

LG ENERGY SOLUTION, LTD. AND ITS SUBSIDIARIES

**Interim Condensed Consolidated Financial Statements
As of March 31, 2026, and December 31, 2025, and
For the Three-Month Periods Ended March 31, 2026 and 2025**

(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 May 12, 2026

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

Reviewed financial statements

We have reviewed the accompanying interim condensed consolidated financial statements of LG Energy Solution, Ltd. and its subsidiaries (the "Group"). These interim condensed consolidated financial statements consist of the interim condensed consolidated statement of financial position as of March 31, 2026, and the related interim condensed consolidated statements of profit or loss, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows, all expressed in Korean won, for the three-month periods ended March 31, 2026 and 2025, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the interim condensed consolidated financial statements

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

Auditor's responsibility

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

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

Conclusion

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

Deloitte.

Other matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2025, 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 KSAs. We expressed an unqualified opinion on those consolidated financial statements, not presented herein, in our audit report dated March 5, 2026.

The accompanying consolidated statement of financial position as of December 31, 2025, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

Deloitte idn jin LLC

May 12, 2026

This review report is effective as of May 12, 2026, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modifications to this review report.

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

Interim condensed consolidated financial statements
as of March 31, 2026, and December 31, 2025, and
for the three-month periods ended March 31, 2026 and 2025

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

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of financial position
As of March 31, 2026, and December 31, 2025

(Korean won in millions)

	Notes		March 31, 2026		December 31, 2025
Assets					
Current assets					
Cash and cash equivalents	3,5,6	₩	3,744,861	₩	3,779,307
Trade receivables	3,5,7,30		5,156,728		4,311,178
Other receivables	3,5,7,30		564,025		588,607
Other current financial assets	3,5,8		81,283		46,724
Prepaid income taxes			171,574		163,804
Other current assets	13		1,632,925		1,260,766
Inventories	9		5,353,720		4,350,407
Assets held for sale	35		<u>3,828,902</u>		<u>3,911,334</u>
			20,534,018		18,412,127
Non-current assets					
Trade receivables	3,5,7		913,564		383,553
Other receivables	3,5,7,30		374,493		160,904
Other non-current financial assets	3,5,8		1,319,717		1,320,891
Investments in associates and joint ventures	10,30		78,618		77,719
Deferred tax assets	27		3,120,204		2,985,763
Property, plant and equipment	11,18,32		42,537,722		40,794,759
Intangible assets	12,32		1,656,754		1,591,606
Investment properties	32,34		201,813		211,862
Other non-current assets	13,16		<u>1,068,707</u>		<u>1,208,769</u>
			51,271,592		48,735,826
Total assets		₩	<u>71,805,610</u>	₩	<u>67,147,953</u>
Liabilities					
Current liabilities					
Trade payables	3,5,30	₩	2,957,178	₩	2,152,800
Other payables	3,5,30		5,825,085		5,756,692
Borrowings	3,5,11,14,31		8,528,169		6,686,206
Current provisions	15		1,259,838		1,081,216
Other current financial liabilities	3,5,8		36,949		2,641
Income tax payables			111,987		93,323
Other current liabilities	17,33		<u>1,095,814</u>		<u>1,012,479</u>
			19,815,020		16,785,357
Non-current liabilities					
Other payables	3,5,30		8,956		14,619
Borrowings	3,5,11,14,31		16,154,080		15,825,890
Other non-current financial liabilities	3,5,8		2,834,482		2,407,851
Non-current provisions	15		1,069,414		953,780
Deferred tax liabilities	27		135,338		49,709
Other non-current liabilities	16,17,33		<u>1,872,016</u>		<u>1,789,071</u>
			22,074,286		21,040,920
Total liabilities			<u>41,889,306</u>		<u>37,826,277</u>
Equity attributable to owners of the Parent Company					
Share capital	19		117,000		117,000
Capital surplus	19		18,469,294		17,164,627
Accumulated other comprehensive income			3,922,931		2,601,713
Retained earnings	20		<u>(344,546)</u>		<u>332,209</u>
			22,164,679		20,215,549
Non-controlling interest			<u>7,751,625</u>		<u>9,106,127</u>
Total equity			<u>29,916,304</u>		<u>29,321,676</u>
Total liabilities and equity		₩	<u>71,805,610</u>	₩	<u>67,147,953</u>

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of profit or loss
For the three-month periods ended March 31, 2026 and 2025

(Korean won in millions)

	Notes	March 31, 2026	March 31, 2025
Revenue and other income	2,21,30,32,33	₩ 6,554,967	₩ 6,722,711
Cost of sales	21,22,30	5,313,596	5,252,739
Gross profit		1,241,371	1,469,972
Selling and administrative expenses	21,22,30	1,449,126	1,095,299
Operating profit (loss)		(207,755)	374,673
Finance income	5,24,30	693,354	272,642
Finance costs	5,24,30	894,227	268,403
Share of loss of associates and joint ventures	10	(797)	(499)
Other non-operating income	25	434,956	170,393
Other non-operating expenses	26	884,133	184,300
Profit (loss) before income tax expense		(858,602)	364,506
Income tax expense	27	85,432	137,933
Profit (loss) for the period		₩ (944,034)	₩ 226,573
Profit (loss) for the period attributable to:			
Owners of the Parent Company		₩ (675,980)	₩ (145,740)
Non-controlling interests		(268,054)	372,313
Loss per share attributable to the equity holders of the Parent Company (in Korean won)	28		
Basic or diluted earnings (loss) per share		(2,889)	(623)

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of comprehensive income
For the three-month periods ended March 31, 2026 and 2025

(Korean won in millions)

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Profit for the period	₩	(944,034)	₩ 226,573
Other comprehensive income (loss):			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	16	(1,019)	881
Gain (loss) on valuation of financial assets at FVOCI	5,8	3,184	(2,684)
Income tax effect of other comprehensive income		(518)	417
		<u>1,647</u>	<u>(1,386)</u>
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1,601,303	153,777
Gain (loss) on cash flow hedge	5,8	(2,641)	638
Share of other comprehensive income of associates and joint ventures	10	1,434	-
Income tax effect of other comprehensive income		<u>10,968</u>	<u>19,361</u>
		1,611,064	173,776
Other comprehensive income for the period, net of tax		<u>1,612,711</u>	<u>172,390</u>
Total comprehensive income for the period, net of tax	₩	<u>668,677</u>	₩ <u>398,963</u>
Total comprehensive income for the period attributable to:			
Owners of the Parent Company	₩	537,824	₩ 46,408
Non-controlling interest		130,853	352,555

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of changes in equity
For the three-month periods ended March 31, 2026 and 2025

(Korean won in millions)

	Attributable to the equity holders of the Parent Company							
	Notes	Share capital	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal	Non-controlling interests	Total
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 for the period		-	-	-	(145,740)	(145,740)	372,313	226,573
Remeasurements of net defined benefit liabilities	16	-	-	-	680	680	-	680
Exchange differences on translation of foreign operations		-	-	193,209	-	193,209	(19,758)	173,451
Loss on valuation of financial assets at FVOCI	5,8	-	-	(2,066)	-	(2,066)	-	(2,066)
Cash flow hedge	5,8	-	-	325	-	325	-	325
Total comprehensive income for the period		-	-	191,468	(145,060)	46,408	352,555	398,963
Transactions with owners of the Parent Company recognized directly in equity:								
Capital increase		-	-	-	-	-	1,036,130	1,036,130
Reclassification from disposal of financial assets at FVOCI		-	-	11,568	(11,568)	-	-	-
Others		-	-	-	-	-	(1,131,091)	(1,131,091)
Total transactions with owners of the Parent Company recognized directly in equity		-	-	11,568	(11,568)	-	(94,961)	(94,961)
As of March 31, 2025		<u>₩ 117,000</u>	<u>₩ 17,164,627</u>	<u>₩ 2,640,435</u>	<u>₩ 1,240,583</u>	<u>₩ 21,162,645</u>	<u>₩ 10,107,900</u>	<u>₩ 31,270,545</u>
As of January 1, 2026		₩ 117,000	₩ 17,164,627	₩ 2,601,713	₩ 332,209	₩ 20,215,549	₩ 9,106,127	₩ 29,321,676
Comprehensive income for the period:								
Profit for the period		-	-	-	(675,980)	(675,980)	(268,054)	(944,034)
Remeasurements of net defined benefit liabilities	16	-	-	-	(775)	(775)	-	(775)
Exchange differences on translation of foreign operations		-	-	1,212,730	-	1,212,730	398,907	1,611,637
Gain on valuation of financial assets at FVOCI	5,8	-	-	2,422	-	2,422	-	2,422
Cash flow hedge	5,8	-	-	(2,007)	-	(2,007)	-	(2,007)
Equity adjustments in equity method	10	-	-	1,434	-	1,434	-	1,434
Total comprehensive income for the period		-	-	1,214,579	(676,755)	537,824	130,853	668,677
Transactions with owners of the Parent Company recognized directly in equity:								
Capital increase		-	-	-	-	-	38,701	38,701
Changes in ownership interests in subsidiaries		-	1,304,667	106,639	-	1,411,306	(1,411,306)	-
Others		-	-	-	-	-	(112,750)	(112,750)
Total transactions with owners of the Parent Company recognized directly in equity		-	1,304,667	106,639	-	1,411,306	(1,485,355)	(74,049)
As of March 31, 2026		<u>₩ 117,000</u>	<u>₩ 18,469,294</u>	<u>₩ 3,922,931</u>	<u>₩ (344,546)</u>	<u>₩ 22,164,679</u>	<u>₩ 7,751,625</u>	<u>₩ 29,916,304</u>

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

LG Energy Solution, Ltd. and its subsidiaries
Interim condensed consolidated statements of cash flows
For the three-month periods ended March 31, 2026 and 2025

(Korean won in millions)

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Cash flows from operating activities:			
Cash generated from operations	31	₩ 22,043	₩ 1,447,674
Interest received		32,942	37,840
Interest paid		(278,274)	(204,879)
Dividends received		-	38
Income tax paid		(92,994)	(118,640)
Net cash (used in) provided by operating activities		<u>(316,283)</u>	<u>1,162,033</u>
Cash flows from investing activities:			
Cash inflow from investing activities:			
Decrease in other receivables		106,032	1,383
Decrease in other non-current receivables		5,387	10,434
Proceeds from disposal of financial assets		429,297	1,300
Proceeds from disposal of property, plant and equipment		8,377	17,677
Proceeds from disposal of intangible assets		1,542	56
Government grants received		280,604	2,135
		<u>831,239</u>	<u>32,985</u>
Cash outflow for investing activities:			
Increase in other receivables		(1,120)	(138,763)
Increase in other non-current receivables		(113,325)	(10,321)
Acquisition of investments in associates		(262)	(2,637)
Acquisition of financial instruments		(3,349)	(22,795)
Acquisition of property, plant and equipment		(1,676,728)	(3,264,613)
Acquisition of intangible assets		(56,325)	(34,681)
		<u>(1,851,109)</u>	<u>(3,473,810)</u>
Net cash used in investing activities		<u>(1,019,870)</u>	<u>(3,440,825)</u>
Cash flows from financing activities:			
Cash inflow from financing activities:			
Proceeds from borrowings and others	31	6,355,240	3,419,394
Paid-in capital by non-controlling interests		38,701	1,036,130
		<u>6,393,941</u>	<u>4,455,524</u>
Cash outflow for financing activities:			
Repayments of borrowings and others	31	(5,091,917)	(1,374,180)
Others		(112,751)	(1,131,091)
		<u>(5,204,668)</u>	<u>(2,505,271)</u>
Net cash provided by financing activities		<u>1,189,273</u>	<u>1,950,253</u>
Net decrease in cash and cash equivalents		(146,880)	(328,539)
Cash and cash equivalents at the beginning of period		3,779,307	3,898,711
Effects of exchange rate changes on cash and cash equivalents		112,434	3,384
Cash and cash equivalents at the end of period		<u>₩ 3,744,861</u>	<u>₩ 3,573,556</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 March 31, 2026, and December 31, 2025, and
For the three-month periods ended March 31, 2026 and 2025

1. GENERAL:

General information about LG Energy Solution, Ltd. (the “Company” or the “Parent Company”) and its 25 subsidiaries (collectively, the “Group”) is as follows:

1.1 Company Information

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

As of March 31, 2026, the Company is engaged in the battery industry, with its manufacturing facilities located at Ochang.

The Company’s shares have been listed on the Korea Exchange since January 27, 2022, and the share capital is ₩117,000 million as of March 31, 2026. The largest shareholder of the Company is LG Chem Ltd., which holds 79.38% of the Company’s ordinary shares.

