

LG ENERGY SOLUTION, LTD.

**Interim Condensed Separate 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 Separate 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 separate financial statements of LG Energy Solution, Ltd. (the "Company"). These interim condensed separate financial statements consist of the interim condensed separate statement of financial position as of March 31, 2024, and the related interim condensed separate statements of profit or loss, interim condensed separate statements of comprehensive income, interim condensed separate statements of changes in equity and interim condensed separate statements of cash flows for the three-month periods ended March 31, 2024 and 2023, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed separate financial statements

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

Auditor's responsibility

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

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

Conclusion

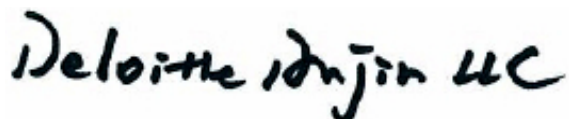
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with K-IFRS 1034 *Interim Financial Reporting*.

Deloitte.

Other matters

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

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

A handwritten signature in black ink that reads "Deloitte Idnjin LLC". The signature is written in a cursive, slightly slanted style.

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 separate financial statements and may result in modifications to this review report.

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

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

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

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

LG Energy Solution, Ltd.
Interim condensed separate statements of financial position
As of 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	₩	1,803,807 ₩	1,855,224
Trade receivables	3,5,7,29		1,840,454	2,289,892
Other receivables	3,5,7,29		1,661,397	1,173,761
Prepaid income taxes			17,184	15,132
Other current financial assets	3,5,8		96,597	65,400
Other current assets	13		133,910	118,776
Inventories	9		1,291,031	1,265,558
			<u>6,844,380</u>	<u>6,783,743</u>
Non-current assets				
Trade receivables	3,5,7		145,989	127,946
Other receivables	3,5,7,29		138,805	153,173
Other non-current financial assets	3,5,8		376,140	287,187
Investments in subsidiaries	10		11,469,740	9,847,300
Investments in associates and joint ventures	10		274,221	271,463
Deferred tax assets	27		1,705,667	1,598,516
Property, plant and equipment	11		3,490,450	3,383,740
Intangible assets	12		744,101	712,217
Investment properties	32		201,418	212,650
Other non-current assets	13,16		144,939	168,004
			<u>18,691,470</u>	<u>16,762,196</u>
Total assets		₩	<u>25,535,850 ₩</u>	<u>23,545,939</u>
Liabilities				
Current liabilities				
Trade payables	3,5,29	₩	900,052 ₩	1,097,287
Other payables	3,5,29		823,239	983,134
Borrowings	3,5,11,14,30		706,783	670,418
Other current financial liabilities	3,5,8		55,367	58,440
Current provisions	15		334,018	374,710
Other current liabilities	17,31		523,423	326,930
			<u>3,342,882</u>	<u>3,510,919</u>
Non-current liabilities				
Other payables	3,5,29		3,338	3,368
Borrowings	3,5,11,14,30		4,847,449	3,149,383
Other non-current financial liabilities	3,5,8		68,249	68,368
Non-current provisions	15		213,520	152,295
Other non-current liabilities	17,31		63,571	60,112
			<u>5,196,127</u>	<u>3,433,526</u>
Total liabilities			<u>8,539,009</u>	<u>6,944,445</u>
Equity				
Share capital	19		117,000	117,000
Capital surplus	19		17,589,722	17,589,722
Accumulated other comprehensive income			(52,115)	(53,516)
Accumulated deficit	20		(657,766)	(1,051,712)
Total equity			<u>16,996,841</u>	<u>16,601,494</u>
Total liabilities and equity		₩	<u>25,535,850 ₩</u>	<u>23,545,939</u>

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

LG Energy Solution, Ltd.**Interim condensed separate statements of profit or loss****For the three-month 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	21,29,31	₩ 1,907,931	₩ 3,298,683
Cost of sales	21,22,29	1,437,437	2,851,299
Gross profit		470,494	447,384
Selling and administrative expenses	21,22,23,29	742,480	541,175
Operating loss	21	(271,986)	(93,791)
Finance income	5,24,29	194,697	264,403
Finance costs	5,24,29	192,711	197,405
Other non-operating income	25	681,363	169,964
Other non-operating expenses	26	60,432	117,367
Profit before income tax expense		350,931	25,804
Income tax expense (benefit)	27	(43,517)	3,646
Profit for the period		₩ 394,448	₩ 22,158
Earnings per share attributable to the equity holders of the Company (in Korean won)	28		
Basic earnings per share		₩ 1,686	₩ 95

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

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

(Korean won in millions)

	<u>Notes</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Profit for the period	₩	394,448 ₩	22,158
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	16	(651)	780
Gain on valuation of financial assets at fair value through other comprehensive income ("FVOCI")	5	1,437	8,853
Income tax effect of other comprehensive income		(180)	(2,543)
		606	7,090
Items that may be subsequently reclassified to profit or loss:			
Gain on cash flow hedge	5	380	574
Income tax effect of other comprehensive income		(87)	(152)
		293	422
Other comprehensive income for the period, net of tax		899	7,512
Total comprehensive income for the period, net of tax	₩	395,347 ₩	29,670

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

LG Energy Solution, Ltd.

**Interim condensed separate statements of changes in equity
For the three-month periods ended March 31, 2024 and 2023**

(Korean won in millions)

	Notes	Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings (accumulated deficit)	Total
As of January 1, 2023		₩ 117,000	₩ 17,589,722	₩ 46,640	₩ (958,790)	₩ 16,794,572
Total comprehensive income for the period:						
Profit for the period		-	-	-	22,158	22,158
Remeasurements of net defined benefit liabilities	16	-	-	-	574	574
Gain on valuation of financial assets at FVOCI		-	-	6,516	-	6,516
Gain on cash flow hedge	5	-	-	422	-	422
Total comprehensive income for the period		-	-	6,938	22,732	29,670
As of March 31, 2023		<u>₩ 117,000</u>	<u>₩ 17,589,722</u>	<u>₩ 53,578</u>	<u>₩ (936,058)</u>	<u>₩ 16,824,242</u>
As of January 1, 2024		₩ 117,000	₩ 17,589,722	₩ (53,516)	₩ (1,051,712)	₩ 16,601,494
Total comprehensive income for the period:						
Profit for the period		-	-	-	394,448	394,448
Remeasurements of net defined benefit liabilities	16	-	-	-	(502)	(502)
Gain on valuation of financial assets at FVOCI		-	-	1,108	-	1,108
Gain on cash flow hedge	5	-	-	293	-	293
Total comprehensive income for the period		-	-	1,401	393,946	395,347
As of March 31, 2024		<u>₩ 117,000</u>	<u>₩ 17,589,722</u>	<u>₩ (52,115)</u>	<u>₩ (657,766)</u>	<u>₩ 16,996,841</u>

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

LG Energy Solution, Ltd.

