

LG ENERGY SOLUTION, LTD. AND ITS SUBSIDIARIES

**Interim Condensed Consolidated Financial Statements
As of June 30, 2025, and December 31, 2024, and
For the Three-Month and Six-Month Periods Ended June 30,
2025 and 2024**

(With the Independent Auditor's Review Report Thereon)



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Report on Review of Interim Condensed Consolidated Financial Statements

English Translation of Independent Auditor's Review Report Originally Issued in Korean on August 11, 2025

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

Reviewed financial statements

We have reviewed the accompanying interim condensed consolidated financial statements of LG Energy Solution, Ltd. and its subsidiaries (the "Group"). These interim condensed consolidated financial statements consist of the interim condensed consolidated statement of financial position as of June 30, 2025, and the related interim condensed consolidated statements of profit or loss and interim condensed consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2025 and 2024, and the interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows, all expressed in Korean won, for the six-month periods ended June 30, 2025 and 2024, and a summary of material accounting policies and other explanatory information.

Management's responsibility for the interim condensed consolidated financial statements

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

Auditor's responsibility

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

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

Conclusion

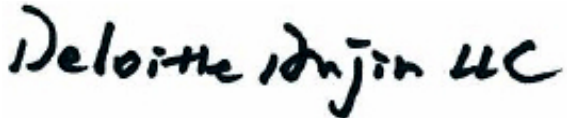
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with K-IFRS 1034 *Interim Financial Reporting*.

Deloitte.

Other matters

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

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

August 11, 2025

This review report is effective as of August 11, 2025, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modifications to this review report.

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

Interim condensed consolidated financial statements
as of June 30, 2025, and December 31, 2024, and
for the three-month and six-month periods ended June 30, 2025 and 2024

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

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of financial position
As of June 30, 2025, and December 31, 2024

(Korean won in millions)

	Notes		June 30, 2025		December 31, 2024
Assets					
Current assets					
Cash and cash equivalents	3,5,6	₩	5,440,471	₩	3,898,711
Trade receivables	3,5,7,30		4,595,018		4,944,019
Other receivables	3,5,7,30		590,460		603,635
Other current financial assets	3,5,8		251		42
Prepaid income taxes			152,438		121,269
Other current assets	13		1,511,819		1,207,364
Inventories	9		4,054,319		4,552,355
			<u>16,344,776</u>		<u>15,327,395</u>
Non-current assets					
Trade receivables	3,5,7		183,199		392,584
Other receivables	3,5,7,30		112,173		134,450
Other non-current financial assets	3,5,8		831,483		1,132,368
Investments in associates and joint ventures	10,32		64,759		62,389
Deferred tax assets	27		2,999,729		2,774,153
Property, plant and equipment	11,32		39,998,833		38,349,552
Intangible assets	12,32		1,409,465		1,284,576
Investment properties	32,34		212,916		225,934
Other non-current assets	13,16		825,169		623,390
			<u>46,637,726</u>		<u>44,979,396</u>
Total assets		₩	<u>62,982,502</u>	₩	<u>60,306,791</u>
Liabilities					
Current liabilities					
Trade payables	3,5,30	₩	2,207,008	₩	2,705,481
Other payables	3,5,30		4,964,290		5,389,848
Borrowings	3,5,11,14,31		4,711,082		2,490,240
Provisions	15		975,553		1,044,468
Other current financial liabilities	3,5,8		1,059		1,159
Income tax payables			26,470		15,550
Other current liabilities	17,33		617,844		408,176
			<u>13,503,306</u>		<u>12,054,922</u>
Non-current liabilities					
Other payables	3,5,30		13,767		22,082
Borrowings	3,5,11,14,31		16,145,567		12,900,311
Other non-current financial liabilities	3,5,8		1,829,512		1,000,635
Provisions	15		928,849		778,686
Deferred tax liabilities	27		32,123		60,733
Other non-current liabilities	16,17,33		2,229,204		2,522,879
			<u>21,179,022</u>		<u>17,285,326</u>
Total liabilities			<u>34,682,328</u>		<u>29,340,248</u>
Equity attributable to owners of the Parent Company					
Share capital	19		117,000		117,000
Capital surplus	19		17,164,627		17,164,627
Accumulated other comprehensive income			1,390,012		2,437,399
Retained earnings	20		936,315		1,397,211
			<u>19,607,954</u>		<u>21,116,237</u>
Non-controlling interest			<u>8,692,220</u>		<u>9,850,306</u>
Total equity			<u>28,300,174</u>		<u>30,966,543</u>
Total liabilities and equity		₩	<u>62,982,502</u>	₩	<u>60,306,791</u>

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of profit or loss
For the three-month and six-month periods ended June 30, 2025 and 2024

(Korean won in millions)

	Notes	June 30, 2025		June 30, 2024	
		Three months	Six months	Three months	Six months
Revenue	21,30,32,33	₩ 5,565,408	₩ 11,830,403	₩ 6,161,866	₩ 12,290,580
Cost of sales	21,22,30	4,563,451	9,816,190	5,468,974	10,673,689
Gross profit		1,001,957	2,014,213	692,892	1,616,891
Other operating income	21,32	490,761	948,477	447,794	636,748
Selling and administrative expenses	21,22,30	1,000,559	2,095,858	945,367	1,900,983
Operating profit	21	492,159	866,832	195,319	352,656
Finance income	5,24,30	626,741	899,383	205,102	487,769
Finance costs	5,24,30	980,220	1,248,623	276,516	534,094
Share of loss of associates and joint ventures	10	(629)	(1,128)	(28,974)	(41,605)
Other non-operating income	25	202,631	373,024	120,540	324,524
Other non-operating expenses	26	367,708	552,008	124,227	275,357
Profit (loss) before income tax expense (benefit)		(27,026)	337,480	91,244	313,893
Income tax expense (benefit)	27	(117,631)	20,302	114,984	125,581
Profit (loss) for the period		₩ 90,605	₩ 317,178	₩ (23,740)	₩ 188,312
Profit (loss) for the period attributable to:					
Owners of the Parent Company		₩ (297,446)	₩ (443,186)	₩ (471,772)	₩ (472,236)
Non-controlling interests		388,051	760,364	448,032	660,548
Losses per share attributable to the equity holders of the Parent Company (in Korean won)	28				
Basic or diluted losses per share		(1,271)	(1,894)	(2,016)	(2,018)

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of comprehensive income
For the three-month and six-month periods ended June 30, 2025 and 2024

(Korean won in millions)

	Notes	June 30, 2025		June 30, 2024	
		Three months	Six months	Three months	Six months
Profit (loss) for the period		₩ 90,605	₩ 317,178	₩ (23,740)	₩ 188,312
Other comprehensive income:					
Items that will not be subsequently reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities	16	149	1,030	(205)	(856)
Loss on valuation of financial assets at fair value through other comprehensive income (“FVOCI”)	5	(5,898)	(8,582)	(2,837)	(1,930)
Income tax effect of other comprehensive income		<u>724</u>	<u>1,141</u>	<u>767</u>	<u>723</u>
		(5,025)	(6,411)	(2,275)	(2,063)
Items that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		(1,958,379)	(1,804,602)	609,657	1,303,128
Gain (loss) on cash flow hedge	5	(915)	(277)	2,291	3,674
Share of other comprehensive income of associates and joint ventures		-	-	6,246	15,784
Income tax effect of other comprehensive income		<u>(8,315)</u>	<u>11,046</u>	<u>3,067</u>	<u>(1,733)</u>
		(1,967,609)	(1,793,833)	621,261	1,320,853
Other comprehensive income (loss) for the period, net of tax		<u>(1,972,634)</u>	<u>(1,800,244)</u>	<u>618,986</u>	<u>1,318,790</u>
Total comprehensive income (loss) for the period, net of tax		<u>₩ (1,882,029)</u>	<u>₩ (1,483,066)</u>	<u>₩ 595,246</u>	<u>₩ 1,507,102</u>
Total comprehensive income for the period attributable to:					
Owners of the Parent Company		₩ (1,554,923)	₩ (1,508,515)	₩ (44,285)	₩ 447,988
Non-controlling interest		(327,106)	25,449	639,531	1,059,114

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of changes in equity
For the six-month periods ended June 30, 2025 and 2024

(Korean won in millions)

	Notes	Attributable to the equity holders of the Parent Company						Non-controlling interests	Total
		Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal			
As of January 1, 2024		₩ 117,000	₩ 17,164,627	₩ 554,518	₩ 2,364,496	₩ 20,200,641	₩ 4,172,868	₩ 24,373,509	
Comprehensive income for the period:									
Profit (loss) for the period		-	-	-	(472,236)	(472,236)	660,548	188,312	
Remeasurements of net defined benefit liabilities	16	-	-	-	(660)	(660)	-	(660)	
Exchange differences on translation of foreign operations		-	-	903,720	-	903,720	398,566	1,302,286	
Loss on valuation of financial assets at FVOCI	5	-	-	(1,402)	-	(1,402)	-	(1,402)	
Gain on cash flow hedge	5	-	-	2,782	-	2,782	-	2,782	
Equity adjustments in equity method	10	-	-	15,784	-	15,784	-	15,784	
Total comprehensive income (loss) for the period		-	-	920,884	(472,896)	447,988	1,059,114	1,507,102	
Transactions with owners of the Parent Company recognized directly in equity:									
Capital increase		-	-	-	-	-	1,952,673	1,952,673	
Others		-	-	-	115	115	(201,580)	(201,465)	
Total transactions with owners of the Parent Company recognized directly in equity		-	-	-	115	115	1,751,093	1,751,208	
As of June 30, 2024		<u>₩ 117,000</u>	<u>₩ 17,164,627</u>	<u>₩ 1,475,402</u>	<u>₩ 1,891,715</u>	<u>₩ 20,648,744</u>	<u>₩ 6,983,075</u>	<u>₩ 27,631,819</u>	
As of January 1, 2025		₩ 117,000	₩ 17,164,627	₩ 2,437,399	₩ 1,397,211	₩ 21,116,237	₩ 9,850,306	₩ 30,966,543	
Comprehensive income for the period:									
Profit (loss) for the period		-	-	-	(443,186)	(443,186)	760,364	317,178	
Remeasurements of net defined benefit liabilities	16	-	-	-	797	797	-	797	
Exchange differences on translation of foreign operations		-	-	(1,058,555)	-	(1,058,555)	(734,915)	(1,793,470)	
Loss on valuation of financial assets at FVOCI	5	-	-	(7,209)	-	(7,209)	-	(7,209)	
Gain(loss) on cash flow hedge	5	-	-	(362)	-	(362)	-	(362)	
Equity adjustments in equity method	10	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the period		-	-	(1,066,126)	(442,389)	(1,508,515)	25,449	(1,483,066)	
Transactions with owners of the Parent Company recognized directly in equity:									
Capital increase		-	-	-	-	-	1,534,526	1,534,526	
Capital decrease		-	-	-	-	-	(1,470,416)	(1,470,416)	
Disposal of financial assets at FVOCI		-	-	18,739	(18,739)	-	-	-	
Others		-	-	-	232	232	(1,247,645)	(1,247,413)	
Total transactions with owners of the Parent Company recognized directly in equity		-	-	18,739	(18,507)	232	(1,183,535)	(1,183,303)	
As of June 30, 2025		<u>₩ 117,000</u>	<u>₩ 17,164,627</u>	<u>₩ 1,390,012</u>	<u>₩ 936,315</u>	<u>₩ 19,607,954</u>	<u>₩ 8,692,220</u>	<u>₩ 28,300,174</u>	

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of cash flows
For the six-month periods ended June 30, 2025 and 2024

(Korean won in millions)