The Company is authorized to issue 800 million shares (₩500 per share) and has issued 234 million of ordinary shares as of March 31, 2026.

1.2 Business Overview

The Group is engaged in providing energy solution services.

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

LG Energy Solution, Ltd. and its subsidiaries
Notes to interim condensed consolidated financial statements
As of March 31, 2026, and December 31, 2025, and
For the three-month periods ended March 31, 2026 and 2025

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>March 31, 2026</u>	<u>December 31, 2025</u>			
Subsidiaries:					
LG Energy Solution (Nanjing) Co., Ltd.	100	100	China	December	Mobile battery manufacturing and sales
LG Energy Solution Michigan Inc. (*1)	100	100	USA	December	Secondary battery Manufacturing and sales
LG Energy Solution Battery (Nanjing) Co., Ltd.	100	100	China	December	Secondary battery Manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o.	100	100	Poland	December	Secondary 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	Secondary battery Manufacturing and sales
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. (*3)	100	51	Canada	December	Secondary battery Manufacturing and sales
LG Energy Solution Fund II LLC	100	100	USA	December	Investment in ventures
HL-GA Battery Company LLC (*4)	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 (*5)	50	50	Indonesia	December	Automotive battery manufacturing and sales
LG Energy Solution China Co., Ltd.	100	100	China	December	Business support services and others
Xensol Energy(Nanjing) Co., Ltd. (*6)	-	-	China	December	Secondary battery Manufacturing and sales
Associates and joint ventures:					
Sama Aluminium Co., Ltd. (*7)	10.2	10.2	Korea	December	Aluminum manufacturing, sales and others
Nexpo Co., Ltd. (*8)	19	19	Korea	December	Battery product manufacturing, sales and others
Bricks Capital Management Global Battery Private Equity Fund I (*9)	59.9	59.9	Korea	December	Collective investment institution
Jeju Bukchon BESS Power Plant Co., Ltd. (*10)	10	10	Korea	December	Renewable energy services
PT LBM Energi Baru Indonesia	20	20	Indonesia	December	Secondary battery materials manufacturing and sales
EV-LOOP	50	50	France	December	Secondary battery materials manufacturing and sales

LG Energy Solution, Ltd. and its subsidiaries
Notes to interim condensed consolidated financial statements
As of March 31, 2026, and December 31, 2025, and
For the three-month periods ended March 31, 2026 and 2025

- (*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) During the current period, the Group acquired, for consideration of USD 100, the entire equity interest of Stellantis N.V. (USD 980 million, ownership interest of 49%) in NextStar Energy Inc., a joint venture with Stellantis N.V.
- (*4) 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.
- (*5) 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.
- (*6) Although the incorporation of Xensol Energy (Nanjing) Co., Ltd. was completed during the previous period, the ownership interest is not indicated as the capital contribution has not yet been made.
- (*7) 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.
- (*8) 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.
- (*9) 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.
- (*10) 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.

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, 2025, 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, 2025, 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 1109 *Financial Instruments* and K-IFRS 1107 *Financial Instruments: Disclosures – Amendments to Classification and Measurement Requirements of Financial Instruments*

The amendments in *Amendments to the Classification and Measurement of Financial Instruments (Amendments to K-IFRS 1109 and K-IFRS 1107)* are:

Derecognition of a financial liability settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. The Group does not use electronic payment systems that are subject to the amendments and, therefore, the amendments do not have an impact on the consolidated financial statements.

Classification of financial assets

- *Contractual terms that are consistent with a basic lending arrangement.*
The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (“ESG”) concerns.
- *Assets with non-recourse features.*
The amendments enhance the description of the term ‘non-recourse,’ in particular to specify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- *Contractually linked instruments.*
The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures

- *Investments in equity instruments designated at fair value through other comprehensive income (“FVOCI”).*
The requirements in K-IFRS 1107 are amended to require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.
- *Contractual terms that could change the timing or amount of contractual cash flows.*
The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or FVOCI and each class of financial liability measured at amortized cost.

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

The amendments clarify that any gain or loss arising from the derecognition of lease liabilities should be recognized in profit or loss. The amendments also align the definition of transaction price with K-IFRS 1115.

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

The amendments revise the wording in K-IFRS 1110:B73-B74 regarding the determination of a de facto agent to address inconsistencies between the paragraphs and clarify that the de facto agent relationship described in B74 is one example of circumstances in which judgment is required.

- Amendments to IFRS 9 and IFRS 7—Contracts Referencing Nature-Dependent Electricity

Amendments to IFRS 9 Financial Instruments

The following requirements of K-IFRS 1109 are affected by the amendments:

- The own-use requirements in K-IFRS 1109 are amended to include the factors an entity is required to consider when applying K-IFRS 1109:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- The hedge accounting requirements in K-IFRS 1109 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
 - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
 - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

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Amendments to K-IFRS 1107 *Financial Instruments: Disclosures*

K-IFRS 1107 was amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

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

- K-IFRS 1118 Presentation and Disclosures in Financial Statements

K-IFRS 1118 replaces K-IFRS 1001, carrying forward many of the requirements in K-IFRS 1001 unchanged and complementing them with new requirements. K-IFRS 1118 is expected to enhance the comparability of financial performance among similar entities by providing users of financial statements with information that is useful in analyzing and comparing an entity's performance, with a particular focus on the statement of profit or loss.

When the Group prepares its financial statements by applying K-IFRS 1118, the principal accounting policy changes that may result in significant differences from the current financial statements are as follows. These matters do not include all differences that may arise in the future and may be subject to change based on the results of additional analysis.

- *Changes in the presentation of the statement of profit or loss.*
K-IFRS 1118 requires all income and expenses included in the statement of profit or loss to be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations. Under K-IFRS 1118, all income and expenses that are not classified in the investing, financing, income taxes or discontinued operations categories are classified in the operating category, and operating profit is defined as a residual category.
The Group is required to assess its main business activities in order to classify income and expenses into the appropriate categories. If the Group determines that investing in particular types of assets or providing financing to customers is a main business activity, income and expenses that would otherwise be classified in the investing or financing categories are classified instead in the operating category.

Accordingly, operating profit or loss under K-IFRS 1118 may differ significantly from operating profit or loss under the current K-IFRS 1001, which is defined as revenue less cost of sales and selling and administrative expenses. K-IFRS 1118 requires an entity to disclose operating profit or loss determined in accordance with the current K-IFRS 1001 in the notes, together with a reconciliation between operating profit or loss under K-IFRS 1118 and that under the current K-IFRS 1001.

In addition, K-IFRS 1118 requires an entity to present in the statement of profit or loss: 'operating profit or loss', comprising all income and expenses classified in the operating category; 'profit or loss before financing and income taxes', comprising operating profit or loss and all income and expenses classified in the investing category; and 'profit or loss' for the period. However, if the Group provides financing to customers as a main business activity, presentation of profit or loss before financing and income taxes may not be required depending on the accounting policy choice.

- *Introduction of disclosures for management-defined performance measures.*
K-IFRS 1118 introduces new disclosure requirements for management-defined performance measures (MPMs). MPMs are defined as subtotals of income and expenses that an entity uses in public communications outside financial statements, to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole, and that are not listed in paragraph 118 of K-IFRS 1118 or specifically required to be presented or disclosed by K-IFRS.

If the Group has MPMs, it is required to disclose why such measures provide useful information, how those measures are calculated, a reconciliation between those measures and the most directly comparable subtotal specified in K-IFRS 1118, the income tax effect of each reconciling item and the effect on non-controlling interests.

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- *Changes in the classification of cash flows.*
In accordance with the issuance of K-IFRS 1118, certain amendments have been made to K-IFRS 1007 *Statement of Cash Flows*. Under these amendments, the starting point for determining net cash flows from operating activities under the indirect method has changed from profit or loss for the period to operating profit or loss, and the accounting policy choice regarding the classification of cash flows from interest and dividends has been eliminated.

K-IFRS 1118 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. An entity is required to apply K-IFRS 1118 retrospectively in accordance with K-IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*. Accordingly, comparative information for the year ending December 31, 2027 will be restated in accordance with K-IFRS 1118. The amendments to K-IFRS 1007 and K-IFRS 1033, and the revised K-IFRS 1008 and K-IFRS 1107, resulting from the issuance of K-IFRS 1118 will become effective when K-IFRS 1118 is applied.

The Group has not applied K-IFRS 1118 because its mandatory effective date has not yet arrived, and expects to report its first interim financial statements for the annual reporting period ending December 31, 2027 in accordance with K-IFRS 1118.

Based on information available as of May 12, 2026, the Group has performed an overall preliminary assessment of the expected impact of applying K-IFRS 1118 and has identified the following potential impacts:

- *Changes in the statements of financial position, profit or loss and other financial statements.*
Based on the classification of income and expenses under K-IFRS 1118, gains or losses on disposal of property, plant and equipment and impairment losses or reversals of impairment losses on property, plant and equipment and intangible assets, which are currently classified as non-operating income or expenses, will be classified in the operating category. Interest income, dividend income and the Group's share of profit or loss of associates and joint ventures are expected to be classified in the investing category, while interest expense and gains or losses on redemption of debentures are expected to be classified in the financing category. Foreign exchange differences are expected to be classified in the same category as the income and expenses arising from the items that gave rise to those foreign exchange differences.
- *Assessment of management-defined performance measures.*
The Group is assessing whether any of the measures reported externally, including those included in IR materials, meet the definition of MPMs.

The Group is currently reviewing the potential impact of the enactments and amendments described above on its consolidated financial statements.

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2.3 Changes in Presentation of the Interim Condensed Consolidated Financial Statements

The following changes were made in the presentation and classification of certain line items in the interim condensed consolidated financial statements during the current period:

- Other operating income has been presented as part of revenue

The Group receives tax credits for battery cells/modules manufactured and sold in the U.S. in accordance with the Advanced Manufacturing Production Tax Credit provisions of the U.S. Inflation Reduction Act, effective from January 1, 2023, and changed the related accounting presentation from the current period.

In previous periods, such tax credits were presented separately from revenue as “Other operating income.” However, from the current period, as the Group’s expansion into the U.S. energy storage system market has accelerated, the business environment has changed, and key customers in the market have become aware of the Group’s receipt of such tax credits and reflect this fact in sales price negotiations; accordingly, the tax credits have, in substance, become a component of the selling price of products.

Accordingly, the Group concluded that presenting such tax credits as part of revenue, which is the primary performance measure of operating activities, provides more relevant information about the Group’s revenue-generating ability and the economic substance of the transactions (see Notes 21.(1) and 32.(2)).

This change in presentation and classification represents only a reclassification between line items and has no impact on operating profit, profit for the period or total equity, and constitutes a change in presentation in accordance with K-IFRS 1001 “Presentation of Financial Statements” (IAS 1).

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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 USD. 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 operates a dedicated team for foreign exchange risk management and utilizes foreign exchange derivatives, such as forward exchange contracts and currency swaps as hedging instruments, while principally excluding transactions for trading purposes.