Interim condensed separate statements of cash flows

For the three-month periods ended March 31, 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	30	₩ 251,724	₩ 56,444
Interest received		15,048	38,664
Interest paid		(43,026)	(1,356)
Dividends received		280,860	-
Income tax paid		(78,425)	(19,399)
Net cash provided by operating activities		<u>426,181</u>	<u>74,353</u>
Cash flows from investing activities:			
Cash inflow from investing activities:			
Decrease in other receivables		5,000	-
Decrease in other non-current receivables		1,898	1,813
Proceeds from disposal of property, plant and equipment		423	3,320
Proceeds from disposal of intangible assets		3	-
		<u>7,324</u>	<u>5,133</u>
Cash outflow for investing activities:			
Increase in other non-current receivables		(5,203)	(4,107)
Acquisition of investments in subsidiaries		(1,622,440)	(614,085)
Acquisition of investments in associates		(2,758)	(46,575)
Acquisition of financial instruments		(156)	(15,405)
Acquisition of property, plant and equipment		(415,785)	(493,020)
Acquisition of intangible assets		(26,874)	(22,962)
Other cash outflow for investing activities		-	(4,431)
		<u>(2,073,216)</u>	<u>(1,200,585)</u>
Net cash used in investing activities		<u>(2,065,892)</u>	<u>(1,195,452)</u>
Cash flows from financing activities:			
Cash inflow from financing activities:			
Increase in borrowings	30	<u>1,595,376</u>	-
		1,595,376	-
Cash outflow for financing activities:			
Repayment of borrowings	30	<u>(7,078)</u>	(4,261)
		(7,078)	(4,261)
Net cash provided by (used in) financing activities		<u>1,588,298</u>	<u>(4,261)</u>
Net decrease in cash and cash equivalents		<u>(51,413)</u>	<u>(1,125,360)</u>
Cash and cash equivalents at the beginning of the period		1,855,224	4,828,152
Effects of exchange rate changes on cash and cash equivalents		(4)	78
Cash and cash equivalents at the end of the period		<u>₩ 1,803,807</u>	<u>₩ 3,702,870</u>

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

LG Energy Solution, Ltd.
Notes to the interim condensed separate financial statements
As of 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. is as follows:

1.1 Company Information

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

As of March 31, 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 Company is engaged in providing energy solution services.

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The Company’s interim condensed separate financial statements were prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1034 *Interim Financial Reporting* as part of the period covered by the Company’s K-IFRSs annual separate financial statements, and these are separate financial statements prepared in accordance with K-IFRS 1027 *Separate Financial Statements*. In order to be understood, these interim condensed separate financial statements should be read in conjunction with the annual separate financial statements as of and for the fiscal year ended December 31, 2023, prepared in accordance with the K-IFRSs.

2.2 Application of the Amended and Enacted Standards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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.

LG Energy Solution, Ltd.
Notes to the interim condensed separate financial statements
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3. FINANCIAL RISK MANAGEMENT:

3.1 Financial Risk Factors

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

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

(1) Market risk

1) Foreign exchange risk

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

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

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

Monetary assets and liabilities denominated in foreign currencies as of 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	₩ 3,622,137	₩ 3,822,088	₩ 3,507,510	₩ 3,814,710
EUR	223,455	73,543	270,280	82,410
JPY	7,638	8,870	10,486	15,421
CNY and others	126,329	8,375	124,856	8,478

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

	March 31, 2024		December 31, 2023	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (19,995)	₩ 19,995	₩ (30,720)	₩ 30,720
EUR	14,991	(14,991)	18,787	(18,787)
JPY	(123)	123	(494)	494
CNY and others	11,795	(11,795)	11,638	(11,638)

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

LG Energy Solution, Ltd.
Notes to the interim condensed separate financial statements
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As of March 31, 2024, the Company entered into foreign currency forwards and foreign currency swaps to hedge change in exchange rates and the details are as follows (Korean won in millions):

	Contractor	Contract amount (in millions)	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency forward (*)	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	₩ 96,537	₩ -
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	71,874	-
Currency swap (*)	JP Morgan	USD 200	1,337.60	2023.09.25	2026.09.25	11,015	10,945
	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	24,616	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) Price risk

The Company is exposed to price risks from equity instruments. As of March 31, 2024, the fair value of equity instruments is ₩91,931 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Company's equity by ₩9,193 million before tax.

(2) Credit risk

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

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

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

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

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

1) Trade receivables

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

LG Energy Solution, Ltd.
Notes to the interim condensed separate financial statements
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For the three-month periods ended March 31, 2024 and 2023

		Receivables not past due (*)	Receivables past due but not impaired (*)	Total
March 31, 2024 (Trade receivables)				
Gross carrying amount	₩	1,962,616 ₩	23,827 ₩	1,986,443
Expected loss rate		-	-	-
Provisions for receivables		-	-	-
December 31, 2023 (Trade receivables)				
Gross carrying amount		2,385,614	32,224	2,417,838
Expected loss rate		-	-	-
Provisions for receivables		-	-	-

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

For the three-month periods ended March 31, 2024 and for the year ended December 31, 2023, there was no changes in the provisions for trade receivables.

As of March 31, 2024, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩1,986,443 million (as of December 31, 2023, ₩2,417,838 million).

2) Other financial assets at amortized cost

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

3) Debt instruments measured at FVOCI

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

(3) Liquidity risk

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

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

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	March 31, 2024			
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 906,853	₩ 712,727	₩ 3,828,005	₩ 891,573
Lease liabilities	36,137	30,130	21,040	123
Trade and other payables	1,723,291	1,478	1,860	-
	<u>2,666,281</u>	<u>744,335</u>	<u>3,850,905</u>	<u>891,696</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>₩ 2,560,681</u>	<u>₩ 744,335</u>	<u>₩ 3,841,705</u>	<u>₩ 769,711</u>
December 31, 2023				
	Less than 1 year	Between 1 year-2 years	Between 2-5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 809,298	₩ 266,085	₩ 2,660,107	₩ 656,385
Lease liabilities	27,736	24,625	9,180	-
Trade and other payables	2,080,421	2,924	444	-
	<u>2,917,455</u>	<u>293,634</u>	<u>2,669,731</u>	<u>656,385</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>₩ 2,840,555</u>	<u>₩ 293,634</u>	<u>₩ 2,717,931</u>	<u>₩ 563,100</u>

2) As of March 31, 2024, and December 31, 2023, the Company has entered into swap contracts, to which cash flow hedge accounting is applied, to avoid fluctuations in the market price of raw materials (Korean won in millions):

	Purpose of the contracts	Hedged items	Financial institution	Maturity	March 31, 2024		December 31, 2023	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap (*)	Cash flow hedge	Non-ferrous metal	Citibank, SC	December 2026	₩ 161	₩ 1,451	₩ 27	₩ 1,697

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

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3) Details of financial guarantee contracts by maturity as of 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 (*)	₩ 3,122,797	₩ -	₩ -	₩ -

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

(*) The Company has provided financial guarantees for subsidiaries, etc., and the amount represents the maximum amount that can be required to guarantee as of March 31, 2024 and 2023. As of March 31, 2024, the total limit amount of committed payment guarantee is ₩5,076,804 million (as of December 31, 2023, was ₩5,364,738 million) (see Note 18).