	<u>Notes</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Cash flows from operating activities:			
Cash generated from operations	31	₩ 2,034,237	₩ 1,813,015
Interest received		78,450	102,871
Interest paid		(400,921)	(267,645)
Dividends received		176	348
Income tax paid		(299,946)	(281,573)
Net cash provided by operating activities		<u>1,411,996</u>	<u>1,367,016</u>
Cash flows from investing activities:			
Cash inflow from investing activities:			
Decrease in other receivables		140,585	35,020
Decrease in other non-current receivables		12,063	3,974
Proceeds from disposal of financial assets		5,989	1,288
Proceeds from disposal of property, plant and equipment		24,984	13,328
Proceeds from disposal of intangible assets		780	1,096
Government grants received		61,810	110,996
Other cash inflow for investing activities		-	144
		<u>246,211</u>	<u>165,846</u>
Cash outflow for investing activities:			
Increase in other receivables		(139,714)	(1,137)
Increase in other non-current receivables		(26,372)	(52,552)
Acquisition of investments in associates		(3,536)	(7,847)
Acquisition of financial instruments		(33,718)	(32,381)
Acquisition of property, plant and equipment		(6,130,461)	(6,263,517)
Acquisition of intangible assets		(69,343)	(49,261)
Other cash outflow for investing activities		(825)	-
		<u>(6,403,969)</u>	<u>(6,406,695)</u>
Net cash used in investing activities		<u>(6,157,758)</u>	<u>(6,240,849)</u>
Cash flows from financing activities:			
Cash inflow from financing activities:			
Proceeds from borrowings and others	31	8,322,364	3,919,431
Paid-in capital by non-controlling interests		1,534,525	1,952,673
		<u>9,856,889</u>	<u>5,872,104</u>
Cash outflow for financing activities:			
Repayments of borrowings and others	31	(2,065,308)	(2,210,540)
Payment for capital reduction to non-controlling interests		(146,639)	-
Others		(1,247,645)	(201,580)
		<u>(3,459,592)</u>	<u>(2,412,120)</u>
Net cash provided by financing activities		<u>6,397,297</u>	<u>3,459,984</u>
Net increase (decrease) in cash and cash equivalents		1,651,535	(1,413,849)
Cash and cash equivalents at the beginning of period		3,898,711	5,068,783
Effects of exchange rate changes on cash and cash equivalents		(109,775)	215,966
Cash and cash equivalents at the end of period		<u>₩ 5,440,471</u>	<u>₩ 3,870,900</u>

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

LG Energy Solution, Ltd. and its subsidiaries
Notes to interim condensed consolidated financial statements
As of June 30, 2025, and December 31, 2024, and
For the three-month and six-month periods ended June 30, 2025 and 2024

1. GENERAL:

General information about LG Energy Solution, Ltd. (the “Company” or the “Parent Company”) and its 24 subsidiaries (collectively, the “Group”) is as follows:

1.1 Company Information

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

As of June 30, 2025, the Company is engaged in the battery industry, with its manufacturing facilities located in Ochang.

The Company’s shares have been listed on the Korea Exchange since January 27, 2022, and the share capital is ₩117,000 million as of June 30, 2025. The largest shareholder of the Company is LG Chem Ltd., which holds 81.84% of the Company’s ordinary shares.

The Company is authorized to issue 800 million shares (₩500 per share) and has issued 234 million of ordinary shares as of June 30, 2025.

1.2 Business Overview

The Group is engaged in providing energy solution services.

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

LG Energy Solution, Ltd. and its subsidiaries
Notes to interim condensed consolidated financial statements
As of June 30, 2025, and December 31, 2024, and
For the three-month and six-month periods ended June 30, 2025 and 2024

1.3 Consolidated Subsidiaries and Investments in Associates and Joint Ventures

	<u>Ownership (%)</u>		<u>Location</u>	<u>Closing month</u>	<u>Business</u>
	<u>June 30, 2025</u>	<u>December 31, 2024</u>			
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	100	100	China	December	Mobile battery manufacturing, sales and others
LG Energy Solution Michigan Inc. (*1)	100	100	USA	December	Automotive battery research and manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd.	100	100	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o.	100	100	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd.	100	100	Australia	December	ESS battery sales
LG Energy Solution Technology (Nanjing) Co., Ltd.	100	100	China	December	Automotive battery manufacturing, sales and others
Ultium Cells Holdings LLC (*2)	50	50	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC (*2)	50	50	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH	100	100	Germany	December	ESS battery sales and others
LG Energy Solution (Taiwan) Ltd.	100	100	Taiwan	December	Mobile battery sales and others
Areumnoori Co., Ltd.	100	100	Korea	December	Facility management and cleaning
LG Energy Solution Fund I LLC	100	100	USA	December	Investment in ventures
LG Energy Solution Vertech Inc.	100	100	USA	December	ESS battery installation service
LG Energy Solution Arizona, Inc.	100	100	USA	December	Mobile battery manufacturing and sales
Baterias De Castilla, S.L.	100	100	Spain	December	Others
L-H Battery Company, Inc.	51	51	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited	100	100	India	December	Mobile battery sales and others
LG Energy Solution Arizona ESS, Inc.	100	100	USA	December	ESS battery manufacturing and sales
Nextstar Energy Inc.	51	51	Canada	December	Automotive battery manufacturing and sales
LG Energy Solution Fund II LLC	100	100	USA	December	Investment in ventures
HL-GA Battery Company LLC (*3)	50	50	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd.	100	100	Japan	December	ESS battery sales
PT. HLI Green Power (*4)	50	50	Indonesia	December	Automotive battery manufacturing and sales
LG Energy Solution China Co., Ltd. (*5)	100	-	China	December	Business support services and others
Associates and joint ventures:					
Sama Aluminium Co., Ltd. (*6)	10.2	10.2	Korea	December	Aluminum manufacturing, sales and others
Nexpo Co., Ltd. (*7)	19	19	Korea	December	Battery product manufacturing, sales and others
Bricks Capital Management Global Battery Private Equity Fund I (*8)	59.9	59.9	Korea	December	Collective investment institution
Jeju Bukchon BESS Power Plant Co., Ltd. (*9)	10	-	Korea	December	

LG Energy Solution, Ltd. and its subsidiaries
Notes to interim condensed consolidated financial statements
As of June 30, 2025, and December 31, 2024, and
For the three-month and six-month periods ended June 30, 2025 and 2024

- (*1) LG Energy Solution Michigan Inc. owns 50% of Ultium Cells Holdings LLC and HL-GA Battery Company LLC's shares.
- (*2) The Group does not hold a majority ownership interest in Ultium Cells LLC or Ultium Cells Holdings LLC. According to the arrangement between shareholders, the Group holds the majority of voting rights in the decision-making process of the entity and has the ability to affect the variable returns by engaging in the entity's production and cost management. This implies that the Group exercises control over the entity.
- (*3) Although the Group does not hold a majority ownership interest in HL-GA Battery Company LLC, amendments in the shareholder agreement grant the Group holds the majority of voting rights in the decision-making process of the entity and has the ability to affect variable returns by engaging in the entity's production and cost management. Accordingly, HL-GA Battery Company LLC was included as a subsidiary in the consolidated financial statements during the current period.
- (*4) Although the Group does not hold a majority ownership interest in PT. HLI Green Power, amendments in the shareholder agreement grant the Group holds the majority of voting rights in the decision-making process of the entity and has the ability to affect variable returns by engaging in the entity's production and cost management. Accordingly, PT. HLI Green Power was included as a subsidiary in the consolidated financial statements during the current period.
- (*5) During the current period, the Group newly acquired 100% of LG Energy Solution China Co., Ltd. for ₩14,174 million.
- (*6) Although the ownership in Sama Aluminium Co., Ltd. is less than 20%, the arrangement between shareholders ensures that the Group has the ability to participate in the decision-making process, thus exerting significant influence over the entity. As a result, the entity is classified as an associate.
- (*7) Although the ownership in Nexpo Co., Ltd. is less than 20%, the arrangement between shareholders ensures that the Group has the ability to participate in the decision-making process, thus exerting significant influence over the entity. As a result, the entity is classified as an associate.
- (*8) Although the subsidiary's equity stake in the joint venture exceeds 50%, but since unanimous consent from all equity participants is required for major decisions, the Group has concluded that it does not control the joint venture. As a result, it has been classified as an investment in an associate.
- (*9) During the current period, the Group newly acquired 10% of Jeju Bukchon BESS Power Plant Co., Ltd. for ₩900 million. Although the ownership in Jeju Bukchon BESS Power Plant Co., Ltd. is less than 20%, the arrangement between shareholders ensures that the Group has the ability to participate in the decision-making process, thus exerting significant influence over the entity. As a result, the entity is classified as an associate.

1.4 Changes in Scope for Consolidation

New subsidiary included in the interim condensed consolidated financial statements for the six-month period ended June 30, 2025, is as follows:

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The Group's interim condensed consolidated financial statements were prepared in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1034 *Interim Financial Reporting* as part of the period covered by the Group's K-IFRSs annual consolidated financial statements. In order to be understood, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the fiscal year ended December 31, 2024, prepared in accordance with the K-IFRSs.

2.2 Application of the Amended and Enacted Standards

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

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

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

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

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

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

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

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

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

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

The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with K-IFRS 1109, the lessee is required to recognize any resulting gain or loss in profit or loss. Additionally, the amendments have replaced ‘their transaction price (as defined in K-IFRS 1115)’ in K-IFRS 1109:5.1.3 with ‘the amount determined by applying K-IFRS 1115’ to remove an inconsistency between K-IFRS 1109 and the requirements in K-IFRS 1115. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

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

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

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

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

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

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

- K-IFRS 1107 Financial Instruments: Disclosures – Gain or Loss on Derecognition

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

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

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

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

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

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

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3. FINANCIAL RISK MANAGEMENT:

3.1 Financial Risk Factors

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

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

(1) Market risk

1) Foreign exchange risk

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

Management has set up a policy to require each company in the Group to manage its foreign exchange risk against its functional currency. The Group employs personnel exclusively responsible for currency risk management and uses foreign exchange derivatives such as currency forwards and currency swaps as hedging instruments, excluding those held for trading purposes in principle.

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

Monetary assets and liabilities denominated in foreign currencies as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 3,404,830	₩ 8,648,296	₩ 4,302,999	₩ 6,674,089
EUR	362,148	3,590,100	406,770	3,728,590
JPY	46,327	49,035	50,688	131,907
CNY and others	74,079	96,649	243,000	56,719

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With all other variables held constant as of June 30, 2025, and December 31, 2024, a hypothetical change in exchange rates by 10% would have increased (decreased) the Group's net income as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
	10% Increase	10% Decrease	10% Increase	10% Decrease
USD	₩ (524,347)	₩ 524,347	₩ (237,109)	₩ 237,109
EUR	(322,795)	322,795	(332,182)	332,182
JPY	(271)	271	(8,122)	8,122
CNY and others	(2,257)	2,257	18,628	(18,628)

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

As of June 30, 2025, the Group entered into foreign currency forward and foreign currency swaps to hedge change in exchange rates and the details are as follows (Korean won in millions):

	Contractor	Contract amount (in millions)	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
						Assets	Liabilities
Currency forward (*)	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.04.16	₩ 83,307	₩ -
	JP Morgan	USD 200	1,337.60	2023.09.25	2026.09.25	1,365	-
	Shinhan Bank	USD 200	1,337.60	2023.09.25	2026.09.25	2,643	-
	KDB Bank	USD 400	1,337.60	2023.09.25	2028.09.25	-	2,570
	Woori Bank	USD 200	1,337.60	2023.09.25	2028.09.25	-	1,272
	DBS	USD 200	1,380.80	2024.07.02	2027.07.02	-	4,110
	JP Morgan	USD 200	1,380.80	2024.07.02	2027.07.02	-	5,110
	Shinhan Bank	USD 300	1,380.80	2024.07.02	2027.07.02	-	5,563
	KB Kookmin Bank	USD 200	1,380.80	2024.07.02	2029.07.02	-	5,917
	Woori Bank	USD 200	1,380.80	2024.07.02	2029.07.02	-	5,842
	Korea Exim Bank	USD 200	1,380.80	2024.07.02	2029.07.02	-	5,820
	IBK Securities	USD 100	1,380.80	2024.07.02	2029.07.02	-	3,027
	KDB Bank	USD 100	1,380.80	2024.07.02	2029.07.02	-	2,982
	KDB Bank	USD 400	1,380.80	2024.07.02	2034.07.02	-	35,715
Currency swap (*)	Woori Bank	USD 100	1,380.80	2024.07.02	2034.07.02	-	8,925
	Hana Bank	USD 200	1,471.70	2025.04.02	2028.04.02	-	23,222
	JP Morgan	USD 100	1,471.70	2025.04.02	2028.04.02	-	12,481
	SMBC	USD 100	1,471.70	2025.04.02	2028.04.02	-	11,653
	Shinhan Bank	USD 200	1,471.70	2025.04.02	2030.04.02	-	27,706
	Woori Bank	USD 100	1,471.70	2025.04.02	2030.04.02	-	13,830
	KDB Bank	USD 500	1,471.70	2025.04.02	2030.04.02	-	60,391
	Shinhan Bank	USD 100	1,471.70	2025.04.02	2030.04.02	-	12,166
	Woori Bank	USD 200	1,471.70	2025.04.02	2035.04.02	-	33,441
	Hanwha Securities	USD 200	1,471.70	2025.04.02	2035.04.02	-	33,435
	Hana Bank	USD 100	1,471.70	2025.04.02	2035.04.02	-	16,813
	KB Kookmin Bank	USD 100	1,471.70	2025.04.02	2035.04.02	-	16,949
	Credit Agricole	USD 50	1,471.70	2025.04.02	2035.04.02	-	8,565
	KDB Bank	USD 50	1,471.70	2025.04.02	2035.04.02	-	8,363

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

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2) Interest rate risk

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

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

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

	Effect on profit and loss before tax		Impact on equity	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Increase	₩ (64,747)	₩ (46,125)	₩ (64,747)	₩ (46,125)
Decrease	64,747	46,125	64,747	46,125

3) Price risk

The Group is exposed to price risks from equity instruments. As of June 30, 2025, the fair value of equity instruments is ₩154,306 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Group's equity by ₩15,431 million before tax.