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

Monetary assets and liabilities denominated in foreign currencies as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	March 31, 2026		December 31, 2025	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 2,776,070	₩ 10,287,322	₩ 2,398,017	₩ 9,284,797
EUR	151,313	3,739,441	264,366	3,616,837
JPY	23,720	50,243	20,035	87,327
CNY and others	380,453	165,177	203,801	151,783

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With all other variables held constant as of March 31, 2026, and December 31, 2025, a hypothetical change in exchange rates by 10% would have increased (decreased) the Group's profit before tax as follows (Korean won in millions):

	March 31, 2026		December 31, 2025	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (751,125)	₩ 751,125	₩ (688,678)	₩ 688,678
EUR	(358,813)	358,813	(335,247)	335,247
JPY	(2,652)	2,652	(6,729)	6,729
CNY and others	21,528	(21,528)	5,202	(5,202)

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

As of March 31, 2026, 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	11.24.2020	04.16.2029	₩ 177,035	₩ -
	JP Morgan	USD 200	1,337.60	09.25.2023	09.25.2026	39,045	-
	Shinhan Bank	USD 200	1,337.60	09.25.2023	09.25.2026	35,660	-
	KDB Bank	USD 400	1,337.60	09.25.2023	09.25.2028	77,674	-
	Woori Bank	USD 200	1,337.60	09.25.2023	09.25.2028	38,841	-
	DBS	USD 200	1,380.80	07.02.2024	07.02.2027	34,304	-
	JP Morgan	USD 200	1,380.80	07.02.2024	07.02.2027	34,326	-
	Shinhan Bank	USD 300	1,380.80	07.02.2024	07.02.2027	46,237	-
	KB Kookmin Bank	USD 200	1,380.80	07.02.2024	07.02.2029	36,493	-
	Woori Bank	USD 200	1,380.80	07.02.2024	07.02.2029	36,399	-
	Korea Exim Bank	USD 200	1,380.80	07.02.2024	07.02.2029	36,497	-
	IBK Securities	USD 100	1,380.80	07.02.2024	07.02.2029	18,132	-
	KDB Bank	USD 100	1,380.80	07.02.2024	07.02.2029	18,145	-
	KDB Bank	USD 400	1,380.80	07.02.2024	07.02.2034	85,634	-
Currency swap (*)	Woori Bank	USD 100	1,380.80	07.02.2024	07.02.2034	21,406	-
	Hana Bank	USD 200	1,471.70	04.02.2025	04.02.2028	16,933	-
	JP Morgan	USD 100	1,471.70	04.02.2025	04.02.2028	10,071	-
	SMBC	USD 100	1,471.70	04.02.2025	04.02.2028	8,216	-
	Shinhan Bank	USD 200	1,471.70	04.02.2025	04.02.2030	20,896	-
	Woori Bank	USD 100	1,471.70	04.02.2025	04.02.2030	10,486	-
	KDB Bank	USD 500	1,471.70	04.02.2025	04.02.2030	59,985	-
	Shinhan Bank	USD 100	1,471.70	04.02.2025	04.02.2030	11,947	-
	Woori Bank	USD 200	1,471.70	04.02.2025	04.02.2035	33,982	-
	Hanwha Securities	USD 200	1,471.70	04.02.2025	04.02.2035	33,955	-
	Hana Bank	USD 100	1,471.70	04.02.2025	04.02.2035	17,069	-
	KB Kookmin Bank	USD 100	1,471.70	04.02.2025	04.02.2035	16,954	-
	Credit Agricole	USD 50	1,471.70	04.02.2025	04.02.2035	9,486	-
	KDB Bank	USD 50	1,471.70	04.02.2025	04.02.2035	8,500	-

(*) 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 rates. The interest rate risk mainly arises through floating-rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rate fluctuations and net interest expense.

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

	Effect on profit and loss before tax		Impact on equity	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Increase	₩ (87,727)	₩ (75,104)	₩ (87,727)	₩ (75,104)
Decrease	87,727	75,104	87,727	75,104

3) Price risk

The Group is exposed to price risks from equity instruments. As of March 31, 2026, the fair value of equity instruments is ₩114,156 million. With all other variables held constant, a price change in equity instruments by 10% would have changed the Group's equity by ₩11,416 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.

For the three-month period ended March 31, 2026, there were no changes in the provisions for trade receivables, and for the year ended December 31, 2025, the provisions for trade receivables decreased by ₩1 million due to reversals.

As of March 31, 2026, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩6,070,292 million (as of December 31, 2025, was ₩4,694,731 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 March 31, 2026, and December 31, 2025, 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):

	March 31, 2026			
	Less than 1 year	Between 1 year–2 years	Between 2–5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 9,425,096	₩ 3,876,842	₩ 11,133,938	₩ 3,386,731
Lease liabilities	89,877	74,081	180,497	118,086
Trade and other payables (*)	8,782,263	3,664	5,292	-
	<u>18,297,236</u>	<u>3,954,587</u>	<u>11,319,727</u>	<u>3,504,817</u>
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	(605,360)	(1,059,380)	(4,842,880)	(1,816,080)
Outflows	535,040	966,560	4,371,825	1,720,590
	<u>(70,320)</u>	<u>(92,820)</u>	<u>(471,055)</u>	<u>(95,490)</u>
	<u>₩ 18,226,916</u>	<u>₩ 3,861,767</u>	<u>₩ 10,848,672</u>	<u>₩ 3,409,327</u>
	December 31, 2025			
	Less than 1 year	Between 1 year–2 years	Between 2–5 years	More than 5 years
Non-derivative instruments:				
Borrowings	₩ 6,677,900	₩ 4,348,750	₩ 11,216,427	₩ 3,383,491
Lease liabilities	90,563	71,000	177,844	120,418
Trade and other payables (*)	7,909,492	9,149	5,470	-
	<u>14,677,955</u>	<u>4,428,899</u>	<u>11,399,741</u>	<u>3,503,909</u>
Derivative instruments:				
Currency forwards and swaps settled in gross:				
Inflows	(573,960)	(1,004,430)	(4,591,680)	(1,721,880)
Outflows	535,040	966,560	4,371,825	1,720,590
	<u>(38,920)</u>	<u>(37,870)</u>	<u>(219,855)</u>	<u>(1,290)</u>
	<u>₩ 14,639,035</u>	<u>₩ 4,391,029</u>	<u>₩ 11,179,886</u>	<u>₩ 3,502,619</u>

(*) As of March 31, 2026, the carrying amount related to supplier financing arrangements is ₩998,963 million (as of December 31, 2025, was ₩1,041,733 million) (see Note 5.(3)).

The Group is not exposed to significant liquidity risk arising from supplier financing arrangements, as the amount of liabilities subject to these arrangements is limited, and the Group can obtain alternative financing under similar terms.

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2) As of March 31, 2026, and December 31, 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 (Korean won in millions).

	<u>Purpose of the contracts</u>	<u>Hedged items</u>	<u>Financial institution</u>	<u>Maturity</u>	<u>March 31, 2026</u>		<u>December 31, 2025</u>	
					<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Merchandise (raw materials) swap (*)	Cash flow hedge	Non-ferrous metal	SC, etc.	2028.12	₩ 6,767	₩ 5,351	₩ 4,288	₩ 336

(*) 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 the Group's ability to continue to provide profits to shareholders and for other stakeholders as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

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

The gearing ratio and debt-to-equity ratio as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Total borrowings (Note 14) (A)	₩ 24,682,249	₩ 22,512,096
Less: Cash and cash equivalents (B)	(3,744,861)	(3,779,307)
Net debt (C=A+B)	20,937,388	18,732,789
Total liabilities (D)	41,889,306	37,826,277
Total equity (E)	29,916,304	29,321,676
Total capital (F=C+E)	50,853,692	48,054,465
Gearing ratio (C/F)	41.2%	39.0%
Debt-to-equity ratio (D/E)	140.0%	129.0%

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3.3 Fair Value Estimation

(1) The carrying amount and fair value of financial instruments by category as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	March 31, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current):				
Cash and cash equivalents	₩ 3,744,861	(*)	₩ 3,779,307	(*)
Trade receivables	5,156,728	(*)	4,311,178	(*)
Other receivables (excluding due from financial institutions)	563,638	(*)	588,243	(*)
Due from financial institutions	387	(*)	364	(*)
Current derivative financial assets	6,578	6,578	4,147	4,147
Current derivative financial assets (currency swap)	74,705	74,705	42,577	42,577
Financial assets (non-current):				
Trade receivables	913,564	(*)	383,553	(*)
Other receivables (excluding due from financial institutions)	253,834	(*)	45,771	(*)
Due from financial institutions	120,659	(*)	115,133	(*)
Other non-current financial assets (measured at fair value):				
Marketable financial assets	631	631	857	857
Non-marketable financial assets	354,714	354,714	844,735	844,735
Non-current derivative financial assets	44,769	44,769	42,353	42,353
Non-current derivative financial assets (currency forward)	177,035	177,035	137,663	137,663
Non-current derivative financial assets (currency swap)	742,568	742,568	295,283	295,283
Financial liabilities (current):				
Trade and other payables	8,782,263	(*)	7,909,492	(*)
Current borrowings (excluding lease liabilities)	8,453,818	(*)	6,611,422	(*)
Current derivative financial liabilities	4,701	4,701	331	331
Current financial liabilities at amortized cost	32,248	(*)	2,310	(*)
Financial liabilities (non-current):				
Non-current borrowings (excluding lease liabilities)	15,839,295	16,336,934	15,513,333	16,233,037
Other non-current payables	8,956	(*)	14,619	(*)
Non-current derivative financial liabilities	650	650	5	5
Non-current derivative financial liabilities (currency swap)	-	-	3,605	3,605
Non-current financial liabilities at amortized cost	2,833,832	(*)	2,404,241	(*)

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

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

Fair values of financial liabilities (non-current) are calculated by discounting the expected cash outflows by yield from corporate bonds. These bonds are Korean won denominated with credit rating same as that of the Parent Company (AA0). The applied discount rates as of March 31, 2026, and December 31, 2025, are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Discount rate	3.13% – 5.00%	3.05% – 4.52%

(3) Fair value hierarchy

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

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

As of March 31, 2026, and December 31, 2025, fair value hierarchy of the financial instruments that are consistently measured and recognized at fair value is as follows (Korean won in millions):

	<u>March 31, 2026</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets/liabilities measured at fair value:				
Current derivative financial assets	₩	- ₩	6,578 ₩	- ₩
Current derivative financial assets (currency swap)	-	74,705	-	74,705
Non-current derivative financial assets	-	1,828	42,941	44,769
Non-current derivative financial assets (currency forward)	-	177,035	-	177,035
Non-current derivative financial assets (currency swap)	-	742,568	-	742,568
Other non-current financial assets (marketable financial assets)	631	-	-	631
Other non-current financial assets (non-marketable financial assets)	-	-	354,714	354,714
Current derivative financial liabilities	-	4,701	-	4,701
Non-current derivative financial liabilities	-	650	-	650
Financial assets/liabilities not measured at fair value:				
Non-current borrowings (excluding lease liabilities)	-	16,336,934	-	16,336,934

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	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value:				
Current derivative financial assets	₩	-	₩ 4,147	₩ 4,147
Current derivative financial assets (currency swap)	-	42,577	-	42,577
Non-current derivative financial assets	-	1,640	40,713	42,353
Non-current derivative financial assets (currency forward)	-	137,663	-	137,663
Non-current derivative financial assets (currency swap)	-	295,283	-	295,283
Other non-current financial assets (marketable financial assets)	857	-	-	857
Other non-current financial assets (non-marketable financial assets)	-	-	844,735	844,735
Current derivative financial liabilities	-	331	-	331
Non-current derivative financial liabilities	-	5	-	5
Non-current derivative financial liabilities (currency swap)	-	3,605	-	3,605
Financial assets/liabilities not measured at fair value:				
Non-current borrowings (excluding lease liabilities)	-	16,233,037	-	16,233,037

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, 2025. The following are the 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:

(1) Income taxes

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

(2) Provisions

The Group recognizes provisions for product warranties as explained in Note 15. These provisions are estimated based on 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 recalled units, 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 makes assumptions that are mainly based on market conditions existing at March 31, 2026 (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 the Group's past experience and existing market conditions, as well as forward-looking estimates at the end of each reporting period (see Note 3.1.(2)).

(5) Net defined benefit liability (asset)

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

(6) Lease

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

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

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5. FINANCIAL INSTRUMENTS BY CATEGORY:

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

Financial assets	March 31, 2026				
	Financial assets at amortized cost	Financial assets at FVPL	Financial assets at FVOCI (*1)	Other financial assets (*2)	Total
Cash and cash equivalents	₩ 3,744,861	₩ -	₩ -	₩ -	₩ 3,744,861
Trade receivables	5,135,491	-	21,237	-	5,156,728
Non-current trade receivables	913,564	-	-	-	913,564
Other receivables	564,025	-	-	-	564,025
Other non-current receivables	374,493	-	-	-	374,493
Other current financial assets	-	74,705	-	6,578	81,283
Other non-current financial assets	-	1,205,372	114,156	189	1,319,717
	<u>₩ 10,732,434</u>	<u>₩ 1,280,077</u>	<u>₩ 135,393</u>	<u>₩ 6,767</u>	<u>₩ 12,154,671</u>

Financial liabilities	March 31, 2026		
	Financial liabilities at amortized cost	Other financial liabilities (*3)	Total
Trade payables	₩ 2,957,178	₩ -	₩ 2,957,178
Other payables	5,825,085	-	5,825,085
Other non-current payables	8,956	-	8,956
Current borrowings	8,453,818	74,351	8,528,169
Non-current borrowings	15,839,295	314,785	16,154,080
Other current financial liabilities	32,248	4,701	36,949
Other non-current financial liabilities	2,833,832	650	2,834,482
	<u>₩ 35,950,412</u>	<u>₩ 394,487</u>	<u>₩ 36,344,899</u>

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December 31, 2025					
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	₩ 3,779,307	₩ -	₩ -	₩ -	₩ 3,779,307
Trade receivables	4,211,490	-	99,688	-	4,311,178
Non-current trade receivables	383,553	-	-	-	383,553
Other current receivables	588,607	-	-	-	588,607
Other non-current receivables	160,904	-	-	-	160,904
Other current financial assets	-	42,577	-	4,147	46,724
Other non-current financial assets	-	1,211,702	109,048	141	1,320,891
	<u>₩ 9,123,861</u>	<u>1,254,279</u>	<u>₩ 208,736</u>	<u>₩ 4,288</u>	<u>₩ 10,591,164</u>

December 31, 2025					
Financial liabilities	Financial liabilities at amortized cost	Financial liabilities at FVPL	Other financial liabilities (*3)	Total	
Trade payables	₩ 2,152,800	₩ -	₩ -	2,152,800	
Other payables	5,756,692	-	-	5,756,692	
Other non-current payables	14,619	-	-	14,619	
Current borrowings	6,611,422	-	74,784	6,686,206	
Non-current borrowings	15,513,333	-	312,557	15,825,890	
Other current financial liabilities	2,310	-	331	2,641	
Other non-current financial liabilities	2,404,241	3,605	5	2,407,851	
	<u>₩ 32,455,417</u>	<u>3,605</u>	<u>₩ 387,677</u>	<u>₩ 32,846,699</u>	

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

(*2) Other financial assets include derivative assets.