3.2 Capital Risk Management

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

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

The gearing ratio and debt-to-equity ratio as of 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)	₩ 5,554,232	₩ 3,819,801
Less: cash and cash equivalents (B)	(1,803,807)	(1,855,224)
Net debt (C=A+B)	3,750,425	1,964,577
Total liabilities (D)	8,539,009	6,944,445
Total equity (E)	16,996,841	16,601,494
Total capital (F=C+E)	₩ 20,747,266	₩ 18,566,071
Gearing ratio (C/F)	18.1%	10.6%
Debt-to-equity ratio (D/E)	50.2%	41.8%

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3.3 Fair Value Estimation

(1) The carrying amount and fair value of financial instruments by category as of 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	₩ 1,803,807	(*)	₩ 1,855,224	(*)
Trade receivables	1,840,454	(*)	2,289,892	(*)
Other receivables (excluding deposits from financial institutions)	1,661,397	(*)	1,168,761	(*)
Deposits from financial institutions	-	(*)	5,000	(*)
Current derivative financial assets	60	60	12	12
Current derivative financial assets (currency forward)	96,537	96,537	65,388	65,388
Financial assets (non-current):				
Trade receivables	145,989	(*)	127,946	(*)
Other receivables (excluding deposits from financial institutions)	78,791	(*)	93,159	(*)
Deposits from financial institutions	60,014	(*)	60,014	(*)
Other non-current financial assets (measured at fair value):				
Marketable financial assets	10,004	10,004	12,255	12,255
Non-marketable financial assets	217,622	217,622	210,602	210,602
Non-current derivative financial assets	18,042	18,042	17,192	17,192
Non-current derivative financial assets (currency forward)	71,874	71,874	47,138	47,138
Non-current derivative financial assets (currency swap)	58,598	58,598	-	-
Financial liabilities (current):				
Trade and other payables	1,723,291	(*)	2,080,421	(*)
Current borrowings (excluding lease liabilities)	672,825	(*)	643,895	(*)
Current derivative financial liabilities	1,064	1,064	1,191	1,191
Other current financial liabilities	54,303	(*)	57,249	(*)
Financial liabilities (non-current):				
Non-current borrowings (excluding lease liabilities)	4,798,404	4,919,450	3,116,289	3,238,725
Other non-current payables	3,338	(*)	3,368	(*)
Non-current derivative financial liabilities	387	387	506	506
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 the bonds' credit ratings same as the 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 Company can access at the measurement date (Level 1)
- All inputs other than quoted prices included in Level 1 that are observable (either directly, that is, prices, or indirectly, that is, derived from prices) for the asset or liability (Level 2)
- Unobservable inputs for the asset or liability (Level 3)

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>Total</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets/liabilities measured at fair value:					
Current derivative financial assets	₩	- ₩	60 ₩	- ₩	60
Current derivative financial assets (currency forward)	-	96,537	-	-	96,537
Non-current derivative financial assets	-	101	17,941	-	18,042
Non-current derivative financial assets (currency forward)	-	71,874	-	-	71,874
Non-current derivative financial assets (currency swap)	-	58,598	-	-	58,598
Other non-current financial assets (marketable financial assets)	10,004	-	-	-	10,004
Other non-current financial assets (non-marketable financial assets)	-	-	217,622	-	217,622
Current derivative financial liabilities	-	1,064	-	-	1,064
Non-current derivative financial liabilities	-	387	-	-	387
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)	-	4,919,450	-	-	4,919,450

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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

The significant estimates and assumptions made by management on the application of the Company's interim condensed separate financial statements are the same as those of the annual separate financial statements as of and for the year ended December 31, 2023, except for estimates used in determining income tax expenses.

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

(1) Income taxes

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

(2) Provisions

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

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at March 31, 2023 (see Note 3.3).

(4) Impairment of financial assets

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

(5) Net defined benefit liability (asset)

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

(6) Lease

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

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

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5. FINANCIAL INSTRUMENTS BY CATEGORY:

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

Financial assets	March 31, 2024				
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 1,803,807	₩ -	₩ -	₩ -	₩ 1,803,807
Trade receivables	1,840,454	-	-	-	1,840,454
Non-current trade receivables	145,989	-	-	-	145,989
Other receivables	1,661,397	-	-	-	1,661,397
Other non-current receivables	138,805	-	-	-	138,805
Other current financial assets	-	96,537	-	60	96,597
Other non-current financial assets	-	284,108	91,931	101	376,140
	<u>₩ 5,590,452</u>	<u>₩ 380,645</u>	<u>₩ 91,931</u>	<u>₩ 161</u>	<u>₩ 6,063,189</u>

Financial liabilities	March 31, 2024			
	Financial liabilities at amortized cost	Financial liabilities at FVPL	Other financial liabilities (*2)	Total
Trade payables	₩ 900,052	₩ -	₩ -	₩ 900,052
Other payables	823,239	-	-	823,239
Other non-current payables	3,338	-	-	3,338
Current borrowings	672,825	-	33,958	706,783
Non-current borrowings	4,798,404	-	49,045	4,847,449
Other current financial liabilities	54,303	-	1,064	55,367
Other non-current financial liabilities	-	67,862	387	68,249
	<u>₩ 7,252,161</u>	<u>₩ 67,862</u>	<u>₩ 84,454</u>	<u>₩ 7,404,477</u>

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

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

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

(*2) Other financial assets include derivative assets.

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

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

	March 31, 2024	March 31, 2023
Interest income:		
Financial assets at amortized cost	₩ 18,111	₩ 38,945
Interest expense:		
Financial liabilities at amortized cost	(48,587)	(14,475)
Other financial liabilities	(445)	(249)
Gains on valuation or disposal:		
Financial assets at FVOCI	1,437	8,853
Derivative instruments (*)	114,863	40,018
Exchange differences:		
Financial assets at amortized cost	150,624	169,659
Financial liabilities at amortized cost	(158,274)	(119,787)
Financial assets at FVPL	3,939	1,008

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

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6. CASH AND CASH EQUIVALENTS:

(1) Details of cash and cash equivalents as of 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	₩ 4,070	₩ 6,524
Cash equivalents	1,799,737	1,848,700
	<u>₩ 1,803,807</u>	<u>₩ 1,855,224</u>

(2) As of March 31, 2024, there are no cash and cash equivalents subject to restriction on use.

7. TRADE AND OTHER RECEIVABLES:

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

	<u>March 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Trade receivables	₩ 1,840,454	₩ -	₩ 1,840,454	₩ 2,289,892	₩ -	₩ 2,289,892
Non-current trade receivables	145,989	-	145,989	127,946	-	127,946
Other current receivables	1,661,397	-	1,661,397	1,173,761	-	1,173,761
Other non-current receivables	138,805	-	138,805	153,173	-	153,173
	<u>₩ 3,786,645</u>	<u>₩ -</u>	<u>₩ 3,786,645</u>	<u>₩ 3,744,772</u>	<u>₩ -</u>	<u>₩ 3,744,772</u>

(2) Details of other receivables 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:		
Non-trade receivables	₩ 1,644,374	₩ 1,154,699
Deposits from financial institutions	-	5,000
Accrued income	6,645	3,582
Guarantee deposits provided	10,378	10,480
	<u>1,661,397</u>	<u>1,173,761</u>
Non-current:		
Non-trade receivables	43,350	61,125
Deposits from financial institutions (*)	60,014	60,014
Guarantee deposits provided	35,441	32,034
	138,805	153,173
	<u>₩ 1,800,202</u>	<u>₩ 1,326,934</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 and ₩14 million related to guarantee deposit for current account opening.

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(3) The aging analysis of trade and other receivables as of 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	₩ 1,962,616	₩ 1,790,706	₩ 2,385,614	₩ 1,316,073
Past due but not impaired:	23,827	9,496	32,224	10,861
Up to 3 months	23,827	5,936	15,838	10,861
Between 3-6 months	-	3,560	16,386	-
Over 6 months	-	-	-	-
Impaired receivables	-	-	-	-
	<u>₩ 1,986,443</u>	<u>₩ 1,800,202</u>	<u>₩ 2,417,838</u>	<u>₩ 1,326,934</u>

(4) Changes in the provision for impairment 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	₩ -	₩ -	₩ -	₩ 54
Additions (reversal)	-	-	-	-
Write-off	-	-	-	(54)
Ending	<u>₩ -</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.