(2) Credit risk

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

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

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

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

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

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1) Trade receivables

The Group applies the simplified approach in measuring expected credit losses, which uses lifetime expected provisions for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The provisions for receivables as of June 30, 2025, and December 31, 2024, are as follows. Expected credit losses include forward-looking information (Korean won in millions):

	Receivables not past due (*)	Receivables past due, but not impaired (*)	Receivables impaired (individually evaluated)	Total
June 30, 2025 (trade receivables)				
Gross carrying amount	₩ 4,333,228	₩ 444,989	₩ -	₩ 4,778,217
Expected loss rate	-	-	-	0.00%
Provisions for receivables	-	-	-	-
December 31, 2024 (trade receivables)				
Gross carrying amount	₩ 5,226,311	₩ 110,292	₩ 1	₩ 5,336,604
Expected loss rate	-	-	100.00%	0.00%
Provisions for receivables	-	-	1	1

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

Changes in the provisions for trade receivables for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Beginning	₩ 1	₩ -
Provisions recognized in profit or loss	(1)	13
Write-off	-	(12)
Ending	<u>₩ -</u>	<u>₩ 1</u>

As of June 30, 2025, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩4,778,217 million (as of December 31, 2024, was ₩5,336,603 million).

2) Other financial assets at amortized cost

All of the financial assets at amortized cost are considered to have low credit risk, and the provisions recognized during the period were, therefore, limited to 12 months' expected losses. As of June 30, 2025, and December 31, 2024, the provisions for other financial assets 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.

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(3) Liquidity risk

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

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

	June 30, 2025			
	Less than 1 year	Between 1 year–2 years	Between 2–5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 5,347,519	₩ 3,891,012	₩ 12,315,000	₩ 2,659,557
Lease liabilities	78,820	52,714	98,246	125,419
Trade and other payables (*)	7,171,298	13,357	398	12
	<u>12,597,637</u>	<u>3,957,083</u>	<u>12,413,644</u>	<u>2,784,988</u>
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	-	(542,560)	(5,289,960)	(1,627,680)
Outflows	-	535,040	5,338,385	1,720,590
	-	(7,520)	48,425	92,910
	<u>₩ 12,597,637</u>	<u>₩ 3,949,563</u>	<u>₩ 12,462,069</u>	<u>₩ 2,877,898</u>
	December 31, 2024			
	Less than 1 year	Between 1 year–2 years	Between 2–5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 3,059,952	₩ 3,658,210	₩ 8,594,217	₩ 2,340,232
Lease liabilities	87,984	57,643	103,007	134,674
Trade and other payables (*)	8,095,329	17,194	4,887	1
	<u>11,243,265</u>	<u>3,733,047</u>	<u>8,702,111</u>	<u>2,474,907</u>
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	-	(588,000)	(3,822,000)	(735,000)
Outflows	-	535,040	3,425,175	690,400
	-	(52,960)	(396,825)	(44,600)
	<u>₩ 11,243,265</u>	<u>₩ 3,680,087</u>	<u>₩ 8,305,286</u>	<u>₩ 2,430,307</u>

(*) As of June 30, 2025, there is no amount among the payments made using the purchasing card for which the substantive maturity has been extended (as of December 31, 2024, was ₩439,603 million) (see Note 5.(3)).

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2) As of June 30, 2025, the Group has entered into swap contracts, to which cash flow hedge accounting is applied, to avoid fluctuations in the market price of raw materials as follows (Korean won in millions):

	<u>Purpose of the contracts</u>	<u>Hedged items</u>	<u>Financial institution</u>	<u>Maturity</u>	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
					<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Merchandise (raw materials) swap (*)	Cash flow hedge	Non-ferrous metal	Citibank, etc.	December 2027	₩ 332	₩ 1,437	₩ 64	₩ 1,594

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

3.2 Capital Risk Management

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

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

The gearing ratio and debt-to-equity ratio as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
Total borrowings (Note 14) (A)	₩	20,856,649	₩	15,390,551
Less: Cash and cash equivalents (B)		(5,440,471)		(3,898,711)
Net debt (C=A+B)		15,416,178		11,491,840
Total liabilities (D)		34,682,328		29,340,248
Total equity (E)		28,300,174		30,966,543
Total capital (F=C+E)		<u>43,716,352</u>		<u>42,458,383</u>
Gearing ratio (C/F)		35.3%		27.1%
Debt-to-equity ratio (D/E)		122.6%		94.7%

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3.3 Fair Value Estimation

(1) The carrying amounts and fair values of financial instruments by category as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current):				
Cash and cash equivalents	₩ 5,440,471	(*)	₩ 3,898,711	(*)
Trade receivables	4,595,018	(*)	4,944,019	(*)
Other receivables (excluding deposits from financial institutions)	590,180	(*)	603,635	(*)
Deposits from financial institutions	280	(*)	-	-
Current derivative financial assets	251	251	42	42
Financial assets (non-current):				
Trade receivables	183,199	(*)	392,584	(*)
Other receivables (excluding deposits from financial institutions)	46,155	(*)	68,219	(*)
Deposits from financial institutions	66,018	(*)	66,231	(*)
Other non-current financial assets (measured at fair value):				
Marketable financial assets	19,345	19,345	26,973	26,973
Non-marketable financial assets	694,576	694,576	703,957	703,957
Non-current derivative financial assets	30,247	30,247	31,163	31,163
Non-current derivative financial assets (currency forward)	83,307	83,307	118,088	118,088
Non-current derivative financial assets (currency swap)	4,008	4,008	252,187	252,187
Financial liabilities (current):				
Trade and other payables	7,171,298	(*)	8,095,329	(*)
Current borrowings (excluding lease liabilities)	4,644,287	(*)	2,413,086	(*)
Current derivative financial liabilities	1,059	1,059	1,159	1,159
Financial liabilities (non-current):				
Non-current borrowings (excluding lease liabilities)	15,925,324	17,199,956	12,641,359	13,202,530
Other non-current payables	13,767	(*)	22,082	(*)
Non-current derivative financial liabilities	378	378	435	435
Non-current derivative financial liabilities (currency swap)	365,867	365,867	-	-
Non-current financial liabilities at amortized cost	1,463,267	(*)	1,000,200	(*)

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

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

Fair values of financial liabilities (non-current) are calculated by discounting the expected cash outflows by yield from corporate bonds. These bonds are Korean won denominated with credit rating same as that of the Parent Company (AA0). The applied discount rates as of June 30, 2025, and December 31, 2024, are as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Discount rate	2.63% – 4.00%	3.17% – 4.12%

(3) Fair value hierarchy

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

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

As of June 30, 2025, and December 31, 2024, the fair value hierarchy of financial instruments measured at fair value or for which fair value is disclosed is as follows (Korean won in millions):

	<u>June 30, 2025</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Financial assets/liabilities measured at fair value:					
Current derivative financial assets	₩	- ₩	251 ₩	- ₩	251
Non-current derivative financial assets		-	1,513	28,734	30,247
Non-current derivative financial assets (currency forward)		-	83,307	-	83,307
Non-current derivative financial assets (currency swap)		-	4,008	-	4,008
Other non-current financial assets (marketable financial assets)	19,345	-	-	-	19,345
Other non-current financial assets (non-marketable financial assets)	-	-	694,576	-	694,576
Current derivative financial liabilities		-	1,059	-	1,059
Non-current derivative financial liabilities		-	378	-	378
Non-current derivative financial liabilities (currency swap)		-	365,867	-	365,867
Financial assets/liabilities not measured at fair value:					
Non-current borrowings (excluding lease liabilities)		-	17,199,956	-	17,199,956

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	December 31, 2024				
	Level 1	Level 2	Level 3	Total	
Financial assets/liabilities measured at fair value:					
Current derivative financial assets	₩	- ₩	42 ₩	- ₩	42
Non-current derivative financial assets		22	31,141		31,163
Non-current derivative financial assets (currency forward)		118,088	-		118,088
Non-current derivative financial assets (currency swap)		252,187	-		252,187
Other non-current financial assets (marketable financial assets)	26,973	-	-		26,973
Other non-current financial assets (non-marketable financial assets)	-	-	703,957		703,957
Current derivative financial liabilities		1,159	-		1,159
Non-current derivative financial liabilities		435	-		435
Financial assets/liabilities not measured at fair value:					
Non-current borrowings (excluding lease liabilities)		13,202,530	-		13,202,530

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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

The significant estimates and assumptions made by management on the application of the Group's interim condensed consolidated financial statements are the same as those of the annual consolidated financial statements as of and for the year ended December 31, 2024.

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

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(1) Income taxes

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

(2) Provisions

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

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at June 30, 2025 (see Note 3.3).

(4) Impairment of financial assets

The provision for impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on its 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 the 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 to exercise a termination option. Periods covered by the extension option (or the termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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5. FINANCIAL INSTRUMENTS BY CATEGORY:

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

Financial assets	June 30, 2025				
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 5,440,471	₩ -	₩ -	₩ -	₩ 5,440,471
Trade receivables	4,436,140	-	158,878	-	4,595,018
Non-current trade receivables	183,199	-	-	-	183,199
Other current receivables	590,460	-	-	-	590,460
Other non-current receivables	112,173	-	-	-	112,173
Other current financial assets	-	-	-	251	251
Other non-current financial assets	-	675,664	154,306	1,513	831,483
	<u>₩ 10,762,443</u>	<u>₩ 675,664</u>	<u>₩ 313,184</u>	<u>₩ 1,764</u>	<u>₩ 11,753,055</u>

Financial liabilities	June 30, 2025		
	Financial liabilities at amortized cost	Other financial liabilities (*3)	Total
Trade payables	₩ 2,207,008	₩ -	₩ 2,207,008
Other payables	4,964,290	-	4,964,290
Other non-current payables	13,767	-	13,767
Current borrowings	4,644,287	66,795	4,711,082
Non-current borrowings	15,925,324	220,243	16,145,567
Other current financial liabilities	-	1,059	1,059
Other non-current financial liabilities	1,463,267	366,245	1,829,512
	<u>₩ 29,217,943</u>	<u>₩ 654,342</u>	<u>₩ 29,872,285</u>

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December 31, 2024					
Financial assets	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 3,898,711	₩ -	₩ -	₩ -	₩ 3,898,711
Trade receivables	4,621,452	-	322,567	-	4,944,019
Non-current trade receivables	392,584	-	-	-	392,584
Other current receivables	603,635	-	-	-	603,635
Other non-current receivables	134,450	-	-	-	134,450
Other current financial assets	-	-	-	42	42
Other non-current financial assets	-	968,355	163,991	22	1,132,368
	<u>₩ 9,650,832</u>	<u>968,355</u>	<u>₩ 486,558</u>	<u>₩ 64</u>	<u>₩ 11,105,809</u>

December 31, 2024			
Financial liabilities	Financial liabilities at amortized cost	Other financial liabilities (*3)	Total
Trade payables	₩ 2,705,481	₩ -	₩ 2,705,481
Other payables	5,389,848	-	5,389,848
Other non-current payables	22,082	-	22,082
Current borrowings	2,413,086	77,154	2,490,240
Non-current borrowings	12,641,359	258,952	12,900,311
Other current financial liabilities	-	1,159	1,159
Other non-current financial liabilities	1,000,200	435	1,000,635
	<u>₩ 24,172,056</u>	<u>₩ 337,700</u>	<u>₩ 24,509,756</u>

(*1) At initial recognition, the Group made an irrevocable election to designate investments in equity instruments as at FVOCI. These instruments are held for strategic purposes, not for short-term trading.

