

LG Chem, Ltd. and Subsidiaries

**Condensed Consolidated Interim Financial Statements
September 30, 2024 and 2023 (Unaudited), and
December 31, 2023**

LG Chem, Ltd. and Subsidiaries

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Report on Review of Condensed Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
LG Chem, Ltd.

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Chem, Ltd. and its subsidiaries (collectively referred to as the "Group"). These condensed consolidated interim financial statements consist of the consolidated interim statement of financial position of the Group as at September 30, 2024, and the related consolidated interim income statement, statement of comprehensive income for the three-month and nine-month periods ended September 30, 2024, and consolidated interim statement of changes in equity and cash flows for the nine-month period ended September 30, 2024, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim 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 condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of 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 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 the accompanying condensed consolidated interim financial statements are not presented, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Other Matters

The consolidated income statement, statements of comprehensive income for the three-month and nine-month periods ended September 30, 2023, statements of changes in equity and cash flows for the nine-month period ended September 30, 2023, presented herein for comparative purposes, were reviewed by another auditor whose report dated November 14, 2023. Based on their review, nothing has come to their attention that causes them to believe the accompanying financial statements do not present fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

The consolidated statement of financial position as at December 31, 2023, and the consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, were audited by another auditor who expressed an unqualified opinion on those statements on March 7, 2024. The consolidated statement of financial position as at December 31, 2023, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2023.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

November 14, 2024
Seoul, Korea

This report is effective as of November 14, 2024, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2024 and December 31, 2023

<i>(in millions of Korean won)</i>	Notes	September 30, 2024 (Unaudited)	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	3, 5, 6	₩ 8,831,906	₩ 9,084,899
Trade receivables	3, 5, 7, 31	8,659,002	8,082,952
Other receivables	3, 5, 7, 31	527,347	682,178
Other current financial assets	3, 5, 8	151,157	141,428
Prepaid income taxes		45,568	86,032
Other current assets	13	1,830,618	1,211,374
Inventories	9	9,481,583	9,375,327
Assets held for sale	34	84,076	195,106
Total current assets		29,611,257	28,859,296
Non-current assets			
Trade receivables	3, 5, 7	365,279	129,996
Other receivables	3, 5, 7	436,150	427,693
Other non-current financial assets	3, 5, 8	1,748,227	1,228,501
Investments in associates and joint ventures	1, 10, 33	922,360	1,005,606
Deferred tax assets	28	2,877,572	2,308,966
Property, plant and equipment	11	48,107,689	38,950,393
Intangible assets	12	3,953,490	3,692,922
Investment properties	36	99,184	88,950
Other non-current assets	13, 16	673,698	774,371
Total non-current assets		59,183,649	48,607,398
Total assets		₩ 88,794,906	₩ 77,466,694
Liabilities			
Current liabilities			
Trade payables	3, 5, 31	₩ 3,709,587	₩ 4,117,913
Other payables	3, 5, 31	4,788,695	4,905,081
Borrowings	3, 5, 14	9,136,567	7,077,782
Other current financial liabilities	3, 5, 8	353,303	523,910
Provisions	15	750,035	546,950
Income tax payables		217,536	45,304
Other current liabilities	17, 35	1,023,019	1,146,844
Liabilities of disposal group held for sale	34	11,062	27,055
Total current liabilities		19,989,804	18,390,839
Non-current liabilities			
Other payables	3, 5	26,219	33,418
Borrowings	3, 5, 14	18,976,238	14,850,332
Other non-current financial liabilities	3, 5, 8	857,525	99,950
Provisions	15	998,840	887,775
Net defined benefit liabilities	13, 16	15,580	11,879
Deferred tax liabilities	28	724,467	735,326
Other non-current liabilities	17, 35	1,589,057	1,518,990
Total non-current liabilities		23,187,926	18,137,670
Total liabilities		₩ 43,177,730	₩ 36,528,509

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2024 and December 31, 2023

<i>(in millions of Korean won)</i>	Notes	September 30, 2024 (Unaudited)	December 31, 2023
Equity			
Issued capital	1, 19	391,406	391,406
Capital surplus	19	11,572,098	11,572,098
Elements of other stockholders equity	21	(19,569)	(19,569)
Accumulated other comprehensive income		1,098,061	598,038
Retained earnings	20	19,738,710	19,650,632
Equity attributable to owners of the Parent Company		32,780,706	32,192,605
Non-controlling interests		12,836,470	8,745,580
Total equity		45,617,176	40,938,185
Total liabilities and equity		₩ 88,794,906	₩ 77,466,694

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Income Statements
Three-month and Nine-month Periods Ended September 30, 2024 and 2023

(in millions of Korean won, except per share amounts)

	Notes	Period Ended September 30			
		2024		2023	
		(Unaudited)		(Unaudited)	
		Three months	Nine months	Three months	Nine months
Revenue	22, 31, 33, 35	₩ 12,670,398	₩ 36,579,502	₩ 13,494,826	₩ 42,114,983
Cost of sales	22, 23, 31	(10,382,786)	(30,512,046)	(11,177,110)	(35,079,485)
Gross profit		2,287,612	6,067,456	2,317,716	7,035,498
Other operating income	22	465,974	1,102,722	215,587	426,797
Selling and administrative expenses	22, 23, 31	(2,255,230)	(6,001,331)	(1,672,877)	(5,180,526)
Operating income	22, 33	498,356	1,168,847	860,426	2,281,769
Finance income	25	125,732	1,238,418	455,189	1,430,930
Finance costs	25	(75,714)	(1,362,335)	(665,969)	(1,539,994)
Losses of associates and joint ventures	10	(8,256)	(28,423)	(6,467)	(25,690)
Other non-operating income	26	232,995	796,073	341,772	1,391,178
Other non-operating expenses	27	(394,812)	(923,712)	(408,706)	(1,257,848)
Profit before income tax	32	378,301	888,868	576,245	2,280,345
Income tax expense	28	161,257	3,803	(13,942)	(371,572)
Profit from continuing operations		₩ 539,558	₩ 892,671	₩ 562,303	₩ 1,908,773
Profit from discontinued operations	34	₩ 473,176	₩ 521,555	₩ 22,741	₩ 16,133
Profit		₩ 1,012,734	₩ 1,414,226	₩ 585,044	₩ 1,924,906
Profit is attributable to:					
Owners of the Parent Company					
Profit (Loss) from continuing operations		₩ 72,539	₩ (156,214)	₩ 397,174	₩ 1,402,151
Profit from discontinued operations		472,165	520,782	23,043	17,096
		544,704	364,568	420,217	1,419,247
Non-controlling interests					
Profit from continuing operations		467,019	1,048,885	165,129	506,622
Profit (Loss) from discontinued operations		1,011	773	(302)	(963)
		468,030	1,049,658	164,827	505,659
Earnings per share for profit attributable to the owners of the Parent Company (in won)					
Basic earnings per ordinary share	29	₩ 6,954	₩ 4,653	₩ 5,364	₩ 18,127
Basic earning per preferred share		7,004	4,703	5,414	18,177
Earnings per share for profit from continuing operations attributable to the owners of the Parent Company (in won)					
Basic earnings (losses) per ordinary share	29	₩ 922	₩ (2,001)	₩ 5,069	₩ 17,908
Basic earnings (losses) per preferred share		972	(1,951)	5,119	17,958

The above consolidated interim income statements should be read in conjunction with the accompanying notes.

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-month and Nine-month Periods Ended September 30, 2024 and 2023

(in millions of Korean won)

	Notes	Period Ended September 30, 2024			
		2024 (Unaudited)		2023 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Profit		₩ 1,012,734	₩ 1,414,226	₩ 585,044	₩ 1,924,906
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	16	(3,293)	(3,322)	2,340	5,323
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income		104,936	46,532	(55,382)	(88,036)
Shares of remeasurements of net defined benefit liabilities of associates		-	-	-	461
Income tax relating to these items		(17,296)	(842)	15,778	23,958
<i>Items that may be subsequently reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		(990,877)	575,106	362,188	881,002
Cash flow hedge		127	3,801	(1,701)	(17,176)
Shares of other comprehensive income of associates and joint ventures		(42,879)	(6,227)	5,714	34,625
Income tax relating to these items		2,054	(21,379)	941	11,955
Other comprehensive income for the period, net of tax		(947,228)	593,669	329,878	852,112
Total comprehensive income for the period		₩ 65,506	₩ 2,007,895	₩ 914,922	₩ 2,777,018
Total comprehensive income for the period is attributable to:					
Owners of the Parent Company		₩ 104,644	₩ 862,318	₩ 577,079	₩ 1,951,221
Non-controlling interest		(39,138)	1,145,577	337,843	825,797

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-month Periods Ended September 30, 2024 and 2023

(in millions of Korean won)

Notes	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Issued capital	Capital surplus	Elements of other stockholders equity	Accumulated other comprehensive income (loss)	Retained earnings	Total		
Balance at January 1, 2023	₩ 391,406	₩ 11,569,556	₩ (19,569)	₩ 366,916	₩ 19,142,263	₩ 31,450,572	₩ 6,030,555	₩ 37,481,127
Comprehensive income								
Profit	-	-	-	-	1,419,247	1,419,247	505,659	1,924,906
Remeasurements of net defined benefit liabilities	16	-	-	-	3,484	3,484	450	3,934
Exchange differences on translation of foreign operations	-	-	-	567,576	-	567,576	321,081	888,657
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	(61,108)	-	(61,108)	(1,581)	(62,689)
Cash flow hedge	-	-	-	(10,537)	-	(10,537)	(2,338)	(12,875)
Others	-	-	-	32,098	461	32,559	2,526	35,085
Total comprehensive income for the period	-	-	-	528,029	1,423,192	1,951,221	825,797	2,777,018
Transactions with owners:								
Dividends	30	-	-	-	(783,135)	(783,135)	(92,872)	(876,007)
Increase in paid-in capital of a subsidiary	-	2,542	-	-	-	2,542	1,980,551	1,983,093
Others	-	-	-	-	300	300	(325)	(25)
Total transactions with owners	-	2,542	-	-	(782,835)	(780,293)	1,887,354	1,107,061
Balance at September 30, 2023 (Unaudited)	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 894,945	₩ 19,782,620	₩ 32,621,500	₩ 8,743,706	₩ 41,365,206
Balance at January 1, 2024	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 598,038	₩ 19,650,632	₩ 32,192,605	₩ 8,745,580	₩ 40,938,185
Comprehensive income								
Profit (loss)	-	-	-	-	364,568	364,568	1,049,658	1,414,226
Remeasurements of net defined benefit liabilities	16	-	-	-	(2,273)	(2,273)	(256)	(2,529)
Exchange differences on translation of foreign operations	-	-	-	453,967	-	453,967	100,682	554,649
Gain(Loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	45,824	-	45,824	(927)	44,897
Cash flow hedge	-	-	-	2,356	-	2,356	523	2,879
Others	-	-	-	(2,124)	-	(2,124)	(4,103)	(6,227)
Total comprehensive income for the period	-	-	-	500,023	362,295	862,318	1,145,577	2,007,895
Transactions with owners:								
Business combination	37	-	-	-	-	-	201,481	201,481
Dividends	30	-	-	-	(274,347)	(274,347)	(92,953)	(367,300)
Transfer of business	-	-	-	-	-	-	(8,689)	(8,689)
Increase in paid-in capital of a subsidiary	-	-	-	-	-	-	3,047,124	3,047,124
Others	-	-	-	-	130	130	(201,650)	(201,520)
Total transactions with owners	-	-	-	-	(274,217)	(274,217)	2,945,313	2,671,096
Balance at September 30, 2024 (Unaudited)	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 1,098,061	₩ 19,738,710	₩ 32,780,706	₩ 12,836,470	₩ 45,617,176

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

LG Chem, Ltd. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Nine-month Periods Ended September 30, 2024 and 2023

(in millions of Korean won)

	Notes	Period Ended September 30	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	32	₩ 3,676,837	₩ 5,509,308
Interest received		258,227	216,618
Interest paid		(691,401)	(474,179)
Dividends received		16,189	22,121
Income taxes paid		(474,225)	(1,143,645)
Net cash inflow from operating activities		2,785,627	4,130,223
Cash flows from investing activities			
Decrease in other receivables		137,934	417,520
Proceeds from disposal of other financial assets		35,290	5,737
Proceeds from disposal of property, plant and equipment		27,280	66,839
Proceeds from disposal of intangible assets		3,743	1,398
Government grants received		149,210	298,839
Cash inflow from business combination		59,825	-
Proceeds from disposal of assets held for sale		616	20,253
Cash inflow from settlement of derivative instruments transactions		4,061	-
Cash inflow from transfer of business		652,755	-
Others		49,963	-
Increase in other receivables		(90,877)	(261,740)
Acquisition of investments in associates and joint ventures		(7,661)	(69,334)
Acquisition of other financial assets		(458,349)	(253,420)
Acquisition of property, plant and equipment		(10,701,869)	(9,257,057)
Acquisition of intangible assets		(122,792)	(114,735)
Cash outflow from transfer of business		-	(702,227)
Other cash outflow from investing activities		(153,993)	(4,431)
Cash outflow from settlement of derivative instruments transactions		(18,091)	-
Net cash outflow from investing activities		(10,432,955)	(9,852,358)
Cash flows from financing activities			
Proceeds from borrowings		9,428,327	10,898,293
Capital contribution from non-controlling interests		3,060,554	1,983,093
Settlement of derivative instruments transactions		49,480	-
Repayments of borrowings and others		(4,754,568)	(6,100,347)
Dividends paid		(367,300)	(906,765)
Others		(201,580)	-
Net cash inflow from financing activities		7,214,913	5,874,274
Net increase (decrease) in cash and cash equivalents		(432,415)	152,139
at the beginning of the period		23,877	-
Cash and cash equivalents at the beginning of the period		9,084,899	8,497,882
Effects of exchange rate changes on cash and cash equivalents		172,098	251,059
at the end of the period		(16,553)	(20,160)
Cash and cash equivalents at the end of the period		₩ 8,831,906	₩ 8,880,920

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2024 and 2023 (Unaudited), and December 31, 2023

1. General Information

General information about LG Chem, Ltd. (the Parent Company) and its 73 subsidiaries (collectively referred to as the “Group”) is as follows:

1.1 The Parent Company

The Parent Company was spun off on April 1, 2001, from LG Chem Investment Ltd. (now LG Corp., formerly LG Chemical Ltd.).

As at September 30, 2024, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Naju, Iksan, Osong, Onsan, Gimcheon and overseas sites.

As at September 30, 2024, the Parent Company's capital, including the preferred issued capital of ₩38,444 million, is ₩391,406 million. The largest shareholder of the Parent Company is LG Corp., which owns 33.34% of the Parent Company's ordinary shares.

The Parent Company is authorized to issue 292 million shares of ordinary shares with par value of ₩5,000 per share. As at September 30, 2024, the Parent Company has 70,592,343 ordinary shares and 7,688,800 preferred shares issued and outstanding. Preferred shareholders have no voting rights but are entitled to receive dividends at a rate of 1% more than those paid to ordinary shareholders.

1.2 Business Overview

The Group is engaged in Petrochemicals, Energy solutions, and Advanced materials business, and also engaged in Life Sciences business acquired through a merger with LG Life Sciences, Ltd. in January 2017. In addition, the Parent Company acquired 100% shares of FarmHannong Co., Ltd., in April 2016, which is engaged to manufacture crop protection products, seeds, fertilizers and others.

The Petrochemical business includes production of olefin petrochemicals, such as ethylene, propylene, butadiene from Naphtha, and aromatic petrochemicals such as benzene. It also includes production of synthetic resin and synthetic components from olefin, and aromatic petrochemicals. This business bears characteristics of a large-volume process industry. The Group's major products are PE, PP, BPA, ABS, EP, PVC, plasticizers, acrylic, SAP, synthetic rubber, a special resin, and others.

LG Energy Solution, Ltd. which was established through the split-off of the Energy solution business from the Parent Company on December 1, 2020, and its subsidiaries mainly manufacture and supply batteries ranging from IT & New application batteries for mobile phones and laptop computers, to automotive batteries for electric vehicles and ESS (Energy Storage System) batteries. Demand of small-sized batteries for new applications such as electric tools and electric driving devices as well as traditional IT devices is increasing recently and the automotive battery business is also expected to expand rapidly due to an increasing demand of the batteries in 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.

The advanced material business manufactures and supplies various kinds of electronic materials including engineering materials, semiconductor materials, and display and battery materials such as LCD photoresist, cathode materials and separator. It also manufactures and supplies RO membranes, which will be the next growth engine for future.