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):

	March 31, 2024	December 31, 2023
Other financial assets:		
Financial assets at FVOCI	₩ 91,931	₩ 90,494
Cash flow hedge	161	27
Financial assets at FVPL	<u>380,645</u>	<u>262,066</u>
	<u>₩ 472,737</u>	<u>₩ 352,587</u>
Other financial liabilities:		
Financial guarantee contracts	₩ 54,303	₩ 57,249
Cash flow hedge	1,451	1,697
Financial liabilities at FVPL	<u>67,862</u>	<u>67,862</u>
	<u>₩ 123,616</u>	<u>₩ 126,808</u>

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(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):

	2024		2023	
Beginning	₩	90,494	₩	202,094
Acquisitions/transfer		-		17,438
Valuation gain (loss) (before income tax deduction), other comprehensive income item		1,437		(129,038)
Valuation gain (loss) (before income tax deduction), profit or loss item		-		-
Ending	₩	91,931	₩	90,494

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

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

9. INVENTORIES:

(1) Details of inventories as of 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	₩ 262,833	₩ (6,137)	₩ 256,696	₩ 233,113	₩ (2,910)	₩ 230,203
Finished/semifinished products	1,017,620	(145,258)	872,362	1,013,658	(102,993)	910,665
Raw materials	96,372	(3,314)	93,058	83,359	(2,419)	80,940
Supplies	12,898	(4,107)	8,791	15,288	(5,174)	10,114
Materials in transit	60,124	-	60,124	33,636	-	33,636
	₩ 1,449,847	₩ (158,816)	₩ 1,291,031	₩ 1,379,054	₩ (113,496)	₩ 1,265,558

(2) The amounts of inventories expensed as cost of sales for the three-month periods ended March 31, 2024 and 2023, were ₩1,375,125 million and ₩2,824,517 million, respectively.

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10. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

(1) Changes in investments in subsidiaries, 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):

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
Beginning	₩	10,118,763	₩	7,547,546
Acquisitions		1,625,198		2,598,354
Disposals/impairment		-		(27,137)
Ending	₩	<u>11,743,961</u>	₩	<u>10,118,763</u>

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

	<u>Location</u>	<u>Percentage of ownership (%)</u>		<u>Carrying amount</u>	
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	China	100	100	₩ 1,138,401	₩ 1,138,401
LG Energy Solution Michigan Inc.	USA	100	100	4,342,263	3,815,683
LG Energy Solution Battery (Nanjing) Co., Ltd.	China	100	100	323,438	323,438
LG Energy Solution Wroclaw sp. z o.o.	Poland	100	100	2,299,898	2,299,898
LG Energy Solution Australia Pty Ltd.	Australia	100	100	429	429
LG Energy Solution Technology (Nanjing) Co., Ltd.	China	100	100	788,171	788,171
LG Energy Solution Europe GmbH	Germany	100	100	34,729	34,729
LG Energy Solution (Taiwan) Ltd.	Taiwan	100	100	1,871	1,871
Areum noori Co., Ltd.	Korea	100	100	500	500
LG Energy Solution Fund I LLC	USA	100	100	48,269	47,842
LG Energy Solution Vertech Inc.	USA	100	100	16,168	16,168
LG Energy Solution Arizona, Inc.	USA	100	100	268,725	188,649
Baterias De Castilla S.L.	Spain	100	100	4	4
L-H Battery Company, Inc.	USA	51	51	1,153,002	548,958
LG Energy Solution India Private Limited	India	100	100	563	563
LG Energy Solution Arizona ESS, Inc.	USA	100	100	39,936	39,936
NextStar Energy Inc.	Canada	51	51	988,656	579,075
LG Energy Solution Fund II LLC	USA	100	100	24,182	22,985
LG Energy Solution Japan Co., Ltd. (*)	Japan	100	-	535	-
				<u>11,469,740</u>	<u>9,847,300</u>
Associates and joint ventures:					
PT. HLI Green Power	Indonesia	50	50	209,133	209,133
Sama Aluminium Co., Ltd.	Korea	10.2	10.2	46,575	46,575
Nexpo Co., Ltd.	Korea	19	19	4,274	2,374
Bricks Capital Management Global Battery Private Equity Fund I	Korea	59.9	59.9	14,239	13,381
				<u>274,221</u>	<u>271,463</u>
				<u>₩ 11,743,961</u>	<u>₩ 10,118,763</u>

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

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11. PROPERTY, PLANT AND EQUIPMENT:

(1) Changes in property, plant and equipment for the 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	₩ 3,383,740	₩ 2,504,936
Acquisition/replacement	385,168	2,448,980
Disposal/replacement	(187,752)	(1,231,848)
Depreciation	(90,706)	(335,707)
Impairment	-	(2,621)
Ending	<u>₩ 3,490,450</u>	<u>₩ 3,383,740</u>

(2) The current ending balances of property, plant and equipment include ₩867,788 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 ₩860,764 million).

(3) The Company capitalized ₩6,501 million of borrowing costs in relation to acquisition of property, plant and equipment (for the three-month period ended March 31, 2023, were ₩1,623 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.15% (for the three-month period ended March 31, 2023, was 2.59%).

(4) Line items, including depreciation in the interim condensed separate 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	₩ 54,680	₩ 50,079
Selling and administrative expenses	<u>36,026</u>	<u>26,858</u>
	<u>₩ 90,706</u>	<u>₩ 76,937</u>

(5) Lease

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

Details of amounts recognized in the interim condensed separate statements of financial position in relation to leases for the three-month period ended March 31, 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 (*):		
Buildings	₩ 66,561	₩ 43,129
Lands	317	228
Vehicles	<u>11,337</u>	<u>11,561</u>
	<u>₩ 78,215</u>	<u>₩ 54,918</u>

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

Additions to the right-of-use assets for the three-month period ended March 31, 2024, are ₩31,293 million (for the three-month period ended March 31, 2023, were ₩11,547 million).

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	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities (*):		
Current	₩ 33,958	₩ 26,523
Non-current	49,045	33,094
	<u>₩ 83,003</u>	<u>₩ 59,617</u>

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

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

Details of amounts recognized in the interim condensed separate statements of profit or loss in relation to leases for the three-month 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:		
Buildings	₩ 5,948	₩ 4,589
Land	67	22
Vehicles and others	1,547	1,243
	<u>₩ 7,562</u>	<u>₩ 5,854</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 445	₩ 249
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	1,023	849
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,664	1,538

Total cash outflow for leases for the three-month period ended March 31, 2024, is ₩10,211 million (for the three-month period ended March 31, 2023, was ₩6,897 million).

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	₩ 712,217	₩ 513,483
Acquisition/replacement	63,413	304,499
Disposal/replacement	(252)	(2,954)
Amortization	(31,277)	(102,802)
Impairment	-	(9)
Ending	<u>₩ 744,101</u>	<u>₩ 712,217</u>

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

	<u>2024</u>	<u>2023</u>
Cost of sales	₩ 5,242	₩ 4,431
Selling and administrative expenses	26,035	18,626
	<u>₩ 31,277</u>	<u>₩ 23,057</u>

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(3) Greenhouse gas emission right

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

	<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 300,000 tons amount of allocated greenhouse gas emission rights.