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

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(2) Net gains (losses) on each category of financial instruments for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Interest income:		
Financial assets at amortized cost	₩ 33,472	₩ 44,332
Financial assets at FVPL	1,622	12,979
Interest expense:		
Financial liabilities at amortized cost	(277,578)	(177,875)
Other financial liabilities	(4,498)	(4,075)
Financial assets at amortized cost (*1)	(706)	-
Gains on valuation or disposal:		
Financial assets at FVPL	(86,878)	1,561
Financial assets at FVOCI	3,184	(2,684)
Derivative instruments (*2)	520,073	50,078
Exchange differences:		
Financial assets at amortized cost	174,433	(89,293)
Financial liabilities at amortized cost	(535,508)	140,193
Financial assets at FVPL	8,841	(896)

(*1) Fees paid to financial institutions for factoring.

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

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(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 March 31, 2026, and December 31, 2025, the Group has entered into the following supplier financing arrangements (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Liabilities classified as accounts payable and other liabilities:		
The carrying amounts of accounts payable and other liabilities corresponding to supplier financing agreements (*)	₩ 998,963 ₩	1,041,733
The carrying amounts of accounts payable and other liabilities corresponding to the portion for which the supplier has already received payment from the financial provider	₩ 814,952 ₩	757,942

(*) Under the purchase card, B2B procurement and other arrangements, the financial institution acquires certain trade receivables from the supplier. Although the purchase card arrangement modifies the timing of payment, the terms of the Group's liability are not substantively altered. Accordingly, the related balances continue to be presented within accounts payable and other liabilities in the interim condensed consolidated statements of financial position. In the interim condensed consolidated statements of cash flows, as the Group is not a party to the cash flows between the financial institution and the supplier and the substance of the liability remains unchanged, subsequent payments to the financial institution are treated as ordinary settlement of trade payables and are presented as cash outflows from operating activities.

The payment term ranges for financial liabilities under supplier financing agreements and for comparable purchase liabilities not under supplier financing agreements are as follows:

	<u>The purchase card</u>	<u>B2B</u>
Liabilities classified as accounts payable and other liabilities:		
The payment due date range for accounts payable covered by the supplier financing agreement	Within approximately 90 days from the payment date	Within 90 days from the end of the billing month
The range of payment dates for comparable accounts payable that are not supplier financing agreements	Within 60 days from the end of the billing month	Within 90 days from the end of the billing month

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 March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Bank deposits and cash on hand	₩ 2,194,942	₩ 2,337,818
Cash equivalents	<u>1,549,919</u>	<u>1,441,489</u>
	<u>₩ 3,744,861</u>	<u>₩ 3,779,307</u>

(2) As of March 31, 2026, cash and cash equivalents include ₩1,373 million, which is subject to a restriction on use and remittance (as of December 31, 2025, ₩2,594 million).

7. TRADE AND OTHER RECEIVABLES:

(1) Trade and other receivables and their provisions for impairment as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>			<u>December 31, 2025</u>		
	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Gross amount</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
Trade receivables	₩ 5,156,728	₩ -	₩ 5,156,728	₩ 4,311,178	₩ -	₩ 4,311,178
Non-current trade receivables	913,564	-	913,564	383,553	-	383,553
Other current receivables	564,025	-	564,025	588,607	-	588,607
Other non-current receivables	<u>374,493</u>	-	<u>374,493</u>	<u>160,904</u>	-	<u>160,904</u>
	<u>₩ 7,008,810</u>	<u>₩ -</u>	<u>₩ 7,008,810</u>	<u>₩ 5,444,242</u>	<u>₩ -</u>	<u>₩ 5,444,242</u>

(2) Details of other receivables as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Current:		
Non-trade receivables	₩ 519,877	₩ 506,697
Due from financial institutions(*1)	387	364
Accrued income	12,354	23,213
Loans	46	54
Guarantee deposits provided	<u>31,361</u>	<u>58,279</u>
	564,025	588,607
Non-current:		
Non-trade receivables	179,323	2,730
Due from financial institutions (*2)	120,659	115,133
Loans	10,809	8,543
Guarantee deposits provided	<u>63,702</u>	<u>34,498</u>
	374,493	160,904
	<u>₩ 938,518</u>	<u>₩ 749,511</u>

(*1) As of March 31, 2026, the use of such amounts is restricted in relation to dividend payments.

(*2) As of March 31, 2026, the deposits from financial institutions (non-current) are subject to withdrawal restrictions, which include ₩60,000 million related to the Agreement on Win-Win Growth Cooperation, ₩14 million for guarantee deposits for current account opening, PLN 1 million related to overseas transfer of hazardous waste and USD 40 million as collateral for LOC issuance.

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(3) The aging analysis of trade and other receivables as of March 31, 2026, and December 31, 2025, is as follows (Korean won in millions):

	March 31, 2026		December 31, 2025	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 5,936,929	₩ 878,817	₩ 4,513,221	₩ 678,565
Past due, but not impaired:				
Up to three months	133,363	51,387	181,510	65,344
Between 3–6 months	-	3,443	-	3,222
More than 6 months	-	4,871	-	2,380
	133,363	59,701	181,510	70,946
Impaired receivables	-	-	-	-
	₩ 6,070,292	₩ 938,518	₩ 4,694,731	₩ 749,511

(4) Changes in the provision for impairment of trade and other receivables for the three-month periods ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	2026		2025	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ -	₩ -	₩ 1	₩ -
Additions (reversals)	-	-	(1)	-
Ending	₩ -	₩ -	₩ -	₩ -

(5) The fair values of trade receivables and other receivables as of March 31, 2026, and December 31, 2025, are not significantly different from their carrying amounts.

(6) The Group transferred ₩112,383 million of trade receivables as of March 31, 2026 (as of December 31, 2025, was ₩246,772 million), along with substantially all the risks and rewards of ownership, and derecognized the amount from the consolidated financial statements on the transfer date.

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8. OTHER FINANCIAL ASSETS AND LIABILITIES:

(1) Details of other financial assets and liabilities as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Other financial assets:		
Financial assets at FVOCI	₩ 114,156	₩ 109,048
Cash flow hedge	6,767	4,288
Financial assets at FVPL	<u>1,280,077</u>	<u>1,254,279</u>
	<u>₩ 1,401,000</u>	<u>₩ 1,367,615</u>
Other financial liabilities:		
Cash flow hedge	₩ 5,351	₩ 336
Financial liabilities at FVPL	-	3,605
Other financial liabilities at amortized cost	<u>2,866,080</u>	<u>2,406,551</u>
	<u>₩ 2,871,431</u>	<u>₩ 2,410,492</u>

(2) Details of changes in equity securities included in other financial assets for the three-month periods ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Beginning (*1)	₩ 109,048	₩ 163,991
Acquisitions/transfer (*2)	517,025	14,822
Disposal (*2)	(433,293)	(24,035)
Valuation gain (loss) (before income tax deduction), profit or loss item (*2)	(83,732)	-
Valuation gain (loss) (before income tax deduction), other comprehensive income item	3,184	(44,265)
Others	<u>1,924</u>	<u>(1,465)</u>
Ending (*1)	<u>₩ 114,156</u>	<u>₩ 109,048</u>

(*1) The Group has entered into a put option contract to secure investment capital for its equity securities held in Volta Energy Solutions S.a.r.l and Capchem Poland SP. Z o. o. The major terms of the agreement are as follows:

	<u>Volta Energy Solutions S.a.r.l</u>	<u>Capchem Poland SP. Z o. o.</u>
Exercise date	From three years after the acceptance date (initial investment date, January 27, 2021) to the following three years.	From one year after the contract date (initial investment date, April 9, 2021) to the following five years.
Exercise price	The amount contributed, less any dividends received from the date of contribution up to the exercise.	The higher amount between the fair market value and the investment principal.
Other term	The option cannot be exercised once Volta Energy Solutions S.a.r.l. is listed.	-

(*2) During the current period, the Group exercised the conversion right attached to the convertible bond issued by Liontown Resources Ltd., acquired equity instruments upon conversion and subsequently disposed of the entire holding.

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9. INVENTORIES:

(1) Details of inventories as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	March 31, 2026			December 31, 2025		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Merchandise	₩ 323,948	₩ (26,813)	₩ 297,135	₩ 221,414	₩ (23,115)	₩ 198,299
Finished/semifinished products	2,693,478	(216,473)	2,477,005	2,231,682	(252,607)	1,979,075
Raw materials	2,185,484	(18,885)	2,166,599	1,789,238	(32,393)	1,756,845
Supplies	149,116	(34,693)	114,423	148,454	(31,728)	116,726
Materials in transit	298,558	-	298,558	299,462	-	299,462
	<u>₩ 5,650,584</u>	<u>₩ (296,864)</u>	<u>₩ 5,353,720</u>	<u>₩ 4,690,250</u>	<u>₩ (339,843)</u>	<u>₩ 4,350,407</u>

(2) The amount of inventories expensed as cost of sales for the three-month periods ended March 31, 2026 and 2025, was ₩4,411,486 million and ₩5,159,262 million, respectively.

10. INVESTMENTS IN ASSOCIATES:

(1) Changes in investments in associates for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	2026					
	Beginning	Acquisitions	Share of profit (loss) of associates	Capital adjustment from equity method	Ending	
Sama Aluminium Co., Ltd. (*1)	₩ 31,876	₩ -	₩ (720)	₩ -	₩ 31,156	
Nexpo Co., Ltd. (*2)	5,865	-	(66)	-	5,799	
Bricks Capital Management Global Battery Private Equity Fund	14,512	262	(164)	-	14,610	
Jeju Bukchon BESS Power Plant Co., Ltd. (*3)	677	-	(137)	-	540	
PT LBM Energi Baru Indonesia (*4)	23,103	-	290	1,387	24,780	
EV-LOOP (*5)	1,686	-	-	47	1,733	
	<u>₩ 77,719</u>	<u>₩ 262</u>	<u>₩ (797)</u>	<u>₩ 1,434</u>	<u>₩ 78,618</u>	

	2025						
	Beginning	Acquisitions	Dividend	Share of profit(loss) of associates	Capital adjustment from equity method	Impairment	Ending
Sama Aluminium Co., Ltd.	₩ 45,396	₩ -	₩ (38)	₩ (2,429)	₩ -	₩ (11,053)	₩ 31,876
Nexpo Co., Ltd.	3,831	2,375	-	(341)	-	-	5,865
Bricks Capital Management Global Battery Private Equity Fund	13,162	444	-	906	-	-	14,512
Jeju Bukchon BESS Power Plant Co., Ltd.	-	900	-	(223)	-	-	677
PT LBM Energi Baru Indonesia	-	22,107	-	186	810	-	23,103
EV-LOOP	-	1,714	-	-	(28)	-	1,686
	<u>₩ 62,389</u>	<u>₩ 27,540</u>	<u>₩ (38)</u>	<u>₩ (1,901)</u>	<u>₩ 782</u>	<u>₩ (11,053)</u>	<u>₩ 77,719</u>

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- (*1) 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. Under the terms of the agreement, the Group holds the right to request the sale of its held shares if events, such as the termination of the shareholders' agreement or the master purchase agreement occurs.
- (*2) 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. Under the terms of the agreement, the Group holds the right to request the sale of its held shares if events, such as the termination of the shareholders' agreement or the master purchase agreement occurs.
- (*3) 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. Under the terms of the agreement, if a particular investor is excluded from the shareholders' agreement due to a breach of contract or other matters, the other investors may purchase the excluded investor's shares.
- (*4) Under the terms of the agreement, the Group holds the right to request the sale of its held shares if events, such as the termination of the shareholders' agreement or the master purchase agreement occurs. If the shareholders' agreement is terminated due to reasons attributable to the Group, the controlling shareholder has the right to purchase the shares held by the Group.
- (*5) Under the terms of the agreement, the Group may exercise the right to request the sale of its held shares if the counterparty shareholder breaches major contractual obligations, and the counterparty shareholder may exercise the right to purchase the shares held by the Group if the Group breaches major contractual obligations. In addition, if certain events occur, such as the expiration of the contract period, each shareholder may exercise the right to purchase the shares held by the other party.

