557		28,228,748
Total assets		₩	<u>49,275,358</u>	₩	<u>45,437,144</u>
Liabilities					
Current liabilities					
Trade payables	3,5,30	₩	3,149,291	₩	3,093,719
Other payables	3,5,30		2,799,506		3,458,103
Borrowings	3,5,11,14,31		3,286,138		3,211,456
Provisions	15		483,568		517,170
Other current financial liabilities	3,5,8		7,922		7,652
Income tax payables			85,155		33,321
Other current liabilities	17,33		<u>496,910</u>		<u>615,764</u>
			10,308,490		10,937,185
Non-current liabilities					
Other payables	3,5,30		23,682		25,291
Borrowings	3,5,11,14,31		9,571,472		7,720,832
Other non-current financial liabilities	3,5,8		212,266		68,824
Provisions	15		933,651		869,123
Net defined benefit liabilities	16		54		239
Deferred tax liabilities	27		52,675		19,958
Other non-current liabilities	17,33		<u>1,468,229</u>		<u>1,422,183</u>
			12,262,029		10,126,450
Total liabilities			<u>22,570,519</u>		<u>21,063,635</u>
Equity attributable to owners of the Parent Company					
Share capital	19		117,000		117,000
Capital surplus	19		17,164,627		17,164,627
Accumulated other comprehensive income			1,047,757		554,518
Retained earnings	20		<u>2,363,645</u>		<u>2,364,496</u>
			20,693,029		20,200,641
Non-controlling interest			<u>6,011,810</u>		<u>4,172,868</u>
Total equity			<u>26,704,839</u>		<u>24,373,509</u>
Total liabilities and equity		₩	<u>49,275,358</u>	₩	<u>45,437,144</u>

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of profit or loss
For the three-month periods ended March 31, 2024 and 2023

(Korean won in millions)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Revenue	21,30,32,33	₩ 6,128,714	₩ 8,747,117
Cost of sales	21,22,30	<u>5,204,715</u>	<u>7,452,907</u>
Gross profit		923,999	1,294,210
Other operating income	21	188,954	100,294
Selling and administrative expenses	21,22,30	<u>955,616</u>	<u>761,338</u>
Operating profit	21	157,337	633,166
Finance income	5,24,30	282,667	289,036
Finance costs	5,24,30	257,578	265,279
Share of profit (loss) of associates and joint ventures	10	(12,631)	(9,859)
Other non-operating income	25	203,984	339,992
Other non-operating expenses	26	<u>151,130</u>	<u>275,867</u>
Profit before income tax expense		222,649	711,189
Income tax expense	27	<u>10,597</u>	<u>149,203</u>
Profit for the period		<u>₩ 212,052</u>	<u>₩ 561,986</u>
Profit for the period attributable to:			
Owners of the Parent Company		₩ (464) ₩	500,595
Non-controlling interests		212,516	61,391
Earnings per share attributable to the equity holders of the Parent Company (in Korean won)	28		
Basic or diluted earnings per share		(2)	2,139

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of comprehensive income
For the three-month periods ended March 31, 2024 and 2023

(Korean won in millions)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Profit for the period	₩	212,052	₩ 561,986
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	16	(651)	779
Gain on valuation of financial assets at FVOCI	5	907	10,338
Income tax effect of other comprehensive income		(44)	(3,009)
		212	8,108
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		693,471	471,188
Gain (loss) on cash flow hedge	5	1,383	(7,227)
Share of other comprehensive income of associates and joint ventures		9,538	6,903
Income tax effect of other comprehensive income		(4,800)	4,594
		699,592	475,458
Other comprehensive income for the period, net of tax		699,804	483,566
Total comprehensive income for the period, net of tax	₩	911,856	₩ 1,045,552
Total comprehensive income for the period attributable to:			
Owners of the Parent Company	₩	492,273	₩ 916,084
Non-controlling interest		419,583	129,468

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of changes in equity
For the three-month periods ended March 31, 2024 and 2023

(Korean won in millions)

	Notes	Attributable to the equity holders of the Parent Company					Non-controlling interests	Total
		Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal		
As of January 1, 2023		₩ 117,000	₩ 17,164,627	₩ 296,070	₩ 1,154,518	₩ 18,732,215	₩ 1,861,547	₩ 20,593,762
Comprehensive income for the period:								
Profit for the period		-	-	-	500,595	500,595	61,391	561,986
Remeasurements of net defined benefit liabilities	16	-	-	-	573	573	-	573
Exchange differences on translation of foreign operations		-	-	405,908	-	405,908	68,076	473,984
Gain on valuation of financial assets at FVOCI	5	-	-	7,534	-	7,534	-	7,534
Cash flow hedge	5	-	-	(5,428)	-	(5,428)	-	(5,428)
Equity adjustments in equity method	10	-	-	6,903	-	6,903	-	6,903
Total comprehensive income for the period		-	-	414,917	501,168	916,085	129,467	1,045,552
Transactions with owners of the Parent Company recognized directly in equity:								
Capital increase		-	-	-	-	-	408,360	408,360
Total transactions with owners of the Parent Company recognized directly in equity		-	-	-	-	-	408,360	408,360
As of March 31, 2023		<u>₩ 117,000</u>	<u>₩ 17,164,627</u>	<u>₩ 710,987</u>	<u>₩ 1,655,686</u>	<u>₩ 19,648,300</u>	<u>₩ 2,399,374</u>	<u>₩ 22,047,674</u>
As of January 1, 2024		₩ 117,000	₩ 17,164,627	₩ 554,518	₩ 2,364,496	₩ 20,200,641	₩ 4,172,868	₩ 24,373,509
Comprehensive income for the period:								
Profit for the period		-	-	-	(464)	(464)	212,516	212,052
Remeasurements of net defined benefit liabilities	16	-	-	-	(502)	(502)	-	(502)
Exchange differences on translation of foreign operations		-	-	481,942	-	481,942	207,067	689,009
Gain on valuation of financial assets at FVOCI	5	-	-	714	-	714	-	714
Cash flow hedge	5	-	-	1,045	-	1,045	-	1,045
Equity adjustments in equity method	10	-	-	9,538	-	9,538	-	9,538
Total comprehensive income for the period		-	-	493,239	(966)	492,273	419,583	911,856
Transactions with owners of the Parent Company recognized directly in equity:								
Capital increase		-	-	-	-	-	1,500,454	1,500,454
Others		-	-	-	115	115	(81,095)	(80,980)
Total transactions with owners of the Parent Company recognized directly in equity		-	-	-	115	115	1,419,359	1,419,474
As of March 31, 2024		<u>₩ 117,000</u>	<u>₩ 17,164,627</u>	<u>₩ 1,047,757</u>	<u>₩ 2,363,645</u>	<u>₩ 20,693,029</u>	<u>₩ 6,011,810</u>	<u>₩ 26,704,839</u>

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of cash flows
For the three-month periods ended March 31, 2024 and 2023

(Korean won in millions)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Cash flows from operating activities:			
Cash generated from operations	31	₩ 709,250	₩ 862,945
Interest received		58,380	40,298
Interest paid		(126,006)	(53,073)
Income tax paid		(110,555)	(69,290)
Net cash provided by operating activities		<u>531,069</u>	<u>780,880</u>
Cash flows from investing activities:			
Cash inflow from investing activities:			
Decrease in other receivables		15,635	81,192
Decrease in other non-current receivables		2,765	2,423
Proceeds from disposal of property, plant and equipment		14,743	3,009
Proceeds from disposal of intangible assets		1	-
Government grants received		4,485	69,691
		<u>37,629</u>	<u>156,315</u>
Cash outflow from investing activities:			
Increase in other receivables		(655)	(97,583)
Increase in other non-current receivables		(29,507)	(10,760)
Acquisition of investments in associates and joint ventures		(2,757)	(46,575)
Acquisition of financial instruments		(1,113)	(28,261)
Acquisition of property, plant and equipment		(3,437,337)	(2,124,410)
Acquisition of intangible assets		(30,733)	(29,847)
Other cash outflow for investing activities		-	(4,431)
		<u>(3,502,102)</u>	<u>(2,341,867)</u>
Net cash used in investing activities		<u>(3,464,473)</u>	<u>(2,185,552)</u>
Cash flows from financing activities:			
Cash inflow from financing activities:			
Proceeds from borrowings and others	31	3,043,557	436,043
Paid-in capital by non-controlling interests		1,500,454	408,361
		<u>4,544,011</u>	<u>844,404</u>
Cash outflow from financing activities:			
Repayments of borrowings and others	31	(1,455,798)	(639,818)
Capital decrease of a subsidiary		(81,095)	-
		<u>(1,536,893)</u>	<u>(639,818)</u>
Net cash provided by financing activities		<u>3,007,118</u>	<u>204,586</u>
Net increase (decrease) in cash and cash equivalents		73,714	(1,200,086)
Cash and cash equivalents at the beginning of the period		5,068,783	5,937,967
Effects of exchange rate changes on cash and cash equivalents		145,885	42,612
Cash and cash equivalents at the end of the period		<u>₩ 5,288,382</u>	<u>₩ 4,780,493</u>

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

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

1. GENERAL:

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

1.1 Company Information

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

As of March 31, 2024, the Company is engaged in the battery industry, with its manufacturing facilities located in Ochang.