(*2) Other financial assets include derivative assets.

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

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(2) Net gain (loss) on each category of financial instruments for the six-month periods ended June 30, 2025 and 2024, is as follows (Korean won in millions):

	<u>June 30, 2025</u>		<u>June 30, 2024</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Interest income:				
Financial assets at amortized cost	₩ 54,380	₩ 98,712	₩ 52,302	₩ 112,557
Financial assets at FVPL	3,843	16,822	-	-
Interest expense:				
Financial liabilities at amortized cost	(253,730)	(431,605)	(143,875)	(270,443)
Other financial liabilities	(3,799)	(7,874)	(1,248)	(2,309)
Financial assets at amortized cost (*)	-	-	(37)	(46)
Gain or loss on valuation/disposal:				
Financial assets at FVPL	-	-	226	226
Financial assets at FVOCI	(5,898)	(8,582)	(2,836)	(1,929)
Derivative instruments	(699,109)	(647,470)	77,219	193,085
Exchange differences:				
Financial assets at amortized cost	(252,732)	(342,025)	129,338	286,902
Financial liabilities at amortized cost	663,837	804,030	(149,301)	(272,854)
Financial assets at FVPL	(38,835)	(39,730)	3,033	6,972

(*) Fees paid to financial institutions for factoring.

(3) Supplier financing arrangements

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

As of June 30, 2025, and December 31, 2024, the Company has entered into the following supplier financing arrangements (Korean won in millions):

<u>Classification</u>	<u>Line item</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>Index</u>
Purchase card	Accounts payable	₩ -	₩ 439,603	(*)

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

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

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6. CASH AND CASH EQUIVALENTS:

(1) Details of cash and cash equivalents as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
Bank deposits and cash on hand	₩	2,084,331	₩	2,950,257
Cash equivalents		3,356,140		948,454
	₩	5,440,471	₩	3,898,711

(2) As of June 30, 2025, cash and cash equivalents include ₩25,070 million, which is subject to a restriction on the use and remittance (as of December 31, 2024, ₩1,204,633 million).

7. TRADE AND OTHER RECEIVABLES:

(1) Trade and other receivables and their provisions for impairment as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025			December 31, 2024		
	Gross amount	Provision for impairment	Carrying amount	Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩ 4,595,018	₩ -	₩ 4,595,018	₩ 4,944,020	₩ (1)	₩ 4,944,019
Non-current trade receivables	183,199	-	183,199	392,584	-	392,584
Other current receivables	590,460	-	590,460	603,635	-	603,635
Other non-current receivables	112,173	-	112,173	134,450	-	134,450
	₩ 5,480,850	₩ -	₩ 5,480,850	₩ 6,074,689	₩ (1)	₩ 6,074,688

(2) Details of other receivables as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
Current:				
Non-trade receivables	₩	501,949	₩	571,809
Due from financial institutions		280		-
Accrued income		32,013		4,529
Loans		72		99
Guarantee deposits provided		56,146		27,198
		590,460		603,635
Non-current:				
Non-trade receivables		2,971		3,291
Due from financial institutions (*)		66,018		66,231
Loans		10,609		11,433
Guarantee deposits provided		32,575		53,495
		112,173		134,450
	₩	702,633	₩	738,085

(*) As of June 30, 2025, among the amount due from financial institutions (non-current), ₩60,000 million is restricted for the agreement on Win-Win Growth Cooperation, ₩14 million as a guarantee deposit for current account opening, PLN 1 million as a guarantee for the overseas transfer of hazardous waste and USD 4 million as collateral for LOC issuance.

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(3) The aging analysis of trade and other receivables as of June 30, 2025, and December 31, 2024, is as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 4,333,228	₩ 681,090	₩ 5,226,311	₩ 721,072
Past due, but not impaired:				
Less than three months	375,047	17,359	109,247	13,873
Between three and six months	50,480	3,848	961	598
More than six months	19,462	336	84	2,542
	444,989	21,543	110,292	17,013
Impaired receivables	-	-	1	-
	₩ 4,778,217	₩ 702,633	₩ 5,336,604	₩ 738,085

(4) Changes in the provision for impairment of trade and other receivables for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	2025		2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ 1	₩ -	₩ -	₩ -
Additions(reversals)	(1)	-	13	-
Write-off	-	-	(12)	-
Ending	₩ -	₩ -	₩ 1	₩ -

(5) The fair values of trade receivables and other receivables as of June 30, 2025, and December 31, 2024, are not significantly different from their carrying amounts.

(6) The Group transfers trade receivables along with substantially all the risks and rewards of ownership. Therefore, the amount was derecognized on the discount date. As of June 30, 2025, and December 31, 2024, there is no balance of transferred trade receivables.

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8. OTHER FINANCIAL ASSETS AND LIABILITIES:

(1) Details of other financial assets and liabilities as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Other financial assets:		
Financial assets at FVOCI	₩ 154,306	₩ 163,991
Cash flow hedge	332	64
Financial assets at FVPL (*)	<u>677,096</u>	<u>968,355</u>
	<u>₩ 831,734</u>	<u>₩ 1,132,410</u>
Other financial liabilities:		
Cash flow hedge	₩ 1,437	₩ 1,594
Financial liabilities at FVPL	365,867	-
Other financial liabilities at amortized cost	<u>1,463,267</u>	<u>1,000,200</u>
	<u>₩ 1,830,571</u>	<u>₩ 1,001,794</u>

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

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

(2) Details of changes in equity securities included in other financial assets for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>2025</u>	<u>2024</u>
Beginning	₩ 163,991	₩ 140,435
Acquisitions/Transfer	8,609	16,563
Disposal	(3,967)	-
Valuation gain (loss) (before income tax deduction), other comprehensive income item	(8,582)	(251)
Others	<u>(5,745)</u>	<u>7,244</u>
Ending	<u>₩ 154,306</u>	<u>₩ 163,991</u>

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

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

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9. INVENTORIES:

(1) Details of inventories as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025			December 31, 2024		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 207,229	₩ (30,822)	₩ 176,407	₩ 207,834	₩ (35,724)	₩ 172,110
Finished/semifinished products	2,144,720	(198,185)	1,946,535	2,781,000	(242,822)	2,538,178
Raw materials	1,444,477	(23,402)	1,421,075	1,322,065	(16,384)	1,305,681
Supplies	111,402	(19,753)	91,649	109,352	(7,776)	101,576
Materials in transit	418,653	-	418,653	434,810	-	434,810
	<u>₩ 4,326,481</u>	<u>₩ (272,162)</u>	<u>₩ 4,054,319</u>	<u>₩ 4,855,061</u>	<u>₩ (302,706)</u>	<u>₩ 4,552,355</u>

(2) The amount of inventories expensed as cost of sales for the six-month periods ended June 30, 2025 and 2024, is ₩9,626,771 million and ₩10,406,932 million, respectively.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

(1) Changes in investments in associates and joint ventures for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	2025						
	Beginning	Acquisitions	Dividend	Share of profit(loss) of associates and joint ventures	Ending		
Sama Aluminium Co., Ltd.	₩ 45,396	₩ -	₩ (38)	₩ (834)	₩ 44,524		
Nexpo Co., Ltd.	3,831	2,375	-	(191)	6,015		
Bricks Capital Management Global Battery Private Equity Fund	13,162	261	-	(87)	13,336		
Jeju Bukchon BESS Power Plant Co., Ltd. (*1)	-	900	-	(16)	884		
	<u>₩ 62,389</u>	<u>₩ 3,536</u>	<u>₩ (38)</u>	<u>₩ (1,128)</u>	<u>₩ 64,759</u>		

	2024						
	Beginning	Acquisitions	Dividend	Share of profit(loss) of associates and joint ventures	Share of other comprehensive income of associates and joint ventures	Disposals	Ending
				Effect of foreign currency translation	Reclassification due to disposal		
PT. HLI Green Power (*2)	₩162,273	₩ -	₩ -	₩ (42,710)	₩ 15,209	₩ (37,804)	₩ (96,968)
Sama Aluminium Co., Ltd.	46,257	-	(150)	(711)	-	-	45,396
Nexpo Co., Ltd.	2,186	1,900	-	(255)	-	-	3,831
Bricks Capital Management Global Battery Private Equity Fund I	12,843	5,761	-	(5,442)	-	-	13,162
	<u>₩ 223,559</u>	<u>₩ 7,661</u>	<u>₩ (150)</u>	<u>₩ (49,118)</u>	<u>₩ 15,209</u>	<u>₩ (37,804)</u>	<u>₩ (96,968)</u>

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(*1) During the current period, the Group newly acquired 10% of Jeju Bukchon BESS Power Plant Co., Ltd. for ₩900 million. Although the ownership is less than 20%, the Group has been determined that it has significant influence due to its ability to participate in the decision-making process through a shareholders' agreement.

(*2) During the prior period, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to amendments in the shareholder agreement.

(2) As of June 30, 2025, and December 31, 2024, the processes of adjusting the financial information to the carrying amounts of shares in associates are as follows (Korean won in millions):

	June 30, 2025				
	<u>Net assets</u>	<u>Group's percentage of ownership</u>	<u>Net asset value for shares</u>	<u>Internal transactions and others</u>	<u>Carrying amount</u>
Sama Aluminium Co., Ltd.	₩ 235,648	10.2	₩ 24,036	₩ 20,488	₩ 44,524
Nexpo Co., Ltd.	31,650	19.0	6,014	1	6,015
Bricks Capital Management Global Battery Private Equity Fund	22,370	59.9	13,400	(64)	13,336
Jeju Bukchon BESS Power Plant Co., Ltd.	7,675	10.0	767	117	884
	<u>₩ 297,343</u>		<u>₩ 44,217</u>	<u>₩ 20,542</u>	<u>₩ 64,759</u>
December 31, 2024					
	<u>Net assets</u>	<u>Group's percentage of ownership</u>	<u>Net asset value for shares</u>	<u>Internal transactions and others</u>	<u>Carrying amount</u>
Sama Aluminium Co., Ltd.	₩ 243,665	10.2	₩ 24,854	₩ 20,542	₩ 45,396
Nexpo Co., Ltd.	20,270	19.0	3,851	(20)	3,831
Bricks Capital Management Global Battery Private Equity Fund	22,345	59.9	13,385	(223)	13,162
	<u>₩ 286,280</u>		<u>₩ 42,090</u>	<u>₩ 20,299</u>	<u>₩ 62,389</u>

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11. PROPERTY, PLANT AND EQUIPMENT:

(1) Changes in property, plant and equipment for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	2025		2024	
Beginning	₩	38,349,552	₩	23,654,677
Acquisition		5,710,113		14,117,515
Replacement		(233,804)		(469,135)
Disposal		(24,887)		(374,332)
Exchange differences		(2,201,714)		3,270,441
Depreciation		(1,601,112)		(2,849,445)
Business combination		-		1,026,339
Impairment		(4,013)		(26,508)
Impairment reversal		4,698		-
Ending	₩	39,998,833	₩	38,349,552

(2) The current-year ending balances of property, plant and equipment include ₩20,821,365 million of construction in progress as of June 30, 2025, and some of it will subsequently be transferred to intangible assets (as of December 31, 2024, was ₩20,350,068 million).

(3) The Group capitalized ₩42,349 million of borrowing costs in relation to acquisition of property, plant and equipment (for the six-month period ended June 30, 2024, was ₩42,826 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.67% (for the six-month period ended June 30, 2024, was 4.57%).

(4) Line items, including depreciation, in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Cost of sales	₩ 733,553	₩ 1,449,035	₩ 636,385	₩ 1,205,491
Selling and administrative expenses	79,975	152,077	52,524	100,338
	₩ 813,528	₩ 1,601,112	₩ 688,909	₩ 1,305,829

(5) Lease

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

Details of amounts recognized in the interim condensed consolidated statements of financial position in relation to lease for the six-month period ended June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

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	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Right-of-use assets (*):		
Real estate	₩ 281,993	₩ 331,260
Machinery	645	733
Vehicles	13,208	16,369
Tools	3,622	4,068
Equipment	932	1,110
	<u>₩ 300,400</u>	<u>₩ 353,540</u>

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

Additions to the right-of-use assets for the six-month period ended June 30, 2025, are ₩14,244 million (for the six-month period ended June 30, 2024, were ₩44,244 million).