(2) As of March 31, 2026, and December 31, 2025, the processes of adjusting the financial information to the carrying amounts of shares in associates are as follows (Korean won in millions):

	March 31, 2026					
	Net assets	Group's percentage of ownership	Net asset value for shares	Internal transactions and others	Carrying amount	
Sama Aluminium Co., Ltd.	₩ 221,118	10.2	₩ 22,554	₩ 8,602	₩ 31,156	
Nexpo Co., Ltd.	29,836	19.0	5,669	130	5,799	
Bricks Capital Management Global Battery Private Equity Fund	24,496	59.9	14,673	(63)	14,610	
Jeju Bukchon BESS Power Plant Co., Ltd.	4,869	10.0	487	53	540	
PT LBM Energi Baru Indonesia	134,076	20.0	26,815	(2,035)	24,780	
EV-LOOP	3,467	50.0	1,733	-	1,733	
	<u>₩ 417,862</u>		<u>₩ 71,931</u>	<u>₩ 6,687</u>	<u>₩ 78,618</u>	

	December 31, 2025					
	Net assets	Group's percentage of ownership	Net asset value for shares	Internal transactions and others	Impairment	Carrying amount
Sama Aluminium Co., Ltd.	₩ 219,934	10.2	₩ 22,433	₩ 20,496	(11,053)	₩ 31,876
Nexpo Co., Ltd.	30,185	19.0	5,735	130	-	5,865
Bricks Capital Management Global Battery Private Equity Fund	24,334	59.9	14,576	(64)	-	14,512
Jeju Bukchon BESS Power Plant Co., Ltd.	6,460	10.0	646	31	-	677
PT LBM Energi Baru Indonesia	124,480	20.0	24,896	(1,793)	-	23,103
EV-LOOP	3,371	50.0	1,686	-	-	1,686
	<u>₩ 408,764</u>		<u>₩ 69,972</u>	<u>₩ 18,800</u>	<u>(11,053)</u>	<u>₩ 77,719</u>

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11. PROPERTY, PLANT AND EQUIPMENT:

(1) Changes in property, plant and equipment for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Beginning	₩ 40,794,759	₩ 38,349,552
Acquisition	1,497,634	11,372,633
Replacement (*1)	(469,801)	(4,420,860)
Disposal (*2)	(27,093)	(847,399)
Exchange differences	1,815,388	107,104
Depreciation	(1,015,293)	(3,407,616)
Impairment	(57,872)	(363,353)
Impairment reversal	-	4,698
Ending	<u>₩ 42,537,722</u>	<u>₩ 40,794,759</u>

(*1) The transfer of construction in progress in the prior year (2025) includes ₩3,911,334 million related to assets classified as held for sale.

(*2) During the prior period, disposals included a decrease in the carrying amount of ₩673,864 million resulting from early retirement.

(2) The current-year ending balances of property, plant and equipment include ₩12,886,613 million of construction in progress as of March 31, 2026, and some of it will subsequently be transferred to intangible assets (as of December 31, 2025, was ₩12,475,307 million).

(3) The Group capitalized ₩49,026 million of borrowing costs in relation to acquisition of property, plant and equipment (for the three-month period ended March 31, 2025, was ₩16,683 million). The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 4.63% (for the three-month period ended March 31, 2025, was 4.47%).

(4) Line items, including depreciation, in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Cost of sales	₩ 924,735	₩ 715,482
Selling and administrative expenses	90,558	72,102
	<u>₩ 1,015,293</u>	<u>₩ 787,584</u>

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(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 leases for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Right-of-use assets (*):		
Real estate	₩ 380,436	₩ 382,673
Machinery	562	513
Vehicles	12,704	9,953
Tools	5,252	4,603
Equipment	824	855
	<u>₩ 399,778</u>	<u>₩ 398,597</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 three-month period ended March 31, 2026, are ₩13,042 million (for the three-month period ended March 31, 2025, were ₩12,622 million).

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Lease liabilities (*):		
Current	₩ 74,351	₩ 74,784
Non-current	314,785	312,557
	<u>₩ 389,136</u>	<u>₩ 387,341</u>

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

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

Details of amounts recognized in the interim condensed consolidated statements of profit or loss in relation to lease for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Depreciation of right-of-use assets:		
Real estate	₩ 20,487	₩ 19,658
Machinery	90	116
Vehicles	2,291	2,581
Tools	406	284
Equipment	90	100
	<u>₩ 23,364</u>	<u>₩ 22,739</u>
Interest expense relating to lease liabilities (included in finance cost)	₩ 4,498	₩ 4,075
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	6,792	7,655
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	1,843	1,928

Total cash outflow for leases for the three-month period ended March 31, 2026, is ₩35,746 million (for the three-month period ended March 31, 2025, was ₩34,263 million).

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12. INTANGIBLE ASSETS:

(1) Changes in intangible assets for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	2026		2025	
Beginning	₩	1,591,606	₩	1,284,576
Acquisition		53,925		157,863
Replacement		73,966		436,233
Disposal		(4,706)		(10,728)
Exchange differences		19,785		2,489
Amortization		(77,822)		(277,693)
Impairment		-		(1,134)
Ending	₩	1,656,754	₩	1,591,606

(2) Line items, including amortization of intangibles, in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	2026		2025	
Cost of sales	₩	13,202	₩	12,302
Selling and administrative expenses		64,620		54,873
	₩	77,822	₩	67,175

(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):

	2021	2022	2023	2024	2025
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. (*)

2) The amount of allocated greenhouse gas emission rights for the domestic fourth plan period (2026-2030) is as follows (ton in thousands):

	2026	2027	2028	2029	2030
Allocated emission rights	331	328	324	321	317

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3) Changes in greenhouse gas emission rights included in other intangible assets for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (tons in thousands and Korean won in millions):

	2026			
	2025		2026	
	Ton	Amount	Ton	Amount
Beginning/Allocated	297 ₩	-	331 ₩	-
Purchase/Sale	-	-	-	-
Borrowing/Carried over	9	-	-	-
Government submission	-	-	-	-
Ending	<u>306 ₩</u>	<u>-</u>	<u>331 ₩</u>	<u>-</u>

	2025			
	2024		2025	
	Ton	Amount	Ton	Amount
Beginning/Allocated	419 ₩	-	297 ₩	-
Purchase/Sale	(2)	-	-	-
Borrowing/Carried over	(9)	-	9	-
Government submission	(408)	-	-	-
Ending	<u>- ₩</u>	<u>-</u>	<u>306 ₩</u>	<u>-</u>

4) Based on the European Union Emission Trading System, changes in greenhouse gas emission rights (included in other intangible assets) for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (ton in thousands and Korean won in millions):

	2026		2025	
	Ton	Amount	Ton	Amount
Beginning	97 ₩	11,239	112 ₩	11,568
Increase	18	2,455	96	10,059
Usage	-	-	(111)	(10,388)
Ending	<u>115 ₩</u>	<u>13,694</u>	<u>97 ₩</u>	<u>11,239</u>

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13. OTHER CURRENT AND NON-CURRENT ASSETS:

Details of other current and non-current assets as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Current:		
Prepayments	₩ 153,450	₩ 139,624
Prepaid expenses	388,376	265,565
Prepaid value-added tax	67,682	102,789
Current costs to fulfill a contract	75,651	78,212
Others	<u>947,766</u>	<u>674,576</u>
	<u>₩ 1,632,925</u>	<u>₩ 1,260,766</u>
Non-current:		
Long-term prepayments	₩ 126,254	₩ 136,057
Long-term prepaid expenses	107,195	115,620
Net defined benefit assets	86,413	104,547
Costs to fulfill a contract	746,220	852,459
Others	<u>2,625</u>	<u>86</u>
	<u>₩ 1,068,707</u>	<u>₩ 1,208,769</u>

14. BORROWINGS:

(1) Borrowings as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Current:		
Short-term borrowings	₩ 4,461,928	₩ 2,680,627
Current portion of long-term borrowings	1,719,056	2,608,565
Current portion of debentures	2,272,834	1,322,230
Current lease liabilities	<u>74,351</u>	<u>74,784</u>
	<u>₩ 8,528,169</u>	<u>₩ 6,686,206</u>
Non-current:		
Long-term borrowings	₩ 5,160,591	₩ 4,735,049
Debentures	10,678,704	10,778,284
Non-current lease liabilities	314,785	312,557
	<u>₩ 16,154,080</u>	<u>₩ 15,825,890</u>
	<u>₩ 24,682,249</u>	<u>₩ 22,512,096</u>

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(2) Details of borrowings as of March 31, 2026, and December 31, 2025, are as follows: (Korean won in millions):

		Currency	Bank	Longest Maturity date	Interest rate (%)	March 31, 2026		December 31, 2025	
						Current portion	Non-current portion	Current portion	Non-current portion
Short-term borrowings	Bank loans	KRW	Korea Exim Bank	07.23.2026	3M market yield on Supply Chain Resilience Fund + 0.05	₩ 300,000	₩ -	₩ -	₩ -
		Foreign currencies	KB Kookmin Bank and others	03.27.2027	5.20 and others	4,161,928	-	2,680,627	-
						<u>₩ 4,461,928</u>	<u>₩ -</u>	<u>₩ 2,680,627</u>	<u>₩ -</u>
Long-term borrowings (*1)	Bank loans	KRW	Shinhan Capital and others	11.30.2028	4.20 and others	₩ -	₩ 4,493	₩ -	₩ 274,351
		Foreign currencies	HSBC and others (*2)	12.17.2035	3M SOFR + 0.75 and others	1,719,056	5,156,098	2,608,565	4,460,698
						<u>₩ 1,719,056</u>	<u>₩ 5,160,591</u>	<u>₩ 2,608,565</u>	<u>₩ 4,735,049</u>
Debentures (*3)	Public	KRW	Korea Investment & Securities Co., Ltd. and others	03.05.2036	4.613 and others	₩ 1,670,000	₩ 3,025,000	₩ 750,000	₩ 3,525,000
	Private	Foreign currencies	Citibank and others	04.02.2035	5.875 and others	605,360	7,718,340	573,960	7,317,990
Less: Discount on debentures						(2,526)	(64,636)	(1,730)	(64,706)
						<u>₩ 2,272,834</u>	<u>₩ 10,678,704</u>	<u>₩ 1,322,230</u>	<u>₩ 10,778,284</u>
						<u>₩ 8,453,818</u>	<u>₩ 15,839,295</u>	<u>₩ 6,611,422</u>	<u>₩ 15,513,333</u>

(*1) The Group has entered into loan agreements stipulating that a loss of benefit of term will occur if the agreed ratio under the covenant is not maintained based on the half-year or full fiscal year. As of the end of the current period, the relevant amount is ₩5.8 trillion and the covenant ratios have been complied with.

(*2) During the prior period, General Motors (“GM”) repaid the Group’s loan from the U.S. Department of Energy (“DOE”). As of the end of the current period, the outstanding balance of borrowings related to GM amounts to ₩1.3 trillion, with a final maturity date of April 30, 2030.

(*3) 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 ₩4.7 trillion and the covenant ratios have been complied with.