The Company’s shares have been listed on the Korea Exchange since January 27, 2022, and the share capital is ₩117,000 million as of March 31, 2024. The largest shareholder of the Company is LG Chem Ltd., which holds 81.84% of the Company’s ordinary shares.

The Company is authorized to issue 800 million shares (₩500 per share) and has issued 234 million of ordinary shares as of March 31, 2024.

1.2 Business Overview

The Group is engaged in providing energy solution services.

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

LG Energy Solution, Ltd. and its subsidiaries
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1.3 Consolidated Subsidiaries and Investments in Associates and Joint Ventures

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

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

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

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

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

1.4 Changes in Scope for Consolidation

New subsidiary included in the interim condensed consolidated financial statements for the three-month period ended March 31, 2024, is as follows:

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

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

2.2 Application of the Amended and Enacted Standards

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

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

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

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

LG Energy Solution, Ltd. and its subsidiaries
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- K-IFRS 1001 *Presentation of Financial Statements* – Non-current Liabilities with Covenants (Amendment)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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3. FINANCIAL RISK MANAGEMENT:

3.1 Financial Risk Factors

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

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

(1) Market risk

1) Foreign exchange risk

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

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

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

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

	March 31, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 3,636,976	₩ 4,267,003	₩ 3,960,461	₩ 4,217,923
EUR	413,214	4,356,257	494,637	4,402,758
JPY	8,269	58,163	10,673	64,295
CNY and others	125,049	21,422	128,184	9,188

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

	March 31, 2024		December 31, 2023	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (63,003)	₩ 63,003	₩ (25,746)	₩ 25,746
EUR	(394,304)	394,304	(390,812)	390,812
JPY	(4,989)	4,989	(5,362)	5,362
CNY and others	10,363	(10,363)	11,900	(11,900)

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

As of March 31, 2024, the Group entered into foreign currency forward and foreign currency swaps to hedge change in exchange rates and the details are as follows (Korean won in millions):

	Contractor	Contract amount (in millions)	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency forward (*)	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	₩ 96,537	₩ -
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	71,874	-
	JP Morgan	USD 200	1,337.60	2023.09.25	2026.09.25	11,015	10,945
Currency swap (*)	Shinhan Bank	USD 200	1,337.60	2023.09.25	2026.09.25	10,648	10,722
	KDB Bank	USD 400	1,337.60	2023.09.25	2028.09.25	24,617	30,788
	Woori Bank	USD 200	1,337.60	2023.09.25	2028.09.25	12,319	15,407

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

2) Interest rate risk

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

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

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

	Effect on profit and loss before tax		Impact on equity	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Increase	₩ (48,762)	₩ (47,822)	₩ (48,762)	₩ (47,822)
Decrease	48,762	47,822	48,762	47,822

3) Price risk

The Group is exposed to price risks from equity instruments. As of March 31, 2024, the fair value of equity instruments is ₩144,067 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Group's equity by ₩14,407 million before tax.

(2) Credit risk

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

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

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

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

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

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1) Trade receivables

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

	<u>Receivables not past due (*)</u>	<u>Receivables past due, but not impaired (*)</u>	<u>Receivables impaired (individually evaluated)</u>	<u>Total</u>
March 31, 2024 (trade receivables)				
Gross carrying amount	₩ 4,620,403	₩ 177,340	₩ 15	₩ 4,797,758
Expected loss rate	-	-	100.00%	-
Provisions for receivables	-	-	15	15
December 31, 2023 (trade receivables)				
Gross carrying amount	₩ 5,208,387	₩ 50,082	-	₩ 5,258,469
Expected loss rate	-	-	-	-
Provisions for receivables	-	-	-	-

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

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

	<u>2024</u>	<u>2023</u>
Beginning	₩ -	₩ 1,234
Reversal of provisions recognized in profit or loss during the period	15	-
Write off	-	(1,234)
Ending	<u>₩ 15</u>	<u>₩ -</u>

As of March 31, 2024, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩4,797,743 million (as of December 31, 2023, was ₩5,258,469 million).

2) Other financial assets at amortized cost

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

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

3) Debt instruments measured at FVOCI

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

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(3) Liquidity risk

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

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

	March 31, 2024			
	Less than 1 year	Between 1 year–2 years	Between 2–5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 3,743,699	₩ 2,253,333	₩ 6,500,976	₩ 1,959,352
Lease liabilities	65,143	52,197	45,173	23,429
Trade and other payables	5,948,797	14,370	8,681	631
	<u>9,757,639</u>	<u>2,319,900</u>	<u>6,554,830</u>	<u>1,983,412</u>
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	(673,400)	-	(1,346,800)	(673,400)
Outflows	567,800	-	1,337,600	551,415
	<u>(105,600)</u>	<u>-</u>	<u>(9,200)</u>	<u>(121,985)</u>
	<u>₩ 9,652,039</u>	<u>₩ 2,319,900</u>	<u>₩ 6,545,630</u>	<u>₩ 1,861,427</u>
	December 31, 2023			
	Less than 1 year	Between 1 year–2 years	Between 2–5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 3,593,996	₩ 1,470,668	₩ 5,466,623	₩ 1,795,105
Lease liabilities	58,359	50,288	36,469	22,533
Trade and other payables	6,551,822	16,229	9,062	-
	<u>10,204,177</u>	<u>1,537,185</u>	<u>5,512,154</u>	<u>1,817,638</u>
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	(644,700)	-	(1,289,400)	(644,700)
Outflows	567,800	-	1,337,600	551,415
	<u>(76,900)</u>	<u>-</u>	<u>48,200</u>	<u>(93,285)</u>
	<u>₩ 10,127,277</u>	<u>₩ 1,537,185</u>	<u>₩ 5,560,354</u>	<u>₩ 1,724,353</u>

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2) As of March 31, 2024, the Group has entered into swap contracts, to which cash flow hedge accounting is applied, to avoid fluctuations in the market price of raw materials (Korean won in millions).

	Purpose of the contracts	Hedged items	Financial institution	Maturity	March 31, 2024		December 31, 2023	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap (*)	Cash flow hedge	Non-ferrous metal	Citibank, etc.	December 2026	₩ 343	₩ 4,104	₩ 89	₩ 4,899

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

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

	March 31, 2024			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Financial guarantee contracts (*)	₩ 360,269	₩ -	₩ -	₩ -

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

(*) The Group has provided financial guarantees for subsidiaries, etc., and the amount represents the maximum amount that can be required to guarantee as of March 31, 2024 and 2023. As of March 31, 2024, the total limit amount of committed payment guarantee is ₩478,787 million(as of December 31, 2023, it was ₩458,382 million) (see Note 18).