2) Changes in greenhouse gas emission right included in 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):

	<u>2024</u>					
	<u>2023</u>		<u>2024</u>		<u>2025</u>	
	<u>Ton</u>	<u>Amount</u>	<u>Ton</u>	<u>Amount</u>	<u>Ton</u>	<u>Amount</u>
Beginning/allocated	300	₩ -	297	₩ -	297	₩ -
Purchase/sale	-	-	-	-	-	-
Borrowing/carried over	-	-	-	-	-	-
Government submission	-	-	-	-	-	-
Ending	<u>300</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>

	<u>2023</u>							
	<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>2025</u>	
	<u>Ton</u>	<u>Amount</u>	<u>Ton</u>	<u>Amount</u>	<u>Ton</u>	<u>Amount</u>	<u>Ton</u>	<u>Amount</u>
Beginning /allocated	332	₩ -	300	₩ -	297	₩ -	297	₩ -
Purchase /sale	23	179	-	-	-	-	-	-
Borrowing /carried over	3	-	-	-	-	-	-	-
Government submission	(358)	(179)	-	-	-	-	-	-
Ending	<u>-</u>	<u>₩ -</u>	<u>300</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>	<u>297</u>	<u>₩ -</u>

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	₩ 72,240	₩ 60,954
Prepaid value-added tax	25,645	56,386
Others	36,025	1,436
	<u>₩ 133,910</u>	<u>₩ 118,776</u>
Non-current:		
Long-term prepayments and prepaid expenses	₩ 11,085	₩ 11,495
Net defined benefit assets	133,854	156,509
	<u>₩ 144,939</u>	<u>₩ 168,004</u>

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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:		
Current portion of debentures	₩ 672,825	₩ 643,895
Current lease liabilities	33,958	26,523
	<u>706,783</u>	<u>670,418</u>
Non-current:		
Debentures	4,798,404	3,116,289
Non-current lease liabilities	49,045	33,094
	<u>4,847,449</u>	<u>3,149,383</u>
	<u>₩ 5,554,232</u>	<u>₩ 3,819,801</u>

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

1) Debentures (USD 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>

2) Lease liabilities (Korean won in millions)

March 31, 2024						
	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others	2.16-4.20	2039.02.28	₩ 83,003	₩ 33,958	₩ 49,045	
December 31, 2023						
	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others	2.16-4.20	2028.06.07	₩ 59,617	₩ 26,523	₩ 33,094	

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15. PROVISIONS:

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

		2024			
		Warranty (*1)	Greenhouse gas emission(*2)	Other provisions (*3)	Total
Beginning	₩	423,920	₩ 195	₩ 102,890	₩ 527,005
Additions		122,083	8	4,705	126,796
Used		(106,263)	-	-	(106,263)
Ending		439,740	203	107,595	547,538
Less: current portion		(232,805)	(203)	(101,010)	(334,018)
	₩	<u>206,935</u>	₩ -	₩ 6,585	₩ 213,520
		2023			
		Warranty (*1)	Greenhouse gas emission(*2)	Other provisions (*3)	Total
Beginning	₩	920,184	₩ 1,250	₩ 4,118	₩ 925,552
Additions		251,654	(876)	98,772	349,550
Used		(747,918)	(179)	-	(748,097)
Ending		423,920	195	102,890	527,005
Less: current portion		(277,810)	(195)	(96,705)	(374,710)
	₩	<u>146,110</u>	₩ -	₩ 6,185	₩ 152,295

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

(*2) In relation to greenhouse gas emissions, the Company estimates the expected future costs of emissions exceeding the Company's emission rights for the year and recognizes them as provisions. Estimated emissions are 75 thousand tons for the three-month period ended March 31, 2024 (for the year ended December 31, 2023, were 325 thousand tons).

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

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16. NET DEFINED BENEFIT LIABILITIES (ASSETS):

(1) Details of net defined benefit liabilities (assets) recognized in the interim condensed separate statements of financial position as of 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 liabilities (*1)	₩ 694,858	₩ 671,375
Fair value of plan assets (*2)	<u>(828,712)</u>	<u>(827,884)</u>
	<u>₩ (133,854)</u>	<u>₩ (156,509)</u>

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

(*2) The ₩133,854 million of net defined benefit assets is included in the '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 separate 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	₩ 23,365	₩ 19,441
Net interest cost	<u>(1,813)</u>	<u>(3,003)</u>
	<u>₩ 21,552</u>	<u>₩ 16,438</u>

(3) Retirement benefits recognized for defined contribution plan for the three-month period ended March 31, 2024, amounted to ₩738 million (for the three-month period ended March 31, 2023, amounted to ₩428 million).

(4) Retirement benefits recognized in the interim condensed separate 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	₩ 10,302	₩ 9,543
Selling and administrative expenses	<u>11,988</u>	<u>7,323</u>
	<u>₩ 22,290</u>	<u>₩ 16,866</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	₩ 671,375	₩ 547,721
Transfer in	959	12,516
Transfer out	(122)	(2,426)
Current service cost	23,365	77,762
Interest expense	7,770	28,988
Remeasurements:		
Actuarial loss from change in financial assumption	-	45,794
Actuarial loss from change in demographic assumption	-	1,824
Actuarial gain due to difference between the estimated and the actual	-	(8,634)
Others	-	(2,002)
Payments from plans	<u>(8,489)</u>	<u>(30,168)</u>
Ending	<u>₩ 694,858</u>	<u>₩ 671,375</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	₩ 827,884	₩ 770,240
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	-	43,000
Payments from plans	(7,654)	(26,650)
Administrative costs	(390)	(1,250)
Ending	<u>₩ 828,712</u>	<u>₩ 827,884</u>

(7) The actual return on plan assets for the three-month period ended March 31, 2024, was ₩8,932 million (for 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 separate statements of financial position.

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

(10) Plan assets as of March 31, 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	₩ 828,712	100	₩ 827,884	100

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

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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	₩ 101,944	₩ 56,660
Unearned revenues	338,086	46,509
Accrued expenses and others	<u>83,393</u>	<u>223,761</u>
	<u>₩ 523,423</u>	<u>₩ 326,930</u>
Non-current:		
Long-term employee benefits	₩ 26,871	₩ 26,567
Long-term advance received	<u>36,700</u>	<u>33,545</u>
	<u>₩ 63,571</u>	<u>₩ 60,112</u>

18. COMMITMENTS AND CONTINGENCIES:

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

	<u>Currency</u>	<u>Amount</u>
Limit of bank overdraft	KRW	8,700
Limit of letter of credit	USD	12
Limit of discount of notes from export	USD	1,070
Limit of guaranteed payments in other foreign currency	USD	325
Derivatives	USD	789
	KRW	60,000
Business-to-business purchase arrangements	KRW	125,000
General loan agreements	KRW	500,000
Bond transfer transaction	KRW	150,000

- (4) The Company has entered into payment guarantee contracts of USD 146 million and EUR 5 million with financial institutions in relation to product warranty for certain installed products.
- (5) The Company provides performance guarantees of USD 9,058 million, EUR 1 million, CAD 815 million and others for subsidiaries.
- (6) The Company has been sued and related in five class actions by consumers in relation to the sales of mobile batteries and GM Bolt EV, and actions are still in process as of March 31, 2024. The Company also has filed six lawsuit cases (amounted to USD 107 million and ₩646 million) and been sued in other 55 other cases (amounting to ₩754 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.