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

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The Life Sciences business manufactures and supplies pharmaceutical products, such as human growth hormone 'Eutropin', diabetes drug 'Zemiglo', bovine somatotropin 'Boostin', hyaluronic acid filler 'YVOIRE' and others, as well as fine chemical products, such as herbicide 'PYANCHOR' for rice farming and others.

FarmHannong Co., Ltd. and its subsidiaries which were acquired by the Group in 2016 to manufacture and sell crop protection products, seeds, fertilizers and others. The crop protection business provides high value products such as environmentally friendly pesticide. The fertilizer business leads developing a next generation fertilizers such as eco-friendly organic and functional fertilizers, and potting soil. The seed business puts priority on retaining various genetic resources and developing rare breeds with high profit in order to remain competitive in a future food industry.

1.3 Consolidated Subsidiaries, Associates and Joint Ventures

	Percentage of ownership (%)		Business location	Closing month	Business activities
	September 30, 2024	December 31, 2023			
Consolidated subsidiaries					
LG Energy Solution, Ltd. ¹	82	82	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. ²	75	75	China	December	ABS/SBL manufacturing and sales
Ningbo Zhenhai LG Yongxing Trade Co., Ltd. ²	75	75	China	December	ABS sales
LG Chem America, Inc	100	100	USA	December	Sales and trading
LG Chemical India Pvt. Ltd. ³	100	100	India	December	Synthetic resin manufacturing and sales
LG Polymers India Pvt. Ltd. ³	100	100	India	December	PS manufacturing and sales
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem (Taiwan), Ltd.	100	100	Taiwan	December	Sales and trading
Tianjin LG Bohai Chemical Co., Ltd.	75	75	China	December	PVC, VCM, EDC manufacturing and sales
Tianjin LG BOTIAN Chemical Co., Ltd.	58	58	China	December	SBS manufacturing and sales
LG Chem (China) Investment Co., Ltd. ⁴	100	100	China	December	China holding company
LG Chem (Tianjin) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem Europe GmbH	100	100	Germany	December	Sales and trading
LG Chem Poland Sp. z o.o.	100	100	Poland	December	EP manufacturing and sales
LGC Petrochemical India Private Ltd.	100	100	India	December	Synthetic resin manufacturing and sales
HAENGBOKNURI CO., LTD.	100	100	Korea	December	Facility management and general cleaning
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	100	100	Turkey	December	Sales and trading
LG Chem Japan Co., Ltd.	100	100	Japan	December	Sales and trading
LG NanoH2O, LLC	100	100	USA	December	Water processing membrane sales
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	100	100	China	December	EP manufacturing and sales
LG Chem (HUIZHOU) Petrochemical Co., Ltd.	70	70	China	December	ABS manufacturing and sales
LG Chem Life Sciences India Pvt. Ltd.	100	100	India	December	Pharmaceutical products sales
LG Jiansheng Chem Life Sciences (Beijing) Co., Ltd.	60	60	China	December	Pharmaceutical products sales
LG Chem Life Sciences (Thailand) Ltd.	100	100	Thailand	December	Pharmaceutical products sales
LG Chem Hai Phong Vietnam Company Ltd.	100	100	Vietnam	December	Polarizer manufacturing and sales
LG Chem Mexico S.A. de C.V.	100	100	Mexico	December	Sales and trading

LG Chem, Ltd. and Subsidiaries
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	Percentage of ownership (%)		Business location	Closing month	Business activities
	September 30, 2024	December 31, 2023			
LG Chem Hai Phong engineering Plastics LLC.	100	100	Vietnam	December	EP manufacturing and sales
LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	100	100	China	December	Polarizer manufacturing and sales
LEYOU NEW ENERGY MATERIALS(WUXI) Co., LTD.	51	51	China	December	Battery materials manufacturing and sales
LG Chem Fund I LLC	100	100	USA	December	Investments in venture companies
Uniseal, Inc.	100	100	USA	December	Adhesive manufacturing and sales
LG Chem Life Sciences USA Inc. ⁵	100	100	USA	December	Pharmaceutical products research
LG Chem Asia Pte. Ltd.	100	100	Singapore	December	Asia BSC
LG Chem China Tech Center ⁴	100	100	China	December	Research on petrochemicals
LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	51	51	Malaysia	December	NBL manufacturing and sales
LG Chem Hangzhou Advanced Materials Co., Ltd. ⁶	-	70	China	December	Polarizer sheet manufacturing and sales
LG-HY BCM CO., LTD.	51	51	Korea	December	Battery materials manufacturing and sales
LG Chem Ohio Petrochemical, Inc.	100	100	USA	December	ABS manufacturing and sales
LG Chem VietNam Co., Ltd.	100	100	Vietnam	December	Sales and trading
LG Chem Malaysia SDN.BHD.	100	100	Malaysia	December	Sales and trading
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	100	100	Brazil	December	Sales and trading
Aveo Pharmaceuticals, Inc.	100	100	USA	December	Anticancer drug sales and research
PT LG CHEM INDONESIA	100	100	Indonesia	December	Sales and trading
TW Biomassenergy Co., Ltd	60	60	Korea	December	Plant utility manufacturing and sales
LG Chem America Advanced Materials, Inc. ⁷	100	-	USA	December	Battery materials manufacturing and sales
FarmHannong Co., Ltd. ⁸	100	100	Korea	December	Agricultural pesticide manufacturing and sales
Farmhannong America, Inc. ⁸	100	100	USA	December	Agricultural pesticide sales
FarmHannong(Thailand) Ltd. ⁸	100	100	Thailand	December	Research and development ("R&D") on seeds
FARMHANNONG(MALAYSIA) SDN. BHD. ⁸	100	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA ⁸	100	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada ⁸	100	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. ¹	82	82	China	December	Small-battery manufacturing and sales
LG Energy Solution Michigan Inc. ¹	82	82	USA	December	Automotive battery research and manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd. ¹	82	82	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. ¹	82	82	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd ¹	82	82	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. ¹	82	82	China	December	Automotive battery manufacturing and sales
Ultium Cells Holdings LLC ¹	41	41	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC ¹	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH ¹	82	82	Germany	December	ESS sales
LG Energy Solution (Taiwan), Ltd. ¹	82	82	Taiwan	December	Small-storage battery sales
Aremnuri. Co. Ltd ¹	82	82	Korea	December	Facility management and general cleaning

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	Percentage of ownership (%)		Business location	Closing month	Business activities
	September 30, 2024	December 31, 2023			
LG Energy Solution Fund I LLC ¹	82	82	USA	December	Investments in venture companies
LG Energy Solution Vertech Inc. ¹	82	82	USA	December	ESS installation service
LG Energy Solution Arizona, Inc. ¹	82	82	USA	December	Small-battery manufacturing and sales
Baterias De Castilla, S.L. ¹	82	82	Spain	December	Special purpose company
L-H Battery Company, Inc. ¹	42	42	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited ¹	82	82	India	December	Small-battery sales
LG Energy Solution Arizona ESS, Inc. ¹	82	82	USA	December	ESS Manufacturing and sales
Nextstar Energy Inc. ¹	42	42	Canada	December	Automotive battery manufacturing and sales
LG Energy Solution Fund II LLC ¹	82	82	USA	December	Investments in venture companies
HL-GA BATTERY COMPANY LLC ^{1, 9}	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd. ^{1, 10}	82	-	Japan	December	ESS sales
PT. HLI Green Power ^{1, 11}	41	-	Indonesia	December	Automotive battery manufacturing and sales
Associates					
TECHWIN Co., Ltd.	20	20	Korea	December	Environment solution and construction of chemical plant
LG Chem Life Sciences Poland Ltd.	100	100	Poland	December	Pharmaceutical products sales
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	49	49	China	December	Battery materials manufacturing and sales
TL Chemical CO., Ltd	40	40	Korea	December	AN manufacturing and sales
KOREA PRECURSOR CO., LTD.	49	49	Korea	December	Battery materials manufacturing and sales
Sam-a Aluminium Company, Limited ^{1, 12}	8	8	Korea	December	Aluminium sales and manufacturing
NEXPO Co., Ltd ^{1, 12}	16	16	Korea	December	Battery products manufacturing and sales
Bricks Capital Management Global Battery Private Equity Fund I ^{1, 13}	49	49	Korea	December	Collective investment scheme
Joint ventures¹⁴					
SEETEC Co., Ltd.	50	50	Korea	December	Plant utility and distribution, research assistance service
LG Toray Hungary Battery Separator Kft.	50	50	Hungary	December	Battery separator manufacturing and sales
PT.HLI Green Power. ^{1, 11}	-	41	Indonesia	December	Automotive battery manufacturing and sales

¹ As at September 30, 2024, LG Energy Solution, Ltd. owns shares in subsidiaries, associates and joint ventures, such as LG Energy Solution (Nanjing) Co., Ltd. and others, and the Group has stated the shares of those companies as effective share ratio.

² As at September 30, 2024, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trade Co.'s shares.

³ As at September 30, 2024, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

⁴ As at September 30, 2024, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

⁵ During the nine-month period ended September 30, 2024, LG Chem Life Science Innovation Center, Inc. changed its name to LG Chem Life Sciences USA Inc.

⁶ During the nine-month period ended September 30, 2024, the Group has disposed 100% ownership shares of LG Chem Hangzhou Advanced Materials Co., Ltd.

⁷ During the nine-month period ended September 30, 2024, LG Chem America Advanced Materials, Inc. was established, and the Group has newly acquired a 100% interest for ₩271,030 million.

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⁸ As at September 30, 2024, FarmHannong Co., Ltd. owns 100% of Farmhannong America, Inc., FarmHannong(Thailand) Ltd., FARMHANNONG(MALAYSIA) SDN.BHD., PT FARM HANNONG INDONESIA and FarmHannong do Brasil Limitada's shares.

⁹ Although the Group has less than a majority ownership interest in HL-GA Battery Company LLC, it is considered to have control over HL-GA Battery Company LLC as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholders' agreement.

¹⁰ During the nine-month period ended September 30, 2024, LG Energy Solution Japan Co., Ltd. was established, and LG Energy Solution has newly acquired a 100% interest for ₩535 million.

¹¹ During the nine-month period ended September 30, 2024, PT. HLI Green Power was included in consolidation. Although the ownership is less than a majority ownership interest, it is considered to have control as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholder's agreement.

¹² Although the ownership interest is less than 20%, the Group can participate in its decision-making process in accordance with the shareholders' agreement. Therefore, it is judged to have a significant influence.

¹³ Although the Group's ownership interest in the limited partnership is more than 50%, since the consent of all equity participants is required for major decisions, the Group determine that the Group has not control over the limited partnership and has classified it as an associate.

¹⁴ All joint arrangements over which the Group has joint control are classified as a joint venture since the joint arrangements are structured through a separate vehicle and the parties have rights to the net assets of the arrangement.

1.4 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the nine-month period ended September 30, 2024, are as follows:

Subsidiary	Reason
LG Chem America Advanced Materials, Inc.	Newly established
LG Energy Solution Japan Co., Ltd.	Newly established
PT. HLI Green Power	Amendments to the shareholder's agreement

Subsidiaries excluded from the consolidation for the nine-month period ended September 30, 2024, are as follows:

Subsidiary	Reason
LG Chem Hangzhou Advanced Materials Co., Ltd.	Disposal

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2. Material Accounting Policies

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying condensed consolidated interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed consolidated interim financial statements for the nine-month period ended September 30, 2024, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. Therefore, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at December 31, 2023.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and interpretations for the first time for their annual reporting period commencing January 1, 2024.

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendment does not have a significant impact on the consolidated interim financial statements.

(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. There is no impact on the interim financial statements in accordance with the transitional provision that does not require to disclose the relevant information during the interim reporting period within the fiscal year in which these amendments are first applied.

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(c) Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendment does not have a significant impact on the consolidated interim financial statements.

(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendment does not have a significant impact on the consolidated interim financial statements.

2.1.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations had been issued but were not mandatory for annual reporting periods ending on December 31, 2024.

(a) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated interim financial statements.

2.2 Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

The Group is within the scope of the Pillar Two model rules. The Group recognized an additional income tax expenses in relation to the rules and applied the exception to recognizing and disclosing information about deferred tax and assets and liabilities related to Pillar Two income Taxes.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. 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 Corporate Management Committee. The finance team identifies, evaluates and hedges financial

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risks in close co-operation with the Group's operating units. The Corporate Management Committee 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, investment of excess liquidity.

(a) Market risk

Foreign exchange risk

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

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group manages maximum loss for currency risk exposures within acceptable range by using currency risk management model and hires employees who are exclusively responsible for currency risk management.

As at September 30, 2024 and December 31, 2023, the Group's monetary assets and liabilities denominated in currencies other than its functional currency, are as follows:

	September 30, 2024				December 31, 2023			
	Assets		Liabilities		Assets		Liabilities	
USD	₩	6,706,539	₩	13,638,279	₩	6,713,566	₩	11,155,591
EUR		490,929		2,719,299		626,087		4,459,588
JPY		40,478		111,099		20,136		119,699
CNY and others		884,554		49,533		292,973		22,210

As at September 30, 2024 and December 31, 2023, if the Group's functional currency had weakened / strengthened by 10% against the US dollar and other currencies with all other variables held constant, profit before income tax would have been affected as follows:

	September 30, 2024				December 31, 2023			
	10% Increase		10% Decrease		10% Increase		10% Decrease	
USD	₩	(591,886)	₩	591,886	₩	(359,888)	₩	359,888
EUR		(191,693)		191,693		(363,185)		363,185
JPY		(7,062)		7,062		(9,954)		9,954
CNY and others		53,197		(53,197)		31,036		(31,036)

The above sensitivity analysis has been performed for monetary assets and liabilities denominated in foreign currencies other than the Group's functional currency at the reporting date.

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As at September 30, 2024 and December 31, 2023, the Group entered into foreign currency forward and currency swap contracts to manage risk from changes in exchange rates and the details are as follows:

(in millions of Korean won and in millions of US dollars)

September 30, 2024									
		Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount			
						Assets		Liabilities	
Currency Forward	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	₩	91,350	₩	-
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16		71,102		-
Currency swap	KDB	USD 130	1,135.60	2021.6.24	2025.6.24		26,028		-
	KDB	USD 35	1,135.60	2021.6.24	2026.6.24		7,684		-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7		46,751		-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7		15,781		-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7		15,843		-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7		11,196		-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7		23,034		-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7		23,088		-
	KDB	USD 250	1,289.70	2022.6.15	2025.6.15		7,134		-
	Shinhan Bank	USD 110	1,289.70	2022.6.15	2027.6.15		1,771		-
	The Export-Import Bank of Korea	USD 200	1,305.90	2022.7.14	2025.7.14		1,312		-
	Shinhan Bank	USD 100	1,305.90	2022.7.14	2025.7.14		680		-
	KDB	USD 200	1,233.40	2023.1.26	2025.1.26		18,375		-
	Shinhan Bank	USD 100	1,233.40	2023.1.26	2026.1.26		8,292		-
	KDB	USD 100	1,233.40	2023.1.26	2026.1.26		8,480		-
	JP Morgan	USD 200	1,337.60	2023.9.25	2026.9.25		-		5,900
	Shinhan Bank	USD 200	1,337.60	2023.9.25	2026.9.25		-		3,498
	KDB	USD 400	1,337.60	2023.9.25	2028.9.25		-		12,128
	Woori Bank	USD 200	1,337.60	2023.9.25	2028.9.25		-		6,065
	DBS	USD 200	1,380.80	2024.7.2	2027.7.2		-		10,930
	JP Morgan	USD 200	1,380.80	2024.7.2	2027.7.2		-		11,338
	Shinhan Bank	USD 300	1,380.80	2024.7.2	2027.7.2		-		13,407
	KB Kookmin Bank	USD 200	1,380.80	2024.7.2	2029.7.2		-		9,645
	Woori Bank	USD 200	1,380.80	2024.7.2	2029.7.2		-		9,604
	The Export-Import Bank of Korea	USD 200	1,380.80	2024.7.2	2029.7.2		-		9,797
	IBK	USD 100	1,380.80	2024.7.2	2029.7.2		-		4,898

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(in millions of Korean won and in millions of US dollars)

September 30, 2024						
Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
					Assets	Liabilities
KDB	USD 100	1,380.80	2024.7.2	2029.7.2	-	4,865
KDB	USD 400	1,380.80	2024.7.2	2034.7.2	-	28,664
Woori Bank	USD 100	1,380.80	2024.7.2	2034.7.2	-	7,167

(in millions of Korean won and in millions of US dollars)

December 31, 2023								
	Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount		
						Assets	Liabilities	
Currency Forward	Industrial and Commercial Bank of China	USD 158	1,218.70	2022.4.22	2024.2.1	₩	-	₩ 10,808
	Bank of America	USD 158	1,307.73	2023.12.5	2024.2.1	-	-	3,500
	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	65,388	-	-
Currency swap	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	47,138	-	-
	SMBC	USD 200	1,118.00	2021.5.28	2024.5.28	31,693	-	-
	KDB	USD 130	1,135.60	2021.6.24	2025.6.24	24,902	-	-
	KDB	USD 35	1,135.60	2021.6.24	2026.6.24	7,303	-	-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7	31,996	-	-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7	10,906	-	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7	11,057	-	-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7	6,234	-	-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7	13,025	-	-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7	13,108	-	-
	KDB	USD 250	1,289.70	2022.6.15	2025.6.15	30	-	-
	Shinhan Bank	USD 110	1,289.70	2022.6.15	2027.6.15	-	-	1,399
	The Export-Import Bank of Korea	USD 200	1,305.90	2022.7.14	2025.7.14	-	-	6,571
	Shinhan Bank	USD 100	1,305.90	2022.7.14	2025.7.14	-	-	3,274
	KDB	USD 200	1,233.40	2023.1.26	2025.1.26	12,236	-	-
	Shinhan Bank	USD 100	1,233.40	2023.1.26	2026.1.26	5,097	-	-
	KDB	USD 100	1,233.40	2023.1.26	2026.1.26	5,332	-	-
	JP Morgan	USD 200	1,337.60	2023.9.25	2026.9.25	-	-	10,945
	Shinhan Bank	USD 200	1,337.60	2023.9.25	2026.9.25	-	-	10,722
	KDB	USD 400	1,337.60	2023.9.25	2028.9.25	-	-	30,788

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(in millions of Korean won and in millions of US dollars)

December 31, 2023						
Contractor	Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Book amount	
					Assets	Liabilities
Woori Bank	USD 200	1,337.60	2023.9.25	2028.9.25	-	15,407

Price risk

The Group is exposed to equity securities price risk arises from investments held by the Group and classified in the consolidated interim statement of financial position as non-current financial assets. The Group's equity investments are publicly traded and are related to the NASDAQ (National Association of Securities Dealers Automated Quotations), NYSE (New York Stock Exchange), SZSE (Shenzhen Stock Exchange), HSI (Hang Seng Index), ASX (Australian Stock Exchange) and KOSPI index.