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Lease liabilities (*):		
Current	₩ 66,795	₩ 77,154
Non-current	220,243	258,952
	<u>₩ 287,038</u>	<u>₩ 336,106</u>

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

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

Details of amounts recognized in the interim condensed consolidated statements of profit or loss in relation to lease for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Depreciation of right-of-use assets:				
Real estate	₩ 18,672	₩ 38,330	₩ 12,097	₩ 26,157
Machinery	80	196	60	121
Vehicles	2,343	4,924	2,455	4,904
Tools	302	586	318	603
Equipment	83	183	73	135
	<u>₩ 21,480</u>	<u>₩ 44,219</u>	<u>₩ 15,003</u>	<u>₩ 31,920</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 3,799	₩ 7,874	₩ 1,248	₩ 2,309
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	9,102	16,757	4,307	9,475
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,810	3,738	1,962	3,817

Total cash outflow for leases for the six-month period ended June 30, 2025, is ₩69,912 million (for the six-month period ended June 30, 2024, was ₩46,609 million).

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12. INTANGIBLE ASSETS:

(1) Changes in intangible assets for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
Beginning	₩	1,284,576	₩	875,993
Acquisition		67,471		119,627
Replacement		220,200		324,681
Disposal		(11,315)		(10,639)
Exchange differences		(16,385)		16,165
Amortization		(134,975)		(189,739)
Business combination		-		149,067
Impairment		(107)		(579)
Ending	₩	<u>1,409,465</u>	₩	<u>1,284,576</u>

(2) Line items, including amortization of intangibles, in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Cost of sales	₩ 11,916	₩ 24,218	₩ 12,386	₩ 23,441
Selling and administrative expenses	55,884	110,757	32,083	61,593
	<u>₩ 67,800</u>	<u>₩ 134,975</u>	<u>₩ 44,469</u>	<u>₩ 85,034</u>

(3) Greenhouse gas emission right

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Allocated emission rights	281	332 (*1)	360(*2)	419(*3)	297

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

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

(*3) An additional 122,000 tons have been allocated as the emissions were confirmed for 2024.

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2) Changes in greenhouse gas emission rights (included in other intangible assets) for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (ton in thousands and Korean won in millions):

	2025					
	2024		2025			
	Ton	Amount	Ton	Amount		
Beginning/Allocated	419	₩ -	297	₩ -		
Purchase/Sale	-	-	-	-		
Borrowing/Carried over	-	-	-	-		
Government submission	-	-	-	-		
Ending	419	₩ -	297	₩ -		

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

3) Based on the European Union Emission Trading System, changes in greenhouse gas emission rights (included in other intangible assets) for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (ton in thousands and Korean won in millions):

	June 30, 2025		December 31, 2024	
	Ton	Amount	Ton	Amount
Beginning	112	₩ 11,568	153	₩ 13,809
Increase	65	5,410	74	6,120
Usage	(111)	(10,388)	(115)	(8,361)
Ending	66	₩ 6,590	112	₩ 11,568

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13. OTHER CURRENT AND NON-CURRENT ASSETS:

Details of other current and non-current assets as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Current:		
Prepayments	₩ 210,655	₩ 177,606
Prepaid expenses	171,902	88,634
Prepaid value-added taxes	93,128	204,939
Current costs to fulfill a contract	47,487	110,316
Others	988,647	625,869
	<u>₩ 1,511,819</u>	<u>₩ 1,207,364</u>
Non-current:		
Long-term prepayments	₩ 118,252	₩ 120,077
Long-term prepaid expenses	106,905	141,842
Net defined benefit assets	105,665	142,766
Costs to fulfill a contract	494,267	218,627
Others	80	78
	<u>₩ 825,169</u>	<u>₩ 623,390</u>

14. BORROWINGS:

(1) Borrowings as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Current:		
Short-term borrowings	₩ 2,152,414	₩ 1,291,015
Current portion of long-term borrowings	1,742,471	997,160
Current portion of debentures	749,402	124,911
Current lease liabilities	66,795	77,154
	<u>₩ 4,711,082</u>	<u>₩ 2,490,240</u>
Non-current:		
Long-term borrowings	₩ 5,011,562	₩ 4,865,830
Debentures	10,913,762	7,775,529
Non-current lease liabilities	220,243	258,952
	<u>16,145,567</u>	<u>12,900,311</u>
	<u>₩ 20,856,649</u>	<u>₩ 15,390,551</u>

(2) Details of borrowings as of June 30, 2025, and December 31, 2024, are as follows:

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

	<u>Bank</u>	<u>Interest rate (%)</u>	<u>Longest maturity date</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Bank loans	KB Kookmin Bank and others	2.80–5.82	2026.06.18	₩ 2,152,414	₩ 1,291,015

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

		June 30, 2025					
		Bank	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion
Borrowings in local currencies	Korea Exim Bank		3M Market yield on Supply Chain Resilience Fund + 0.34	2029.07.02	₩ 269,633	₩ -	₩ 269,633
	ANZ/HSBC/JPM and others		3M SOFR + 0.70	2032.10.25	830,763	60,941	769,822
	DBS		3M EURIBOR + 0.90	2026.05.24	318,422	318,422	-
	EBRD		6M EURIBOR + 1.00	2026.10.15	103,487	103,487	-
	EIB		3M EURIBOR + 0.62	2027.03.31	339,651	339,651	-
	EIB		3M EURIBOR + 0.47	2027.03.31	339,651	339,651	-
Borrowings in foreign currencies	EDC and others		3M SOFR + 1.30	2029.12.20	1,085,120	-	1,085,120
	GM Holdings LLC(*)		5.70	2030.05.06	2,428,058	94,413	2,333,645
	KDB/Exim/Nonghyup		3M EURIBOR + 0.89-1.04	2027.04.26	1,337,011	807,997	529,014
	SMBC		0.48	2027.02.04	27,862	15,921	11,941
	China		LPR(1Y) - 0.66	2027.11.19	13,592	1,431	12,161
	China						
	Construction Bank		LPR(1Y) - 0.66	2027.12.26	434	208	226
					<u>₩ 6,754,033</u>	<u>₩ 1,742,471</u>	<u>₩ 5,011,562</u>

(*) During the current period, GM Holdings LLC repaid the Group's loan from the U.S. Department of Energy (DOE).

		December 31, 2024					
		Bank	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion
Borrowings in foreign currencies	ANZ/HSBC/JPM and others		3M SOFR + 0.70	2032.10.25	₩ 897,958	₩ -	₩ 897,958
	DBS		3M EURIBOR + 0.90	2026.05.24	305,374	-	305,374
	DOE		6M EURIBOR + 1.00	2026.05.24	305,374	-	305,374
	DOE		3.65-4.55	2031.12.15	2,544,236	176,436	2,367,800
	EBRD		6M EURIBOR + 0.62	2026.10.15	137,418	76,343	61,075
	EIB		3M EURIBOR + 0.47	2027.03.31	407,166	162,867	244,299
	KDB/Exim/Nonghyup		3M EURIBOR + 0.89-1.04	2027.04.26	1,458,866	564,942	893,924
	KDB/Exim/Nonghyup and others		3M SOFR + 1.62	2030.12.20	65,226	-	65,226
	SMBC		0.48	2027.02.04	34,355	15,269	19,086
	China		LPR(1Y) - 0.30	2027.11.19	11,930	1,193	10,737
China							
Construction Bank		LPR(1Y) - 0.66	2027.12.26	461	110	351	
					<u>₩ 5,862,990</u>	<u>₩ 997,160</u>	<u>₩ 4,865,830</u>

The Group has entered into long-term borrowings agreements stipulating that a loss of benefit of term will occur if the agreed ratio under the covenant is not maintained based on the reporting for half-year or full fiscal year. As of the end of the current period, the relevant amount is ₩3.4 trillion, and the covenant ratios have been complied with.

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3) Debentures (USD in thousands and Korean won in millions):

		June 30, 2025					
	Financial institution	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion	
1 st Debenture (non-guaranteed/public)	NH Investment & Securities Co., Ltd. and others	2.214	2026.03.13	₩ 200,000	₩200,000	₩ -	
2-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.196	2026.06.29	370,000	370,000	-	
2-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.298	2028.06.29	505,000	-	505,000	
3-1 st Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.806	2026.02.16	180,000	180,000	-	
3-2 nd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	3.889	2027.02.16	660,000	-	660,000	
3-3 rd Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.054	2029.02.16	570,000	-	570,000	
3-4 th Debenture (non-guaranteed/public)	KB Securities Co., Ltd. and others	4.202	2031.02.16	190,000	-	190,000	
4-1 st Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.138	2027.02.14	640,000	-	640,000	
4-2 nd Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.228	2028.02.14	590,000	-	590,000	
4-3 rd Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.247	2030.02.14	310,000	-	310,000	
4-4 th Debenture (non-guaranteed/public)	Korea Investment & Securities Co., Ltd. and others	3.406	2032.02.14	60,000	-	60,000	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3.625	2029.04.15	678,200 (USD 500,000)	-	678,200	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.625	2026.09.25	542,560 (USD 400,000)	-	542,560	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.750	2028.09.25	813,840 (USD 600,000)	-	813,840	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2027.07.02	949,480 (USD 700,000)	-	949,480	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2029.07.02	1,085,120 (USD 800,000)	-	1,085,120	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.500	2034.07.02	678,200 (USD 500,000)	-	678,200	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.250	2028.04.02	542,560 (USD 400,000)	-	542,560	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.375	2030.04.02	813,840 (USD 600,000)	-	813,840	
USD foreign currency debenture (non-guaranteed)	Citibank and others	3M Compound SOFR + 1.700	2030.04.02	406,920 (USD 300,000)	-	406,920	
USD foreign currency debenture (non-guaranteed)	Citibank and others	5.875	2035.04.02	949,480 (USD 700,000)	-	949,480	
Less: discount on debentures	-	-	=	(72,036)	(598)	(71,438)	
				<u>₩ 11,663,164</u>	<u>₩749,402</u>	<u>₩ 10,913,762</u>	

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

The Group has entered into debenture agreements stipulating that a loss of benefit of term will occur if the agreed ratio under the covenant is not maintained based on the reporting for each quarter, half-year or full fiscal year. As of the end of the current period, the relevant amount is ₩4.3 trillion, and the covenant ratios have been complied with.

4) Lease liabilities (Korean won in millions):

		June 30, 2025				
	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others	0.67-8.42	2053.11.15	₩ 287,038	₩ 66,795	₩ 220,243	

		December 31, 2024				
	Interest rate (%)	Longest maturity date	Amount	Current portion	Non-current portion	
Baeksan industry and others	0.67-8.42	2053.11.15	₩ 336,106	₩ 77,154	₩ 258,952	

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15. PROVISIONS:

Changes in provisions for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

June 30, 2025						
	Warranty (*1)	Greenhouse gas emission(*2)	Other provisions (*3)	Total		
Beginning	₩ 1,693,916	₩ 11,168	₩ 118,070	₩	₩	1,823,154
Provision transfer	268,169	5,159	(7,980)			265,348
Used	(173,712)	(10,388)	-			(184,100)
Ending	1,788,373	5,939	110,090			1,904,402
Less: current portion	(866,411)	(5,939)	(103,203)			(975,553)
	₩ 921,962	₩ -	₩ 6,887	₩	₩	928,849

December 31, 2024						
	Warranty (*1)	Greenhouse gas emission(*2)	Other provisions (*3)	Total		
Beginning	₩ 1,274,437	₩ 8,966	₩ 102,890	₩	₩	1,386,293
Business combination	1,807	-	-			1,807
Provision transfer	1,039,336	10,733	24,357			1,074,426
Used	(621,664)	(8,531)	(9,177)			(639,372)
Ending	1,693,916	11,168	118,070			1,823,154
Less: current portion	(921,985)	(11,168)	(111,315)			(1,044,468)
	₩ 771,931	₩ -	₩ 6,755	₩	₩	778,686

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

(*2) In relation to greenhouse gas emissions, the Group estimates the expected future costs of emissions exceeding its emission rights for the year and recognizes them as provisions. Estimated emissions are 233 thousand tons for the six-month period ended June 30, 2025 (for the year ended December 31, 2024, were 415 thousand tons).