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- (7) The Company has entered into a license agreement with LG Corp. to use trademarks on the products that the Company manufactures and sells and on the services the Company provides in relation to its business.
- (8) As of March 31, 2024, the Company has entered into a joint venture agreement with Honda and has committed to invest USD 1,802 million and has contributed USD 874 million as of March 31, 2024. During the year ended December 31, 2023, the Company has decided to provide a payment guarantee of USD 450 million, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 883 million. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (9) As of March 31, 2024, the Company has entered into a joint venture agreement with Stellantis and has committed to invest USD 1,464 million and has contributed USD 765 million as of 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 Company has entered into a joint venture agreement with HMG Global LLC and has committed to invest USD 1,108 million and has contributed USD 285 million as 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) As of March 31, 2024, the Company has decided to contribute USD 1,106 million to LG Energy Solution Arizona, Inc. and has contributed USD 208 million as of March 31, 2024. Furthermore, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,106 million and lease-related payment obligation of USD 4,483 million.
- (12) As of March 31, 2023, the Company has decided to contribute USD 1,173 million to LG Energy Solution Arizona ESS, Inc. and has contributed USD 30 million as of March 31, 2024. Furthermore, the Company has decided to provide a payment guarantee up to a maximum limit of USD 1,173 million.
- (13) Capital expenditure arrangements that have not been incurred as of 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	₩ 538,509	₩ 573,345

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

	<u>Currency</u>	<u>Contractual amount</u>	<u>Total investments</u>	<u>Remaining amount</u>
BNZ (Beyond Net Zero) Fund	USD	75	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

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

Guarantor	Guarantee beneficiary	Financial institution	Loan amount (*1)		Credit limit (*2)	
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
		MUFG	₩ -	₩ 71,330	₩ -	₩ 71,330
		KEB Hana Bank	-	285,318	-	285,318
		Citibank	-	71,330	-	71,330
		Citibank	72,647	71,330	72,647	71,330
		EBRD	72,647	71,330	145,293	142,659
		SMBC	43,588	46,364	72,647	71,330
		DBS	145,293	142,659	145,293	142,659
		EIB	464,938	532,593	697,406	684,763
	LG Energy Solution	EBRD	130,764	128,393	217,940	213,989
	Wroclaw sp. z o.o.	KDB Bank/ Korea Exim Bank	385,026	378,046	385,026	378,046
LG Energy Solution Ltd.		KDB Bank/ Korea Exim Bank/ NH Bank	799,112	784,625	799,112	784,625
		KDB Bank/ Korea Exim Bank	290,586	285,318	290,586	285,318
		KDB Bank/ Korea Exim Bank	145,293	142,659	145,293	142,659
		KDB Bank/ Korea Exim Bank	72,647	71,330	72,647	71,330
		KDB Bank/ Korea Exim Bank	72,647	71,330	72,647	71,330
	LG Energy Solution Michigan Inc.	KDB Bank/ Korea Exim Bank and others	67,340	64,470	1,481,480	1,418,340
		ANZ and others	360,269	285,602	478,787	458,382
			₩ 3,122,797	₩ 3,504,027	₩ 5,076,804	₩ 5,364,738

(*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.

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

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19. SHARE CAPITAL:

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

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

20. ACCUMULATED DEFICIT:

Details of accumulated deficit 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>
Undisposed accumulated deficit	₩ (657,766)	₩ (1,051,712)

21. OPERATING LOSSES:

(1) The major items encompassed in the calculation of operating losses 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	₩ 1,907,931	₩ 3,298,683
Cost of sales	1,437,437	2,851,299
Gross profit	470,494	447,384
Selling and administrative expenses:		
Wages and salaries	177,945	159,695
Retirement benefits	11,988	7,323
Employee benefits	42,020	35,008
Travel expenses	11,854	7,246
Water and utilities	19,701	18,161
Rental expenses	12,783	19,638
Commission expenses	170,351	112,107
Depreciation	37,507	28,343
Advertising expenses	4,364	3,334
Freight expenses	1,984	3,307
Training expenses	6,630	6,530
Amortization	26,035	18,626
Sample expenses	1,733	2,255
Development costs	54,243	39,430
Transfers to provisions for warranties	122,083	21,401
Others	41,259	58,771
	742,480	541,175
Operating losses	₩ (271,986)	₩ (93,791)

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

	<u>2024</u>		<u>2023</u>
Sales recognized at a point in time	₩ 1,654,886	₩	2,926,533
Sales recognized over time	<u>253,045</u>		<u>372,150</u>
	<u>₩ 1,907,931</u>	<u>₩</u>	<u>3,298,683</u>

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	₩ 11,810	₩	(45,208)
Raw materials and consumables used	911,021		2,369,162
Purchase of merchandise	160,449		193,098
Employee benefit expenses	356,464		322,208
Advertising expenses	4,364		3,378
Freight expenses	2,227		4,536
Commission expenses	198,994		126,257
Depreciation and amortization	123,464		101,479
Rent expenses and usage fee	2,863		2,485
Transfers to provisions for warranties	122,083		21,401
Other expenses	<u>286,178</u>		<u>293,678</u>
	<u>₩ 2,179,917</u>	<u>₩</u>	<u>3,392,474</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>
Salaries	₩ 294,389	₩	271,386
Retirement benefits: defined benefit plan	21,552		16,438
Retirement benefits: defined contribution plan	738		428
Others	<u>39,785</u>		<u>33,956</u>
	<u>₩ 356,464</u>	<u>₩</u>	<u>322,208</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)	₩ 18,111	₩ 38,945
Exchange differences	62,103	186,013
Gain on derivative instruments	114,483	39,445
	<u>₩ 194,697</u>	<u>₩ 264,403</u>
Finance costs:		
Interest expense (*2)	₩ 42,531	₩ 13,101
Exchange differences	150,180	184,304
	<u>₩ 192,711</u>	<u>₩ 197,405</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	₩ 16,390	₩ 37,275
Other loans and receivables	1,721	1,670
	<u>₩ 18,111</u>	<u>₩ 38,945</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 lease liabilities	₩ 445	₩ 249
Interest on debentures	48,587	14,475
Capitalized interest for qualifying assets	(6,501)	(1,623)
	<u>₩ 42,531</u>	<u>₩ 13,101</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	₩ 143,676	₩	160,578
Gain on disposal of property, plant and equipment	120		353
Dividend income	530,520		-
Others	7,047		9,033
	<u>₩ 681,363</u>	<u>₩</u>	<u>169,964</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	₩ 59,311	₩	111,406
Loss on disposal of property, plant and equipment	1,017		5,077
Loss on disposal of intangible assets	3		12
Donations	20		531
Others	81		341
	<u>₩ 60,432</u>	<u>₩</u>	<u>117,367</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 PER SHARE:

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

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

	<u>2024</u>		<u>2023</u>
Profits attributable to ordinary shares	₩ 394,448	₩	22,158
Weighted-average number of ordinary shares outstanding	234,000,000		234,000,000
Basic earnings per ordinary share (in Korean won)	<u>₩ 1,686</u>	<u>₩</u>	<u>95</u>

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

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29. RELATED-PARTY TRANSACTIONS:

- (1) As of 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 Company or have receivable and payable balances, other than separate subsidiaries, 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, Inc.	NANUMNURI CO., LTD	LG Display (China) Co., Ltd. and others	
LG Electronics, Inc.	LG Innotek Co., Ltd. and others	LG Electronics Philippines, Inc. and others	
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. and others	LG Household & Health Care Trading (Shanghai) CO., LTD. and others	LG Enterprise group (*1)
LG Uplus Corp.	LG HelloVision Corp. and others	LG UPLUS FUND I LLC and others	
HS AD Inc.		GIIR America Inc. and others	
Mintech Co., Ltd. (*2)			