3.2 Capital Risk Management

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

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

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

	March 31, 2024	December 31, 2023
Total borrowings (Note 14) (A)	₩ 12,857,610	₩ 10,932,288
Less: cash and cash equivalents (B)	(5,288,382)	(5,068,783)
Net debt (C=A+B)	7,569,228	5,863,505
Total liabilities (D)	22,570,519	21,063,635
Total equity (E)	26,704,839	24,373,509
Total capital (F=C+E)	34,274,067	30,237,014
Gearing ratio (C/F)	22.1%	19.4%
Debt-to-equity ratio (D/E)	84.5%	86.4%

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3.3 Fair Value Estimation

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

	March 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current):				
Cash and cash equivalents	₩ 5,288,382	(*)	₩ 5,068,783	(*)
Trade receivables	4,650,709	(*)	5,128,474	(*)
Other receivables (excluding deposits from financial institutions)	825,599	(*)	550,186	(*)
Deposits from financial institutions	-	(*)	5,000	(*)
Current derivative financial assets	182	182	51	51
Current derivative financial assets (currency forward)	96,537	96,537	65,388	65,388
Financial assets (non-current):				
Deposits from financial institutions	66,206	(*)	61,343	(*)
Trade receivables	147,034	(*)	129,995	(*)
Other receivables (excluding deposits from financial institutions)	74,655	(*)	60,939	(*)
Other non-current financial assets:				
Marketable financial assets	28,972	28,972	31,143	31,143
Non-marketable financial assets	271,798	271,798	261,542	261,542
Non-current derivative financial assets	18,102	18,102	17,215	17,215
Non-current derivative financial assets (currency forward)	71,874	71,874	47,138	47,138
Non-current derivative financial assets (currency swap)	58,599	58,599	-	-
Financial liabilities (current):				
Trade and other payables	5,948,797	(*)	6,551,822	(*)
Current borrowings (excluding lease liabilities)	3,225,315	(*)	3,157,459	(*)
Current derivative financial liabilities	3,289	3,289	3,937	3,937
Financial guarantee contract liabilities	4,633	(*)	3,715	(*)
Financial liabilities (non-current):				
Non-current borrowings (excluding lease liabilities)	9,467,521	9,588,567	7,628,468	7,750,905
Other non-current payables	23,682	(*)	25,291	(*)
Non-current derivative financial liabilities	815	815	962	962
Non-current derivative financial liabilities (currency swap)	67,862	67,862	67,862	67,862

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

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	3.70% – 4.82%	3.79% – 4.79%

(3) Fair value hierarchy

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

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

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

	<u>March 31, 2024</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Financial assets/liabilities measured at fair value:					
Current derivative financial assets	₩	- ₩	182 ₩	- ₩	182
Current derivative financial assets (currency forward)		-	96,537	-	96,537
Non-current derivative financial assets		-	161	17,941	18,102
Non-current derivative financial assets (currency forward)		-	71,874	-	71,874
Non-current derivative financial assets (currency swap)		-	58,599	-	58,599
Other non-current financial assets (marketable financial assets)	28,972	-	-	-	28,972
Other non-current financial assets (non-marketable financial assets)	-	-	-	271,798	271,798
Current derivative financial liabilities		-	3,289	-	3,289
Non-current derivative financial liabilities		-	815	-	815
Non-current derivative financial liabilities (currency swap)		-	67,862	-	67,862
Financial assets/liabilities not measured at fair value:					
Non-current borrowings (excluding lease liabilities)		-	9,588,567	-	9,588,567

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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

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

The followings 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:

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(1) Income taxes

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

(2) Provisions

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

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at March 31, 2024 (see Note 3.3).

(4) Impairment of financial assets

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

(5) Net defined benefit liability (asset)

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

(6) Lease

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

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

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5. FINANCIAL INSTRUMENTS BY CATEGORY:

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

Financial assets	March 31, 2024				
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 5,288,382	₩ -	₩ -	₩ -	₩ 5,288,382
Trade receivables	4,362,452	-	288,257	-	4,650,709
Non-current trade receivables	147,034	-	-	-	147,034
Other receivables	825,599	-	-	-	825,599
Other non-current receivables	140,861	-	-	-	140,861
Other current financial assets	-	96,537	-	182	96,719
Other non-current financial assets	-	305,117	144,067	161	449,345
	<u>₩ 10,764,328</u>	<u>₩ 401,654</u>	<u>₩ 432,324</u>	<u>₩ 343</u>	<u>₩ 11,598,649</u>

Financial liabilities	March 31, 2024				
	Financial liabilities at amortized cost	Financial liabilities at FVPL	Other financial liabilities (*3)		Total
Trade payables	₩ 3,149,291	₩ -	₩ -	₩ -	₩ 3,149,291
Other payables	2,799,506	-	-	-	2,799,506
Other non-current payables	23,682	-	-	-	23,682
Current borrowings	3,225,315	-	60,823	-	3,286,138
Non-current borrowings	9,467,521	-	103,951	-	9,571,472
Other current financial liabilities	4,633	-	3,289	-	7,922
Other non-current financial liabilities	143,589	67,862	815	-	212,266
	<u>₩ 18,813,537</u>	<u>₩ 67,862</u>	<u>₩ 168,878</u>	<u>₩ -</u>	<u>₩ 19,050,277</u>

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

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

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

(*2) Other financial assets include derivative assets.

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

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(2) Net gains (losses) on each category of financial instruments for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Interest income:		
Financial assets at amortized cost	₩ 60,255	₩ 44,534
Interest expense:		
Financial liabilities at amortized cost	(126,568)	(74,140)
Other financial liabilities	(1,061)	(582)
Financial assets at amortized cost (*)	(9)	(1,633)
Gains on valuation or disposal:		
Financial assets at FVOCI	907	10,338
Derivative instruments	115,866	32,218
Exchange differences:		
Financial assets at amortized cost	157,564	112,164
Financial liabilities at amortized cost	(123,553)	(18,531)
Financial assets at FVPL	3,939	1,009

(*) Fees paid to financial institutions for factoring.

6. CASH AND CASH EQUIVALENTS:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Bank deposits and cash on hand	₩ 2,748,197	₩ 2,444,702
Cash equivalents	2,540,185	2,624,081
	<u>₩ 5,288,382</u>	<u>₩ 5,068,783</u>

(2) As of March 31, 2024, cash and cash equivalents include ₩684 million, which is subject to a restriction on the use and remittance (as of December 31, 2023, ₩1,165 million).

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7. TRADE AND OTHER RECEIVABLES:

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

	March 31, 2024			December 31, 2023		
	Gross amount	Provision for impairment	Carrying amount	Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩ 4,650,724	₩ (15)	₩ 4,650,709	₩ 5,128,474	₩ -	₩ 5,128,474
Non-current trade receivables	147,034	-	147,034	129,995	-	129,995
Other current receivables	825,599	-	825,599	555,186	-	555,186
Other non-current receivables	140,861	-	140,861	122,282	-	122,282
	<u>₩ 5,764,218</u>	<u>₩ (15)</u>	<u>₩ 5,764,203</u>	<u>₩ 5,935,937</u>	<u>₩ -</u>	<u>₩ 5,935,937</u>

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

	March 31, 2024	December 31, 2023
Current:		
Non-trade receivables	₩ 796,722	₩ 519,339
Deposits from financial institutions	-	5,000
Accrued income	3,047	4,840
Guarantee deposits provided	<u>25,830</u>	<u>26,007</u>
	<u>825,599</u>	<u>555,186</u>
Non-current:		
Non-trade receivables	7,784	7,592
Deposits from financial institutions (*)	66,206	61,343
Loans	8,486	6,344
Guarantee deposits provided	58,385	47,003
	<u>140,861</u>	<u>122,282</u>
	<u>₩ 966,460</u>	<u>₩ 677,468</u>

(*) As of March 31, 2024, the deposits from financial institutions (non-current) are subject to withdrawal restrictions, which include ₩60,000 million for the Agreement on the Win-Win Growth Cooperation, ₩14 million related to guarantee deposit for current account opening, PLN 1 million for guarantee deposit related to the overseas transfer of dangerous waste, and USD 4 million as collateral for LOC issuance.