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

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16. NET DEFINED BENEFIT LIABILITIES (ASSETS):

(1) Details of net defined benefit liabilities (assets) as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
Present value of defined benefit obligations (*1)	₩	690,722	₩	667,476
Fair value of plan assets		<u>(796,300)</u>		<u>(809,839)</u>
	₩	<u>(105,578)</u>	₩	<u>(142,363)</u>
Net defined benefit liabilities	₩	87	₩	403
Net defined benefit assets (*2)		<u>(105,665)</u>		<u>(142,766)</u>
	₩	<u>(105,578)</u>	₩	<u>(142,363)</u>

(*1) The present value of retirement benefit obligations is the amount after deducting contributions to the National Pension Plan of ₩25 million as of June 30, 2025 (as of December 31, 2024, was ₩26 million).

(*2) The ₩105,665 million of plan assets exceeding the defined benefit obligations of the Parent Company is included in other non-current assets as of June 30, 2025 (as of December 31, 2024, was ₩142,766 million).

(2) The amounts recognized in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>				<u>2024</u>			
	<u>Three months</u>		<u>Six months</u>		<u>Three months</u>		<u>Six months</u>	
Current service cost	₩	22,878	₩	45,769	₩	23,601	₩	47,168
Interest cost		<u>(1,463)</u>		<u>(2,926)</u>		<u>(1,813)</u>		<u>(3,626)</u>
	₩	<u>21,415</u>	₩	<u>42,843</u>	₩	<u>21,788</u>	₩	<u>43,542</u>

(3) Retirement benefits recognized for defined contribution plan for the six-month period ended June 30, 2025, amounted to ₩7,800 million (the six-month period ended June 30, 2024, was ₩1,441 million).

(4) Retirement benefits recognized in the interim condensed consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>				<u>2024</u>			
	<u>Three months</u>		<u>Six months</u>		<u>Three months</u>		<u>Six months</u>	
Cost of sales	₩	7,851	₩	16,159	₩	10,167	₩	20,691
Selling and administrative expenses		<u>20,281</u>		<u>34,484</u>		<u>12,252</u>		<u>24,292</u>
	₩	<u>28,132</u>	₩	<u>50,643</u>	₩	<u>22,419</u>	₩	<u>44,983</u>

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(5) Changes in the present value of defined benefit obligations for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>
Beginning	₩ 667,476	₩	673,251
Transfer in	475		2,495
Transfer out	(987)		(1,572)
Current service cost	45,769		94,277
Interest expense	13,399		31,080
Remeasurements:			
Actuarial gain from change in financial assumption	-		(69,888)
Actuarial gain from change in demographic assumption	-		1,906
Actuarial loss due to the difference between the estimated and the actual	-		(3,502)
Others	-		-
Foreign currency conversion difference	-		-
Payments from plans	(35,410)		(60,571)
Ending	<u>₩ 690,722</u>	<u>₩</u>	<u>667,476</u>

(6) Changes in the fair value of plan assets for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>
Beginning	₩ 809,839	₩	829,521
Transfer out	(107)		(760)
Interest income	16,325		38,332
Remeasurements:			
Return on plan assets (excluding amounts included in interest income)	1,030		(4,941)
Contribution:			
Employer contribution to plan assets	751		706
Payments from plans	(30,789)		(51,404)
Administrative costs	(749)		(1,615)
Ending	<u>₩ 796,300</u>	<u>₩</u>	<u>809,839</u>

(7) The actual return on plan assets for the six-month period ended June 30, 2025, was ₩17,355 million (the six-month period ended June 30, 2024, was ₩18,310 million).

(8) The significant actuarial assumptions as of June 30, 2025, and December 31, 2024, are as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Discount rate	4.10%	4.10%
Salary growth rate	3.96%	3.96%

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(9) The sensitivity analysis for changes in key actuarial assumptions as of June 30, 2025, is as follows (Korean won in millions):

		<u>Increase by 1.0%</u>	<u>Decrease by 1.0%</u>
Discount rate:			
(Decrease) increase in defined benefit liabilities	₩	(77,651) ₩	92,486
Salary growth rate:			
Increase (decrease) in defined benefit liabilities		95,659	(81,355)

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

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

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

(10) Plan assets as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
	<u>Amount</u>	<u>Composition (%)</u>	<u>Amount</u>	<u>Composition (%)</u>
Insurance contracts with guaranteed yield	₩ 796,300	100	₩ 809,839	100

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

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17. OTHER CURRENT AND NON-CURRENT LIABILITIES:

Details of other current and non-current liabilities as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Current:		
Advances from customers	₩ 212,164	₩ 98,034
Withholdings	48,282	67,923
Unearned revenues	19,494	44,333
Accrued expenses and others	<u>337,904</u>	<u>197,886</u>
	<u>₩ 617,844</u>	<u>₩ 408,176</u>
Non-current:		
Long-term accrued expenses	₩ 35,574	₩ 34,494
Net defined benefit liabilities	87	403
Long-term unearned revenues	22,620	97,008
Long-term advance received	<u>2,170,923</u>	<u>2,390,974</u>
	<u>₩ 2,229,204</u>	<u>₩ 2,522,879</u>

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18. COMMITMENTS AND CONTINGENCIES:

- (1) The Group is jointly liable with LG Chem Ltd. for liabilities recognized before the split-off date.
- (2) As of June 30, 2025, the Group has been guaranteed by Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As of June 30, 2025, the Group has various specific line of credit agreements with several financial institutions as follows (Korean won in millions and foreign currencies in millions):

	Currency	June 30, 2025	
		The Parent Company	Certain subsidiaries
Limit of letter of credit	USD	12	108
	CNY	-	859
Limit of discount of notes from export	USD	771	-
	USD	375	638
Limit of guaranteed payments in other foreign currency	CNY	-	560
	PLN	-	310
	KRW	125,000	-
Business-to-business purchase arrangements	USD	-	7,313
	CNY	-	11,620
	EUR	-	2,636
	KRW	600,000	-
General loan agreements	USD	2,605	622
	EUR	-	210
	KRW	400,000	30,000
Derivatives	USD	-	650
	KRW	100,000	-
Factoring arrangements			

- (4) As of June 30, 2025, the Group has entered into payment guarantee contracts of USD 30 million and EUR 5 million with financial institutions in relation to product warranty for certain installed products. Also, certain subsidiaries have entered into payment guarantee contracts of CNY 44 million with financial institutions in relation to customs clearance of imported raw materials.
- (5) As of June 30, 2025, the Group has entered into an arrangement with General Motors (“GM”) regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC, whereby each party can sell its shares to third parties in eight years after the inception of the contract. In addition, if one party defaults, the other party has the right to purchase shares from the other party. In this regard, the Group has completed the government’s approval process for the use of core technologies in accordance with the Industrial Technology Protection Act.
- (6) The Group has been sued and related in five class actions by consumers in relation to the sales of mobile batteries and GM Bolt EV, and actions are still in process as of June 30, 2025. The Group has also filed two lawsuit cases (amounted to USD 90 million and ₩646 million) and been sued in other 48 other cases (amounted to USD 157 million and ₩2,006 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.

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- (7) The Group has entered into a license agreement with LG Corp. to use trademarks on the products that it manufactures and sells, and on the services it provides in relation to its business.
- (8) As of June 30, 2025, the Group has entered into a joint venture agreement with Honda and has committed to invest USD 1,802 million and has contributed USD 1,801 million as of June 30, 2025. Also, the Group has decided to provide a payment guarantee of USD 510 million to the joint venture, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 1,000 million. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (9) As of June 30, 2025, the Group has entered into a joint venture agreement with Stellantis and has committed to invest USD 1,464 million and has contributed USD 1,020 million as of the end of June 30, 2025. In addition, if one party defaults, the other party has the right to purchase shares from the other party. Also, the Group has decided to provide a payment guarantee of USD 686 million to the joint venture, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 1,344 million.
- (10) As of June 30, 2025, the Group has entered into a joint venture agreement with HMG Global LLC and has committed to invest USD 1,108 million and has contributed USD 1,084 million as of the end of June 30, 2025. After the expiration of the contract period, each party can sell its shares to third parties. In addition, if one party defaults, the other party has the right to purchase shares from the other party.
- (11) As of June 30, 2025, the Group has entered into an agreement of USD 2,048 million for the construction of the new facility of LG Energy Solution Arizona, Inc.
- (12) The consolidated subsidiaries, LG Energy Solution Michigan Inc. and Ultium Cells LLC, have entered into an asset transfer agreement in March 2025. LG Energy Solution Michigan Inc. acquired assets related to Ultium Cells LLC's third plant for USD 2,154 million. Ultium Cells LLC is obligated to pay a portion of the transaction amount to the non-controlling interests of the consolidated company, and the outstanding balance of this obligation amounted to USD 928 million as of June 30, 2025.
- (13) Capital expenditure arrangements that have not been incurred as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	₩ 6,713,268	₩ 9,319,087

- (14) Investment commitments as of June 30, 2025, are as follows (Korean won in millions and USD in million):

	<u>Currency</u>	<u>Contractual amount</u>	<u>Total investments</u>	<u>Remaining amount</u>
BNZ (Beyond Net Zero) Fund	USD	75	50	25
Secondary Battery Growth Fund	KRW	6,700	4,677	-
KBE (Korea Battery ESG) Fund	KRW	75,000	61,891	13,109
BCM Global Battery Fund	KRW	30,000	19,405	10,595
Yonsei Technology Holdings IP Fund	KRW	3,000	2,040	960

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19. SHARE CAPITAL:

Changes in share capital and share premium for the six-month period ended June 30, 2025, are as follows (Korean won in millions and shares):

	Ordinary shares		
	Number of shares	Share capital	Share premium
December 31, 2024	234,000,000	₩ 117,000	₩ 17,589,722
Changes	-	-	-
June 30, 2025	234,000,000	₩ 117,000	₩ 17,589,722

20. RETAINED EARNINGS:

Details of retained earnings as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025	December 31, 2024
Unappropriated retained earnings	₩ 936,315	₩ 1,397,211

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21. OPERATING PROFITS:

(1) The major items encompassed in the calculation of operating profits for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Revenue	₩ 5,565,408	₩ 11,830,403	₩ 6,161,866	₩ 12,290,580
Cost of sales	4,563,451	9,816,190	5,468,974	10,673,689
Gross profit	1,001,957	2,014,213	692,892	1,616,891
Other operating income (*)	490,761	948,477	447,794	636,748
Selling and administrative expenses:				
Wages and salaries	₩ 265,626	₩ 526,940	₩ 203,026	₩ 430,139
Retirement benefits	20,281	34,484	12,252	24,292
Employee benefits	62,099	126,951	59,936	113,726
Travel expenses	21,664	35,841	17,248	31,685
Water and utilities	24,688	49,611	19,588	40,291
Rental expenses	9,455	20,016	11,797	25,121
Commission expenses	150,010	338,030	123,433	233,383
Depreciation	81,371	155,058	54,026	103,321
Advertising expenses	6,432	12,976	8,798	16,406
Freight expenses	17,499	51,960	18,427	30,141
Training expenses	4,246	8,781	7,241	14,565
Amortization	55,884	110,757	32,083	61,593
Sample expenses	223	1,906	2,636	4,883
Development costs	63,051	113,305	45,562	96,890
Addition to warranty provisions	78,827	268,169	209,463	411,432
Others	139,203	241,073	119,851	263,115
	1,000,559	2,095,858	945,367	1,900,983
Operating profits	₩ 492,159	₩ 866,832	₩ 195,319	₩ 352,656

(*) Under the Advanced Manufacturing Production Tax Credit of the U.S. Inflation Reduction Act, effective January 1, 2023, the tax credit can be received for battery cells/modules produced and sold in the U.S., and the amount above is expected to be received by the Group for the year ended June 30, 2025.