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

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

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

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	2023				
	Sales and others	Purchase and others			Others
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	
Parent:					
LG Chem, Ltd.	₩ 2,008	₩ 16,175	₩ -	₩ 9	₩ 1,303
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	76,162	718,356	-	-	158
LG Energy Solution Michigan, Inc.	331,868	-	-	-	18,957
LG Energy Solution Battery (Nanjing) Co., Ltd.	1,002	283,719	-	-	952
LG Energy Solution Wroclaw sp. z o.o.	645,269	20,313	-	-	10
LG Energy Solution Australia Pty Ltd.	7	82	-	-	3,891
LG Energy Solution Technology (Nanjing) Co., Ltd.	-	563,354	-	-	-
Ultium Cells LLC	5,975	-	-	-	-
LG Energy Solution Europe GmbH	57,211	-	-	-	18,318
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	1,350
Areum noori Co., Ltd.	3	-	-	-	2,442
LG Energy Solution Vertech Inc.	4,404	-	-	-	3,165
Associates and joint ventures:					
PT. HLI Green Power	11,524	-	-	-	-
VINFAST LITHIUM BATTERY PACK LLC.(*)	256	-	-	-	-
Sama Aluminium	-	374	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	17,200
HAENGBOKNURI CO., LTD.	3	-	-	-	284
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	56,602	-	-	-
TECWIN Co., Ltd.	-	-	-	-	22
LG Management Development Institute	7	-	-	-	5,997
D&O Co., Ltd. and its subsidiaries	21	-	1,316	-	1,566
LG CNS Co., Ltd. and its subsidiaries	9,166	71	28,965	-	25,119
Others	-	-	-	-	700
Others:					
LG Electronics Inc., Ltd. and its subsidiaries	69,741	8,371	5,846	-	3,392
Xi C&A and its subsidiaries	-	1,907	15,664	-	-
S&I Corporation	-	4,291	11,328	-	12,144
Others	12	-	231	-	753
	<u>₩ 1,214,639</u>	<u>₩ 1,673,615</u>	<u>₩ 63,350</u>	<u>₩ 9</u>	<u>₩ 117,723</u>

(*) During the previous year, the Company disposed of its entire ownership interest and it was excluded from the related party.

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(4) Balances of receivables and payables from related parties as of 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	₩ 16,017	₩ 16,846	₩ 13,950	₩ 962	₩ 3,583	₩ 18,495
Subsidiaries:							
LG Energy Solution (Nanjing) Co., Ltd.	191	332,774	332,965	273,125	-	56,082	329,207
LG Energy Solution Michigan, Inc.	31,096	167,031	198,127	(5,452)	-	16,184	10,732
LG Energy Solution Battery (Nanjing) Co., Ltd.	1,688	26,936	28,624	81,898	-	-	81,898
LG Energy Solution Wroclaw sp. z o.o.	11,254	409,484	420,738	4,544	-	6,080	10,624
LG Energy Solution Australia Pty Ltd.	4,697	(40)	4,657	-	-	7,041	7,041
LG Energy Solution Technology (Nanjing) Co., Ltd.	-	40,404	40,404	319,083	-	1,150	320,233
Ultium Cells LLC	-	15,454	15,454	-	-	5,455	5,455
LG Energy Solution Europe GmbH	80,748	11	80,759	-	-	23,741	23,741
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	-	288	288
Areum noori Co., Ltd.	-	-	-	-	-	1,044	1,044
LG Energy Solution Vertech Inc.	106,333	4,364	110,697	-	-	33,756	33,756
L-H Battery Company, Inc.	-	2,137	2,137	-	-	-	-
LG Energy Solution Japan Co., Ltd.	-	-	-	-	-	104	104
Associates and joint ventures:							
PT. HLI Green Power	-	4,759	4,759	-	-	32,210	32,210
Sama Aluminium	-	-	-	193	-	-	193
Other related parties:							
LG Corp.	-	2,426	2,426	-	-	15,025	15,025
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	10,069	-	-	10,069
LG Management Development Institute	-	-	-	-	-	1,180	1,180
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	3,188	3,188
LG CNS Co., Ltd. and its subsidiaries	3,106	-	3,106	-	-	133,196	133,196
Others	-	-	-	-	-	22	22
Others:							
LG Electronics Inc., Ltd. and its subsidiaries (*)	46,536	5,559	52,095	5,295	-	34,570	39,865
Xi C&A and its subsidiaries	-	-	-	-	-	31,899	31,899
S&I Corporation	-	-	-	-	-	53,242	53,242
Others	-	560	560	-	839	3,434	4,273
	<u>₩ 286,478</u>	<u>₩ 1,027,876</u>	<u>₩ 1,314,354</u>	<u>₩ 702,705</u>	<u>₩ 1,801</u>	<u>₩ 462,474</u>	<u>₩ 1,166,980</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.	₩ 19,063	₩ 15,319	₩ 34,382	₩ 21,184	₩ 1,100	₩ 3,581	₩ 25,865
Subsidiaries:							
LG Energy Solution (Nanjing) Co., Ltd.	1,210	200,519	201,729	353,933	-	239	354,172
LG Energy Solution Michigan, Inc.	45,594	265,361	310,955	-	-	13,455	13,455
LG Energy Solution Battery (Nanjing) Co., Ltd.	-	479	479	69,581	-	-	69,581
LG Energy Solution Wroclaw sp. Z o.o.	39,616	307,828	347,444	18,477	-	5,976	24,453
LG Energy Solution Australia Pty Ltd.	4,258	46	4,304	-	-	4,926	4,926
LG Energy Solution Technology (Nanjing) Co., Ltd.	-	-	-	364,291	-	15,644	379,935
Ultium Cells LLC	-	35,843	35,843	-	-	-	-
LG Energy Solution Europe GmbH	88,746	-	88,746	-	-	11,451	11,451
LG Energy Solution (Taiwan), Ltd.	-	-	-	-	-	634	634
Areum Noori Co., Ltd.	-	-	-	-	-	1,030	1,030
LG Energy Solution Vertech Inc.	-	1,718	1,718	-	-	666	666
L-H Battery Company, Inc.	-	1,645	1,645	-	-	-	-
LG Energy Solution India Private Ltd.	-	-	-	-	-	1,715	1,715
Associates and joint ventures:							
PT. HLI Green Power	-	4,006	4,006	-	-	45,778	45,778
Sama Aluminium	-	-	-	545	-	-	545
Other related parties:							
LG Corp.	-	-	-	-	-	15,025	15,025
LG Chem (Taiwan), Ltd.	-	-	-	-	-	1	1
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	14,504	-	-	14,504
TECWIN Co., Ltd.	-	-	-	-	-	2,186	2,186
LG Management Development Institute	-	-	-	-	-	680	680
D&O Co., Ltd. and its subsidiaries	-	23	23	-	-	2,771	2,771
LG CNS Co., Ltd. and its subsidiaries	7,859	108	7,967	-	-	187,718	187,718
Others	-	-	-	-	-	213	213
Others:							
LG Electronics Inc., Ltd. and its subsidiaries (*)	40,482	4,320	44,802	5,535	-	32,820	38,355
Xi C&A and its subsidiaries	-	-	-	-	-	27,320	27,320
S&I Corporation	-	-	-	-	-	35,304	35,304
Others	-	559	559	-	1,006	4,713	5,719
	<u>₩ 246,828</u>	<u>₩ 837,774</u>	<u>₩ 1,084,602</u>	<u>₩ 848,050</u>	<u>₩ 2,106</u>	<u>₩ 413,846</u>	<u>₩ 1,264,002</u>