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(3) Lease liabilities are as follows (Korean won in millions):

	March 31, 2026				
	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion
Y22 Project Financing Investment Ltd. and others	0.67–6.00	11.15.2053	₩ 389,136	₩ 74,351	₩ 314,785

	December 31, 2025				
	Interest rate (%)	Latest maturity date	Amount	Current portion	Non-current portion
Baeksan industry and others	0.67–8.42	11.15.2053	₩ 387,341	₩ 74,784	₩ 312,557

15. PROVISIONS:

Changes in provisions for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	March 31, 2026			
	Warranty(*1)	Greenhouse gas emission(*2)	Other provisions(*3)	Total
Beginning	₩ 1,904,456	₩ 9,694	₩ 120,846	₩ 2,034,996
Provision transfer	384,843	3,210	6,981	395,034
Used	(100,778)	-	-	(100,778)
Ending	2,188,521	12,904	127,827	2,329,252
Less: Current portion	(1,127,937)	(12,904)	(118,997)	(1,259,838)
	₩ 1,060,584	₩ -	₩ 8,830	₩ 1,069,414

	December 31, 2025			
	Warranty(*1)	Greenhouse gas emission(*2)	Other provisions(*3)	Total
Beginning	₩ 1,693,916	₩ 11,168	₩ 118,070	₩ 1,823,154
Provision transfer	750,518	8,914	2,776	762,208
Used	(539,978)	(10,388)	-	(550,366)
Ending	1,904,456	9,694	120,846	2,034,996
Less: Current portion	(958,508)	(9,694)	(113,014)	(1,081,216)
	₩ 945,948	₩ -	₩ 7,832	₩ 953,780

(*1) Warranty provisions have been accrued for the estimated warranty costs expected to arise in connection with products sold, including quality assurance, exchanges and refunds. Such estimates are determined primarily based on historical claims rate and other relevant factors. In addition, provisions have been recognized based on the best estimates for voluntary recalls and external replacement costs, etc., related to automotive and ESS batteries, etc. The provision amount is adjusted to reflect the best estimate. As of the three-month period ended March 31, 2026, the estimated warranty provision determined based on historical claims rate, etc., amounted to ₩1,695,560 million (as of December 31, 2025, was ₩1,549,908 million).

(*2) In relation to greenhouse gas emissions, the Group estimates the expected future costs of emissions exceeding the Group's emission rights for the year and recognizes them as provisions. Estimated emissions are 128 thousand tons for the three-month period ended March 31, 2026 (for the year ended December 31, 2025, were 490 thousand tons).

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

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16. NET DEFINED BENEFIT LIABILITIES (ASSETS):

(1) Details of net defined benefit liabilities (assets) as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Present value of defined benefit obligations (*1)	₩ 680,079	₩ 684,097
Fair value of plan assets	<u>(766,443)</u>	<u>(788,291)</u>
	₩ (86,364)	₩ (104,194)
Net defined benefit liabilities	₩ 49	₩ 353
Net defined benefit assets (*2)	<u>(86,413)</u>	<u>(104,547)</u>
	₩ (86,364)	₩ (104,194)

(*1) The present value of retirement benefit obligations is the amount after deducting contributions to the National Pension Plan of ₩25 million as of March 31, 2026 (as of December 31, 2025, was ₩25 million).

(*2) The ₩86,413 million of plan assets exceeding the defined benefit obligations of the Parent Company is included in other non-current assets as of March 31, 2026 (as of December 31, 2025, was ₩104,547 million).

(2) The amounts recognized in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Current service cost	₩ 21,549	₩ 22,891
Net interest cost	<u>(1,307)</u>	<u>(1,463)</u>
	₩ 20,242	₩ 21,428

(3) Retirement benefits recognized for the defined contribution plan for the three-month period ended March 31, 2026, amounted to ₩11,770 million (the three-month period ended March 31, 2025, was ₩1,083 million).

(4) Retirement benefits recognized in the interim condensed consolidated statements of profit or loss for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Cost of sales	₩ 7,481	₩ 8,308
Selling and administrative expenses	<u>24,531</u>	<u>14,203</u>
	₩ 32,012	₩ 22,511

(5) Changes in the present value of defined benefit obligations for the three-month period ended March 31, 2026, and for the year ended December 31, 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Beginning	₩ 684,097	₩ 667,476
Transfer in	207	642
Transfer out	(374)	(1,282)
Current service cost	21,549	90,151
Past service cost	-	8,209
Interest expense	8,368	25,498
Remeasurements:		
Actuarial loss from change in financial assumption	-	(78,204)
Actuarial gain from change in demographic assumption	-	32
Actuarial gain due to the difference between the estimated and the actual	-	41,436
Others	-	105
Payments from plans	<u>(33,768)</u>	<u>(69,966)</u>
Ending	₩ 680,079	₩ 684,097

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(6) Changes in the fair value of plan assets for the three-month period ended March 31, 2026, and for the year ended December 31, 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Beginning	₩ 788,291	₩ 809,839
Transfer out	(212)	(107)
Interest income	9,675	32,650
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(1,019)	(2,613)
Contribution:		
Employer contribution to plan assets	749	10,793
Payments from plans	(30,673)	(60,853)
Administrative costs	(368)	(1,418)
Ending	<u>₩ 766,443</u>	<u>₩ 788,291</u>

(7) The actual return on plan assets for the three-month period ended March 31, 2026, was ₩8,656 million (the three-month period ended March 31, 2025, was ₩9,044 million).

(8) The significant actuarial assumptions as of March 31, 2026, and December 31, 2025, are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Discount rate	5.00%	5.00%
Salary growth rate	3.96%	3.96%

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

	<u>Increase by 1.0%</u>	<u>Decrease by 1.0%</u>
Discount rate:		
(Decrease) increase in defined benefit liabilities	₩ (72,602)	₩ 85,825
Salary growth rate:		
Increase (decrease) in defined benefit liabilities	89,604	(76,687)

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

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

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

(10) Plan assets as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>		<u>December 31, 2025</u>	
	<u>Amount</u>	<u>Composition (%)</u>	<u>Amount</u>	<u>Composition (%)</u>
Insurance contracts with guaranteed yield	₩ 766,443	100	₩ 788,291	100

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

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17. OTHER CURRENT AND NON-CURRENT LIABILITIES:

Details of other current and non-current liabilities as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Current:		
Advances received	₩ 783,351	₩ 659,326
Withholdings and others	68,230	92,911
Unearned revenues	23,143	8,544
Accrued expenses and others	221,090	251,698
	<u>₩ 1,905,814</u>	<u>₩ 1,012,479</u>
Non-current:		
Long-term employee benefits	₩ 33,550	₩ 33,889
Net defined benefit liabilities	49	353
Long-term unearned revenues	22,157	22,145
Long-term advances from customers	1,816,260	1,732,684
	<u>₩ 1,872,016</u>	<u>₩ 1,789,071</u>

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18. COMMITMENTS AND CONTINGENCIES:

- (1) The Group is jointly liable with LG Chem Ltd. for liabilities recognized before the split-off date.
- (2) As of March 31, 2026, the Group has been guaranteed by the Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As of March 31, 2026, the Group has various specific line of credit agreements with several financial institutions as follows (Korean won in millions and foreign currencies in millions):

	March 31, 2026 (*1)		
	Currency	The Parent Company	Certain subsidiaries
Overdraft	USD	-	70
	EUR	-	330
Limit of letter of credit	USD	12	-
Limit of discount of notes from export	USD	720	-
Limit of guaranteed payments in other foreign currency (*2)	USD	339	1,400
	CNY	-	560
	PLN	-	333
	CAD	-	6
B2B purchase arrangements	USD	25	250
	CNY	-	1,590
	EUR	-	60
	KRW	125,000	-
General loan agreements	USD	-	9,332
	CNY	-	6,992
	EUR	-	1,907
	KRW	1,230,000	-
Factoring arrangements	USD	-	500
	KRW	100,000	-

(*1) As of the end of the reporting period, the Group has entered into derivative agreements with financial institutions to manage certain risks.

(*2) The Group has entered into payment guarantee contracts with financial institutions within agreed limits in relation to quality and bid guarantees as well as customs clearance of imported raw materials.

- (4) The Group has entered into an arrangement with General Motors (“GM”) regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC. Under specific conditions, including counterparty breach of obligations, GM may exercise a put option over its shares, while both parties may exercise call options over the counterparty's shares. Both parties hold rights of first refusal upon transfer of the counterparty's shares, and upon dissolution of the joint venture, the Group has the right to acquire certain joint venture assets. Also, the Group has decided to provide a payment guarantee of USD 448 million to the joint venture, determined by its proportionate ownership of the borrowed amount of USD 897 million. The loan is secured by security interests over Ultium Cells LLC's assets.
- (5) The Group has been sued and related in six class actions by consumers in relation to the sales of mobile batteries and GM Bolt EV, and actions are still in process as of March 31, 2026. The Group has also filed two lawsuit cases (amounted to USD 234 million) and been sued in other 66 other cases (amounted to USD 2 million, PLN 1 million, CNY 2 million and ₩2,561 million). The ultimate outcome of these pending cases cannot be determined at the reporting date.

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- (6) The Group has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services it provides in relation to its business.
- (7) 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 March 31, 2026. The Group has decided to provide a payment guarantee of USD 510 million, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 1,000 million. In addition, under specific conditions, including contract expiry or counterparty breach of obligations, both parties may exercise put options on their own shares and call options on the counterparty's shares and rights of first refusal over joint venture assets.
- (8) The Group has entered into a joint venture agreement with HMG Global LLC in relation to the joint venture, HL-GA Battery Company LLC, and has completed its contribution of USD 1,084 million as of March 31, 2026. Under specific conditions, including contract expiry or counterparty breach of obligations, HMG Global LLC holds a put option over its shareholding, while the Group holds a call option over the counterparty's shareholding (provided, however, that under certain limited circumstances such as the Group's bankruptcy, HMG Global LLC holds a call option), and upon liquidation of the joint venture, both parties may exercise rights of first refusal over certain joint venture assets.
- (9) As of March 31, 2026, the Group has entered into a joint venture agreement with Hyundai Motor Group with respect to PT. HLI Green Power. The Group has decided to provide a payment guarantee of USD 315 million, determined by its proportionate ownership of the borrowed amount up to a maximum limit of USD 629 million. Under specific conditions, including counterparty breach of obligations, both parties may exercise put options on their own shares and call options on the counterparty's shares. The Group holds rights of first refusal upon disposal of joint venture-owned facilities or termination of the license agreement, and both parties hold such rights upon any transfer of the counterparty's shares.
- (10) As of March 31, 2026, the Group has entered into commitment of USD 2,358 million for the construction of a new plant for LG Energy Solution Arizona, Inc.
- (11) LG Energy Solution Michigan Inc. and Ultium Cells LLC, subsidiaries of the Group, entered into an asset transfer agreement in March 2025 whereby LG Energy Solution Michigan Inc. acquired assets related to Ultium Cells LLC's Plant 3 for USD 2,154 million. Ultium Cells LLC is obligated to remit a portion of the transaction proceeds to the Group's non-controlling shareholders, with USD 514 million outstanding as of March 31, 2026. In addition, the Group has provided a guarantee in respect of certain advances, under which an obligation to refund amounts to non-controlling shareholders arises if Ultium Cells LLC fails to meet its obligations.
- (12) Capital expenditure arrangements that have not been incurred as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2025</u>	<u>December 31, 2025</u>
Property, plant and equipment	₩ 4,847,049	₩ 5,336,826

- (13) Investment commitments as of March 31, 2026, are as follows (Korean won and USD in millions, EUR in thousands):

	<u>Currency</u>	<u>Contractual amount</u>	<u>Total investments</u>	<u>Remaining amount</u>
BNZ (Beyond Net Zero) Fund	USD	75	59	18
Secondary Battery Growth Fund	KRW	6,700	6,700	-
KBE (Korea Battery ESG) Fund	KRW	75,000	62,173	12,827
Bricks Capital Management Global Battery Private Equity Fund I	KRW	30,000	19,849	10,151
Yonsei Technology Holdings IP Fund	KRW	3,000	3,000	-
EV-LOOP	EUR	8,750	1,000	7,750

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19. SHARE CAPITAL:

Changes in share capital and share premium for the three-month period ended March 31, 2026, are as follows (Korean won in millions and shares):

	<u>Ordinary shares</u>		
	<u>Number of shares</u>	<u>Share capital</u>	<u>Share premium</u>
December 31, 2025	234,000,000	₩ 117,000	₩ 17,589,722
Changes	-	-	-
March 31, 2026	234,000,000	₩ 117,000	₩ 17,589,722

20. RETAINED EARNINGS (ACCUMULATED DEFICIT):

Details of retained earnings (accumulated deficit) as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Unappropriated retained earnings (undisposed accumulated deficit)	₩ (344,546)	₩ 332,209

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21. OPERATING PROFITS (LOSSES):

(1) The major items encompassed in the calculation of operating profits (losses) for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>		<u>2025</u>
Revenue and other income:			
Revenue from external customers	₩ 6,235,186	₩	6,264,995
Government grants (*)	319,781		457,716
	<u>6,554,967</u>		<u>6,722,711</u>
Cost of sales	<u>5,313,596</u>		<u>5,252,739</u>
Gross profit	1,241,371		1,469,972
Selling and administrative expenses:			
Wages and salaries	₩ 290,650	₩	261,314
Retirement benefits	24,531		14,203
Employee benefits	68,701		64,852
Travel expenses	16,975		14,177
Water and utilities	26,622		24,923
Rental expenses	13,037		10,561
Commission expenses	180,645		188,020
Depreciation	92,003		73,687
Advertising expenses	4,607		6,544
Freight expenses	17,203		34,461
Training expenses	4,409		4,535
Amortization	64,620		54,873
Sample expenses	2,577		1,683
Development costs	56,724		50,254
Addition of warranty provisions	384,843		189,342
Others	<u>200,979</u>		<u>101,870</u>
	1,449,126		1,095,299
Operating profits (losses)	<u>₩ (207,755)</u>	₩	<u>374,673</u>

(*) Under the Advanced Manufacturing Production Tax Credit and other provisions 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 period ended March 31, 2026.