The table below summarizes the impact of increases/decreases of the listed stock price index on the Group's equity before tax effects as at September 30, 2024 and December 31, 2023. The analysis is based on the assumption that the equity index has increased/decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

	(in millions of Korean won)							
	September 30, 2024		December 31, 2023					
	10% Increase	10% Decrease	10% Increase	10% Decrease	10% Increase	10% Decrease	10% Increase	10% Decrease
NASDAQ	₩ 17,278	₩ (17,278)	₩ 14,104	₩ (14,104)				
ASX	719	(719)	1,640	(1,640)				
NYSE	270	(270)	520	(520)				
SZSE	8,743	(8,743)	8,534	(8,534)				
HSI	6,291	(6,291)	9,277	(9,277)				
KOSPI	20,824	(20,824)	15,989	(15,989)				
Total	₩ 54,125	₩ (54,125)	₩ 50,064	₩ (50,064)				

Interest rate risk

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

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

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The table below summarizes the impact of increases/decreases of interest rate on the Group's interest income from deposits and interest expense on variable interest rate borrowings, as at September 30, 2024 and 2023. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

(in millions of Korean won)	September 30, 2024		September 30, 2023	
	1%p Increase	1%p Decrease	1%p Increase	1%p Decrease
Interest income	₩ 22,206	(22,206)	16,545	(16,546)
Interest expense	51,555	(51,555)	41,668	(41,668)

The deposits exposed to the above interest rate risk are held for the purpose of meeting the short-term demand for cash as it is easily convertible to a determined amount of cash.

Also, the above borrowings are variable interest rate borrowings from KDB Bank and others, and the Group has entered into a currency interest rate swap contract amounting to USD 925 million (equivalent to ₩1,220,630 million) to hedge interest rate risk of variable interest rate borrowings.

(b) Credit risk

Credit risk arises from trade receivables and contract assets that the Group holds, as well as debt instruments at amortized cost.

Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at September 30, 2024, is as follows. Expected credit losses include forward-looking information.

(in millions of Korean won)	September 30, 2024			
	Receivables not past due ¹	Receivables past due but not impaired ¹	Impaired receivables ²	Total
September 30, 2024				
Gross carrying amount—trade receivables	₩ 8,588,090	₩ 436,118	₩ 2,542	₩ 9,026,750
Gross carrying amount—contract assets	35,964	-	-	35,964
Expected loss rate	0.0%	0.1%	24.5%	0.0%
Loss allowance provision	₩ 1,315	₩ 532	₩ 622	₩ 2,469
December 31, 2023				
Gross carrying amount—trade receivables	₩ 8,065,741	₩ 148,163	₩ 1,854	₩ 8,215,758
Gross carrying amount—contract assets	70,356	-	-	70,356
Expected loss rate	0.0%	0.4%	64.0%	0.0%
Loss allowance provision	₩ 1,071	₩ 552	₩ 1,187	₩ 2,810

¹ Note 7.(3) for aging analysis.

² Impaired receivables are those for which impairment indicators have been confirmed, such as significant lack of collectability.

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Movements in the loss allowance provision for trade receivables for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in millions of Korean won)

	Trade receivables and contract assets			
	September 30, 2024		December 31, 2023	
Beginning balance	₩	2,810	₩	5,017
Reversal of loss allowance recognized in profit or loss		(167)		(636)
Receivables written off as uncollectible		(113)		(1,234)
Exchange differences		(61)		(337)
Ending balance	₩	2,469	₩	2,810

As at September 30, 2024, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩9,024,281 million (December 31, 2023: ₩8,212,948 million), and the carrying amount of contract assets amounts to ₩35,964 million (December 31, 2023: ₩70,356 million).

Other financial assets at amortized cost

Other financial assets at amortized cost include other receivables, other non-current receivables and others. Movements in loss allowance provision for other financial assets at amortized cost for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in millions of Korean won)

	Financial assets at amortized cost			
	September 30, 2024		December 31, 2023	
Beginning balance	₩	628	₩	682
Reversal of loss allowance recognized in profit or loss		-		-
Receivables written off as uncollectible		-		(54)
Ending balance	₩	628	₩	628

All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses.

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

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

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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 those financial institutions with high credit ratings evaluated by independent credit rating agencies and accordingly, credit risks associated with these financial institutions are limited.

(c) Liquidity risk

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 sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. When predicting liquidity, considerations are taken into account from external regulations or legal requirements such as funding plans of consolidation units, compliance with agreements, internal target financial ratios within consolidation units, and restrictions related to currency.

The table below categorizes the financial liabilities of consolidation units based on the remaining period from the end of the reporting period to the contract maturity date. The cash flows presented in the table are amounts not discounted as present value and include the cash flows related to interest expenses.

(in millions of Korean won)

	September 30, 2024			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 10,524,585	₩ 5,713,585	₩ 10,977,851	₩ 4,047,896
Lease liabilities	148,179	124,419	199,898	360,297
Trade and other payables	8,498,282	13,142	12,949	128
	<u>19,171,046</u>	<u>5,851,146</u>	<u>11,190,698</u>	<u>4,408,321</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,920,772)	(1,612,012)	(3,552,608)	(1,350,941)
Outflows	1,742,706	1,488,425	3,535,696	1,281,824
	<u>(178,066)</u>	<u>(123,587)</u>	<u>(16,912)</u>	<u>(69,117)</u>
	<u>₩ 18,992,980</u>	<u>₩ 5,727,559</u>	<u>₩ 11,173,786</u>	<u>₩ 4,339,204</u>

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(in millions of Korean won)

	December 31, 2023			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 5,876,982	₩ 3,647,796	₩ 11,356,290	₩ 5,763,791
Lease liabilities	123,528	121,499	85,865	242,717
Trade and other payables	9,022,994	19,953	13,363	102
	<u>15,023,504</u>	<u>3,789,248</u>	<u>11,455,518</u>	<u>6,006,610</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,416,608)	(1,256,394)	(2,152,233)	(1,335,335)
Outflows	1,278,089	1,204,261	2,102,600	1,155,602
	<u>(138,519)</u>	<u>(52,133)</u>	<u>(49,633)</u>	<u>(179,733)</u>
	<u>₩ 14,884,985</u>	<u>₩ 3,737,115</u>	<u>₩ 11,405,885</u>	<u>₩ 5,826,877</u>

Although not included in the above cash flow, the agreement is made to purchase additional shares of LG Toray Hungary Battery Separator Kft. in accordance with the agreed price calculation method (Note 18). Additionally, during the period ended December 31, 2023, the Group issued exchangeable bonds that allow issuers and investors to exercise their early redemption rights (Note 14).

As at September 30, 2024 and December 31, 2023, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

(in millions of
Korean won)

	Purpose of the contracts	Hedged items	Financial institution	Maturity	September 30, 2024		December 31, 2023	
					Assets	Liabilities	Assets	Liabilities
Merchandise (raw materials) swap ¹	Cash flow hedge	Non-ferrous metal	Citi Bank and others	2026.12	₩ 805	₩ 1,908	₩ 89	₩ 4,899

¹Gain (loss) resulting from the contracts to avoid cash flow fluctuation risk of expected future transaction is accounted for as accumulated other comprehensive income, which corresponds to an effective portion of the hedges.

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Details of financial guarantee contracts by maturity as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Financial guarantee contracts ¹	₩ -	₩ -	₩ -	₩ -

(in millions of Korean won)

	December 31, 2023			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Financial guarantee contracts ¹	₩ 285,602	₩ -	₩ -	₩ -

¹ The financial guarantee contracts above are for joint ventures and are presented based on the maximum amount of guarantee that can be requested as at September 30, 2024 and December 31, 2023. Meanwhile, there are no amount of payment guarantee contracted as at September 30, 2024 (December 31, 2023: ₩458,382 million) (Note 18).

3.2 Capital Risk Management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, 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 consolidated statement of financial position plus net debt.

The gearing ratio and debt-to-equity ratio as at September 30, 2024 and December 31, 2023, were as follows:

(in millions of Korean won, except for ratios)	September 30, 2024		December 31, 2023	
Total borrowings (Note 14) (A)	₩	28,112,805	₩	21,928,114
Less: cash and cash equivalents (B)		(8,831,906)		(9,084,899)
Net debt (C=A+B)		19,280,899		12,843,215
Total liabilities (D)		43,177,730		36,528,509
Total equity (E)		45,617,176		40,938,185
Total capital (F=C+E)		64,898,075		53,781,400
Gearing ratio (C/F)		29.7%		23.9%
Debt-to-equity ratio (D/E)		94.7%		89.2%

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3.3 Fair Value

Carrying amount and fair value of financial instruments by category as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current)				
Cash and cash equivalents	8,831,906	1	9,084,899	1
Deposits held by financial institutions	2,103	1	57,106	1
Trade receivables	8,659,002	1	8,082,952	1
Other receivables (excluding deposits held by financial institutions)	525,244	1	625,072	1
Other current financial assets				
Current derivative financial assets (currency forward)	91,350	91,350	65,388	65,388
Current derivative financial assets (excluding currency forward)	450	450	51	51
Current derivative financial assets (currency swap)	53,529	53,529	31,693	31,693
Current derivative financial assets (purchase of interests)	-	-	44,296	44,296
Financial assets at amortized cost	5,828	1	-	1
Financial assets (non-current)				
Deposits held by financial institutions	272,408	1	267,558	1
Trade receivables	365,279	1	129,996	1
Other receivables (excluding deposits held by financial institutions)	163,742	1	160,135	1
Other non-current financial assets				
Marketable financial assets (excluding derivative financial assets)	589,111	589,111	507,186	507,186
Non-marketable financial assets ³	908,160	908,160	514,924	514,924
Non-current derivative financial assets (currency forward)	71,102	71,102	47,138	47,138
Non-current derivative financial assets (excluding currency forward)	355	355	850	850
Non-current derivative financial assets (currency swap)	161,920	161,920	141,226	141,226
Non-current derivative financial assets (purchase of interests)	17,579	17,579	17,177	17,177
Financial liabilities (current)				
Trade and other payables	8,498,282	1	9,022,994	1
Current borrowings (excluding lease liabilities/ exchangeable bond)	6,876,595	1	4,979,229	1
Current borrowings (exchangeable bond)	2,134,975	2,311,952	1,998,423	2,220,842
Current lease liabilities	124,997	2	100,130	2
Other current financial liabilities				
Current derivative financial liabilities	-	-	14,308	14,308

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(in millions of Korean won)

	September 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
(currency forward)				
Current derivative financial liabilities (excluding currency forward)	1,735	1,735	3,936	3,936
Current derivative financial liabilities (right of exchange/option)	351,568	351,568	501,951	501,951
Financial guarantee contracts liabilities	-	¹	3,715	¹
Financial liabilities (non-current)				
Non-current borrowings (excluding lease liabilities)	18,411,052	18,660,808	14,458,596	13,537,804
Non-current lease liabilities	565,186	²	391,736	²
Other non-current payables	26,119	¹	33,418	¹
Other non-current financial liabilities				
Non-current derivative financial liabilities (excluding currency forward)	172	172	962	962
Non-current derivative financial liabilities (currency swap)	137,906	137,906	79,107	79,107
Financial liabilities at amortized cost	699,100	¹	-	-
Non-current derivative financial liabilities (purchase of interests)	20,347	20,347	19,881	19,881

¹ These financial assets and liabilities are not included in the disclosure above as their carrying amount is a reasonable approximation of the fair value.

² Fair values for these financial assets and liabilities are not disclosed above in accordance with related Korean IFRS.

³ Including some unmarketable financial assets for which acquisition cost is used as the best estimate of fair value.

Fair value for measurement and disclosure are determined based on the following method:

The fair value of financial liabilities was calculated by applying the following discount rate to the nominal value of expected future outflow cash flows.

Discount rate	September 30, 2024	December 31, 2023	Remark
Non-current borrowings (excluding lease liabilities/ exchangeable bond)	3.14% ~ 4.22%	3.64% ~ 4.79%	Yield of won debenture with credit rating (AA+) and others
Current borrowings (Exchangeable Bond)	4.39% / 4.52%	4.55% / 4.47%	Yield of foreign currency debenture equal to the maturity of the evaluation target

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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 an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy of the financial instruments that are either measured at fair value or their fair values are disclosed for as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value				
Other non-current financial assets (marketable financial assets)	₩ 589,111	₩ -	₩ -	589,111
Other non-current financial assets (non-marketable financial assets) ¹	-	-	908,160	908,160
Current derivative financial assets (currency forward)	-	91,350	-	91,350
Current derivative financial assets (excluding currency forward)	-	450	-	450
Current derivative financial assets (currency swap)	-	53,529	-	53,529
Non-current derivative financial assets (currency forward)	-	71,102	-	71,102
Non-current derivative financial assets (excluding currency forward)	-	355	-	355
Non-current derivative financial assets (currency swap)	-	161,920	-	161,920
Non-current derivative financial assets (purchase of interests)	-	-	17,579	17,579
Current derivative financial liabilities (excluding currency forward)	-	1,735	-	1,735
Current derivative financial liabilities (right of exchange/option)	-	-	351,568	351,568
Non-current derivative financial liabilities (excluding currency forward)	-	172	-	172
Non-current derivative financial liabilities (currency swap)	-	137,906	-	137,906
Non-current derivative financial liabilities (purchase of interests)	-	-	20,347	20,347
Financial assets/liabilities not measured at fair value				
Current borrowings (exchangeable bond)	-	-	2,311,952	2,311,952

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(in millions of Korean won)

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Non-current borrowings (excluding lease liabilities)	-	-	18,660,808	18,660,808

(in millions of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets/liabilities measured at fair value				
Other non-current financial assets (marketable financial assets)	₩ 507,186	₩ -	₩ -	₩ 507,186
Other non-current financial assets (non-marketable financial assets) ¹	-	-	514,924	514,924
Current derivative financial assets (currency forward)	-	65,388	-	65,388
Current derivative financial assets (excluding currency forward)	-	51	-	51
Current derivative financial assets (currency swap)	-	31,693	-	31,693
Current derivative financial assets (purchase of interests)	-	-	44,296	44,296
Non-current derivative financial assets (currency forward)	-	47,138	-	47,138
Non-current derivative financial assets (excluding currency forward)	-	850	-	850
Non-current derivative financial assets (currency swap)	-	141,226	-	141,226
Non-current derivative financial assets (purchase of interests)	-	-	17,177	17,177
Current derivative financial liabilities (currency forward)	-	14,308	-	14,308
Current derivative financial liabilities (excluding currency forward)	-	3,936	-	3,936
Current derivative financial liabilities (right of exchange/option)	-	-	501,951	501,951
Non-current derivative financial liabilities (excluding currency forward)	-	962	-	962
Non-current derivative financial liabilities (currency swap)	-	79,107	-	79,107
Non-current derivative financial liabilities (purchase of interests)	-	-	19,881	19,881
Financial assets/liabilities not measured at fair value				
Current borrowings (exchangeable bond)	-	-	2,220,842	2,220,842
Non-current borrowings (excluding lease liabilities)	-	-	13,537,804	13,537,804

¹ Acquisition costs of a part of these financial assets approximate their fair values. For fair values measured by using other methods, see Valuation technique and the inputs.