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

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22. CLASSIFICATION OF EXPENSES BY NATURE:

Expenses by nature for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ 137,661	₩ 587,348	₩ 106,538	₩ 283,529
Raw materials and consumables used	2,638,143	5,650,783	3,418,604	6,615,506
Purchase of merchandise	168,935	399,497	302,216	567,545
Employee benefit expenses	706,195	1,398,114	715,246	1,430,431
Advertising expenses	6,536	13,536	9,130	17,088
Freight expenses	20,495	59,313	22,285	37,362
Commission expenses	372,916	761,184	294,139	557,055
Depreciation and amortization	882,724	1,739,068	734,880	1,393,846
Rent expenses and usage fee	12,772	20,752	8,951	21,847
Transfers to provisions for service warranties	78,827	268,169	209,463	411,432
Other expenses	538,806	1,014,284	592,889	1,239,031
	<u>₩ 5,564,010</u>	<u>₩ 11,912,048</u>	<u>₩ 6,414,341</u>	<u>₩ 12,574,672</u>

23. EMPLOYEE BENEFIT EXPENSES:

Details of employee benefit expenses for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Wages and salaries	₩ 574,236	₩ 1,135,887	₩ 570,962	₩ 1,153,632
Retirement benefits: Defined benefit plan	21,415	42,843	21,788	43,542
Retirement benefits: Defined contribution plan	6,717	7,800	631	1,441
Others	103,827	211,584	121,865	231,816
	<u>₩ 706,195</u>	<u>₩ 1,398,114</u>	<u>₩ 715,246</u>	<u>₩ 1,430,431</u>

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24. FINANCE INCOME AND COSTS:

Details of finance income and costs for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Finance income:				
Interest income (*1)	₩ 58,223	₩ 115,534	₩ 52,302	₩ 112,557
Dividends income	101	101	198	198
Exchange differences	618,721	782,114	77,447	185,377
Gain on derivative instruments	(50,304)	1,634	74,929	189,411
Gain on disposal of financial assets at FVPL	-	-	226	226
	<u>₩ 626,741</u>	<u>₩ 899,383</u>	<u>₩ 205,102</u>	<u>₩ 487,769</u>
Finance costs:				
Interest expense (*2)	₩ 231,863	₩ 397,130	₩ 128,238	₩ 229,972
Exchange differences	100,467	202,666	148,278	304,122
Loss on derivative instruments	647,890	648,827	-	-
	<u>₩ 980,220</u>	<u>₩ 1,248,623</u>	<u>₩ 276,516</u>	<u>₩ 534,094</u>

(*1) Details of interest income for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Cash and cash equivalents and others	₩ 46,463	₩ 79,179	₩ 40,350	₩ 84,849
Financial assets at FVPL	3,843	16,822	-	-
Other loans and receivables	7,917	19,533	11,952	27,708
	<u>₩ 58,223</u>	<u>₩ 115,534</u>	<u>₩ 52,302</u>	<u>₩ 112,557</u>

(*2) Details of interest expense for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Interest on financial institutions	₩ 87,960	₩ 167,499	₩ 84,767	₩ 161,272
Interest on financial lease liabilities	3,799	7,874	1,248	2,309
Interest on debentures	122,496	209,105	57,009	105,596
Other interest expenses	43,274	55,001	2,135	3,621
Capitalized interest for qualifying assets	(25,666)	(42,349)	(16,921)	(42,826)
	<u>₩ 231,863</u>	<u>₩ 397,130</u>	<u>₩ 128,238</u>	<u>₩ 229,972</u>

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25. OTHER NON-OPERATING INCOME:

Details of other non-operating income for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Exchange differences	₩ 187,761	₩ 351,906	₩ 116,193	₩ 311,107
Others	14,870	21,118	4,347	13,417
	<u>₩ 202,631</u>	<u>₩ 373,024</u>	<u>₩ 120,540</u>	<u>₩ 324,524</u>

26. OTHER NON-OPERATING EXPENSES:

Details of other non-operating expenses for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Exchange differences	₩ 333,745	₩ 509,079	₩ 62,293	₩ 171,342
Loss on disposal of property, plant and equipment	22,772	22,117	37,397	83,139
Impairment of property, plant and equipment	-	4,013	15,481	6,195
Loss on disposal of intangible assets	3,213	3,506	343	418
Impairment of intangible assets	17	76	-	(69)
Donations	59	292	5,591	5,706
Others	7,902	12,925	3,122	8,626
	<u>₩ 367,708</u>	<u>₩ 552,008</u>	<u>₩ 124,227</u>	<u>₩ 275,357</u>

27. INCOME TAX EXPENSE:

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

28. EARNINGS (LOSSES) PER SHARE:

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

(1) Basic earnings (losses) per ordinary share for the three- and six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Losses attributable to ordinary shares of the Parent Company	₩ (297,446)	₩ (443,186)	₩ (471,772)	₩ (472,236)
Weighted-average number of ordinary shares outstanding	<u>234,000,000</u>	<u>234,000,000</u>	<u>234,000,000</u>	<u>234,000,000</u>
Basic losses per ordinary share (in Korean won)	<u>₩ (1,271)</u>	<u>₩ (1,894)</u>	<u>₩ (2,016)</u>	<u>₩ (2,018)</u>

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

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29. DIVIDEND:

Foreign subsidiaries of the Group paid ₩1,247,645 million dividends for the accounting period ended June 30, 2025.

30. RELATED-PARTY TRANSACTIONS:

- (1) As of June 30, 2025, the parent company is LG Chem Ltd. (percentage of ownership: 81.84%), over which LG Corp. exercises a significant influence.
- (2) Details of related parties and others that have sales and other transactions with the Group, or have receivable and payable balances, other than associates and joint ventures (see Note 10) as of June 30, 2025, are as follows:

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

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

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

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(3) Transactions with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025				
	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.	₩ 3,852	₩ 528,362	₩ -	₩ 5	1,089
Associates:					
Sama Aluminium	-	17,018	167	-	26
Mintech Co., Ltd.	-	-	195	-	-
Nexpo Co., Ltd.	-	26	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	17,816
LG Chem (China) Investment Co., Ltd.	-	-	-	-	55
HAENGBOKNURI CO., LTD.	2	-	-	-	392
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	280,853	-	-	-
LG HY BCM Co., Ltd.	-	345,891	-	-	61
Techwin, Inc.	-	-	16,495	-	47
LG Chem Poland Sp. z o.o.	-	57,728	-	-	-
LG Management Development Institute	-	-	-	-	12,424
D&O Co., Ltd. and its subsidiaries	44	-	11,447	-	2,497
LG CNS Co., Ltd. and its subsidiaries	15,781	23	310,134	-	106,600
Others	-	-	-	-	1,043
Others:					
LG Display Co., Ltd. and its subsidiaries	-	-	-	1	-
LG Electronics Inc. and its subsidiaries	102,911	137,674	370,921	27	88,627
Others	14	-	109	2	1,538
	<u>₩ 122,604</u>	<u>₩ 1,367,575</u>	<u>₩ 709,468</u>	<u>₩ 35</u>	<u>₩ 232,215</u>

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	2024				
	Sales and others	Purchase and others			
		Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	Others
Parent:					
LG Chem Ltd.	₩ 3,537	₩ 992,318	₩ -	₩ 11	₩ 1,396
Associates and joint ventures:					
PT. HLI Green Power	31,615	363	-	-	5,402
Sama Aluminium	-	26,701	-	-	-
Nexpo Co., Ltd.	-	54	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	19,359
LG Chem (China) Investment Co., Ltd.	-	-	-	-	122
LG Chem Europe GmbH	-	-	-	-	8
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	593,145	-	-	-
LG HY BCM Co., Ltd.	-	315,334	-	-	-
Techwin, Inc.	-	-	217	-	33
LG Chem Poland Sp. z o.o.	-	79,567	-	-	-
LG Management Development Institute	-	-	-	-	17,191
D&O Co., Ltd. and its subsidiaries	43	-	12,015	-	2,533
LG CNS Co., Ltd. and its subsidiaries	13,723	10,831	320,807	-	88,521
Others	-	-	139	-	1,326
Others:					
LG Display Co., Ltd. and its subsidiaries	-	-	-	5	-
LG Electronics Inc. and its subsidiaries	94,355	116,422	575,622	-	14,060
Xi C&A and its subsidiaries(*)	-	2,725	44,655	-	2,701
S&I Corporation(*)	-	3,027	7,610	-	18,229
Others	17	-	-	9	1,456
	<u>₩ 143,290</u>	<u>₩ 2,140,487</u>	<u>₩ 961,065</u>	<u>₩ 25</u>	<u>₩ 172,337</u>

(*) The company has been excluded from the large enterprise group after their separation from LG Group during the six-month period ended June 30, 2024. The amount includes transactions before the separation.

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(4) Balances of receivables and payables from related parties as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025							
	Receivables			Payables				
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total	
Parent:								
LG Chem Ltd.	₩	-	₩ 11,945	₩ 11,945	₩ 172,678	₩ 275	₩ 10,041	₩ 182,994
Associates:								
Sama Aluminium		-	-	-	4,625	-	46	4,671
Mintech Co., Ltd.		-	-	-	-	-	64	64
Nexpo Co., Ltd.		-	-	-	-	-	20	20
Other related parties:								
LG Corp.		-	2,375	2,375	-	-	-	-
LG Chem (Taiwan), Ltd.		-	2	2	-	-	5	5
LG Chem (China) Investment Co., Ltd.		-	-	-	-	-	14	14
HAENGBOKNURI CO., LTD.		-	67	67	-	-	-	-
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.		-	-	-	31,740	-	-	31,740
LG HY BCM Co., Ltd.		-	-	-	145,283	-	67	145,350
Techwin, Inc.		-	-	-	-	-	308	308
LG Chem Poland Sp. z o.o.		-	-	-	18,785	-	-	18,785
LG Management Development Institute		-	-	-	-	-	758	758
D&O Co., Ltd. and its subsidiaries		-	24	24	-	-	4,073	4,073
LG CNS Co., Ltd. and its subsidiaries		8,770	-	8,770	-	-	274,217	274,217
Others		-	-	-	-	-	118	118
Others:								
LG Display Co., Ltd. and its subsidiaries		-	-	-	-	-	1	1
LG Electronics Inc. and its subsidiaries (*)		73,184	38,356	111,540	21,920	9,810	156,076	187,806
Others		-	559	559	-	-	2,876	2,876
	₩	81,954	₩ 53,328	₩ 135,282	₩ 395,031	₩ 10,085	₩ 448,684	₩ 853,800

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

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	December 31, 2024							
	Receivables			Payables				
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total	
Parent:								
LG Chem Ltd.	₩	- ₩	8,644 ₩	8,644 ₩	353,330 ₩	550 ₩	4,111 ₩	357,991
Associates and joint ventures:								
Sama Aluminium		-	-	-	8,627	-	22	8,649
Nexpo Co., Ltd.		-	-	-	17	-	-	17
Other related parties:								
LG Corp.		-	22,043	22,043	-	-	-	-
LG Chem (Taiwan), Ltd.		-	-	-	-	-	6	6
LG Chem (China) Investment Co., Ltd.		-	-	-	-	-	37	37
HAENGBOKNURI CO., LTD.		-	-	-	-	-	99	99
LEYOU NEW ENERGY MATERIALS(WUXI) Co., Ltd.		-	4	4	211,239	-	-	211,239
LG HY BCM Co., Ltd.		-	-	-	91,223	-	1,050	92,273
Techwin, Inc		-	-	-	-	-	302	302
LG Chem Poland Sp. z o.o.		-	-	-	37,626	-	-	37,626
LG Management Development Institute		-	-	-	-	-	750	750
D&O Co., Ltd. and its subsidiaries		-	-	-	-	-	4,887	4,887
LG CNS Co., Ltd. and its subsidiaries		5,149	5	5,154	-	-	443,178	443,178
Others		-	-	-	-	-	117	117
Others:								
LG Display Co., Ltd. and its subsidiaries		-	-	-	-	63	18	81
LG Electronics Inc. and its subsidiaries (*)		37,092	2,256	39,348	16,242	-	321,485	337,727
Others		-	559	559	-	335	5,191	5,526
	₩	42,241	₩	33,511	₩	75,752	₩	718,304
	₩	948	₩	781,253	₩	1,500,505	₩	1,500,505

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

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(5) Fund transactions with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	270
Associates:								
Sama Aluminium		38	-	-	-	-	-	-
Nexpo Co., Ltd.		-	-	2,375	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I		-	-	261	-	-	-	-
Jeju Bukchon BESS Power Plant Co., Ltd.		-	-	900	-	-	-	-
Others:								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	60
LG Electronics Inc.		-	-	-	-	-	10,226	840
LG Household & Health Care		-	-	-	-	-	-	333
	₩	38 ₩	- ₩	3,536 ₩	- ₩	- ₩	10,226 ₩	1,503

(*) The amounts represent lease liabilities that were recognized or repaid during the six-month period ended June 30, 2025.