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

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(5) Fund transactions with related parties for the 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	
Subsidiaries:										
LG Energy Solution (Nanjing) Co., Ltd.	464,205		-	-	-	-	-	-	-	
LG Energy Solution Technology (Nanjing) Co., Ltd.	39,789		-	-	-	-	-	-	-	
LG Energy Solution Michigan, Inc.	-		526,580	-	-	-	-	-	-	
LG Energy Solution Fund I LLC.	-		427	-	-	-	-	-	-	
L-H Battery Company, Inc.	-		604,044	-	-	-	-	-	-	
LG Energy Solution Battery (Nanjing) Co., Ltd.	26,526		-	-	-	-	-	-	-	
LG Energy Solution Arizona, Inc.	-		80,076	-	-	-	-	-	-	
LG Energy Solution Japan Co., Ltd.	-		535	-	-	-	-	-	-	
NextStar Energy Inc.	-		409,581	-	-	-	-	-	-	
LG Energy Solution Fund II LLC	-		1,197	-	-	-	-	-	-	
Associates and joint ventures:										
Nexpo Co., Ltd.	-		1,900	-	-	-	-	-	-	
Bricks Capital Management Global Battery Private Equity Fund I	-		857	-	-	-	-	-	-	
Others:										
LG Household & Health Care Ltd.	-		-	-	-	-	-	-	162	
	<u>₩</u>	<u>530,520</u>	<u>₩</u>	<u>-</u>	<u>₩</u>	<u>1,625,197</u>	<u>₩</u>	<u>-</u>	<u>₩</u>	<u>294</u>

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

	2023									
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)				
				Loan	Repayment	Borrowing	Repayment			
Parent:										
LG Chem, Ltd.	₩	-	₩	-	₩	-	₩	-	129	
Subsidiaries:										
LG Energy Solution Michigan, Inc.	-		274,698	-	-	-	-	-	-	
LG Energy Solution Wroclaw sp. z o.o.	-		187,489	-	-	-	-	-	-	
LG Energy Solution Fund I LLC.	-		13,045	-	-	-	-	-	-	
LG Energy Solution Battery (Nanjing) Co., Ltd.	-		37,128	-	-	-	-	-	-	
L-H Battery Company, Inc.	-		138,854	-	-	-	-	-	-	
Associates and joint ventures:										
Sama Aluminium	-		46,575	-	-	-	-	-	-	
	<u>₩</u>	<u>-</u>	<u>₩</u>	<u>697,789</u>	<u>₩</u>	<u>-</u>	<u>₩</u>	<u>-</u>	<u>₩</u>	<u>129</u>

(*) The amounts represent lease liabilities that were recognized or repaid during the three-month period ended March 31, 2023.

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

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	₩ 6,330	₩ 16,466
Retirement benefits	<u>2,360</u>	<u>2,020</u>
	<u>₩ 8,690</u>	<u>₩ 18,486</u>

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

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

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30. INTERIM CONDENSED SEPARATE STATEMENTS OF CASH FLOWS:

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

	<u>2024</u>	<u>2023</u>
Profit before income tax	₩ 350,931	₩ 25,804
Adjustments for:		
- Depreciation	92,187	78,422
- Amortization	31,277	23,057
- Retirement benefits	21,552	16,438
- Financial income	(223,736)	(143,393)
- Financial costs	174,750	109,145
- (Reversal of) inventory valuation loss	45,320	(10,038)
- Gain on disposal of property, plant and equipment	(120)	(353)
- Loss on disposal of property, plant and equipment	1,017	5,077
- Loss on disposal of intangible assets	3	12
- Contribution to provisions	122,092	21,531
- Other non-operating income	(530,520)	-
- Other income and expenses	255	(1,640)
- Changes in inventories	(70,793)	(169,881)
- Changes in trade receivables	484,869	225,556
- Changes in other receivables	(182,402)	(95,449)
- Changes in other current assets	(14,724)	(64,685)
- Changes in trade payables	(206,006)	455,400
- Changes in other payables	56,391	(74,239)
- Changes in other current liabilities	205,192	(216,780)
- Changes in net defined benefit liabilities	452	7,356
- Changes in provisions	(106,263)	(145,305)
- Changes in other operating activities	-	10,409
Cash generated from operations	<u>₩ 251,724</u>	<u>₩ 56,444</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						
	Beginning	Cash flows from financing activities	Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending
Short-term borrowings	₩ 26,523	₩ (7,078)	₩ 14,512	₩ -	₩ -	₩ -	₩ 33,957
Long-term borrowings	33,094	-	(14,512)	-	30,463	-	49,045
Debentures	3,760,184	1,595,376	-	1,507	-	114,163	5,471,230
	<u>₩ 3,819,801</u>	<u>₩ 1,588,298</u>	<u>₩ -</u>	<u>₩ 1,507</u>	<u>₩ 30,463</u>	<u>₩ 114,163</u>	<u>₩ 5,554,232</u>

	2023						
	Beginning	Cash flows from financing activities	Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending
Short-term borrowings	₩ 16,037	₩ (4,261)	₩ 8,885	₩ -	₩ -	₩ -	₩ 20,661
Long-term borrowings	41,986	-	(8,885)	-	11,004	-	44,105
Debentures	2,135,034	-	-	897	-	71,477	2,207,408
	<u>₩ 2,193,057</u>	<u>₩ (4,261)</u>	<u>₩ -</u>	<u>₩ 897</u>	<u>₩ 11,004</u>	<u>₩ 71,477</u>	<u>₩ 2,272,174</u>

(3) Material 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	₩ 180,282	₩ 296,433
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(222,180)	(180,436)
Reclassification of machinery in transit	5,953	-
Reclassification of debentures into current portion	-	35,609
Reclassification of dividend receivables into investments in subsidiaries	-	37,128

31. LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

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

	March 31, 2024	December 31, 2023
Contract liabilities:		
Advances from customers received as part of the Company's main business activities	₩ 77,810	₩ 74,886
Expected customer incentives	1,358	1,660
Unearned revenue	337,991	46,425
	<u>₩ 417,159</u>	<u>₩ 122,971</u>

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(2) Revenue recognized in relation to contract liabilities

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

	<u>2024</u>	<u>2023</u>
Revenue recognized in the period from the beginning contract liabilities:		
Revenue in relation to advances from customers received as part of the Company's main business activities	₩ 11,417	₩ 11,831
Unearned revenue	<u>10,529</u>	<u>11,602</u>
	<u>₩ 21,946</u>	<u>₩ 23,433</u>

32. INVESTMENT PROPERTIES:

(1) Details of investment properties 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>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Book value</u>	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Book value</u>
Buildings	₩ 279,775	₩ (76,960)	₩ (1,628)	₩ 201,187	₩ 296,079	₩ (81,948)	₩ (1,721)	₩ 212,410
Land	<u>275</u>	<u>(9)</u>	<u>(35)</u>	<u>231</u>	<u>283</u>	<u>(8)</u>	<u>(35)</u>	<u>240</u>
	<u>₩ 280,050</u>	<u>₩ (76,969)</u>	<u>₩ (1,663)</u>	<u>₩ 201,418</u>	<u>₩ 296,362</u>	<u>₩ (81,956)</u>	<u>₩ (1,756)</u>	<u>₩ 212,650</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):

	<u>2024</u>		<u>2023</u>	
	<u>Land</u>	<u>Buildings</u>	<u>Land</u>	<u>Buildings</u>
Beginning	₩ 240	₩ 212,410	₩ 245	₩ 213,044
Acquisition/transfer	-	794	-	6,501
Disposal/transfer	(8)	(10,537)	-	(1,112)
Depreciation	(1)	(1,480)	(5)	(6,023)
Ending	<u>₩ 231</u>	<u>₩ 201,187</u>	<u>₩ 240</u>	<u>₩ 212,410</u>

(3) The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as of March 31, 2024, is ₩241,145 million (as of December 31, 2023, was ₩245,385 million).

Rental income from investment properties under operating lease for the three-month period ended March 31, 2024, is ₩1,933 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 ₩1,481 million.

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(4) Operating lease

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

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Less than one year	₩ 6,250	₩ 160
Between one year and two years	1,803	151
Between two and five years	1,523	299
	<u>₩ 9,576</u>	<u>₩ 610</u>