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Valuation technique and the inputs

Valuation techniques and inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)		September 30, 2024			
	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs
Non-current derivative financial assets (purchase of interests)	17,579	3	Binominal option-pricing model	Volatility	31.51%
				Risk-free rate	4.57%
				Stock volatility of underlying assets	32.78%
Non-current derivative financial liabilities (purchase of interests)	20,347	3	Monte Carlo Simulation	Stock price correlation coefficient	42.98%
				Volatility of financial indicators	21.82%
	14,770	3	Binominal option-pricing model	Volatility	12.34%
Other non-current financial assets (Non-listed shares)	91,031	3	Discounted cash flows model	Discount rates	11.31% and others
	145,519	3	Adjusted net asset method	-	-
				Stock price of underlying assets	₩ 414,500 (in Korean won)
Current financial liabilities (right of exchange/option)	351,568	3	Binominal option-pricing model	Risk-free rate	3.89% / 4.03%
				Risk rate	4.39% / 4.52%
				Volatility	39.78%

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December 31, 2023

	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs
Current derivative financial assets (purchase of interests)	₩ 44,296	3	Monte Carlo Simulation	Stock volatility of underlying assets Stock price correlation coefficient Volatility of financial indicators	32.78% 37.38% 42.17%
Non-current derivative financial assets (purchase of interests)	17,177	3	Binominal option-pricing model	Volatility Risk-free rate	31.51% 4.57%
Non-current derivative financial liabilities (purchase of interests)	19,881	3	Monte Carlo Simulation	Stock volatility of underlying assets Stock price correlation coefficient Volatility of financial indicators	32.78% 42.98% 21.82%
Other non-current financial assets (Non-listed shares)	14,426	3	Binominal option-pricing model	Volatility	12.34%
	88,077	3	Discounted cash flows model	Discount rates	11.31% and others
	133,655	3	Adjusted net asset method	-	-
Current financial liabilities (right of exchange/option)	501,951	3	Binominal option-pricing model	Stock price of underlying assets Risk-free rate Risk rate Volatility	₩ 427,500 (in Korean won) 3.17% / 3.19% 4.55% / 4.47% 45.38%

4. Critical Accounting Estimates and Assumptions

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

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2023, except for the estimates used to determine income tax expense.

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5. Financial Instruments by Category

Categorizations of financial instruments as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

(in millions of Korean won)

		September 30, 2024					
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Other financial assets ¹	Total		
Financial assets							
Cash and cash equivalents	₩ 8,831,906	₩ -	₩ -	₩ -	₩	8,831,906	
Trade receivables	8,143,251	-	515,751	-		8,659,002	
Non-current trade receivables	365,279	-	-	-		365,279	
Other receivables	527,347	-	-	-		527,347	
Other non-current receivables	436,150	-	-	-		436,150	
Other current financial assets	5,827	144,880	-	450		151,157	
Other non-current financial assets	-	1,034,463	713,409	355		1,748,227	
Total	₩ 18,309,760	₩ 1,179,343	₩ 1,229,160	₩ 805	₩	20,719,068	

(in millions of Korean won)

(in millions of Korean won)		September 30, 2024						
		Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Other financial liabilities ²		Total
Financial liabilities								
Trade payables	₩	3,709,587	₩	-	₩	-	₩	3,709,587
Other payables		4,785,234		-		-		4,785,234
Borrowings (current)		8,985,314		-		151,253		9,136,567
Other current financial liabilities		-		351,567		1,736		353,303
Other non-current financial liabilities		699,100		158,253		172		857,525
Other non-current payables		26,219		-		-		26,219
Borrowings (non-current)		18,411,052		-		565,186		18,976,238
Total	₩	36,616,506	₩	509,820	₩	718,347	₩	37,844,673

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(in millions of Korean won)

(in millions of Korean won)

		December 31, 2023					
		Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Other financial assets ¹	Total	
Financial assets							
Cash and cash equivalents	₩	9,084,899	₩	-	₩	-	₩ 9,084,899
Trade receivables		7,425,071		-	657,881	-	8,082,952
Non-current trade receivables		129,996		-	-	-	129,996
Other receivables		681,307		-	871	-	682,178
Other non-current receivables		427,693		-	-	-	427,693
Other current financial assets		-		-	-	141,428	141,428
Other non-current financial assets		-		387,487	634,623	206,391	1,228,501
Total	₩	17,748,966	₩	387,487	₩ 1,293,375	₩ 347,819	₩ 19,777,647

(in millions of Korean won)

(in millions of Korean won)

	December 31, 2023					
	Financial liabilities at amortized cost		Other financial liabilities ²		Total	
Financial liabilities						
Trade payables	₩	4,117,913	₩	-	₩	4,117,913
Other payables		4,905,081		-		4,905,081
Borrowings (current)		6,978,097		99,685		7,077,782
Other current financial liabilities		-		523,910		523,910
Other non-current financial liabilities		-		99,950		99,950
Other non-current payables		33,418		-		33,418
Borrowings (non-current)		14,458,596		391,736		14,850,332
Total	₩	30,493,105	₩	1,115,281	₩	31,608,386

¹ Other financial assets include derivative assets that are not subject to the categorizations.

² Other financial liabilities include lease liabilities, derivative liabilities and negotiated borrowings that are not subject to the categorizations.

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Net gains or losses on each category of financial instruments for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Dividend income				
Financial assets at fair value through other comprehensive income	₩ 7,791	₩ 9,971	₩ 3,231	₩ 16,284
Financial assets at fair value through profit or loss	-	249	-	289
Impairment losses (reversal)				
Financial assets at amortized cost	(133)	(168)	18	(542)
Interest income				
Financial assets at amortized cost	86,864	272,760	94,953	229,138
Interest expense				
Financial assets at amortized cost ¹	(586)	(3,677)	(5,761)	(29,160)
Other financial liabilities	(1,296)	(7,419)	(2,209)	(6,216)
Financial liabilities at amortized cost	(306,478)	(793,323)	(201,984)	(483,394)
Gain (loss) on valuation and disposal				
Financial assets at fair value through profit or loss	(10,908)	6,882	30,329	34,051
Financial assets at fair value through other comprehensive income	104,936	46,532	(55,383)	(88,036)
Derivative instruments	(314,252)	236,723	157,920	300,538
Exchange differences				
Financial assets at amortized cost	(363,675)	166,164	231,754	581,935
Financial liabilities at amortized cost	762,092	(23,975)	(598,323)	(588,650)
Derivative instruments	-	-	-	(517)
Other financial liabilities	-	(121)	2,689	892

¹ Fees paid to financial institutions for factoring.

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6. Cash and Cash Equivalents

Details of cash and cash equivalents as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024		December 31, 2023	
Bank deposits and cash on hand	₩	3,386,428	₩	3,411,992
Deposits held by financial institutions and others		5,445,478		5,672,907
Total	₩	8,831,906	₩	9,084,899

As at September 30, 2024, cash and cash equivalents include ₩253,317 million(December 31, 2023: ₩7,038 million), which is subject to a restriction on the use in association with the national R&D projects.

7. Trade and Other Receivables

Trade and other receivables and its provisions for impairment, as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>		September 30, 2024		
		Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩	8,661,471	₩ (2,469)	₩ 8,659,002
Non-current trade receivables		365,279	-	365,279
Other current receivables		527,975	(628)	527,347
Other non-current receivables		436,150	-	436,150
Total	₩	9,990,875	₩ (3,097)	₩ 9,987,778

<i>(in millions of Korean won)</i>		December 31, 2023		
		Gross amount	Provision for impairment	Carrying amount
Trade receivables	₩	8,085,762	₩ (2,810)	₩ 8,082,952
Non-current trade receivables		129,996	-	129,996
Other current receivables		682,806	(628)	682,178
Other non-current receivables		427,693	-	427,693
Total	₩	9,326,257	₩ (3,438)	₩ 9,322,819

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Details of other receivables as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)	September 30,		December 31, 2023	
	2024			
Current				
Non-trade receivables	₩	464,530	₩	565,769
Deposits held by financial institutions ¹		2,103		57,106
Accrued income		20,888		16,570
Guarantee deposits provided		39,826		42,733
		<u>527,347</u>		<u>682,178</u>
Non-current				
Non-trade receivables		29,130		35,255
Deposits held by financial institutions ¹		272,408		267,558
Loans		15,949		9,890
Guarantee deposits provided		118,663		114,990
		<u>436,150</u>		<u>427,693</u>
Total	₩	<u>963,497</u>	₩	<u>1,109,871</u>

¹ As at September 30, 2024, ₩266,100 million (December 31, 2023: ₩266,100 million) is withdrawal restricted in relation to large-, small- and medium-sized companies cooperation agreement, ₩129 million is restricted in use to be retained in connection with maintaining checking accounts (December 31, 2023: ₩114 million) is restricted in use. There are no employee loan deposits as at September 30, 2024 (December 31, 2023: ₩5,000 million). Also, PLN 1 million (December 31, 2023: PLN 4 million) is withdrawal restricted in relation to overseas transportation of hazardous waste and USD 4 million is restricted for use as collateral for the issuance of LOC.

The aging analysis of trade and other receivables as at September 30, 2024 and December 31, 2023, is as follows:

(in millions of Korean won)	September 30, 2024		December 31, 2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Receivables not past due	₩ 8,588,090	₩ 930,916	₩ 8,065,741	₩ 1,053,672
Past due but not impaired	436,118	32,581	148,163	56,199
Up to 3 months	362,883	16,446	106,433	31,350
Between 3-6 months	72,143	5,582	40,162	14,950
Over 6 months	1,092	10,553	1,568	9,899
Impaired receivables	<u>2,542</u>	<u>628</u>	<u>1,854</u>	<u>628</u>
Total	<u>₩ 9,026,750</u>	<u>₩ 964,125</u>	<u>₩ 8,215,758</u>	<u>₩ 1,110,499</u>

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Movements on the provision for impairment of trade and other receivables for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024							
	Trade receivables				Other receivables			
	Current		Non-current		Current		Non-current	
Beginning balance	₩	2,810	₩	-	₩	628	₩	-
Reversal		(167)		-		-		-
Write-off		(113)		-		-		-
Exchange differences		(61)		-		-		-
Ending balance	₩	2,469	₩	-	₩	628	₩	-

(in millions of Korean won)

	December 31, 2023							
	Trade receivables				Other receivables			
	Current		Non-current		Current		Non-current	
Beginning balance	₩	5,017	₩	-	₩	682	₩	-
Reversal		(636)		-		-		-
Write-off		(1,234)		-		(54)		-
Exchange differences		(337)		-		-		-
Ending balance	₩	2,810	₩	-	₩	628	₩	-

As at September 30, 2024 and December 31, 2023, the carrying amounts of trade and other receivables are approximation of their fair values.

The Group transferred trade receivables to financial institutions and derecognized the trade receivables from the financial statements at the date of disposal, as substantial all the risks and rewards were transferred and as at September 30, 2024, the balance of transferred trade receivables is ₩ 251,422 million (December 31, 2023: ₩ 38,358 million)..

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8. Other Financial Assets and Liabilities

Details of other financial assets and liabilities as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024	December 31, 2023
Other financial assets		
Financial assets at amortized cost (current)	₩ 5,828	₩ -
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	450	51
Financial assets at fair value through profit or loss (derivative instruments) (current)	144,879	141,377
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	355	38
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	713,408	634,623
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	250,601	206,353
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)	783,863	387,487
	<u>1,899,384</u>	<u>1,369,929</u>
Other financial liabilities		
Financial guarantee contracts	-	3,715
Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)	1,735	3,936
Financial liabilities at fair value through profit or loss (derivative instruments) (current)	351,568	516,259
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	172	962
Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)	158,253	98,988
Financial liabilities at amortized cost (non-current)	699,100	-
	<u>₩ 1,210,828</u>	<u>₩ 623,860</u>

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Changes in equity and debt instruments included in other financial assets for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024	December 31, 2023
Beginning balance	₩ 1,022,110	₩ 958,060
Acquisitions / transfer	458,349	273,210
Disposals	(35,290)	(4,640)
Loss on valuation through other comprehensive income (before income tax effects)	46,532	(222,998)
Gain on valuation through profit or loss	6,882	15,535
Exchange differences on translation of foreign operations	4,516	2,943
Ending balance	<u>₩ 1,503,099</u>	<u>₩ 1,022,110</u>

The Group has entered into a Put-Option agreement regarding its equity investment for Volta Energy Solutions S.a.r.l for the purpose of guaranteeing the principal amount of investments. The main conditions of the Put-Option agreement are as follows:

Category	Details
Exercise date	For three years from the date on which three years lapse since it was acquired (Date of initial investment: January 27, 2021)
Exercise price	Investment amount deducting dividends (received from the time of investment to the time of exercise) from the investment
Other conditions	Put option cannot be exercised in case Volta Energy Solutions S.a.r.l is listed

During the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, the Group did not recognize impairment for other financial assets.

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9. Inventories

Details of inventories as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

		September 30, 2024		
		Gross amount	Provision for impairment	Carrying amount
Merchandise	₩	557,117	₩ (57,598)	₩ 499,519
Finished / Semi-finished products		5,119,119	(292,125)	4,826,994
Work-in-process		25,009	-	25,009
Raw materials		2,904,655	(45,863)	2,858,792
Supplies		348,385	-	348,385
Goods-in-transit		922,884	-	922,884
Total	₩	9,877,169	₩ (395,586)	₩ 9,481,583

(in millions of Korean won)

		December 31, 2023		
		Gross amount	Provision for impairment	Carrying amount
Merchandise	₩	487,525	₩ (33,453)	₩ 454,072
Finished / Semi-finished products		5,217,031	(256,599)	4,960,432
Work-in-process		18,443	-	18,443
Raw materials		2,565,721	(81,448)	2,484,273
Supplies		341,616	-	341,616
Goods-in-transit		1,116,491	-	1,116,491
Total	₩	9,746,827	₩ (371,500)	₩ 9,375,327

During the nine-month period ended September 30, 2024, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩22,549,570 million (2023: ₩ 26,974,239 million).

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10. Investments in Associates and Joint Ventures

Changes in investments in associates and joint ventures for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in millions of
Korean won)

	September 30, 2024									
	Beginning balance	Acquisitions / transfer	Dividends	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Impairment / disposals	Others	Ending balance		
TECHWIN Co., Ltd.	₩ 16,284	₩ -	₩ -	₩ (1,297)	₩ -	₩ -	₩ -	₩ 14,987		
SEETEC Co., Ltd	138,148	-	(7,500)	7,795	-	-	-	138,443		
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	17		
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	79,383	-	-	2,106	2,790	-	-	84,279		
PT.HLI Green Power ¹	162,273	-	-	(42,710)	(22,595)	-	(96,968)	-		
Sam-a Aluminium Company, Limited	46,257	-	(150)	(422)	-	-	-	45,685		
NEXPO Co., Ltd	2,186	1,900	-	(160)	-	-	-	3,926		
Bricks Capital Management Global Battery Private Equity Fund I	12,843	5,761	-	(605)	-	-	-	17,999		
TL Chemical CO., Ltd	49,203	-	-	1,433	-	-	-	50,636		
LG Toray Hungary Battery Separator Kft.	451,408	-	-	15,682	13,578	-	48,361	529,029		
KOREA PRECURSOR CO., LTD.	47,604	-	-	(10,245)	-	-	-	37,359		
	₩ 1,005,606	₩ 7,661	₩ (7,650)	₩ (28,423)	₩ (6,227)	₩ -	₩ (48,607)	₩ 922,360		

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(in millions of
Korean won)

(in millions of Korean won)

December 31, 2023																
	Beginning balance		Acquisitions / transfer		Dividends		Share of profit (loss) of associates and joint ventures		Share of other comprehensive income (loss) of associates and joint ventures		Impairment / disposals		Others		Ending balance	
TECHWIN Co., Ltd.	₩	16,526	₩	-	₩	-	₩	(242)	₩	-	₩	-	₩	-	₩	16,284
SEETEC Co., Ltd		134,482		-		(5,000)		9,187		-		-		(521)		138,148
LG Life Sciences Poland Ltd.		17		-		-		-		-		-		-		17
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.		81,179		-		-		(1,612)		(184)		-		-		79,383
VINFAST LITHIUM BATTERY PACK, LLC. ²		2,428		-		-		(482)		65		(2,011)		-		-
Jiangxi VL Battery Co., Ltd ³		13,323		-		-		(1,317)		543		(12,549)		-		-
PT.HLI Green Power		187,945		-		-		(29,606)		3,934		-		-		162,273
Sam-a Aluminium Company, Limited		-		46,575		-		(318)		-		-		-		46,257
NEXPO Co., Ltd		-		2,375		-		(189)		-		-		-		2,186
Bricks Capital Management Global Battery Private Equity Fund I		-		13,381		-		(538)		-		-		-		12,843
TL Chemical CO., Ltd		47,816		-		-		1,387		-		-		-		49,203
LG Toray Hungary Battery Separator Kft.		445,999		-		-		(7,025)		20,834		-		(8,400)		451,408
KOREA PRECURSOR CO., LTD.		19,838		30,576		-		(2,556)		(156)		-		(98)		47,604
	₩	949,553	₩	92,907	₩	(5,000)	₩	(33,311)	₩	25,036	₩	(14,560)	₩	(9,019)	₩	1,005,606

¹ During the nine-month period ended September 30, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement.