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

	March 31, 2024		December 31, 2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 4,620,403	₩ 921,745	₩ 5,208,387	₩ 633,790
Past due, but not impaired:	177,340	44,715	50,082	43,678
Up to three months	177,340	36,050	33,667	27,694
Between 3–6 months	-	4,952	16,403	11,818
Over six months	-	3,713	12	4,166
Impaired receivables	15	-	-	-
	<u>₩ 4,797,758</u>	<u>₩ 966,460</u>	<u>₩ 5,258,469</u>	<u>₩ 677,468</u>

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

	2024		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ -	₩ -	₩ 1,234	₩ 54
Additions	15	-	-	-
Write-off	-	-	(1,234)	(54)
Ending	<u>₩ 15</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>

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

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

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8. OTHER FINANCIAL ASSETS AND LIABILITIES:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Other financial assets:		
Financial assets at FVOCI	₩ 144,067	₩ 140,435
Cash flow hedge	343	89
Financial assets at FVPL	<u>401,654</u>	<u>281,953</u>
	<u>₩ 546,064</u>	<u>₩ 422,477</u>
Other financial liabilities:		
Financial guarantee contracts	₩ 4,633	₩ 3,715
Cash flow hedge	4,104	4,899
Financial liabilities at FVPL	67,862	67,862
Other financial liabilities at amortized cost	<u>143,589</u>	<u>-</u>
	<u>₩ 220,188</u>	<u>₩ 76,476</u>

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

	<u>2024</u>	<u>2023</u>
Beginning	₩ 140,435	₩ 245,585
Acquisitions/transfer	725	30,169
Valuation gain (before income tax deduction), other comprehensive income item	907	(136,381)
Others	<u>2,000</u>	<u>1,062</u>
Ending	<u>₩ 144,067</u>	<u>₩ 140,435</u>

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

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

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9. INVENTORIES:

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

	March 31, 2024			December 31, 2023		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 370,953	₩ (41,758)	₩ 329,195	₩ 340,444	₩ (28,951)	₩ 311,493
Finished/semifinished products	3,045,183	(212,860)	2,832,323	3,188,515	(161,497)	3,027,018
Raw materials	1,620,176	(8,986)	1,611,190	1,413,895	(45,709)	1,368,186
Supplies	119,574	(9,105)	110,469	121,344	(10,038)	111,306
Materials in transit	774,743	-	774,743	578,333	-	578,333
	<u>₩ 5,930,629</u>	<u>₩ (272,709)</u>	<u>₩ 5,657,920</u>	<u>₩ 5,642,531</u>	<u>₩ (246,195)</u>	<u>₩ 5,396,336</u>

(2) The amount of inventories expensed as cost of sales for the three-month periods ended March 31, 2024 and 2023, were ₩5,056,811 million and ₩7,371,797 million, respectively.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

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

	2024				
	Beginning	Acquisitions	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Ending
PT. HLI Green Power	162,273	-	(12,788)	9,539	159,024
Sama Aluminium Co., Ltd.	46,257	-	266	-	46,523
Nexpo Co., Ltd.	2,186	1,900	(59)	-	4,027
Bricks Capital Management Global Battery Private Equity Fund	12,843	857	(50)	-	13,650
	<u>₩ 223,559</u>	<u>₩ 2,757</u>	<u>₩ (12,631)</u>	<u>₩ 9,539</u>	<u>₩ 223,224</u>

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

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

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

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

	March 31, 2024				
	<u>Net assets</u>	<u>Group's percentage of ownership</u>	<u>Net asset value for shares</u>	<u>Overseas operations translation</u>	<u>Carrying amount</u>
PT. HLI Green Power	₩ 439,022	50.0	₩ 219,511	₩ (60,487)	₩ 159,024
Sama Aluminium Co., Ltd.	252,958	10.2	25,802	20,721	46,523
Nexpo Co., Ltd.	21,266	19.0	4,041	(14)	4,027
Bricks Capital Management Global Battery Private Equity Fund	<u>22,903</u>	59.9	<u>13,719</u>	<u>(69)</u>	<u>13,650</u>
	<u>₩ 736,149</u>		<u>₩ 263,073</u>	<u>₩ (39,849)</u>	<u>₩ 223,224</u>
	December 31, 2023				
	<u>Net assets</u>	<u>Group's percentage of ownership</u>	<u>Net asset value for shares</u>	<u>Overseas operations translation</u>	<u>Carrying amount</u>
PT. HLI Green Power	₩ 434,608	50.0	₩ 217,304	₩ (55,031)	₩ 162,273
Sama Aluminium Co., Ltd	252,271	10.2	25,732	20,525	46,257
Nexpo Co., Ltd.	11,505	19.0	2,186	-	2,186
Bricks Capital Management Global Battery Private Equity Fund	<u>21,551</u>	59.9	<u>12,905</u>	<u>(62)</u>	<u>12,843</u>
	<u>₩ 719,935</u>		<u>₩ 258,127</u>	<u>₩ (34,568)</u>	<u>₩ 223,559</u>

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11. PROPERTY, PLANT AND EQUIPMENT:

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

	<u>2024</u>	<u>2023</u>
Beginning	₩ 23,654,677	₩ 15,331,047
Acquisition/Replacement	5,458,650	14,773,469
Disposal/Replacement	(2,837,945)	(4,644,661)
Exchange differences	864,814	504,869
Depreciation	(616,920)	(2,144,184)
Impairment gain or loss	9,214	(165,863)
Ending	<u>₩ 26,532,490</u>	<u>₩ 23,654,677</u>

(2) The current-year ending balances of property, plant and equipment include ₩11,307,423 million of construction in progress as of March 31, 2024, and some of it will subsequently be transferred to intangible assets (as of December 31, 2023, were ₩10,782,140 million).

(3) The Group capitalized ₩25,905 million of borrowing costs in relation to acquisition of property, plant and equipment (for the three-month period ended March 31, 2023, were ₩5,226 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.61% (for the three-month period ended March 31, 2023, was 1.63%).

(4) Line items, including depreciation, in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Cost of sales	₩ 569,106	₩ 447,464
Selling and administrative expenses	47,814	37,406
	<u>₩ 616,920</u>	<u>₩ 484,870</u>

(5) Lease

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Right-of-use assets (*):		
Real estate	₩ 164,433	₩ 147,546
Machinery	514	561
Vehicles	16,522	15,460
Tools	2,838	1,736
Equipment	809	781
	<u>₩ 185,116</u>	<u>₩ 166,084</u>

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

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Additions to the right-of-use assets for the three-month period ended March 31, 2024, are ₩36,215 million (for the three-month period ended March 31, 2023, were ₩17,502 million).

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities (*):		
Current	₩ 60,823	₩ 53,997
Non-current	103,951	92,363
	<u>₩ 164,774</u>	<u>₩ 146,360</u>

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

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

Details of amounts recognized in the interim condensed consolidated statements of profit or loss in relation to lease for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Depreciation of right-of-use assets:		
Real estate	₩ 14,060	₩ 10,690
Machinery	61	104
Vehicles	2,449	2,254
Tools	285	218
Equipment	62	78
	<u>₩ 16,917</u>	<u>₩ 13,344</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 1,061	₩ 582
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	5,168	3,713
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,855	1,595

Total cash outflow for leases for the three-month period ended March 31, 2024, is ₩22,688 million (for the three-month period ended March 31, 2023, was ₩17,735 million).

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12. INTANGIBLE ASSETS:

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

	<u>2024</u>	<u>2023</u>
Beginning	₩ 875,993	₩ 642,090
Acquisition/Replacement	93,938	364,402
Disposal/Replacement	(1,141)	(4,352)
Exchange differences	4,753	10,628
Amortization	(40,565)	(136,672)
Impairment gain or loss	142	(103)
Ending	<u>₩ 933,120</u>	<u>₩ 875,993</u>

(2) Line items, including amortization of intangibles, in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Cost of sales	₩ 11,055	₩ 7,678
Selling and administrative expenses	29,510	22,499
	<u>₩ 40,565</u>	<u>₩ 30,177</u>

(3) Greenhouse gas emission right

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Allocated emission rights	281	332 (*)	300	297	297

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

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

	2024								
	2023		2024		2025				
	Ton	Amount	Ton	Amount	Ton	Amount			
Beginning/Allocated	300	₩	-	297	₩	-	297	₩	-
Purchase/Sale	-	-	-	-	-	-	-	-	-
Borrowing/Carried over	-	-	-	-	-	-	-	-	-
Government submission	-	-	-	-	-	-	-	-	-
Ending	300	₩	-	297	₩	-	297	₩	-