	2024							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	264
Associates and joint ventures:								
Nexpo Co., Ltd.		-	-	1,900	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I		-	-	5,803	-	-	-	-
Others:								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	105
LG Household & Health Care		-	-	-	-	-	-	327
	₩	- ₩	- ₩	7,703 ₩	- ₩	- ₩	- ₩	696

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

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(6) Compensation for key management of the Group for the six-month periods ended June 30, 2025 and 2024, is as follows (Korean won in millions):

	2025		2024	
Short-term employee benefits	₩	42,170	₩	15,078
Retirement benefits		3,065		5,032
	₩	45,235	₩	20,110

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

(7) The payment guarantees provided by the Group for the related parties as of June 30, 2025, are disclosed in Note 18.

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31. INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS:

(1) Details of cash generated from operations for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025		2024	
Profit before income tax:	₩	337,480	₩	313,893
Adjustments for:				
- Depreciation		1,604,093		1,308,812
- Amortization		134,975		85,034
- Retirement benefits		42,843		43,542
- Financial income		(880,435)		(444,208)
- Financial costs		1,432,560		512,099
- Foreign currency conversion differences		-		425
- Loss (reversal) on valuations of inventories		(30,544)		7,744
- Gain on disposal of property, plant and equipment		-		(1,634)
- Loss on disposal of property, plant and equipment		22,117		83,139
- Loss on disposal of intangible assets		3,506		418
- Impairment losses on property, plant and equipment		4,013		6,195
- Impairment losses (reversal) on intangible assets		76		(69)
- Changes in contract assets		26,071		21,812
- Contribution to provisions		273,328		416,916
- Other income and expenses		21,107		43,596
- Changes in inventories		453,540		77,942
- Changes in trade receivables		276,246		328,007
- Changes in other receivables		(74,428)		123,979
- Changes in other assets		(652,977)		(474,850)
- Changes in trade payables		(337,452)		(311,459)
- Changes in other payables		(480,756)		(48,647)
- Changes in other liabilities		(235,425)		31,045
- Changes in provisions		(184,100)		(259,636)
- Changes in net defined benefit liabilities		(5,028)		(1,516)
- Other cash flows from operations		283,427		(49,564)
Cash generated from operations	₩	2,034,237	₩	1,813,015

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(2) Changes in liabilities from financing activities for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025								
	Cash flows from financing activities				Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending
	Beginning								
Short-term borrowings	₩ 2,365,329	₩ 482,036	₩ 1,027,002	₩ -	₩ -	₩ 87,313	₩ 3,961,680		
Long-term borrowings	5,124,782	1,397,243	(1,027,002)	-	9,589	(272,807)	5,231,805		
Debentures	7,900,440	4,377,777	-	7,596	-	(622,649)	11,663,164		
	<u>₩ 15,390,551</u>	<u>₩ 6,257,056</u>	<u>₩ -</u>	<u>₩ 7,596</u>	<u>₩ 9,589</u>	<u>₩ (808,143)</u>	<u>₩ 20,856,649</u>		

	2024								
	Cash flows from financing activities				Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending
	Beginning								
Short-term borrowings	₩ 2,567,561	₩ (272,320)	₩ 195,575	₩ -	₩ -	₩ 446,072	₩ 2,936,888		
Long-term borrowings	4,604,543	385,835	(195,575)	-	37,078	(52,374)	4,779,507		
Debentures	3,760,184	1,595,376	-	3,168	-	198,576	5,557,304		
	<u>₩ 10,932,288</u>	<u>₩ 1,708,891</u>	<u>₩ -</u>	<u>₩ 3,168</u>	<u>₩ 37,078</u>	<u>₩ 592,274</u>	<u>₩ 13,273,699</u>		

(3) Significant non-cash transactions for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	2025	2024
Reclassification of construction in progress	₩ 3,638,206	₩ 4,024,582
Reclassification of machinery in transit	12,632	9,351
Reclassification of debentures into current portion	624,491	125,000
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(627,060)	(312,007)
Changes in non-trade receivables related to disposal of property, plant and equipment and intangible assets	(10,153)	(355)
Changes in other non-current financial liabilities related to acquisitions of property, plant and equipment	463,067	489,688
Changes in other payables related to capital reduction	1,323,778	-

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32. SEGMENT INFORMATION:

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

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

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

(2) Segment information on revenue and profit for the six-month periods ended June 30, 2025 and 2024, is as follows (Korean won in millions):

	2025		2024	
	Three months	Six months	Three months	Six months
Total segment revenue	₩ 5,565,408	₩ 11,830,403	₩ 6,161,866	₩ 12,290,580
Revenue from external customers (*1)	5,565,408	11,830,403	6,161,866	12,290,580
Other operation income (*2)	490,761	948,477	447,794	636,748
Operating profit of reportable segment (*3)	492,159	866,832	195,319	352,656

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

(*2) Under the Advanced Manufacturing Production Tax Credit of the U.S. Inflation Reduction Act, effective January 1, 2023, a tax credit can be received for battery cells/modules produced and sold in the U.S., and the amount is revenue expected to be received by the Group for the six-month period ended June 30, 2025.

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

(3) Segment information on assets and liabilities as of June 30, 2025, and December 31, 2024, is as follows (Korean won in millions):

	June 30, 2025			December 31, 2024		
	Assets	Investments in associates	Liabilities	Assets	Investments in associates	Liabilities
Reportable segment assets and liabilities	₩ 62,982,502	₩ 64,759	₩ 34,682,328	₩ 60,306,791	₩ 62,389	₩ 29,340,248

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(4) Sales for the six-month periods ended June 30, 2025 and 2024, and non-current assets as of June 30, 2025, and December 31, 2024, by geographical segments, are as follows (Korean won in millions):

	Sales						Non-current assets (*1)	
	2025		2024		June 30, 2025		December 31, 2024	
	Three months	Six months	Three months	Six months				
Korea (*2)	₩ 710,665	₩ 1,342,398	₩ 248,721	₩ 514,137	₩ 5,543,382	₩ 5,204,504		
China	1,110,505	2,294,050	1,399,378	3,013,950	3,443,238	3,972,006		
Asia/Oceania	218,628	512,251	185,195	444,096	1,093,561	1,238,630		
America	2,121,092	4,493,040	2,762,376	4,916,341	26,735,016	24,579,109		
Europe	1,404,518	3,188,664	1,566,196	3,402,056	4,806,017	4,865,813		
	<u>₩ 5,565,408</u>	<u>₩ 11,830,403</u>	<u>₩ 6,161,866</u>	<u>₩ 12,290,580</u>	<u>₩ 41,621,214</u>	<u>₩ 39,860,062</u>		

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

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

(5) For the six-month periods ended June 30, 2025 and 2024, revenues from external customers who account for 10% or more of the Group's revenue are as follows (Korean won in millions):

	2025	2024
Customer A	₩ 2,668,833	₩ 3,313,707
Customer B	2,165,235	2,758,874
Customer C	1,676,880	1,158,475
Customer D	1,395,630	737,931

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33. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

(1) Assets and liabilities related to contracts with customers as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Contract assets:		
Due from customers	₩ 45,124	₩ 77,237
	<u>₩ 45,124</u>	<u>₩ 77,237</u>
Contract liabilities:		
Advances from customers received as part of the Group's main business activities	₩ 2,238,848	₩ 2,046,780
Expected customer incentives	14	1,535
Unearned revenue	22,565	32,099
Due to customers	34,681	7,377
	<u>₩ 2,296,108</u>	<u>₩ 2,087,791</u>

(2) Revenue recognized in relation to contract liabilities

Revenues recognized from the carried-forward contract liabilities for the six-month periods ended June 30, 2025 and 2024, are as follows (Korean won in millions):

	<u>2025</u>		<u>2024</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Revenue recognized in the current period from the beginning contract liabilities:				
Revenues in relation to advances from customers received as part of the Group's main business activities	₩ 9,218	₩ 42,011	₩ 10,069	₩ 21,979
Unearned revenue	3,728	7,669	11,839	22,521
Due to customers	1,979	2,489	147	489
	<u>₩ 14,925</u>	<u>₩ 52,169</u>	<u>₩ 22,055</u>	<u>₩ 44,989</u>

(3) For the six-month period ended June 30, 2025, changes in estimates related to the total contract price and total contract costs for contracts that existed as of December 31, 2024, and that recognize revenue over time using the cost-to-cost method, along with their impact on profit or loss for the current and future periods and on contract assets (liabilities), are as follows (Korean won in millions):

	<u>Changes in estimated total contract price</u>	<u>Changes in estimated total contract costs</u>	<u>Impact on current-period profit or loss</u>	<u>Impact on future-period profit or loss</u>	<u>Changes in contract assets (liabilities)</u>
₩	5,562	₩ 3,489	₩ 3,616	₩ (1,543)	₩ 3,616

(4) Costs to fulfill contracts as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Costs to fulfill contracts	₩ 541,754	₩ 328,943

Costs to fulfill contracts represent preparation costs related to contracts with customers and are recognized as cost of sales when the Group satisfies its performance obligations. The costs to fulfill contracts recognized as cost of sales during the six-month period ended June 30, 2025, amounted to ₩32,829 million (for the six-month period ended June 30, 2024, was ₩23,654 million).

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34. INVESTMENT PROPERTIES:

(1) Details of investment properties as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025				December 31, 2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Buildings	₩ 295,015	₩ (80,874)	₩ (1,459)	₩ 212,682	₩ 309,064	₩ (81,729)	₩ (1,628)	₩ 225,707
Land	283	(14)	(35)	234	274	(12)	(35)	227
	<u>₩ 295,298</u>	<u>₩ (80,888)</u>	<u>₩ (1,494)</u>	<u>₩ 212,916</u>	<u>₩ 309,338</u>	<u>₩ (81,741)</u>	<u>₩ (1,663)</u>	<u>₩ 225,934</u>

(2) Changes in investment properties for the six-month period ended June 30, 2025, and the year ended December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025		December 31, 2024	
	Land	Building	Land	Building
Beginning	₩ 227	₩ 225,707	₩ 240	₩ 212,249
Acquisition/Transfer	9	41	-	28,053
Disposal/Transfer	-	(10,087)	(9)	(7,999)
Depreciation	(2)	(2,979)	(4)	(6,596)
Ending	<u>₩ 234</u>	<u>₩ 212,682</u>	<u>₩ 227</u>	<u>₩ 225,707</u>

(3) The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as of June 30, 2025, is ₩221,705 million (as of December 31, 2024, was ₩241,006 million).

Rental income from investment properties under operating lease for the six-month period ended June 30, 2025, is ₩1,895 million, and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) for the six-month period ended June 30, 2025, are ₩2,981 million.

(4) Operating lease

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

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

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as of June 30, 2025, and December 31, 2024, are as follows (Korean won in millions):

	June 30, 2025	December 31, 2024
Less than one year	₩ 5,167	₩ 7,652
Between one year and two years	992	2,293
Between two years and five years	82	172
	<u>₩ 6,241</u>	<u>₩ 10,117</u>

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35. BUSINESS COMBINATION:

As of August 1, 2024, due to amendments to the shareholder agreement of PT. HLI Green Power, the Group holds the majority of voting rights in the decision-making process of the entity and has the ability to affect the variable returns by engaging in the entity's production and cost management. As a result, the Group reclassified PT. HLI Green Power from joint venture to a subsidiary.

1) As of the acquisition in the prior year, the consideration transferred to PT. HLI Green Power and the fair values of the identifiable assets acquired and liabilities assumed were as follows (Korean won in millions):

	<u>Amount</u>
Consideration transferred:	
Fair value of the equity interest held prior to the business combination	₩ 191,187
Accumulated amount of acquired assets and assumed liabilities:	
Cash and cash equivalents	59,825
Trade receivables and other receivables	118,338
Inventories	144,834
Property, plant and equipment	1,026,339
Intangible assets	149,067
Other assets	44,615
Trade payables and other payables	(293,584)
Other liabilities	(846,472)
Identifiable net assets	402,962
Non-controlling interest:	201,481
Goodwill (gain on bargain purchase):	(10,294)

2) In the prior year, the remeasurement of the equity interests held prior to the business combination at fair value resulted in a disposal gain of ₩94,218 million, which is included in other non-operating income and expenses in the consolidated statements of comprehensive income.