² During the year ended December 31, 2023, the Group disposed 100% ownership shares of VINFAST LITHIUM BATTERY PACK LLC.

³ During the year ended December 31, 2023, the Group disposed 100% ownership shares of Jiangxi VL Battery Co., Ltd.

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The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the joint ventures or associates:

(in millions of
Korean won)

		September 30, 2024					
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Carrying amount	
LG Toray Hungary Battery Separator Kft.	₩ 835,409	50	₩ 417,704	₩ 62,946	₩ 48,379	₩ 529,029	
SEETEC Co., Ltd	283,825	50	141,913	-	(3,470)	138,443	
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	172,507	49	84,528	-	(249)	84,279	

(in millions of
Korean won)

		December 31, 2023					
	Net Asset (a)	Group's share in % (b)	Group's share in KRW (a x b)	Investment difference	Intercompany transactions, etc.	Carrying amount	
LG Toray Hungary Battery Separator Kft.	₩ 776,928	50	₩ 388,464	₩ 71,344	₩ (8,400)	₩ 451,408	
PT.HLI Green Power	434,608	50	217,304	-	(55,030)	162,274	
SEETEC Co., Ltd	283,236	50	141,618	-	(3,470)	138,148	
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	163,773	49	80,249	-	(866)	79,383	

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11. Property, Plant and Equipment

Changes in property, plant and equipment for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024		December 31, 2023	
Beginning balance	₩	38,950,393	₩	29,662,743
Business combination (Note 37)		1,026,339		935
Acquisitions / transfer		18,087,279		19,164,385
Disposals / transfer		(7,203,192)		(6,487,541)
Exchange differences		417,521		497,536
Depreciation		(3,035,215)		(3,555,738)
Impairment		(117,506)		(201,339)
Transfer to assets held for sale (Note 34)		(17,930)		(130,588)
Ending balance	₩	48,107,689	₩	38,950,393

During the nine-month ended September 30, 2024, the Group capitalized ₩113,065 million of borrowing costs (2023: ₩57,049 million) in relation to acquisition of property, plant and equipment, on property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 3.29%~4.65% (2023: 3.36%).

Line items including depreciation in the consolidated income statements for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024		2023	
	Three months	Nine months	Three months	Nine months
Cost of sales	₩ 986,495	₩ 2,718,908	₩ 797,255	₩ 2,312,332
Selling and administrative expenses	106,906	306,603	91,261	260,731
Discontinued operations	3,798	9,704	6,623	24,399
Total	₩ 1,097,199	₩ 3,035,215	₩ 895,139	₩ 2,597,462

Details of property, plant and equipment provided as collateral as at September 30, 2024, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2024				
	Carrying amount	Secured amount	Related line item	Related amount	Secured party
			Borrowings		
Buildings and others	₩ 130,145	₩ 378,000	(Note 14)	₩ 255,000	KDB Bank

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Leases

Amounts recognized in the consolidated statement of financial position

Details of right-of-use assets in consolidated statement of financial position are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024		December 31, 2023	
Right-of-use assets ¹				
Real estate	₩	680,667	₩	479,818
Machinery		44,563		43,631
Vehicles		33,971		35,853
Tools		2,875		1,765
Equipment		995		1,013
	₩	<u>763,071</u>	₩	<u>562,080</u>

¹ Included in the line item 'Property, plant and equipment' in the consolidated statements of financial position.

Additions to the right-of-use assets for the nine-month period ended September 30, 2024, were ₩ 305,952 million (2023: ₩ 212,856 million).

<i>(in millions of Korean won)</i>	September 30, 2024		December 31, 2023	
Lease liabilities ¹				
Current	₩	124,997	₩	100,130
Non-current		565,186		391,736
	₩	<u>690,183</u>	₩	<u>491,866</u>

¹ Included in the line item 'Borrowings' in the consolidated statements of financial position.

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Amounts recognized in the consolidated income statements

Lease related expenses recognized in the consolidated income statements for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Depreciation of right-of-use assets				
Real estate	₩	73,924	₩	65,189
Machinery		5,297		6,928
Vehicles		16,921		15,660
Tools		992		1,596
Equipment		281		260
	₩	97,415	₩	89,633
Interest expense relating to lease liabilities (included in finance cost)	₩	7,419	₩	6,216
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)		31,867		26,917
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)		14,393		14,525

Total cash outflow for leases for the nine-month period ended September 30, 2024, was ₩ 150,878 million (2023: ₩ 138,152 million).

12. Intangible Assets

Changes in intangible assets for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024		December 31, 2023	
Beginning balance	₩	3,692,922	₩	2,690,203
Business combination (Note 37)		149,067		841,305
Acquisitions/ transfer		438,160		593,626
Disposals/ transfer		(13,712)		(49,334)
Exchange differences		57,867		75,296
Amortization		(342,788)		(398,196)
Impairment		(27,848)		(4,745)
Transfer to assets held for sale (Note 34)		(178)		(55,233)
Ending balance	₩	3,953,490	₩	3,692,922

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Line items including amortization of intangible assets for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Cost of sales	₩ 19,006	₩ 63,265	₩ 16,166	₩ 46,495
Selling and administrative expenses	93,524	273,417	83,821	238,652
Discontinued operations	2,067	6,106	3,514	10,555
Total	₩ 114,597	₩ 342,788	₩ 103,501	₩ 295,702

Total research and development costs recognized as expenses amounted to ₩1,574,570 million (2023: ₩1,467,953 million) for the nine-month period ended September 30, 2024.

Details of greenhouse gas emission permits included in other intangible assets are as follows:

Greenhouse gas emission permits held for the purpose of fulfilling obligations

The number of greenhouse gas emission permits received at free of charge for the 3rd planning period (2021 to 2025) is as follows:

(in thousands of tons)	2021	2022	2023	2024	2025	Total
Allocation with nil consideration	10,167	10,504	9,073	9,220	9,217	48,181

Changes in greenhouse gas emission permits during the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in thousands of tons and millions of Korean won)	September 30, 2024							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /Allocation with nil consideration	8,666	₩ -	10,167	₩ -	10,504	₩ -	9,073	₩ -
Purchase/Sale	(69)	1,111	(339)	(20)	(788)	179	(615)	170
Exchange	100	-	(100)	-	-	-	-	-
Borrowings/Carry forwards between years	(49)	(388)	(392)	388	(769)	-	139	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	(8,947)	(179)	(8,597)	(170)
Ending balance	-	₩ -	-	₩ -	-	₩ -	-	₩ -

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(in thousands of tons and
millions of Korean won)

	September 30, 2024					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /						
Allocation with nil consideration	9,220	₩ -	9,217	₩ -	56,847	₩ -
Purchase/Sale	-	-	-	-	(1,811)	1,440
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	1,071	-	-	-	-	-
Surrendered to the government	-	-	-	-	(35,528)	(1,440)
Ending balance	10,291	₩ -	9,217	₩ -	19,508	₩ -

(in thousands of
tons and millions
of Korean won)

	December 31, 2023							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance								
/Allocation with nil consideration	8,666	₩ -	10,167	₩ -	10,504	₩ -	9,368	₩ -
Purchase/Sale	(69)	1,111	(339)	(20)	(788)	179	(317)	-
Exchange	100	-	(100)	-	-	-	-	-
Borrowings/Carry forwards between years	(49)	(388)	(392)	388	(769)	-	1,210	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	(8,947)	(179)	-	-
Ending balance	-	₩ -	-	₩ -	-	₩ -	10,261	₩ -

(in thousands of tons and
millions of Korean won)

	December 31, 2023					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /						
Allocation with nil consideration	9,233	₩ -	9,233	₩ -	57,171	₩ -
Purchase/Sale	-	-	-	-	(1,513)	1,270
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	-	-	-	-	-	-
Surrendered to the government	-	-	-	-	(26,931)	(1,270)
Ending balance	9,233	₩ -	9,233	₩ -	28,727	₩ -

During the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, there are no greenhouse gas emission permits held for short-term trading purpose.

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Details of Greenhouse gas emission permits included in other intangible assets of consolidated financial statements regarding the EU ETS (Emissions Trading System) for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in thousands of tons, in
millions of Korean won)

	September 30, 2024		December 31, 2023	
	Quantity	Amount	Quantity	Amount
Beginning balance	153	₩ 13,809	87	₩ 8,002
Increase	62	4,510	170	16,875
Used	(115)	(8,361)	(104)	(11,068)
Ending balance	100	₩ 9,958	153	₩ 13,809

13. Other Current and Non-current Assets

Details of other current and non-current assets as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	2024	2023
Current		
Prepayments to suppliers and prepaid expenses	₩ 445,316	₩ 348,182
Prepaid value added tax	270,655	287,977
Others	1,114,647	575,215
Total	₩ 1,830,618	₩ 1,211,374
Non-current		
Net defined benefit assets	₩ 357,101	₩ 494,818
Long-term prepayments and long-term prepaid expenses	316,446	279,407
Others	151	146
Total	₩ 673,698	₩ 774,371

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14. Borrowings

Borrowings as at September 30, 2024 and December 31, 2023, consist of:

(in millions of Korean won)	2024		2023	
Current				
Short-term borrowings	₩	3,160,244	₩	1,875,362
Current portion of long-term borrowings		1,837,073		1,470,152
Current portion of debentures		4,014,253		3,632,138
Current lease liabilities		124,997		100,130
		<u>9,136,567</u>		<u>7,077,782</u>
Non-current				
Long-term borrowings		6,103,283		6,330,484
Debentures		12,307,769		8,128,112
Lease liabilities		565,186		391,736
		<u>18,976,238</u>		<u>14,850,332</u>
Total	₩	28,112,805	₩	21,928,114

Details of general borrowings as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)				Interest rate(%) as at September 30,	Carrying amount			
Currency	Bank	Latest maturity date			September 30, 2024		December 31, 2023	
Short-term borrowings				2024	Current	Non-current	Current	Non-current
					₩	₩	₩	₩
Bank loans	Korean won	NH Bank and others	March 28, 2025	4.74 and others	₩ 314,729	₩ -	₩ -	₩ -
	Foreign currency	KB Kookmin Bank and others	September 25, 2025	4.13 and others	2,845,515	-	1,875,362	-
Total					<u>₩ 3,160,244</u>	<u>₩ -</u>	<u>₩ 1,875,362</u>	<u>₩ -</u>
Long-term borrowings								
Bank loans	Korean won	KDB Bank and others ¹	January 30, 2030	3.05 and others	₩ 150,000	₩ 555,000	₩ 200,000	₩ 505,000
	Foreign currency	DOE and others	October 25, 2032	4.55 and others	1,687,073	5,680,523	1,270,249	5,825,873
Less: discount on long-term borrowings					-	(132,240)	(97)	(389)
Total					<u>₩ 1,837,073</u>	<u>₩ 6,103,283</u>	<u>₩ 1,470,152</u>	<u>₩ 6,330,484</u>
Debentures								
Public debentures	Korean won	KB Securities Co., Ltd. and others	February 19, 2036	3.73 and others	₩ 825,000	₩ 6,275,000	₩ 990,000	₩ 4,400,000
Private debentures	Korean won	KB Securities Co., Ltd. and others	May 7, 2036	2.39 and others	-	150,000	-	150,000
Exchangeable bonds ^{2,3}	Foreign currency	CITI Securities and others	July 2, 2034	5.38 and others	1,055,680	5,938,200	644,700	3,610,320
	Foreign currency	CITI Securities and others	July 18, 2030	1.60 and others	2,639,200	-	2,578,800	-
Less: discount on					<u>(505,627)</u>	<u>(55,431)</u>	<u>(581,362)</u>	<u>(32,208)</u>

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(in millions of Korean won)

	Currency	Bank	Latest maturity date	Interest rate(%) as at September 30, 2024	Carrying amount			
					September 30, 2024		December 31, 2023	
debentures					₩ 4,014,253	₩12,307,769	₩ 3,632,138	₩ 8,128,112
Total								

¹ The Group's building is provided as collateral for some borrowings from the KDB Bank (Note 11).

² The details of issued exchangeable bonds (Tranche 1) are as follows:

	Details
Aggregate principal amount	USD 1,000,000,000
Issue price	USD 1,000,000,000
Interest rate (%)	1.25
Issue Date	July 18, 2023
Maturity Date	July 18, 2028
Principal Repayment Method	Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised.
Exchange Target	Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option. 1,883,636 common shares of LG Energy Solution, Ltd. However, despite the bondholder's exercise of the exchange right, the issuer has the option to settle by paying cash equivalent to the consideration instead of issuing the target shares.
Exchange Price (KRW/share)	687,500 (23.07.11 closing price X premium 125%) However, the exchange price may be adjusted according to the standards set in the investment prospectus, such as when the target company pays stock dividends.
Claim Period	August 28, 2023 – July 11, 2028
Early Redemption at the Option of the Issuer	1) After three years and 14 days from the date of payment, if there are more than 20 trading days out of 30 consecutive trading days when the stock price (based on closing price) is 130% or more of the exchange price based on U.S. dollar conversion. 2) When the outstanding principal is less than 10% of the original debt (Clean Up Call) 3) When additional tax burden arises due to revision of related laws, etc.
Early Redemption at the Option of the Bondholders	1) Can be exercised on 2025.07.18 (Optional Put Date) 2) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30

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Details

consecutive Trading Days on the Relevant Stock Exchange

3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)

4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)

³ The details of issued exchangeable bonds (Tranche 2) are as follows:

	Details
Aggregate principal amount	USD 1,000,000,000
Issue price	USD 1,000,000,000
Interest rate (%)	1.60
Issue Date	July 18, 2023
Maturity Date	July 18, 2030
Principal Repayment Method	Maturity repayment: Lump-sum repayment at maturity of the remaining principal and interest of debentures that have been repaid early by maturity or for which the right of exchange has not been exercised. Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.
Exchange Target	1,811,188 common shares of LG Energy Solution, Ltd. However, despite the bondholder's exercise of the exchange right, the issuer has the option to settle by paying cash equivalent to the consideration instead of issuing the target shares.
Exchange Price (KRW/share)	715,000 (23.07.11 closing price X premium 130%) However, the exchange price may be adjusted according to the standards set in the investment prospectus, such as when the target company pays stock dividends.
Claim Period	August 28, 2023 – July 11, 2030 1) After five years and 14 days from the date of payment, if there are more than 20 trading days out of 30 consecutive trading days when the stock price (based on closing price) is 130% or more of the exchange price based on U.S. dollar conversion.
Early Redemption at the Option of the Issuer	2) When the outstanding principal is less than 10% of the original debt (Clean Up Call) 3) When additional tax burden arises due to revision of related laws, etc.