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

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

	2024		2023			
	Ton	Amount	Ton	Amount		
Beginning	153	₩	13,809	87	₩	8,002
Increase	30	3,272	170	16,875		
Usage	-	-	(104)	(11,068)		
Ending	183	₩	17,081	153	₩	13,809

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13. OTHER CURRENT AND NON-CURRENT ASSETS:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current:		
Prepayments and prepaid expenses	₩ 353,752	₩ 220,761
Prepaid value-added tax	96,007	170,951
Others	758,983	535,394
	<u>₩ 1,208,742</u>	<u>₩ 927,106</u>
Non-current:		
Long-term prepayments and prepaid expenses	₩ 308,564	₩ 267,209
Net defined benefit assets	134,036	156,509
Others	74	73
	<u>₩ 442,674</u>	<u>₩ 423,791</u>

14. BORROWINGS:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current:		
Short-term borrowings	₩ 1,957,372	₩ 1,576,437
Current portion of long-term borrowings	595,118	937,127
Current portion of debentures	672,825	643,895
Current lease liabilities	60,823	53,997
	<u>₩ 3,286,138</u>	<u>₩ 3,211,456</u>
Non-current:		
Long-term borrowings	₩ 4,669,117	₩ 4,512,180
Debentures	4,798,404	3,116,289
Non-current lease liabilities	103,951	92,363
	<u>₩ 9,571,472</u>	<u>₩ 7,720,832</u>
	<u>₩ 12,857,610</u>	<u>₩ 10,932,288</u>

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

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

	<u>Bank</u>	<u>Interest rate (%)</u>	<u>Latest maturity date</u>		<u>March 31, 2024</u>	<u>December 31, 2023</u>
Bank loans	KB Kookmin Bank and others	4.59–6.63	2025.03.27	₩	1,957,372	₩ 1,576,437

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

March 31, 2024						
	Bank	Interest rate (%)	Latest maturity date	Current		Non-current
				Amount	portion	portion
Borrowings in foreign currencies	Citi	EUR: 3M EURIBOR + 0.62	2024.08.19	₩ 72,545	₩ 72,545	₩ -
	DBS	3M EURIBOR + 0.90	2026.03.10	145,091	-	145,091
	DOE	3.65~4.55	2031.12.15	2,313,781	40,412	2,273,369
	EBRD	6M EURIBOR + 0.62	2026.10.15	203,127	72,545	130,582
	EIB	3M EURIBOR + 0.47	2027.03.31	464,291	154,764	309,527
	KDB/Korea Exim/Nonghyup	EUR: 3M EURIBOR + 0.89~1.04	2027.04.26	1,469,302	168,668	1,300,634
	KDB/Korea Exim/Nonghyup and others	3M SOFR + 1.62	2030.12.20	58,807	-	58,807
	SMBC	EUR: 0.48	2027.02.04	43,527	14,509	29,018
	China: Agricultural Bank	LPR(1Y) - 0.70~0.85	2027.03.18	155,981	52,382	103,599
	China	LPR(1Y) - 0.65~1.00	2027.02.28	173,614	19,293	154,321
	China: Construction Bank	LPR(1Y) - 0.85~1.00	2027.03.24	164,169	-	164,169
				<u>₩ 5,264,235</u>	<u>₩ 595,118</u>	<u>₩ 4,669,117</u>

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

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3) Debentures (USD in thousands, EUR in thousands and Korean won in millions)

		March 31, 2024					
	Financial institution	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion	
NH							
1 st Debenture (non-guaranteed/public)	Investment & Securities Co., Ltd. and others	2.214	2026.03.13	₩ 200,000	₩ -	₩ 200,000	
2-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.097	2025.06.29	125,000	-	125,000	
2-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	-	370,000	
2-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29	505,000	-	505,000	
3-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.806	2026.02.16	180,000	-	180,000	
3-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.889	2027.02.16	660,000	-	660,000	
3-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.054	2029.02.16	570,000	-	570,000	
3-4 th Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.202	2031.02.16	190,000	-	190,000	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.250	2024.10.15	673,400 (USD 500,000)	673,400	-	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.625	2029.04.15	673,400 (USD 500,000)	-	673,400	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.625	2026.09.25	538,720 (USD 400,000)	-	538,720	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.750	2028.09.25	808,080 (USD 600,000)	-	808,080	
Less: discount on debentures				(22,371)	(575)	(21,796)	
				<u>₩ 5,471,229</u>	<u>₩ 672,825</u>	<u>₩ 4,798,404</u>	

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

4) Lease liabilities (Korean won in millions)

		March 31, 2024					
		Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others		0.67-5.77	2053.11.15	₩	164,774 ₩	60,823 ₩	103,951
		December 31, 2023					
		Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others		0.67-5.01	2053.11.15	₩	146,360 ₩	53,997 ₩	92,363

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15. PROVISIONS:

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

		March 31, 2024			
		Warranty(*1)	Greenhouse gas emission(*2)	Other provisions(*3)	Total
Beginning	₩	1,274,437	₩ 8,966	₩ 102,890	₩ 1,386,293
Additions		201,969	3,064	4,705	209,738
Used		(178,812)	-	-	(178,812)
Ending		1,297,594	12,030	107,595	1,417,219
Less: current portion		(370,528)	(12,030)	(101,010)	(483,568)
	₩	927,066	₩ -	₩ 6,585	₩ 933,651

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

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

(*2) In relation to Greenhouse gas emissions, the Group estimates the expected future costs of emissions exceeding the Group's emission rights for the year and recognizes them as provisions. Estimated emissions are 105 thousand tons for the three-month period ended March 31, 2024 (for the year ended December 31, 2023, were 440 thousand tons).

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

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16. NET DEFINED BENEFIT LIABILITIES (ASSETS):

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations (*1)	₩ 696,960	₩ 673,251
Fair value of plan assets	(830,942)	(829,521)
	<u>₩ (133,982)</u>	<u>₩ (156,270)</u>
Net defined benefit liabilities	₩ 54	₩ 239
Net defined benefit assets (*2)	<u>(134,036)</u>	<u>(156,509)</u>
	<u>₩ (133,982)</u>	<u>₩ (156,270)</u>

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

(*2) The ₩134,036 million of plan assets exceeding the defined benefit obligations of the Parent Company is included in other non-current assets as of March 31, 2024 (as of December 31, 2023, was ₩156,509 million).

(2) The amounts recognized in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Current service cost	₩ 23,567	₩ 19,620
Net interest cost	(1,813)	(3,004)
	<u>₩ 21,754</u>	<u>₩ 16,616</u>

(3) Retirement benefits recognized for defined contribution plan for the three-month period ended March 31, 2024, amounted to ₩810 million (the three-month period ended March 31, 2023, was ₩501 million).

(4) Retirement benefits recognized in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Cost of sales	₩ 10,524	₩ 9,749
Selling and administrative expenses	12,040	7,368
	<u>₩ 22,564</u>	<u>₩ 17,117</u>

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

	<u>2024</u>	<u>2023</u>
Beginning	₩ 673,251	₩ 549,225
Transfer in	1,004	12,516
Transfer out	(122)	(2,426)
Current service cost	23,567	78,442
Interest expense	7,770	28,988
Remeasurements:		
Actuarial gain from change in financial assumption	-	45,794
Actuarial gain from change in demographic assumption	-	1,824
Actuarial loss due to the difference between the estimated and the actual	-	(8,634)
Others	-	(2,002)
Foreign currency conversion difference	-	(46)
Payments from plans	<u>(8,510)</u>	<u>(30,430)</u>
Ending	<u>₩ 696,960</u>	<u>₩ 673,251</u>

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

	<u>2024</u>		<u>2023</u>	
Beginning	₩	829,521	₩	771,244
Transfer out		(60)		(125)
Interest income		9,583		41,004
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(651)		1,665
Contribution:				
Employer contribution to plan assets		614		43,899
Payments from plans		(7,675)		(26,916)
Administrative costs		(390)		(1,250)
Ending	₩	<u>830,942</u>	₩	<u>829,521</u>

(7) The actual return on plan assets for the three-month period ended March 31, 2024, was ₩8,932 million (the three-month period ended March 31, 2023, was ₩11,030 million).