(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 three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Changes in inventories of merchandise, finished goods, semifinished goods and work in process	₩ (596,766)	₩ 449,687
Raw materials and consumables used	1,709,014	3,012,640
Purchase of merchandise	1,423,211	230,562
Employee benefit expenses	776,402	691,919
Advertising expenses	4,624	7,000
Freight expenses	28,366	38,818
Commission expenses	307,811	388,268
Depreciation and amortization	1,094,560	856,344
Rent expenses and usage fee	8,828	7,980
Transfers to provisions for service warranties	384,843	189,342
Other expenses	1,621,829	475,478
	<u>₩ 6,762,722</u>	<u>₩ 6,348,038</u>

23. EMPLOYEE BENEFIT EXPENSES:

Details of employee benefit expenses for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Wages and salaries	₩ 632,283	₩ 561,651
Retirement benefits: Defined benefit plan	20,242	21,428
Retirement benefits: Defined contribution plan	11,770	1,083
Others	112,107	107,757
	<u>₩ 776,402</u>	<u>₩ 691,919</u>

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24. FINANCE INCOME AND COSTS:

Details of finance income and costs for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Finance income:		
Interest income (*1)	₩ 35,094	₩ 57,311
Exchange differences	135,546	163,393
Gain on derivative instruments	522,714	50,377
Gain on valuation of financial assets at FVPL	-	1,561
	<u>₩ 693,354</u>	<u>₩ 272,642</u>
Finance costs:		
Interest expense (*2)	₩ 233,756	₩ 165,267
Exchange differences	573,593	102,199
Loss on derivative instruments	-	937
Loss on valuation of financial assets at FVPL	83,732	-
Loss on disposal of financial assets at FVPL	3,146	-
	<u>₩ 894,227</u>	<u>₩ 268,403</u>

(*1) Details of interest income for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents and others	₩ 24,907	₩ 32,716
Financial assets at FVPL	1,622	12,979
Other loans and receivables	8,565	11,616
	<u>₩ 35,094</u>	<u>₩ 57,311</u>

(*2) Details of interest expense for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Interest on financial institutions	₩ 121,114	₩ 79,554
Interest on financial lease liabilities	4,498	4,075
Interest on debentures	123,500	86,594
Other interest expenses	33,670	11,727
Capitalized interest for qualifying assets	(49,026)	(16,683)
	<u>₩ 233,756</u>	<u>₩ 165,267</u>

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25. OTHER NON-OPERATING INCOME:

Details of other non-operating income for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>		<u>2025</u>
Exchange differences	₩ 238,395	₩	164,145
Others (*)	196,561		6,248
	<u>₩ 434,956</u>	₩	<u>170,393</u>

(*) Others include income of ₩191,133 million received as compensation for the sunk costs related to property, plant and equipment.

26. OTHER NON-OPERATING EXPENSES:

Details of other non-operating expenses for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>		<u>2025</u>
Exchange differences	₩ 152,582	₩	175,334
Loss on disposal and impairment of property, plant and equipment	74,925		3,358
Loss on disposal and impairment of intangible assets	13		351
Impairment loss on assets held for sale (*1)	496,453		-
Donations	100		233
Others (*2)	160,060		5,024
	<u>₩ 884,133</u>	₩	<u>184,300</u>

(*1) Impairment losses on assets held for sale for the current interim period include ₩496,453 million recognized in connection with the agreement with Honda Development and Manufacturing of America, LLC.

(*2) Others include one-off the sunk costs of ₩160,060 million related to property, plant and equipment.

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.

The Group is subject to Pillar Two income taxes, and there are no additional Pillar Two income taxes to be borne by the Group for the three-month periods ended March 31, 2026. The exception provisions have been applied to the recognition and disclosure of deferred income taxes.

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28. EARNINGS (LOSSES) PER SHARE:

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

Basic earnings (losses) per ordinary share for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>	<u>2025</u>
Losses attributable to ordinary shares of the Parent Company	₩ (675,980)	₩ (145,740)
Weighted-average number of ordinary shares outstanding	<u>234,000,000</u>	<u>234,000,000</u>
Basic losses per ordinary share (in Korean won)	<u>₩ (2,889)</u>	<u>₩ (623)</u>

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

29. DIVIDEND:

The Group (foreign subsidiary) paid ₩112,750 million dividends for the accounting period ended March 31, 2026.

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30. RELATED-PARTY TRANSACTIONS:

- (1) As of March 31, 2026, the Parent Company is LG Chem Ltd. (percentage of ownership: 79.38%), over which LG Corp. exercises a significant influence.
- (2) Details of other related parties that have sales and other transactions with the Group or have receivable and payable balances, other than associates and joint ventures (see Note 10), as of March 31, 2026, 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 Sports Ltd.			
LG Display Co., Ltd.	Nanum nuri Co., Ltd.	LG Display America, Inc. 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 (*)
LG Uplus Corp.	LG HelloVision Corp	LG UPLUS FUND I LLC. and others	
HS AD Inc.		GIIR America Inc. and others	

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

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(3) Transactions with related parties for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	2026				
	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.	₩ 1,229	₩ 87,554	₩ -	₩ 6	₩ 825
Associates:					
Sama Aluminium Co., Ltd.	-	1,538	49	-	-
Nexpo Co., Ltd.	-	395	-	-	-
Jeju Bukchon BESS Power Plant Co., Ltd.	5	-	-	-	-
PT LBM Energi Baru Indonesia	-	27,425	-	-	-
Other related parties:					
LG Corp.	-	-	-	-	11,082
LG Chem (China) Investment Co., Ltd.	-	-	-	-	29
HAENGBOKNURI CO., LTD.	1	-	-	-	192
Uniseal, Inc.	-	17	-	-	-
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	9,648	-	-	-
LG HY BCM Co., Ltd.	-	7,486	-	-	262
TECWIN Co., Ltd.	-	-	14,942	-	-
LG Chem Poland Sp. z o.o.	-	7,017	-	-	-
LG Management Development Institute	-	-	-	-	7,008
D&O Co., Ltd. and its subsidiaries	23	-	7,760	-	2,264
LG CNS Co., Ltd. and its subsidiaries	15,383	463	104,872	-	69,399
Others	-	-	-	-	299
Others:					
LG Electronics Inc. and its subsidiaries	19,907	29,732	94,921	41	6,806
Others	21	3	229	13	1,418
	<u>₩ 36,569</u>	<u>₩ 171,278</u>	<u>₩ 222,773</u>	<u>₩ 60</u>	<u>₩ 99,584</u>

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	2025				
	Purchase and others				
	Sales and others	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangibles	Interest expense	Others
Parent:					
LG Chem Ltd.	₩ 1,753	₩ 343,189	₩ 390	₩ 2	₩ 527
Associates:					
Sama Aluminium Co., Ltd.	-	8,174	154	-	-
Mintech Co., Ltd.	-	-	59	-	-
Other related parties:					
LG Corp.	-	-	-	-	9,199
LG Chem (Taiwan), Ltd.	7	-	-	-	-
LG Chem (China) Investment Co., Ltd.	-	-	-	-	25
HAENGBOKNURI CO., LTD.	1	-	-	-	271
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	219,078	-	-	-
LG HY BCM Co., Ltd.	-	184,722	-	-	-
TECWIN Co., Ltd.	-	-	11,740	-	-
LG Chem Poland Sp. z o.o.	-	33,886	-	-	-
LG Management Development Institute	-	-	-	-	8,677
D&O Co., Ltd. and its subsidiaries	22	-	5,325	-	2,206
LG CNS Co., Ltd. and its subsidiaries	7,808	10	114,997	-	55,335
Others	-	-	-	-	287
Others:					
LG Display Co., Ltd. and its subsidiaries	-	-	-	1	-
LG Electronics Inc. and its subsidiaries	35,423	17,740	198,621	-	70,402
Others	7	-	73	2	627
	<u>₩ 45,021</u>	<u>₩ 806,799</u>	<u>₩ 331,359</u>	<u>₩ 5</u>	<u>₩ 147,556</u>

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(4) Balances of receivables and payables from related parties as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	March 31, 2026						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
Parent:							
LG Chem Ltd.	₩ 277	₩ 15,719	₩ 15,996	₩ 87,293	₩ 778	₩ 9,187	₩ 97,258
Associates:							
Sama Aluminium Co., Ltd.	-	-	-	993	-	45	1,038
Nexpo Co., Ltd.	-	-	-	345	-	-	345
Jeju Bukchon BESS Power Plant Co., Ltd.	-	-	-	-	-	240	240
PT LBM Energi Baru Indonesia	-	-	-	24,422	-	-	24,422
Other related parties:							
LG Corp.	-	2,904	2,904	-	-	1,160	1,160
LG Chem (China) Investment Co., Ltd.	-	-	-	-	-	22	22
HAENGBOKNURI CO., LTD.	-	-	-	-	-	70	70
Uniseal, Inc.	-	-	-	18	-	-	18
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	6,486	-	-	6,486
LG HY BCM Co., Ltd.	179	-	179	5,722	-	2,269	7,991
TECWIN Co., Ltd.	-	-	-	-	-	24,732	24,732
LG Chem Poland Sp. z o.o.	-	-	-	5,275	-	-	5,275
LG Management Development Institute	-	-	-	-	-	817	817
D&O Co., Ltd. and its subsidiaries	-	234	234	-	-	6,221	6,221
LG CNS Co., Ltd. and its subsidiaries	16,922	54	16,976	-	-	191,061	191,061
Others	-	-	-	-	-	225	225
Others:							
LG Display Co., Ltd. and its subsidiaries	-	-	-	-	-	33	33
LG Electronics Inc. and its subsidiaries (*)	22,269	10,046	32,315	17,293	1,734	116,566	135,593
Others	-	815	815	-	1,710	3,284	4,994
	<u>₩ 39,647</u>	<u>₩ 29,772</u>	<u>₩ 69,419</u>	<u>₩ 147,847</u>	<u>₩ 4,222</u>	<u>₩ 355,932</u>	<u>₩ 508,001</u>

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

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	December 31, 2025						
	Receivables			Payables			
	Trade receivables	Other receivables	Total	Trade payables	Lease liabilities	Other payables	Total
Parent:							
LG Chem Ltd.	₩ 895	₩ 6,225	₩ 7,120	₩ 73,373	₩ -	₩ 4,656	₩ 78,029
Associates:							
Sama Aluminium Co., Ltd.	-	-	-	1,168	-	170	1,338
Nexpo Co., Ltd.	-	-	-	12	-	-	12
Jeju Bukchon BESS Power Plant Co., Ltd.	-	-	-	-	-	240	240
PT LBM ENERGI BARU INDONESIA	-	34,835	34,835	31,229	-	-	31,229
Other related parties:							
LG Corp.	-	2,904	2,904	-	-	-	-
LG Chem (China) Investment Co., Ltd.	-	-	-	-	-	27	27
HAENGBOKNURI CO., LTD.	-	-	-	-	-	104	104
Uniseal, Inc.	-	-	-	108	-	-	108
LEYOU NEW ENERGY MATERIALS (WUXI) Co., Ltd.	-	-	-	3,246	-	-	3,246
LG HY BCM Co., Ltd.	-	-	-	1,600	-	1,708	3,308
Techwin, Inc.	-	-	-	-	-	20,566	20,566
LG Chem Poland Sp. z o.o.	-	-	-	6,010	-	-	6,010
LG Management Development Institute	-	-	-	-	-	656	656
D&O Co., Ltd. and its subsidiaries	-	-	-	-	-	3,979	3,979
LG CNS Co., Ltd. and its subsidiaries	19,817	-	19,817	24	-	367,023	367,047
Others	-	-	-	-	-	89	89
Others:							
LG Display Co., Ltd. and its subsidiaries	-	-	-	-	-	21	21
LG Electronics Inc. and its subsidiaries (*)	31,391	9,023	40,414	24,769	4,334	135,090	164,193
Others	-	815	815	-	1,955	3,653	5,608
	<u>₩ 52,103</u>	<u>₩ 53,802</u>	<u>₩ 105,905</u>	<u>₩ 141,539</u>	<u>₩ 6,289</u>	<u>₩ 537,982</u>	<u>₩ 685,810</u>

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

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(5) Fund transactions with related parties for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	2026							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	107
Associates:								
Bricks Capital Management Global Battery Private Equity Fund I		-	-	262	-	-	-	-
Others:								
LG Electronics Inc.		-	-	-	-	-	-	2,573
LG Household & Health Care		-	-	-	-	-	-	231
	₩	- ₩	- ₩	262 ₩	- ₩	- ₩	- ₩	2,911

(*) The amounts represent lease liabilities that were recognized or repaid during the current period ended March 31, 2026.