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Early Redemption at the Option of the Bondholders	Details
	1) Can be exercised on 2027.07.18 (Optional Put Date)
	2) When Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange
	3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)
	4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)

Details of the exchangeable bonds (Tranche 1) as of the date of issuance and as at September 30, 2024, are as follows:

(in millions of Korean won)	July 18, 2023	September 30, 2024
Issue price	₩ 1,266,100	₩ 1,319,600
Book amount of exchangeable bonds	991,756	1,109,541
Derivative financial liabilities	263,532	139,970

Details of the exchangeable bonds (Tranche 2) as of the date of issuance and as at September 30, 2024, are as follows:

(in millions of Korean won)	July 18, 2023	September 30, 2024
Issue price	₩ 1,266,100	₩ 1,319,600
Book amount of exchangeable bonds	914,412	1,025,434
Derivative financial liabilities	340,876	211,598

Details of lease liabilities as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)		September 30, 2024				
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current	
Hyundai Oil Bank and others	0.67 ~ 9.00	2082.2.28	₩ 690,183	₩ 124,997	₩	565,186

(in millions of Korean won)		December 31, 2023				
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current	
Hyundai Oil Bank and others	0.67 ~ 8.68	2082.2.28	₩ 491,866	₩ 100,130	₩	391,736

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15. Provisions

Changes in provisions for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024			
	Warranty ¹	Greenhouse gas emission ²	Others ³	Total
Beginning balance	₩ 1,279,460	₩ 8,966	₩ 146,299	₩ 1,434,725
Business combination (Note 37)	1,807	-	-	1,807
Additions	759,113	7,898	28,708	795,719
Used	(438,392)	(8,531)	(36,453)	(483,376)
Ending balance	₩ 1,601,988	₩ 8,333	₩ 138,554	₩ 1,748,875
Current	625,342	8,333	116,360	750,035
Non-current	976,646	-	22,194	998,840

(in millions of Korean won)

	December 31, 2023			
	Warranty ¹	Greenhouse gas emission ²	Others ³	Total
Beginning balance	₩ 1,485,978	₩ 8,712	₩ 65,170	₩ 1,559,860
Additions	771,185	11,501	134,171	916,857
Used	(977,703)	(11,247)	(53,042)	(1,041,992)
Ending balance	₩ 1,279,460	₩ 8,966	₩ 146,299	₩ 1,434,725
Current	413,309	8,966	124,675	546,950
Non-current	866,151	-	21,624	887,775

¹ Warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred due to quality control, exchange and refunds with regard to products. In addition, provisions related to replacement costs for ESS and voluntary automotive battery recalls are determined based on the best estimate and included in the above warranty provision. The provisions are adjusted to reflect the current best estimate. As at September 30, 2024, the above warranty provision included ₩1,596,399 million (December 31, 2023: ₩1,274,438 million) of warranty provision for LG Energy Solution, Ltd. and its subsidiaries.

² Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. The estimated emission as at September 30, 2024, amounts to 6,773 thousand tons (2023: 8,854 thousand tons).

³ The Group recognized as provisions in relation to certain litigations in progress.

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16. Net Defined Benefit Liabilities

Details of net defined benefit liabilities(assets) recognized in the consolidated statements of financial position as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)	September 30,		December 31, 2023	
	2024			
Present value of defined benefit obligations ¹	₩	1,831,499	₩	1,750,986
Fair value of plan assets		(2,173,021)		(2,233,925)
Liabilities (assets) in the consolidated statement of financial position	₩	(341,522)	₩	(482,939)

¹ The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩514 million as at September 30, 2024 (December 31, 2023: ₩587 million).

The amounts recognized in the consolidated income statements for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)				
	2024		2023	
	Three months	Nine months	Three months	Nine months
Current service cost ¹	₩ 54,804	₩ 163,462	₩ 48,612	₩ 147,752
Interest cost	(5,593)	(16,728)	(8,018)	(24,001)
Total, included in employee benefit expenses	₩ 49,211	₩ 146,734	₩ 40,594	₩ 123,751

¹ The above amounts excluded ₩978 million (2023: ₩906 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the nine-month period ended September 30, 2024, amounted to ₩13,019 million (2023: ₩10,651 million).

Post-employment benefits recognized in the consolidated income statements for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)				
	2024		2023	
	Three months	Nine months	Three months	Nine months
Cost of sales	₩ 27,604	₩ 85,592	₩ 15,631	₩ 65,984
Selling and administrative expenses	23,180	69,796	25,757	62,007
Discontinued operations	1,451	4,365	2,264	6,411
Total	₩ 52,235	₩ 159,753	₩ 43,652	₩ 134,402

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Movements in the present value of defined benefit obligations for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30,		December 31, 2023	
	2024			
Beginning balance	₩	1,750,986	₩	1,554,870
Transferred-in liability due to intercompany transfer		2,583		15,195
Transferred-out liability due to intercompany transfer		(1,448)		(8,849)
Current service cost		164,440		203,005
Interest expense		59,520		80,529
Remeasurements:				
Actuarial loss from change in demographic assumptions		-		2,290
Actuarial loss from change in financial assumptions		-		12,394
Actuarial loss from experience adjustments		-		59,020
Others		-		(2,303)
Exchange differences		(1,358)		(10,294)
Payments from plans ¹		(143,224)		(154,871)
Ending balance	₩	1,831,499	₩	1,750,986

¹The amount paid to employees who converted to the defined contribution plan for the nine-month period ended September 30, 2024, is ₩88,354 million (December 31, 2023: ₩113,563 million).

Movements in the fair value of plan assets for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30,		December 31, 2023	
	2024			
Beginning balance	₩	2,233,925	₩	2,153,449
Transferred-out plan assets due to intercompany transfer		(383)		(1,356)
Interest income		76,247		112,537
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(3,322)		3,844
Contributions:				
Employers		1,177		106,411
Payments from plans ¹		(132,321)		(137,389)
Administrative costs		(2,302)		(3,571)
Ending balance	₩	2,173,021	₩	2,233,925

¹The amount paid to employees who converted to the defined contribution plan for the nine-month period ended September 30, 2024, is ₩88,354 million (December 31, 2023: ₩113,563 million).

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The actual return on plan assets for the nine-month period ended September 30, 2024, was ₩72,925 million and for the year ended December 31, 2023, was ₩116,381 million.

The significant actuarial assumptions as at September 30, 2024 and December 31, 2023, are as follows:

	September 30, 2024	December 31, 2023
Discount rate	4.5%~4.7%	4.5%~4.7%
Salary growth rate	5.0%~6.0%	5.0%~6.0%

The sensitivity analysis for changes in key actuarial assumptions as at September 30, 2024, is as follows:

<i>(in millions of Korean won)</i>	Increase by 0.5%		Decrease by 0.5%	
Discount rate:				
Increase (decrease) in defined benefit obligations	₩	(190,533)	₩	227,155
Salary growth rate:				
Increase (decrease) in defined benefit obligations	₩	236,212	₩	(200,481)

The decline in rate of return of the gilt, which is the discount rate, is exposed to the most significant risk through an increase in the defined benefit liability.

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 principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Plan assets as at September 30, 2024 and December 31, 2023, consist of:

<i>(in millions of Korean won)</i>	September 30, 2024		December 31, 2023	
	Amount	Composition (%)	Amount	Composition (%)
Insurance contracts with guaranteed yield	₩ 2,153,714	99.1	₩ 2,212,965	99.1
Equity linked bonds	19,304	0.9	20,899	0.9
Time deposits	3	0.0	61	0.0
	₩ 2,173,021	100.0	₩ 2,233,925	100.0

Plan assets consist of various debt instruments with principal and interest protection and others which have no quoted market prices in an active market.

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17. Other Current and Non-Current Liabilities

Details of other current and non-current liabilities as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>		September 30,		December 31, 2023	
		2024			
Current					
Advances from customers	₩	308,603	₩	247,150	
Withholdings		157,529		302,890	
Unearned revenues		87,163		119,399	
Accrued expenses		469,724		477,405	
Total	₩	1,023,019	₩	1,146,844	
Non-current					
Long-term accrued expenses	₩	79,749	₩	76,000	
Long-term unearned revenues		106,978		163,497	
Long-term advanced received		1,402,330		1,279,493	
Total	₩	1,589,057	₩	1,518,990	

18. Commitments and Contingencies

- (a) As at September 30, 2024, the Parent Company and certain subsidiaries have been guaranteed by Seoul Guarantee Insurance Company for the execution of contracts and others.
- (b) As at September 30, 2024, the Parent Company and certain subsidiaries have various specific line of credit agreements with several financial institutions, as follows:

(Unit: Korean won in millions, foreign currencies in millions)

Classification	The Parent Company		Certain Subsidiaries								
	KRW	USD	KRW	USD	CNY	EUR	PLN	INR	THB	MYR	JPY
Limit of bank overdraft	₩20,400	-	₩8,700	-	29	310	-	-	-	-	-
Limit of the letter of credit	15,000	703	-	241	888	-	-	-	-	-	500
Limit of discount of notes from export	-	935	-	1,254	560	-	-	-	-	-	-
Limit of guaranteed payments in other foreign currency	-	73	50,600	432	622	-	-	-	-	-	-
Limit of loan arrangements	350,000	-	990,000	7,474	11,807	2,821	41	46	1	110	-
Limit of import loan	-	-	-	40	-	-	-	-	-	-	-
Derivatives	-	40	430,000	3,000	-	210	-	-	-	-	-

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The Parent Company and certain subsidiaries also entered into comprehensive credit line agreements with other financial institutions relating to trade finance and import/export (including bank overdraft) amounting to ₩30,000 million and USD 245 million. Certain subsidiaries entered into factoring agreements with a limit of ₩150,000 million.

(c) As at September 30, 2024, the Parent Company and certain subsidiaries have B2B purchase arrangements with several financial institutions with limit of ₩356,000 million and ₩190,000 million, respectively.

(d) As at September 30, 2024, the Parent Company has reverse factoring agreements, and there is no utilized amount.

(e) As at September 30, 2024, the Group's litigation status is as follows:

As at September 30, 2024, in connection with styrene monomer gas leakage accident, several lawsuits against the Group have been filed with National Green Tribunal of India (NGT) and Andhra Pradesh High Court (APHC). The ultimate outcome of these cases cannot be determined at the reporting date. LG Polymer India Pvt. Ltd. deposited INR 500 million under the order from NGT, and deposited INR 953 million generated from sales of inventories under the order from APHC in connection with this accident. The manufacturing facility is currently closed with limited access in accordance with the order from APHC.

As at September 30, 2024, in relation to small rechargeable batteries sales and General Motors ("GM") Bolt EV, the consumers have filed five class actions against the Group. However, the ultimate outcome of these cases cannot be determined at the reporting date.

In addition, as at September 30, 2024, the Parent Company and certain subsidiaries have been named as plaintiffs in ten (related claim amount of ₩ 25,467 million) and 23 (related claim amount of USD 90 million and ₩6,373 million) legal actions, respectively. They have been named as defendants in 14 and 62 legal actions, respectively, with ₩91,005 million and ₩2,612 million, respectively, in claims. The ultimate outcome of these cases cannot be determined at the reporting date.

(f) The Parent Company has entered into manufacture and production technical contracts with ExxonMobil and others.

(g) The Parent Company has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.

(h) As at September 30, 2024, the Group has entered into a payment guarantee contract of USD 7 million, and certain subsidiaries have entered into payment guarantee contracts of USD 51 million, EUR 5 million with financial institutions to guarantee the warranty of products and payment. Certain subsidiaries have entered into payment guarantee contracts of CNY 305 million with financial institutions in relation to the customs of imported raw materials.

(i) Capital expenditure arrangement that has not incurred as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024	December 31, 2023
Property, plant and equipment	₩ 10,473,747	₩ 9,416,171

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- (j) As at September 30, 2024, the Group has entered into an agreement with GM regarding joint investment in Ultium Cells Holdings LLC and Ultium Cells LLC, whereby each party can sell its shares to third parties in eight years after the inception of the contract. In addition, if one party defaults, the other party has the right-to-purchase shares from the other party. The Group completed the process of approval by the government for the use of core technologies according to the Industrial Technology Protection Act.
- (k) As at September 30, 2024, the Group has entered into a joint venture agreement with Honda in which the Group agreed to invest USD 1,802 million. At the end of the current period, a total investment of USD 1,118 million has been made. In addition, during 2022, the Group determined payment guarantees of USD 450 million for the joint venture, in accordance with the equity ratio of the borrowing with a credit limit of USD 883 million. Additionally, in the event of default, other equity investors have the right to purchase the applicable interest.
- (l) As at September 30, 2024, the Group has entered into a joint venture agreement with Stellantis in which the Group agreed to invest USD 1,464 million. At the end of the current period, a total investment of USD 1,020 million has been made. Additionally, in the event of default, other equity investors have the right to purchase the applicable interest.
- (m) As at September 30, 2024, the Group has entered into a joint venture agreement with HMG Global LLC, in which the Group agreed to invest USD 1,108 million. At the end of the current period, a total investment of USD 475 million has been made. Additionally, after the expiration of the contract period, it is possible to transfer the applicable interest to a third party, and in the event of default, other equity investors have the right to purchase the applicable interest.
- (n) As at September 30, 2024, the Group has entered into an agreement for USD 2,048 million for the construction of a new plant for LG Energy Solution Arizona, Inc.
- (o) As at September 30, 2024, the Group and certain subsidiaries' investment agreements are as follows:

(in millions of Korean won,
USD and EUR)

	Currency	Committed investments	Cumulative investments	Remaining
KBE Fund	KRW	150,000	81,944	68,056
BCM Global Battery Fund	KRW	30,000	13,339	16,661
Secondary battery growth Fund	KRW	6,700	4,677	-
Gross Acceleration Fund	KRW	5,000	4,900	100
Yonsei Technology Holdings IP Fund	KRW	3,000	2,040	960
BNZ (Beyond Net Zero) Fund	USD	150	74	76
Phoenix Venture Partners III ¹	USD	10	5	5
U.S. Venture Partners XII ¹	USD	5	4	1
U.S. Venture Partners XIII ¹	USD	5	2	3
Emerald Industrial Innovation Fund IX ¹	EUR	5	1	4

¹ Investment agreements of LG Chem Fund LLC.

- (p) The Group has the right to request GS EPS to sell all of its shares at fair value, once in a year, after 20 years from the commencement of commercial operation of its subsidiary, TW Biomassenergy Co., Ltd. Additionally, GS EPS has the right to request LG Chem to purchase all of its shares at fair value.

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- (q) For the six-month period ended June 30, 2022, the Parent Company acquired 50% of new shares issued by LG Toray Hungary Battery Separator Kft. for USD 375 million in accordance with the joint venture agreement with Toray Industries, Inc. The shares were recognized as investment in associates, as it was determined that there was a joint control under the agreement. The details on agreements entered into upon the acquisition of shares are as follows:

	Details
Agreement to purchase additional shares	After 30 months from the acquisition date of the 50% shares, purchasing the 20% shares through the agreed pricing method.
Restrictions on share transfer	- During the lock-up period ¹ , share transfer is prohibited without prior written consent of the other shareholder. - When sold to a third party, the Parent Company holds a drag-along right and Toray Industries, Inc. holds a tag-along right.
Default	In case the Parent Company or the contracting party defaults, non-default shareholder and subsidiaries have the right to request the default shareholder to sell their shares (Call Option) and the default shareholder to purchase the shares held by the non-default shareholder (Put Option).
Exit put option	Once the lock-up period ¹ ends, the other shareholder has a put option to sell the remaining 30% of the shares to the Parent Company.
Deadlock	After 30 months from the acquisition date of the 50% shares, in the event of a deadlock agreed by both parties, 1) the Parent Company holds a call option to request the counterparty's company and affiliates to sell their shares. 2) The other party holds a put option to request the Parent Company to purchase shares of the counterparty.

¹ Lock-up period: Restriction period of share transfer for five years from the time the Parent Company acquires 50% of the shares.

- (r) Certain subsidiaries provide payment guarantees for borrowings as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)			Amount of borrowing ¹		Guaranteed amount ²	
Guarantor	Guaranteed company	Creditor	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
LG ENERGY SOLUTION, LTD.	PT. HLI Green Power ³	ANZ and others	₩ -	₩ 285,602	₩ -	₩ 458,382

¹ It is the amount of borrowing as at September 30, 2024 and December 31, 2023.

² It is a total amount guaranteed.

³ During the nine-month period ended September 30, 2024, it is included in the consolidation.

- (s) During the year ended December 31, 2023, the Group issued exchangeable bonds targeting the stocks of LG Energy Solution, LTD., and recognized the right of exchange and option included in the exchangeable bonds as a derivative financial liability (Note 14).

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- (t) As at September 30, 2024, the Group has provided as collateral for borrowings of ₩255,000 million from the KDB Bank, and upon the completion of the building or acquisition of land ownership, the Group has committed to provide the first priority security right (maximum amount of ₩378,000 million) to the KDB Bank (Note 11).