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

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

(9) The sensitivity analysis for changes in key actuarial assumptions as of March 31, 2024, is as follows (Korean won in millions):

	<u>Increase by 1.0%</u>		<u>Decrease by 1.0%</u>	
Discount rate:				
Increase (decrease) in defined benefit liabilities	₩	(82,300)	₩	98,908
Salary growth rate:				
Increase (decrease) in defined benefit liabilities		102,965		(86,660)

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

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

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

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>Composition (%)</u>	<u>Amount</u>	<u>Composition (%)</u>
Insurance contracts with guaranteed yield	₩	830,942	₩	829,521
		100		100

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

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17. OTHER CURRENT AND NON-CURRENT LIABILITIES:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Current:		
Advances from customers	₩ 174,117	₩ 177,044
Withholdings	46,557	61,588
Unearned revenues	72,301	79,640
Accrued expenses	<u>203,935</u>	<u>297,492</u>
	<u>₩ 496,910</u>	<u>₩ 615,764</u>
Non-current:		
Long-term accrued expenses	₩ 29,118	₩ 28,593
Long-term unearned revenues	112,177	114,097
Long-term advance received	<u>1,326,934</u>	<u>1,279,493</u>
	<u>₩ 1,468,229</u>	<u>₩ 1,422,183</u>

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18. COMMITMENTS AND CONTINGENCIES:

- (1) The Group is jointly liable with LG Chem Ltd. for liabilities recognized before the split-off date.
- (2) As of March 31, 2024, the Group has been guaranteed by Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As of March 31, 2024, the Group has various specific line of credit agreements with several financial institutions as follows (Korean won in millions and foreign currencies in millions):

	Currency	March 31, 2024	
		The Parent Company	Certain subsidiaries
Limit of bank overdraft	KRW	8,700	-
	EUR	-	30
Limit of the letter of credit	USD	12	108
	CNY	-	1,619
Limit of discount of notes from export	USD	1,070	-
Limit of guaranteed payments in other foreign currency	USD	325	58
	CNY	-	610
Business-to-business purchase arrangements	KRW	125,000	-
	USD	-	7,128
General loan agreements	CNY	-	12,580
	EUR	-	3,181
Derivatives	KRW	500,000	-
	USD	789	656
Factoring arrangements	EUR	-	220
	KRW	60,000	30,000
	KRW	150,000	-

- (4) As of March 31, 2024, the Group has entered into payment guarantee contracts of USD 146 million and EUR 5 million with financial institutions in relation to product warranty for certain installed products. Also, certain subsidiaries have entered into payment guarantee contracts of CNY 376 million with financial institutions in relation to customs clearance of imported raw materials.
- (5) As of March 31, 2024, the Group has entered into an arrangement with General Motors (“GM”) regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC, whereby each party can sell its shares to third parties in eight years after the inception of the contract. In addition, if one party defaults, the other party has the right to purchase shares from the other party. In this regard, the Group has completed the government's approval process for the use of core technologies in accordance with the Industrial Technology Protection Act.
- (6) The Group has been sued and related in five class actions by consumers in relation to the sales of mobile batteries and GM Bolt EV, and actions are still in process as of March 31, 2024. The Company has also filed six lawsuit cases (amounted to USD 107 million and ₩646 million) and been sued in other 65 other cases (amounted to ₩754 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.

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- (7) The Group has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.
- (8) As of March 31, 2024, the Group has entered into a joint venture agreement with Honda, and has committed to invest USD 1,802 million and has contributed USD 874 million as of the end of March 31, 2024. Also, the Group has decided to provide a payment guarantee of USD 450 million to the joint venture, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 883 million. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (9) As of March 31, 2024, the Group has entered into a joint venture agreement with Stellantis, and has committed to invest USD 1,464 million and has contributed USD 765 million as of the end of March 31, 2024. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (10) As of March 31, 2024, the Group has entered into a joint venture agreement with HMG Global LLC, and has committed to invest USD 1,108 million and has contributed USD 285 million as of the end of March 31, 2024. After the expiration of the contract period, each party can sell its shares to third parties. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (11) Capital expenditure arrangements that have not been incurred as of March 31, 2024, and December 31, 2023, are as follows (Korean won in millions):

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment	₩ 8,614,266	₩ 8,421,551

- (12) Investment commitments as of March 31, 2024, are as follows (Korean won in millions and USD in million):

	<u>Currency</u>	<u>Contractual amount</u>	<u>Total investments</u>	<u>Remaining amount</u>
BNZ (Beyond Net Zero) Fund	USD	75	25	50
Secondary Battery Growth Fund	KRW	6,700	5,360	1,340
KBE (Korea Battery ESG) Fund	KRW	75,000	41,314	33,686
BCM Global Battery Fund	KRW	30,000	13,381	16,619
Yonsei Technology Holdings IP Fund	KRW	3,000	1,020	1,980

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

<u>Guarantor</u>	<u>Guarantee beneficiary</u>	<u>Financial institution</u>	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
			<u>Loan amount(*1)</u>	<u>Credit limit(*2)</u>	<u>Loan amount(*1)</u>	<u>Credit limit(*2)</u>
LG Energy Solution Ltd.	PT. HLI Green Power	ANZ and others	₩ 360,269	₩ 478,787	₩ 285,602	₩ 458,382

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

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

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19. SHARE CAPITAL:

Changes in share capital and share premium for the three-month period ended March 31, 2024, are as follows (Korean won in millions and shares):

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

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20. RETAINED EARNINGS:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Unappropriated retained earnings	₩ 2,363,645	₩ 2,364,496

21. OPERATING PROFITS:

(1) The major items encompassed in the calculation of operating profits for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Revenue	₩ 6,128,714	₩ 8,747,117
Cost of sales	<u>5,204,715</u>	<u>7,452,907</u>
Gross profit	923,999	1,294,210
Other operating income (*)	188,954	100,294
Selling and administrative expenses:		
Wages and salaries	227,113	200,473
Retirement benefits	12,040	7,368
Employee benefits	53,790	45,667
Travel expenses	14,437	9,525
Water and utilities	20,703	18,546
Rental expenses	13,324	18,805
Commission expenses	109,950	114,596
Depreciation	49,295	38,889
Advertising expenses	7,608	3,639
Freight expenses	11,714	25,204
Training expenses	7,324	7,160
Amortization	29,510	22,499
Sample expenses	2,247	2,614
Development costs	51,328	36,606
Addition to warranty provisions	201,969	177,987
Others	<u>143,264</u>	<u>31,760</u>
	955,616	761,338
Operating profits	<u>₩ 157,337</u>	<u>₩ 633,166</u>

(*) Under Advanced Manufacturing Production Tax Credit of the U.S. Inflation Reduction Act, effective January 1, 2023, tax credit can be received for battery cells/modules produced and sold in the U.S., and the amount is revenue expected to be received by the Group for the three-month period ended March 31, 2024.

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

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22. CLASSIFICATION OF EXPENSES BY NATURE:

Expenses by nature for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ 176,991	₩ 27,541
Raw materials and consumables used	3,196,902	5,778,756
Purchase of merchandise	265,329	269,352
Employee benefit expenses	715,185	622,796
Advertising expenses	7,958	3,696
Freight expenses	15,077	31,361
Commission expenses	262,916	229,145
Depreciation and amortization	658,966	516,530
Rent expenses and usage fee	12,896	15,012
Transfers to provisions for service warranties	201,969	177,987
Other expenses	646,142	542,069
	<u>₩ 6,160,331</u>	<u>₩ 8,214,245</u>

23. EMPLOYEE BENEFIT EXPENSES:

Details of employee benefit expenses for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Wages and salaries	₩ 582,670	₩ 515,042
Retirement benefits: Defined benefit plan	21,754	16,616
Retirement benefits: Defined contribution plan	810	501
Others	109,951	90,637
	<u>₩ 715,185</u>	<u>₩ 622,796</u>

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24. FINANCE INCOME AND COSTS:

Details of finance income and costs for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Finance income:		
Interest income (*1)	₩ 60,255	₩ 44,534
Exchange differences	107,930	205,057
Gain on derivative instruments	<u>114,482</u>	<u>39,445</u>
	<u>₩ 282,667</u>	<u>₩ 289,036</u>
Finance costs:		
Interest expense (*2)	₩ 101,724	₩ 69,496
Exchange differences	155,845	194,150
Loss on disposal of trade receivables	<u>9</u>	<u>1,633</u>
	<u>₩ 257,578</u>	<u>₩ 265,279</u>

(*1) Details of interest income for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents and others	₩ 44,499	₩ 40,780
Other loans and receivables	<u>15,756</u>	<u>3,754</u>
	<u>₩ 60,255</u>	<u>₩ 44,534</u>

(*2) Details of interest expense for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>	<u>2023</u>
Interest on financial institutions	₩ 76,505	₩ 56,941
Interest on financial lease liabilities	1,061	582
Interest on debentures	48,587	14,475
Other interest expenses	1,476	2,724
Capitalized interest for qualifying assets	<u>(25,905)</u>	<u>(5,226)</u>
	<u>₩ 101,724</u>	<u>₩ 69,496</u>

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25. OTHER NON-OPERATING INCOME:

Details of other non-operating income for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>
Exchange differences	₩ 194,914	₩	327,323
Gain on disposal of property, plant and equipment	1,057		205
Others	<u>8,013</u>		<u>12,464</u>
	<u>₩ 203,984</u>	₩	<u>339,992</u>

26. OTHER NON-OPERATING EXPENSES:

Details of other non-operating expenses for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>
Exchange differences	₩ 109,049	₩	243,590
Loss on disposal of property, plant and equipment	36,456		15,291
Loss on disposal of intangible asset	75		235
Donations	115		590
Others	<u>5,435</u>		<u>16,161</u>
	<u>₩ 151,130</u>	₩	<u>275,867</u>

27. INCOME TAX EXPENSE:

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

28. EARNINGS (LOSSES) PER SHARE:

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

Basic earnings (losses) per ordinary share for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	<u>2024</u>		<u>2023</u>
Profits (losses) attributable to ordinary shares of the Parent Company	₩ (464)	₩	500,595
Weighted-average number of ordinary shares outstanding	<u>234,000,000</u>		<u>234,000,000</u>
Basic earnings (losses) per ordinary share (in Korean won)	<u>₩ (2)</u>	₩	<u>2,139</u>

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

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29. DIVIDEND:

The Group paid ₩81,095 million dividends for the accounting period ended March 31, 2024.

30. RELATED-PARTY TRANSACTIONS:

(1) As of March 31, 2024, the parent company is LG Chem Ltd. (percentage of ownership: 81.84%), over which LG Corp. exercises a significant influence.

(2) Details of related parties and others that have sales and other transactions with the Group, or have receivable and payable balances, other than associates and joint ventures (see Note 10) as of March 31, 2024, are as follows:

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

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

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

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(3) Transactions with related parties for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	2024				
	Sales and others	Purchase and others			
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	Others
Parent:					
LG Chem Ltd.	₩ 2,169	₩ 528,544	₩ -	₩ 6	₩ 682
Associates and joint ventures:					
PT. HLI Green Power	11,615	-	-	-	2,369
Sama Aluminium Co., Ltd.	-	11,325	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	10,310
LG Chem (China) Investment Co., Ltd.	-	-	-	-	91
LG Chem Europe GmbH	-	-	-	-	8
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	299,176	-	-	-
LG HY BCM Co., Ltd.	-	72,358	-	-	-
LG Chem Poland Sp. z o.o	-	33,581	-	-	-
LG Management Development Institute	-	-	-	-	8,322
D&O Co., Ltd. and its subsidiaries	21	-	5,693	-	1,783
LG CNS Co., Ltd. and its subsidiaries	2,846	8	144,775	-	40,665
Others	-	-	140	-	661
Others:					
LG Display Co., Ltd. and its subsidiaries	-	-	-	2	-
LG Electronics Inc. and its subsidiaries	54,964	49,345	453,381	-	16,871
Xi C&A and its subsidiaries	-	2,725	44,655	-	2,701
S&I Corporation	-	3,027	7,610	-	18,230
Others	9	-	-	5	622
	<u>₩ 71,624</u>	<u>₩ 1,000,089</u>	<u>₩ 656,254</u>	<u>₩ 13</u>	<u>₩ 103,315</u>

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	2023				
	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.	₩ 2,008	₩ 1,042,392	₩ -	₩ 9	₩ 1,303
Associates and joint ventures:					
PT. HLI Green Power	11,524	-	-	-	-
VINFAST LITHIUM BATTERY PACK LLC (*)	256	-	-	-	-
Sama Aluminium	-	6,221	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	17,200
LG Chem (Taiwan), Ltd.	-	-	-	1	46
LG Chem (China) Investment Co., Ltd.	-	-	-	-	63
HAENGBOKNURI CO., LTD.	3	-	-	-	284
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	672,448	-	-	-
Techwin, Inc.	-	-	-	-	22
LG Chem Poland Sp. z o.o	-	67,034	-	-	-
LG Management Development Institute	7	-	-	-	6,004
D&O Co., Ltd. and its subsidiaries	21	-	4,465	-	1,566
LG CNS Co., Ltd. and its subsidiaries	9,166	71	104,069	-	30,378
Others	-	-	-	-	986
Others:					
LG Display Co., Ltd. and its subsidiaries	-	-	-	3	44
LG Electronics Inc. and its subsidiaries	517,555	79,797	258,628	-	5,790
Xi C&A and its subsidiaries	-	1,907	100,804	-	-
S&I Corporation	-	4,291	11,328	-	12,144
Others	12	-	231	-	753
	<u>₩ 540,552</u>	<u>₩ 1,874,161</u>	<u>₩ 479,525</u>	<u>₩ 13</u>	<u>₩ 76,583</u>

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

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

	March 31, 2024						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
Parent:							
LG Chem Ltd.	₩ 829	₩ 16,016	₩ 16,845	₩ 516,285	₩ 962	₩ 3,582	₩ 520,829
Associates and joint ventures:							
PT. HLI Green Power	-	4,759	4,759	-	-	32,210	32,210
Sama Aluminium Co., Ltd.	-	-	-	8,356	-	-	8,356
Other related parties:							
LG Corp.	-	2,426	2,426	-	-	15,025	15,025
LG Chem (Taiwan), Ltd.	-	-	-	-	-	4	4
LG Chem (China) Investment Co., Ltd.	-	-	-	-	-	29	29
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd.	-	-	-	227,295	-	-	227,295
LG HY BCM Co., Ltd.	-	-	-	68,647	-	-	68,647
LG Chem Poland Sp. z o.o.	-	-	-	33,326	-	-	33,326
LG Management Development Institute	-	-	-	-	-	1,194	1,194
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	8,816	8,816
LG CNS Co., Ltd. and its subsidiaries	3,106	5	3,111	-	-	236,170	236,170
Others	-	-	-	-	-	122	122
Others:							
LG Display Co., Ltd. and its subsidiaries	-	-	-	-	235	18	253
LG Electronics Inc. and its subsidiaries (*)	46,536	5,561	52,097	42,499	-	256,499	298,998
Xi C&A and its subsidiaries	-	-	-	-	-	66,663	66,663
S&I Corporation	-	-	-	-	-	53,242	53,242
Others	-	560	560	-	839	3,447	4,286
	<u>₩ 50,471</u>	<u>₩ 29,327</u>	<u>₩ 79,798</u>	<u>₩ 896,408</u>	<u>₩ 2,036</u>	<u>₩ 677,021</u>	<u>₩ 1,575,465</u>

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

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

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

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(5) Fund transactions with related parties for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	2024							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	132
Associates and joint ventures:								
Nexpo Co., Ltd.		-	-	1,900	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I		-	-	857	-	-	-	-
Others:								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	49
LG Household & Health Care		-	-	-	-	-	-	162
	<u>₩</u>	<u>- ₩</u>	<u>- ₩</u>	<u>2,757 ₩</u>	<u>₩</u>	<u>- ₩</u>	<u>- ₩</u>	<u>343</u>