	2025							
	Dividends received	Dividends paid	Equity contribution in cash and others	Loan transactions		Borrowing transactions (*)		
				Loan	Repayment	Borrowing	Repayment	
Parent:								
LG Chem Ltd.	₩	- ₩	- ₩	- ₩	- ₩	- ₩	- ₩	135
Associates:								
Sama Aluminium Co., Ltd.		38	-	-	-	-	-	-
Nexpo Co., Ltd.		-	-	2,375	-	-	-	-
Bricks Capital Management Global Battery Private Equity Fund I		-	-	262	-	-	-	-
Others:								
LG DISPLAY AMERICA, INC.		-	-	-	-	-	-	46
LG Household & Health Care		-	-	-	-	-	-	166
	₩	38 ₩	- ₩	2,637 ₩	- ₩	- ₩	- ₩	347

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

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(6) Compensation for key management of the Group for the three-month periods ended March 31, 2026 and 2025, is as follows (Korean won in millions):

	2026		2025	
Short-term employee benefits	₩	20,276	₩	21,519
Retirement benefits		1,565		1,664
	₩	21,841	₩	23,183

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

(7) As of March 31, 2026, the payment guarantees provided by the Group for related parties 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 three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	<u>2026</u>		<u>2025</u>
Profit (loss) before income tax:	₩ (858,602)	₩	364,506
Adjustments for:			
- Depreciation	1,016,738		789,169
- Amortization	77,822		67,175
- Retirement benefits	20,242		21,428
- Financial income	(786,966)		(280,235)
- Financial costs	984,955		294,393
- Loss on valuations of inventories (reversal)	(42,979)		(39,938)
- Impairment losses and losses on disposal of property, plant and equipment	74,925		3,358
- Impairment losses and losses on disposal of intangible assets	13		351
- Impairment losses on assets held for sale	496,453		-
- Changes in contract assets (liabilities)	(100,092)		17,093
- Contribution to provisions	382,070		192,540
- Other income and expenses	4,057		1,231
- Changes in inventories	(690,864)		392,812
- Changes in trade receivables	(1,021,066)		(92,527)
- Changes in other receivables	(164,390)		(1,346)
- Changes in other assets	(42,902)		(162,278)
- Changes in trade payables	559,952		87,749
- Changes in other payables	208,108		(505,509)
- Changes in other liabilities	70,504		155,696
- Changes in provisions	(100,778)		(106,537)
- Changes in net defined benefit liabilities	6,402		(3,098)
- Other cash flows from operations	(71,559)		251,641
Cash generated from operations	<u>₩ 22,043</u>	₩	<u>1,447,674</u>

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(2) Changes in liabilities from financing activities for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	2026						
	Cash flows from financing activities		Reclassification of current portion	Amortization	Lease liabilities	Exchange differences and others	Ending
	Beginning						
Short-term borrowings	₩ 5,363,976	₩ 987,943	₩ 817,776	₩ -	₩ -	₩ (914,360)	₩ 6,255,335
Long-term borrowings	5,047,606	(142,158)	(817,776)	-	12,090	1,375,614	5,475,376
Debentures	12,100,514	417,538	-	4,834	-	428,652	12,951,538
	<u>₩ 22,512,096</u>	<u>₩ 1,263,323</u>	<u>₩ -</u>	<u>₩ 4,834</u>	<u>₩ 12,090</u>	<u>₩ 889,906</u>	<u>₩ 24,682,249</u>

	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	₩ (405,312)	₩ 309,878	₩ -	₩ -	₩ 371,846	₩ 2,641,741
Long-term borrowings	5,124,782	855,161	(309,878)	-	9,623	(195,629)	5,484,059
Debentures	7,900,440	1,595,365	-	3,101	-	(12,127)	9,486,779
	<u>₩ 15,390,551</u>	<u>₩ 2,045,214</u>	<u>₩ -</u>	<u>₩ 3,101</u>	<u>₩ 9,623</u>	<u>₩ 164,090</u>	<u>₩ 17,612,579</u>

(3) Significant non-cash transactions for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	2026	2025
Reclassification of construction in progress	₩ 1,608,755	₩ 617,291
Reclassification of machinery in transit	7,342	6,902
Reclassification of debentures into current portion	950,604	379,731
Changes in other payables related to acquisition of property, plant and equipment and intangible assets	(353,880)	(923,948)
Changes in non-trade receivables related to disposal of property, plant and equipment and intangible assets	(53)	(9,665)
Changes in other non-current financial liabilities related to acquisitions of property, plant and equipment	455,631	248,192

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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 reported to the board of directors, the chief operating decision-maker.

(2) Segment information on revenue and profit for the three-month periods ended March 31, 2026 and 2025, is as follows (Korean won in millions):

	2026		2025	
Total segment revenue and other income	₩	6,554,967	₩	6,722,711
Revenue from external customers (*1)		6,235,186		6,264,995
Government grants (*2)		319,781		457,716
Operating profit (loss) of reportable segment (*3)		(207,755)		374,673

(*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 and other provisions 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 March 31, 2026.

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

(3) Segment information on assets and liabilities as of March 31, 2026, and December 31, 2025, is as follows (Korean won in millions):

	March 31, 2026			December 31, 2025								
	Investments in		Liabilities	Investments in		Liabilities						
	Assets (*)	associates		Assets (*)	associates							
Reportable segment assets and liabilities	₩	71,805,610	₩	78,618	₩	41,889,306	₩	67,147,953	₩	77,719	₩	37,826,277

(*) The amount of segment assets includes the carrying amount of investments in associates.

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(4) Sales for the three-month periods ended March 31, 2025 and 2024, and non-current assets as of March 31, 2026, and December 31, 2025, by geographical segments, are as follows (Korean won in millions):

	Sales		Non-current assets (*1)	
	2026	2025	March 31, 2026	December 31, 2025
Korea (*2)	₩ 549,354	₩ 631,733	₩ 6,181,544	₩ 6,139,933
China	1,613,421	1,183,545	3,407,940	3,374,660
Asia/Oceania	268,345	293,623	1,114,147	1,085,558
America	3,108,852	2,829,664	29,060,861	27,226,687
Europe	1,014,995	1,784,146	4,631,797	4,771,389
	₩ 6,554,967	₩ 6,722,711	₩ 44,396,289	₩ 42,598,227

(*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 three-month periods ended March 31, 2026 and 2025, revenues from external customers who account for 10% or more of the Group's revenue are as follows (Korean won in millions):

	2026	2025
Customer A	₩ 1,400,610	₩ 1,139,474
Customer B	1,028,970	-
Customer C	715,130	402,692

33. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS:

(1) Assets and liabilities related to contracts with customers as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	March 31, 2026	December 31, 2025
Contract assets:		
Due from customers	₩ 153,317	₩ 73,296
	₩ 153,317	₩ 73,296
Contract liabilities:		
Advances from customers received as part of the Group's main business activities	₩ 2,231,126	₩ 2,033,299
Expected customer incentives	396	9
Unearned revenue	24,690	10,318
Due to customers	6,924	31,688
	₩ 2,263,136	₩ 2,075,314

(2) Revenue recognized in relation to contract liabilities

Revenues recognized from the carried-forward contract liabilities for the three-month periods ended March 31, 2026 and 2025, are as follows (Korean won in millions):

	2026	2025
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	₩ 59,382	₩ 32,793
Unearned revenue	5,022	3,941
Due to customers	7,158	510
	₩ 71,562	₩ 37,244

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(3) For the three-month period ended March 31, 2026, changes in estimates related to the total contract price and total contract costs for contracts that existed as of December 31, 2025, 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>
₩	(635) ₩	487 ₩	2,034 ₩	(3,156) ₩	2,034

(4) Costs to fulfill contracts as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Costs to fulfill contracts	₩ 821,871 ₩	₩ 930,671

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 three-month period ended March 31, 2026, amounted to ₩327,689 million (for the three-month period ended March 31, 2025, was ₩15,590 million).

34. INVESTMENT PROPERTIES:

(1) Details of investment properties as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>				<u>December 31, 2025</u>			
	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Book value</u>	<u>Acquisition cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Book value</u>
Buildings	₩ 285,579 ₩	(82,570) ₩	(1,427) ₩	201,582 ₩	₩ 296,958 ₩	(83,868) ₩	(1,460) ₩	211,630 ₩
Land	283	(18)	(34)	231	283	(17)	(34)	232
	<u>₩ 285,862 ₩</u>	<u>₩ (82,588) ₩</u>	<u>₩ (1,461) ₩</u>	<u>₩ 201,813 ₩</u>	<u>₩ 297,241 ₩</u>	<u>₩ (83,885) ₩</u>	<u>₩ (1,494) ₩</u>	<u>₩ 211,862 ₩</u>

(2) Changes in investment properties for the three-month period ended March 31, 2026, and the year ended December 31, 2025, are as follows (Korean won in millions):

	<u>2026</u>		<u>2025</u>	
	<u>Land</u>	<u>Building</u>	<u>Land</u>	<u>Building</u>
Beginning	₩ 232 ₩	₩ 211,630 ₩	₩ 227 ₩	₩ 225,707 ₩
Acquisition/Transfer	-	-	9	163
Disposal/Transfer	-	(8,604)	-	(8,303)
Depreciation	(1)	(1,444)	(4)	(5,937)
Ending	<u>₩ 231 ₩</u>	<u>₩ 201,582 ₩</u>	<u>₩ 232 ₩</u>	<u>₩ 211,630 ₩</u>

(3) The fair value of investment properties is measured either by independent professional appraisers with certified qualifications or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as of March 31, 2026, is ₩215,749 million (as of December 31, 2025, was ₩221,730 million).

Rental income from investment properties under operating lease for the year ended March 31, 2026, is ₩3,174 million, and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) for the three-month period ended March 31, 2026, are ₩1,445 million.

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(4) Operating lease

Investment properties are leased to tenants under operating leases with monthly rent payments. Where considered necessary to reduce credit risk, the 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, it typically enters new operating leases and, therefore, will not immediately realize any reduction in residual value at the end of these leases. Expectations about future residual values are reflected in the fair value of investment properties.

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Less than one year	₩ 12,290	₩ 2,280
Between one year and two years	1,943	172
	<u>₩ 14,233</u>	<u>₩ 2,452</u>

35. ASSETS HELD FOR SALE:

As of December 31, 2025, the Group decided to sell all of the plant building assets under construction of its subsidiary, L-H Battery Company, Inc. to Honda Development and Manufacturing of America, LLC, and classified the related assets as assets held for sale (see Note 11.(1) Changes in property, plant and equipment). The Group is reviewing a sale-and-leaseback arrangement under which the assets will be leased back after the sale, and the closing of the asset sale agreement and the execution of the lease agreement are expected to be in June 2026.

Details of assets classified as assets held for sale as of March 31, 2026, and December 31, 2025, are as follows (Korean won in millions):

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Buildings	₩ 3,828,902	₩ 3,911,334

36. EVENT AFTER THE REPORTING PERIOD:

On March 3, 2026, the Management Committee of the Group resolved to issue unsecured foreign currency-denominated debentures. Pursuant to such resolution, the Group issued foreign currency-denominated debentures in the amount of USD 1,600 million on April 2, 2026. The details are as follows (USD in millions):

	<u>Maturity date</u>	<u>Amount</u>
Unsecured foreign currency-denominated debenture (3-year maturity)	04.02.2029	300
Unsecured foreign currency-denominated debenture (5-year maturity)	04.02.2031	800
Unsecured Global Green Bond (10-year maturity)	04.02.2036	500