19. Issued Capital

Changes in issued capital and share premium for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

*(in millions of Korean won
and in shares)*

	Ordinary shares		Preferred shares		Share premium
	Number of shares	Issued capital	Number of shares	Issued capital	
January 1, 2023	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036
December 31, 2023	70,592,343	352,962	7,688,800	38,444	2,014,036
September 30, 2024	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036

Changes in treasury shares for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won and in shares)</i>	Number of shares		Carrying amount	Gain on disposal of treasury shares
	Ordinary shares	Preferred shares		
January 1, 2023	-	6,041	₩ 270	₩ 655,927
December 31, 2023	-	6,041	270	655,927
Acquisition of shares	1	-	-	-
September 30, 2024	1	6,041	₩ 270	₩ 655,927

Capital surplus as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024	December 31, 2023
Revaluation reserve	₩ 206,769	₩ 206,769
Share premium	2,014,036	2,014,036
Gain on disposal of treasury shares	655,927	655,927
Other capital surplus	8,695,366	8,695,366
Total	₩ 11,572,098	₩ 11,572,098

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20. Retained Earnings

Retained earnings as at September 30, 2024 and December 31, 2023, consist of:

<i>(in millions of Korean won)</i>	September 30, 2024	December 31, 2023
Legal reserve ¹	₩ 765,060	₩ 765,794
Discretionary reserve ²	16,779,743	16,894,707
Retained earnings before appropriation	2,193,907	1,990,131
Total	₩ 19,738,710	₩ 19,650,632

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital. The reserve is not available for cash dividends payment, but may be transferred to capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

² The Group separately accumulates a discretionary reserve for research and human resource development through appropriation of retained earnings, which has been included as deductible expense for the corporate income tax return according to the Special Tax Treatment Law. Among these reserves, the used amounts for each specific purpose and the balances after use can be transferred to discretionary reserve and will be able used for dividends.

21. Elements of Other Stockholders Equity

Details of other components of equity as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024	December 31, 2023
Treasury shares (Note 19)	₩ (270)	₩ (270)
Capital transactions within the Group ¹	(19,299)	(19,299)
Total	₩ (19,569)	₩ (19,569)

¹ Gain or loss on disposal interest within the consolidated entity, changes in ownership interests and the investment difference, etc., all adjusted for the related deferred corporate tax effects.

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22. Operating Income

Operating Income for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Revenue	₩ 12,670,398	₩ 36,579,502	₩ 13,494,826	₩ 42,114,983
Cost of sales	10,382,786	30,512,046	11,177,109	35,079,485
Gross profit	2,287,612	6,067,456	2,317,717	7,035,498
Other non-operating income ¹	465,974	1,102,722	215,587	426,797
Selling and administrative expenses	2,255,230	6,001,331	1,672,878	5,180,526
Wages and salaries	445,241	1,321,008	439,280	1,269,509
Post-employment benefits (Note 16)	23,180	69,796	25,757	62,007
Employee benefits	106,407	327,102	83,697	292,292
Travel expense	26,698	75,088	29,992	81,502
Water and utilities	37,891	106,811	32,322	92,717
Packaging expense	4,041	10,857	2,633	6,225
Rental expenses	33,135	102,559	38,065	118,152
Commission expenses	300,088	810,394	299,258	832,428
Depreciation (Notes 11 and 36)	107,807	309,311	92,108	263,319
Advertising expense	20,620	62,974	17,022	50,433
Freight expenses	269,288	669,805	179,906	592,678
Training expense	12,046	33,519	16,118	46,337
Amortization (Note 12)	93,524	273,417	83,821	238,652
Sample expense	8,759	26,345	7,034	23,955
Development costs	140,508	417,786	112,575	328,052
Others	625,997	1,384,559	213,290	882,268
Operating income	₩ 498,356	₩ 1,168,847	₩ 860,426	₩ 2,281,769

¹ Under the Inflation Reduction Act, which takes effect on January 1, 2023, manufacturers and sellers of battery cells/modules produced in the United States are eligible for tax deductions of a certain amount. This amount is expected to be revenue that the Group will receive for the nine-month period ended September 30, 2024.

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23. Classification of Expenses by Nature

Cost of sales, and selling and administrative expenses by nature for the three-month and nine-month periods ended September 30, 2024 and 2023, consist of:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Changes in inventories of merchandise, finished goods, semi-finished goods and work in process	₩ (88,366)	₩ 81,426	₩ 370,501	₩ 1,204,030
Raw materials and consumables used	7,252,998	21,330,391	7,534,220	24,603,793
Purchase of merchandise	394,579	1,137,753	429,908	1,166,416
Employee benefit expenses (Note 24)	1,198,096	3,774,715	1,200,099	3,643,589
Advertising expenses	21,206	64,507	17,318	51,299
Freight expenses	284,194	707,867	193,562	635,024
Commission expenses	498,674	1,324,562	494,522	1,383,118
Depreciation and amortization (Notes 11, 12, and 36)	1,206,832	3,364,900	989,350	2,860,717
Rent expenses and usage fee	27,527	78,875	30,842	86,924
Other expenses	1,842,276	4,648,381	1,589,665	4,625,101
Total	₩ 12,638,016	₩ 36,513,377	₩ 12,849,987	₩ 40,260,011

24. Employee Benefit Expenses

Details of employee benefit expenses for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Salaries	₩ 970,142	₩ 3,060,172	₩ 987,725	₩ 2,998,477
Post-employment benefits – Defined benefit plan (Note 16)	47,877	143,080	38,427	117,687
Post-employment benefits – Defined contribution plan (Note 16)	2,907	12,308	2,960	10,304
Others	177,170	559,155	170,987	517,121
Total	₩ 1,198,096	₩ 3,774,715	₩ 1,200,099	₩ 3,643,589

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25. Finance Income and Costs

Details of finance income and costs for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Finance income				
Interest income ¹	₩ 86,864	₩ 272,760	₩ 101,336	₩ 229,138
Dividend income	7,791	10,220	3,230	16,573
Exchange differences	240,739	578,712	123,628	809,630
Gain related to derivative instruments	(203,687)	352,611	196,753	340,940
Gain related to financial assets	(5,975)	24,114	30,241	34,649
Total	<u>₩ 125,732</u>	<u>₩ 1,238,417</u>	<u>₩ 455,188</u>	<u>₩ 1,430,930</u>
Finance costs				
Interest expense ²	₩ 263,589	₩ 691,354	₩ 192,383	₩ 462,476
Exchange differences	(312,140)	534,060	444,077	1,053,095
Loss related to derivative instruments	110,692	119,689	29,632	23,009
Loss related to financial assets	13,573	17,232	(123)	1,414
Total	<u>₩ 75,714</u>	<u>₩ 1,362,335</u>	<u>₩ 665,969</u>	<u>₩ 1,539,994</u>

¹ Details of interest income for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Deposits held by financial institutions	₩ 67,628	₩ 197,949	₩ 72,784	₩ 174,861
Other loans and receivables	19,236	74,811	28,552	54,277
Total	<u>₩ 86,864</u>	<u>₩ 272,760</u>	<u>₩ 101,336</u>	<u>₩ 229,138</u>

² Details of interest expense for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Interest on financial institutions	₩ 131,732	₩ 343,195	₩ 100,200	₩ 279,853
Interest on lease liabilities	1,296	7,419	2,010	6,216
Interest on debentures	162,654	423,762	88,311	188,036
Other interest expenses	12,679	30,043	26,176	44,665
Capitalized interest for qualifying assets	(44,772)	(113,065)	(24,314)	(56,294)
Total	<u>₩ 263,589</u>	<u>₩ 691,354</u>	<u>₩ 192,383</u>	<u>₩ 462,476</u>

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26. Other Non-operating Income

Details of other non-operating income for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Exchange differences	₩ 107,912	₩ 641,151	₩ 308,062	₩ 1,318,204
Gain (loss) on disposal of property, plant and equipment	(1,477)	2,091	14,346	18,077
Gain on disposal of intangible assets	-	14	-	191
Insurance income	763	3,178	6,182	14,915
Gain on disposal of a business	9,244	9,244	-	-
Others	116,553	140,395	13,182	39,791
Total	₩ 232,995	₩ 796,073	₩ 341,772	₩ 1,391,178

27. Other Non-operating Expenses

Details of other non-operating expenses for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Exchange differences	₩ 262,375	₩ 543,736	₩ 348,760	₩ 1,081,274
Loss on disposal of property, plant and equipment	72,431	164,797	16,170	73,519
Loss on disposal of intangible assets	710	1,968	23,962	24,778
Impairment loss on property, plant and equipment (Note 11)	(3,288)	117,506	2,174	4,159
Impairment loss on intangible assets (Note 12)	26,923	27,848	-	-
Loss on disasters	667	777	951	16,991
Donations	10,733	21,027	3,098	14,906
Others	24,261	46,053	13,591	42,221
Total	₩ 394,812	₩ 923,712	₩ 408,706	₩ 1,257,848

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28. Tax Expense and Deferred Tax

Income tax expense is recognized based on the best estimate of weighted average annual income tax rate expected for the full financial year.

The Group is within the scope of Pillar Two model rules and liable to pay an additional tax expense as a parent company of subsidiaries that operates in Indonesia and Vietnam. The Group recognized income tax expense amounting to ₩ 1,639 million for the nine-month period ended September 30, 2024, and applied the exception to recognizing and disclosing information about deferred tax.

29. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent Company by the weighted average number of shares in issue excluding shares purchased by the Parent Company and held as treasury shares. As at the reporting date, the Parent Company has no potential ordinary shares. Preferred shares have a right to participate in the profits of the Group. These participation rights have been considered in presenting the earnings per share information for both of ordinary shares and preferred shares.

Basic earnings per share for profit from continuing operations and earnings per share attributable to the owners of the Parent Company for the three-month and nine-month periods ended September 30, 2024 and 2023, are computed as follows:

Basic earnings (losses) per ordinary share from continuing operations

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Profit (loss) from continuing operations attributable to ordinary shares ¹	₩ 65,073	₩ (141,228)	₩ 357,843	₩ 1,264,183
Weighted average number of ordinary shares outstanding	70,592,343	70,592,343	70,592,343	70,592,343
Basic earnings (losses) per ordinary share from continuing operations <i>(in won)</i>	₩ 922	₩ (2,001)	₩ 5,069	₩ 17,908

Basic earnings (losses) per ordinary share

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Profit (loss) attributable to ordinary shares ¹	₩ 490,894	₩ 328,439	₩ 378,626	₩ 1,279,600
Weighted average number of ordinary shares outstanding	70,592,343	70,592,343	70,592,343	70,592,343
Basic earnings (losses) per ordinary shares <i>(in won)</i>	₩ 6,954	₩ 4,653	₩ 5,364	₩ 18,127

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Basic earnings (losses) per preferred share from continuing operations

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Profit (loss) from continuing operations attributable to preferred share ¹	₩ 7,466	₩ (14,986)	₩ 39,329	₩ 137,968
Weighted average number of preferred shares outstanding	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>
Basic earnings (losses) per preferred share from continuing operations <i>(in won)</i>	<u>₩ 972</u>	<u>₩ (1,951)</u>	<u>₩ 5,119</u>	<u>₩ 17,958</u>

Basic earnings (losses) per preferred share

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Profit (loss) from continuing operations attributable to preferred share ¹	₩ 53,810	₩ 36,129	₩ 41,591	₩ 139,647
Weighted average number of preferred shares outstanding	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>	<u>7,682,759</u>
Basic earnings (losses) per preferred share from continuing operations <i>(in won)</i>	<u>₩ 7,004</u>	<u>₩ 4,703</u>	<u>₩ 5,414</u>	<u>₩ 18,177</u>

¹ Profit attributable to ordinary and preferred shares are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Profit (loss) from continuing operations attributable to the owners of the Parent Company	₩ 72,539	₩ (156,214)	₩ 397,172	₩ 1,402,151
Ordinary shares dividends (A)	97,902	65,411	113,345	383,638
Preferred shares dividends (B)	11,039	7,503	12,720	42,136
Undistributed earnings (losses) from continuing operation for the period	(36,402)	(229,128)	271,107	976,377
Undistributed earnings (losses) available for ordinary shares (C)	(32,829)	(206,639)	244,498	880,545
Undistributed earnings (losses) available for preferred shares (D)	(3,573)	(22,489)	26,609	95,832
Profit (loss) from continuing operations for the period attributable to ordinary shares (A+C)	65,073	(141,228)	357,843	1,264,183
Profit (loss) from continuing operations for the period attributable to preferred shares (B+D)	7,466	(14,986)	39,329	137,968

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(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Profit attributable to the owners of the Parent Company	₩ 544,704	₩ 364,568	₩ 420,217	₩ 1,419,247
Ordinary shares dividends (A)	97,902	65,411	113,345	383,638
Preferred shares dividends (B)	11,039	7,503	12,720	42,136
Undistributed earnings for the period	435,763	291,654	294,152	993,473
Undistributed earnings available for ordinary shares (C)	392,993	263,028	265,281	895,962
Undistributed earnings available for preferred shares (D)	42,770	28,626	28,871	97,511
Profit for the period attributable to ordinary shares (A+C)	490,894	328,439	378,626	1,279,600
Profit for the period attributable to preferred shares (B+D)	53,810	36,129	41,591	139,647

For the nine-month periods ended September 30, 2024 and 2023, there were no dilutive potential outstanding ordinary shares at the reporting date. Accordingly, diluted earnings per share for profit attributable to owners of the Parent Company is identical to basic earnings per share.

Basic and diluted earnings per share attributable to ordinary and preferred shares from discontinued operations for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three months	Nine months	Three months	Nine months
Basic earnings per ordinary share from discontinued operations	₩ 6,032	₩ 6,654	₩ 295	₩ 219
Basic earnings per preferred share from discontinued operations	6,032	6,654	295	219
Diluted earnings per ordinary share from discontinued operations	6,032	6,654	295	219
Diluted earnings per preferred share from discontinued operations	6,032	6,654	295	219

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30. Dividends

The amount of dividends and dividends per share for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(in Korean won and number of share)

	2024		2023	
	Ordinary share	Preferred share	Ordinary share	Preferred share
Number of shares outstanding	70,592,343	7,688,800	70,592,343	7,688,800
Number of treasury shares	-	(6,041)	-	(6,041)
Number of dividend share	70,592,343	7,682,759	70,592,343	7,682,759
Dividend per share	₩ 3,500	₩ 3,550	₩ 10,000	₩ 10,050
Total dividend (in millions of Korean won)	247,073	27,274	705,923	77,212

31. Related Party Transactions

Details of related parties as at September 30, 2024 and December 31, 2023, are as follows:

Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Related party's associates and joint ventures
Significant influence over the group: ¹ LG Corp.			
Subsidiaries of the entity with significant influence:			
LG CNS Co., Ltd.	Biztech On Co., Ltd. and others	LG CNS America Inc. and others	
D&O Corp.	D&O CM and others	D&O CM POLAND sp.z o.o. and others	
LG Management Development Institute			
LG Sports Ltd.			
LG Holdings Japan Co., Ltd.			
Associates and joint ventures: ²			
TECHWIN Co., Ltd.			
LG Chem Life Sciences Poland Ltd.			
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.			
TL Chemical CO., Ltd.			
KOREA PRECURSOR CO., LTD.			
LG Toray Hungary Battery SEETEC Co., Ltd.			
PT.HLI Green Power.			
Sam-a Aluminium Company,			

LG Chem, Ltd. and Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements September 30, 2024 and 2023 (Unaudited), and December 31, 2023

Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Related party's associates and joint ventures
Limited ³			
NEXPO Co., Ltd. ³			
Mintech Co., Ltd. ⁴			
Bricks Capital Management			
Global Battery Private Equity Fund I ³			
Affiliate within the same large enterprise group ⁵			
LG Display Co., Ltd.	Nanumnuri Co., Ltd.	LG Display High-Tech (China) Co., Ltd. and others	
LG Electronics Inc.	LG Innotek Co., Ltd. and others	LG ELECTRONICS INDIA PRIVATE LIMITED and others	Robostar Co., Ltd. and others
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. and others	Everlife Co., Ltd and others	
LG Uplus Corp.	LG HelloVision Corp and others.	DACOM AMERICA, INC.	DACOM Crossing Corporation
HS AD Inc. ⁶		GIIR America Inc. and others	

¹ LG Corp. is an entity exercising a significant influence over the Group, which owns 33.34% of the Parent Company's ordinary shares.

² During the year ended December 31, 2023, the Group disposed VINFAST LITHIUM BATTERY PACK LLC., Jiangxi VL Battery., Ltd., VINA Plasticizers Chemical Co.,Ltd. Therefore, it was excluded from the related parties.

³ During the year ended December 31, 2023, the Group newly acquired shares of the entity.

⁴ Although, the Group owns less than 20% of the shares in the form of redeemable convertible preference shares, it is judged to have significant influence as it holds a right to appoint directors. Meanwhile, it is classified as a financial asset measured at fair value through profit or loss, considering Korean IFRS 1109 and the nature of the shares held.

⁵ Although, these entities are not the related parties of the Group in accordance with Korean IFRS 1024, these entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair-Trade Act.