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

	2023							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	129
Associates and joint ventures:								
Sama Aluminium		-	-	46,575	-	-	-	-
Other related parties:								
LG Chem (Taiwan), Ltd.		-	-	-	-	-	-	46
Others:								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	44
	<u>₩</u>	<u>- ₩</u>	<u>- ₩</u>	<u>46,575 ₩</u>	<u>₩</u>	<u>- ₩</u>	<u>- ₩</u>	<u>219</u>

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

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(6) Compensation for key management of the Group for the three-month periods ended March 31, 2024 and 2023, is as follows (Korean won in millions):

	2024		2023	
Short-term employee benefits	₩	6,379	₩	16,866
Retirement benefits		2,623		2,211
	₩	9,002	₩	19,077

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

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

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31. CONSOLIDATED STATEMENTS OF CASH FLOWS:

(1) Details of cash generated from operations for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	2024		2023	
Profit before income tax:	₩	222,649	₩	711,189
Adjustments for:				
- Depreciation		618,401		486,353
- Amortization		40,565		30,177
- Retirement benefits		21,754		16,616
- Financial income		(320,661)		(234,875)
- Financial costs		268,666		219,419
- Foreign currency conversion differences		425		(3,900)
- Loss on valuations of inventories		26,514		9,388
- Gain on disposal of property, plant and equipment		(1,057)		(205)
- Loss on disposal of property, plant and equipment and intangible assets		45,817		15,526
- Impairment losses (gains) on property, plant and equipment and intangible assets		(9,356)		-
- Changes in contract assets and liabilities		(24,922)		(5,374)
- Contribution to provisions		205,033		181,938
- Other income and expenses		14,043		19,948
- Changes in inventories		(160,324)		(239,963)
- Changes in trade receivables		632,991		(313,158)
- Changes in other receivables		(304,505)		(213,600)
- Changes in other current assets		(247,273)		26,776
- Settlement of derivatives		-		(2,509)
- Changes in trade payables		(50,388)		973,792
- Changes in other payables		(111,354)		(328,896)
- Changes in other current liabilities		51,499		(346,524)
- Changes in provisions		(178,812)		(124,830)
- Changes in net defined benefit liabilities		(117)		6,898
- Other cash flows from operations		(30,338)		(21,241)
Cash generated from operations	₩	<u>709,250</u>	₩	<u>862,945</u>

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(2) Changes in liabilities from financing activities for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	2024						
	Cash flows from						
	Beginning	financing activities	Reclassification of current portion	Amortization	Lease liabilities	Others	Ending
Short-term borrowings	₩ 2,567,561	₩ (245,395)	₩ 355,037	₩ -	₩ -	₩ (63,890)	₩ 2,613,313
Long-term borrowings	4,604,543	237,778	(355,037)	-	30,247	255,537	4,773,068
Debentures	3,760,184	1,595,376	-	1,507	-	114,162	5,471,229
	<u>₩ 10,932,288</u>	<u>₩ 1,587,759</u>	<u>₩ -</u>	<u>₩ 1,507</u>	<u>₩ 30,247</u>	<u>₩ 305,809</u>	<u>₩ 12,857,610</u>

	2023						
	Cash flows from						
	Beginning	financing activities	Reclassification of current portion	Amortization	Lease liabilities	Others	Ending
Short-term borrowings	₩ 2,191,623	₩ 141,902	₩ 13,559	₩ -	₩ -	₩ 90,041	₩ 2,437,125
Long-term borrowings	3,782,596	(345,677)	(13,559)	-	16,383	173,096	3,612,839
Debentures	2,135,034	-	-	897	-	71,477	2,207,408
	<u>₩ 8,109,253</u>	<u>₩ (203,775)</u>	<u>₩ -</u>	<u>₩ 897</u>	<u>₩ 16,383</u>	<u>₩ 334,614</u>	<u>₩ 8,257,372</u>

(3) Significant non-cash transactions for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Reclassification of construction in progress	₩ 2,752,610	₩ 559,474
Reclassification of machinery in transit	5,953	80
Reclassification of debentures into current portion	-	35,609
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(636,015)	(201,583)

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32. SEGMENT INFORMATION:

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

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

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

(2) Segment information on revenue and profit for the three-month periods ended March 31, 2024 and 2023, is as follows (Korean won in millions):

	2024	2023
Total segment revenue	₩ 6,128,714	₩ 8,747,117
Revenue from external customers (*1)	6,128,714	8,747,117
Other operation income (*2)	188,954	100,294
Operating profit of reportable segment (*3)	157,337	633,166

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

(*2) Under Advanced Manufacturing Production Tax Credit of the U.S. Inflation Reduction Act, effective January 1, 2023, tax credit can be received for battery cells/modules produced and sold in the U.S., and the amount is revenue expected to be received by the Group for the three-month period ended March 31, 2024.

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

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

	March 31, 2024			December 31, 2023		
	Assets	Investments in associates and joint ventures	Liabilities	Assets	Investments in associates and joint ventures	Liabilities
Reportable segment assets and liabilities	₩ 49,275,358	₩ 223,224	₩ 22,570,519	₩ 45,437,144	₩ 223,559	₩ 21,063,635

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

	Sales		Non-current assets (*1)	
	2024	2023	March 31, 2024	December 31, 2023
Korea (*2)	₩ 265,416	₩ 667,876	₩ 4,438,172	₩ 4,310,996
China	1,614,572	1,625,434	4,207,575	4,251,338
Asia/Oceania	258,901	345,472	1,344	1,126
America	2,153,965	2,194,428	13,912,366	11,104,415
Europe	1,835,860	3,913,907	5,107,411	5,075,284
	₩ 6,128,714	₩ 8,747,117	₩ 27,666,868	₩ 24,743,159

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

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

(5) For the three-month period ended March 31, 2024, revenues from external customers who account for 10% or more of the Group's revenue amounted to ₩1,484,625 million, ₩1,467,480 million and ₩619,685 million, respectively (the three-month period ended March 31, 2023, were ₩1,570,953 million, ₩1,072,767 million and ₩1,510,614 million).

33. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

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

	March 31, 2024	December 31, 2023
Contract assets:		
Due from customers	₩ 98,838	₩ 70,356
	₩ 98,838	₩ 70,356
Contract liabilities:		
Advances from customers received as part of the Group's main business activities	₩ 1,334,457	₩ 1,292,914
Expected customer incentives	1,358	1,660
Unearned revenue	63,035	70,055
Due to customers	43,202	2,785
	₩ 1,442,052	₩ 1,367,414

(2) Revenue recognized in relation to contract liabilities

Revenues recognized from the carried-forward contract liabilities for the three-month periods ended March 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Revenue recognized in the period from the beginning contract liabilities:		
Revenues in relation to advances from customers received as part of the Group's main business activities	₩ 11,910	₩ 45,854
Unearned revenue	10,682	12,030
	₩ 22,592	₩ 57,884

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34. INVESTMENT PROPERTIES:

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

	March 31, 2024				December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Buildings	₩ 279,544	₩ (76,889)	₩ (1,628)	₩ 201,027	₩ 295,848	₩ (81,878)	₩ (1,721)	₩ 212,249
Land	275	(9)	(35)	231	283	(8)	(35)	240
	<u>₩ 279,819</u>	<u>₩ (76,898)</u>	<u>₩ (1,663)</u>	<u>₩ 201,258</u>	<u>₩ 296,131</u>	<u>₩ (81,886)</u>	<u>₩ (1,756)</u>	<u>₩ 212,489</u>

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

	2024		2023	
	Land	Building	Land	Building
Beginning	₩ 240	₩ 212,249	₩ 245	₩ 212,797
Acquisition/Transfer	-	794	-	6,500
Disposal/Transfer	(8)	(10,536)	-	(1,030)
Depreciation	(1)	(1,480)	(5)	(6,018)
Impairment	-	-	-	-
Ending	<u>₩ 231</u>	<u>₩ 201,027</u>	<u>₩ 240</u>	<u>₩ 212,249</u>

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

Rental income from investment properties under operating lease for the year ended March 31, 2024, is ₩1,930 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, 2024, are ₩1,480 million.

(4) Operating lease

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

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

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

	March 31, 2024	December 31, 2023
Less than one year	₩ 6,240	₩ 150
Between one year and two years	1,802	150
Between two years and five years	1,523	299
	<u>₩ 9,565</u>	<u>₩ 599</u>