⁶ During the year ended December 31, 2023, G I I R Inc. merged HS AD Inc. and LBEST Inc. After the merger, G I I R Inc. changed its name to HS AD Inc.

LG Chem, Ltd. and Subsidiaries
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Sales and purchases with related parties for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of Korean won)

		2024												
		Purchase and others												
		Sales and others		Purchase of raw materials /merchandises		Acquisition of property, plant and equipment and intangible assets		Acquisition of right-of-use assets		Interest expense		Others		
Entity with a significant influence over the Group														
LG Corp.		₩	2	₩	-	₩	-	₩	13,065	₩	175	-	₩	68,430
Associates and joint ventures														
SEETEC Co., Ltd.			60,481		163,003		2		136		298		73,621	
TECWIN Co., Ltd.			-		27		1,603		-		-		66	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.			357		306,173		-		-		-		-	
PT. HLI Greenpower ¹			42,003		363		-		-		-		6,393	
Others			1,670		35,699		1		-		-		378	
Subsidiaries of the entity with significant influence:														
D&O Corp. and its subsidiaries			64		396		18,260		-		-		8,540	
LG CNS Co., Ltd. and its subsidiaries			20,181		2,545		565,736		859		11		222,378	
Others			89		-		-		-		-		54,735	
Affiliate within the same large enterprise group:														
LG Display Co., Ltd. and its subsidiaries			434,432		331		-		-		8		5	
LG Electronics Inc. and its subsidiaries and joint ventures			461,654		126,144		733,683		-		244		49,352	
Others			7,087		24,782		92,998		-		48		41,591	
Total		₩	1,028,020	₩	659,463	₩	1,412,282	₩	14,060	₩	784	₩	525,489	

LG Chem, Ltd. and Subsidiaries
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(in millions of Korean won)

	2023						
	Purchase and others						Others
	Sales and others	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of-use assets	Interest expense		
Entity with a significant influence over the Group							
LG Corp.	₩ -	₩ -	₩ -	₩ -	₩ 146	₩ 86,700	
Associates and joint ventures							
SEETEC Co., Ltd.	74,744	198,082	8	2,927	300	71,528	
TECWIN Co., Ltd.	-	138	145	-	-	134	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	230	539,890	-	-	-	-	
PT. HLI Greenpower	35,087	-	-	-	-	9,512	
Others	37,636	28,486	206	-	-	132	
Subsidiaries of the entity with significant influence:							
D&O Corp. and its subsidiaries	86	-	18,246	-	-	6,307	
LG CNS Co., Ltd. and its subsidiaries	29,607	2,443	521,726	-	13	204,375	
Others	66	-	-	-	-	58,922	
Affiliate within the same large enterprise group:							
LG Display Co., Ltd. and its subsidiaries	341,779	109	-	-	-	200	
LG Electronics Inc. and its subsidiaries and joint ventures	2,023,183	246,161	533,967	-	268	55,470	
Others	7,526	35,507	671,798	632	64	84,732	
Others:							
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries ²	375,236	344	-	-	-	12,141	
Total	₩ 2,925,180	₩ 1,051,160	₩ 1,746,096	₩ 3,559	₩ 791	₩ 590,153	

¹ During the nine-month period ended September 30, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement and the above amount is transactions prior to the reclassification.

² Excluded from related parties during the year ended December 31, 2023, and the details of these relevant transactions occurred transaction details before it was excluded from related party.

LG Chem, Ltd. and Subsidiaries **Notes to the Condensed Consolidated Interim Financial Statements** **September 30, 2024 and 2023 (Unaudited), and December 31, 2023**

Balances of receivables and payables arising from sales and purchases of goods and services as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024					
	Receivables					
	Trade receivables and others	Loan receivables	Other receivables	Total		
Entity with a significant influence over the Group						
LG Corp.	₩ -	₩ -	₩ 28,016	₩		28,016
Associates and joint ventures						
SEETEC Co., Ltd.	4,524	-	561			5,085
TECWIN Co., Ltd.	-	-	-			-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	-	-			-
Others	-	-	502			502
Subsidiaries of the entity with significant influence:						
D&O Corp. and its subsidiaries	-	-	-			-
LG CNS Co., Ltd. and its subsidiaries	7,059	-	5			7,064
Others	-	-	-			-
Affiliate within the same large enterprise group:						
LG Display Co., Ltd. and its subsidiaries	252,996	-	7			253,003
LG Electronics Inc. and its subsidiaries and joint ventures ¹	154,933	-	1,317			156,250
Others	111	-	1,991			2,102
Total	₩ 419,623	₩ -	₩ 32,399	₩		452,022

(in millions of Korean won)

	September 30, 2024					
	Payables					
	Trade payables	Borrowings	Lease liabilities	Other payables	Total	
Entity with a significant influence over the Group						
LG Corp.	₩ -	₩ -	₩ 7,645	₩ 202	₩	7,847
Associates and joint ventures						
SEETEC Co., Ltd.	15,979	-	19,135	10,856		45,970
TECWIN Co., Ltd.	-	-	-	80		80
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	52,547	-	-	-		52,547
Others	5,405	-	-	111		5,516
Subsidiaries of the entity with significant influence:						
D&O Corp. and its subsidiaries	104	-	-	3,896		4,000
LG CNS Co., Ltd. and its subsidiaries	-	-	3,324	207,465		210,789
Others	-	-	-	1,601		1,601
Affiliate within the same large enterprise group:						

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(in millions of Korean won)

September 30, 2024					
Payables					
	Trade payables	Borrowings	Lease liabilities	Other payables	Total
LG Display Co., Ltd. and its subsidiaries	89	-	144	55	288
LG Electronics Inc. and its subsidiaries and joint ventures ¹	22,469	-	14,500	183,101	220,070
Others	4,161	-	2,709	5,076	11,946
Total	₩ 100,754	₩ -	₩ 47,457	₩ 412,443	₩ 560,654

(in millions of Korean won)

December 31, 2023					
Receivables					
	Trade receivables and others	Loan receivables	Other receivables	Total	
Entity with a significant influence over the Group					
LG Corp.	₩ -	₩ -	₩ 17,196	₩	17,196
Associates and joint ventures					
SEETEC Co., Ltd.	13,653	-	1,000		14,653
TECWIN Co., Ltd.	-	-	-		-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	-	-		-
PT. HLI Greenpower	200	-	4,006		4,206
Others	-	-	-		-
Subsidiaries of the entity with significant influence:					
D&O Corp. and its subsidiaries	-	-	23		23
LG CNS Co., Ltd. and its subsidiaries	7,859	-	670		8,529
Others	-	-	6		6
Affiliate within the same large enterprise group:					
LG Display Co., Ltd. and its subsidiaries	209,113	-	-		209,113
LG Electronics Inc. and its subsidiaries and joint ventures ¹	349,239	-	5,575		354,814
Others	109	-	2,201		2,310
Total	₩ 580,173	₩ -	₩ 30,677	₩	610,850

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(in millions of Korean won)

	December 31, 2023				
	Payables				
	Trade payables	Borrowings	Lease liabilities	Other payables	Total
Entity with a significant influence over the Group					
LG Corp.	₩ -	₩ -	₩ 3,060	₩ 21,425	₩ 24,485
Associates and joint ventures					
SEETEC Co., Ltd.	31,148	-	20,662	11,735	63,545
TECWIN Co., Ltd.	-	-	-	2,566	2,566
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	161,178	-	-	-	161,178
PT. HLI Greenpower	-	-	-	45,778	45,778
Others	3,769	-	-	117	3,886
Subsidiaries of the entity with significant influence:					
D&O Corp. and its subsidiaries	-	-	-	8,669	8,669
LG CNS Co., Ltd. and its subsidiaries	293	-	308	472,299	472,900
Others	-	-	-	1,401	1,401
Affiliate within the same large enterprise group:					
LG Display Co., Ltd. and its subsidiaries	14	-	360	34	408
LG Electronics Inc. and its subsidiaries and joint ventures ¹	45,591	-	16,026	304,673	366,290
Others	2,765	-	3,519	212,619	218,903
Total	₩ 244,758	₩ -	₩ 43,935	₩ 1,081,316	₩ 1,370,009

¹ The warranty provision related to the recall of GM Bolt is not included in the above receivables and payables.

LG Chem, Ltd. and Subsidiaries
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Fund transactions with related parties for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of Korean won)

	(in millions of Korean won)													
	2024													
	Dividends received		Dividends paid		Equity contributions in cash (capital reduction) and others		Loans				Borrowings ¹			
Loans							Repayment		Borrowings		Repayment			
Entity with a significant influence over the Group														
LG Corp.	₩	-	₩	82,370	₩	-	₩	-	₩	-	₩	13,065	₩	9,735
Associates and joint ventures														
SEETEC Co., Ltd.		7,500		-		-		-		-		136		1,075
Sam-A Aluminium Co., Ltd.		150		-		-		-		-		-		-
NEXPO Co., Ltd		-		-		1,900		-		-		-		-
Bricks Capital management Global Battery Private Equity Fund I		-		-		5,762		-		-		-		-
Subsidiary of the Group with significant influence:														
LG CNS Co., Ltd.		-		-		-		-		-		859		642
Affiliate within the same large enterprise group:														
LG Display America, Inc.		-		-		-		-		-		-		147
LG Electronics Deutschland GmbH		-		-		-		-		-		-		264
LG ELECTRONICS WROCLAW SP. Z O.O.		-		-		-		-		-		-		1,189
LG Display Vietnam Haiphong Co. Ltd.		-		-		-		-		-		105		39
LG HOUSEHOLD & HEALTH CARE LTD		-		-		-		-		-		-		721
Total	₩	7,650	₩	82,370	₩	7,662	₩	-	₩	-	₩	14,165	₩	13,812

LG Chem, Ltd. and Subsidiaries

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(in millions of Korean won)

	2023							
			Equity contributions in cash (capital reduction) and others	Loans		Borrowings ¹		
	Dividends received	Dividends paid		Loans	Repayment	Borrowings	Repayment	
Entity with a significant influence over the Group								
LG Corp.	₩ -	₩ 235,342	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 9,075
Associates and joint ventures								
SEETEC Co., Ltd.	5,000	-	-	-	-	2,927	-	905
KOREA PRECURSOR CO., LTD.	-	-	20,384	-	-	-	-	-
Sam-A Aluminium Co., Ltd.	-	-	46,575	-	-	-	-	-
VINA Plasticizers Chemical Co., Ltd.	4,444	-	-	-	-	-	-	-
NEXPO Co., Ltd	-	-	2,375	-	-	-	-	-
Mintech Co., Ltd	-	-	7,020	-	-	-	-	-
Subsidiary of the Group with significant influence:								
LG CNS Co., Ltd.	-	-	-	-	-	-	-	913
Affiliate within the same large enterprise group:								
LG Display America, Inc.	-	-	-	-	-	-	-	130
LG Electronics Deutschland GmbH	-	-	-	-	-	-	-	157
LG ELECTRONICS WROCLAW SP. Z O.O.	-	-	-	-	-	-	-	741
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	632	-	729
Total	₩ 9,444	₩ 235,342	₩ 76,354	₩ -	₩ -	₩ 3,559	₩ -	₩ 12,650

¹ The amounts represent lease liabilities that were recognized or repaid for the nine-month periods ended September 30, 2024 and 2023.

Compensation for key management of the Group for the nine-month periods ended September 30, 2024 and 2023, consists of:

(in millions of Korean won)

	2024	2023
Short-term employee benefits	₩ 62,344	₩ 109,858
Post-employment benefits	12,107	10,583
Total	₩ 74,451	₩ 120,441

Key management includes directors and audit committee members having duties and

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responsibilities over planning, operations and controlling of the Group's business activities.

There is no loss allowance recognized against receivables from related parties as at September 30, 2024 and December 31, 2023; therefore, there are no impairment losses recognized against the receivables from related parties for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023.

As at September 30, 2024, there are no payment guarantees provided by the Group for related parties.

32. Cash Flows

Cash generated from operations for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024		2023	
Profit before income tax				
Profit before income tax from continuing operations	₩	888,868	₩	2,280,345
Profit before income tax from discontinued operations		617,809		14,309
		<u>1,506,677</u>		<u>2,294,654</u>
Adjustments for:				
Depreciation		3,037,922		2,599,969
Amortization		342,788		295,702
Post-employment benefits		146,733		123,751
Finance income		(870,664)		(734,780)
Finance costs		1,035,207		957,933
Other foreign exchange differences		61,417		(86,501)
Gain (loss) on valuation of inventories (reversal)		24,085		(114,768)
Gain on disposal of property, plant and equipment		(2,138)		(17,987)
Gain on disposal of intangible assets		(14)		(191)
Loss on disposal of property, plant and equipment		164,814		73,659
Loss on disposal of intangible assets		2,193		24,845
Impairment loss on property, plant and equipment		117,506		4,160
Impairment loss on intangible assets		27,848		-
Impairment loss on investments in associates and joint ventures		-		12,549
Gain on disposal of investments in associates		(102,076)		-
Loss on disposal of investments in associates		-		2,010
Additions to provisions		795,719		746,714
Other income/expenses		(652,075)		77,512
Decrease in inventories		194,667		1,714,858
Increase in trade receivables		(685,660)		(839,340)

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(in millions of Korean won)

	2024	2023
Decrease (increase) in other receivables	191,483	(607,621)
Decrease (increase) in other current assets	(453,753)	116,960
Decrease in trade payables	(672,902)	(289,095)
Decrease (increase) in other payables	(424,273)	216,402
Increase (decrease) in other current liabilities	504,550	(344,050)
Decrease in provisions	(483,376)	(828,836)
Decrease in net defined benefit liabilities	(9,617)	(7,481)
Other cash flows from operations	(120,224)	118,280
Cash generated from operations	₩ 3,676,837	₩ 5,509,308

Changes in liabilities arising from financial activities for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024					
	As at January 1, 2024	Cash flows from financing activities	Non-cash transactions			As at September 30, 2024
			Acquisition	Amortization	Others	
Short-term borrowings	₩ 9,675,998	₩ 334,209	₩ -	₩ 8,346	₩ 1,082,048	₩ 11,100,601
Debentures	11,760,250	4,436,751	-	86,516	38,505	16,322,022
Lease liabilities	491,866	(97,199)	315,473	-	(19,957)	690,183
	₩ 21,928,114	₩ 4,673,761	₩ 315,473	₩ 94,862	₩ 1,100,596	₩ 28,112,806

(in millions of
Korean won)

	2023					
	As at January 1, 2023	Cash flows from financing activities	Non-cash transactions			As at September 30, 2023
			Acquisition	Amortization	Others	
Short-term borrowings	₩ 7,609,924	₩ 1,284,882	₩ -	₩ 270	₩ 512,301	₩ 9,407,377
Debentures	7,964,957	4,298,138	-	26,754	(264,556)	12,025,293
Lease liabilities	389,638	(90,494)	453,039	-	(277,197)	474,986
Other payables for the reverse factoring arrangement	-	(694,580)	-	-	825,480	130,900
	₩ 15,964,519	₩ 4,797,946	₩ 453,039	₩ 27,024	₩ 796,028	₩ 22,038,556

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Significant non-cash transactions for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		2024		2023
Reclassification of construction-in-progress	₩	6,839,892	₩	8,876,980
Reclassification of machinery-in-transit		132,878		154,692
Reclassification of long-term borrowings into current portion		2,904,664		2,321,366
Other payables related to acquisitions of property, plant and equipment and intangible assets		2,671,687		283,522
Reclassification of other payables under the reverse factoring arrangement		-		825,480
Reclassification of non-current assets held for sale		12,501		194,842
Reclassification of non-current liabilities held for sale		-		20,219

33. Segment Information

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

Segment	Products or services
Petrochemicals	ABS, PC, PE, PP, Acrylic, Alcohol, SAP, PVC, Synthetic rubber, Special resin, BPA, Ethylene, Propylene and others
LG Energy solution	Mobile batteries, Automotive batteries, Electricity storage batteries and others
Advanced materials ¹	Engineering materials, Display materials, Cathode materials and Separator, RO membranes and others
Life sciences	Growth hormone, Vaccine, Antidiabetic, agricultural chemicals and others
Common and others	Crop protection products, Seeds, Fertilizers, General management, sales and R&D and others

¹ Management approved the disposal of LCD polarizer business and polarizer material business, and the related profit and loss are presented as discontinued operations are disclosed in Note 34.

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Segment information on revenue, profit and loss for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others ³	Total
Total segment revenue	₩ 14,234,197	₩ 19,168,423	₩ 5,023,782	₩ 996,450	₩ 604,444	₩ 40,027,296
Inter-segment revenue	384,615	8,341	3,006,701	39,751	8,386	3,447,794
Revenue from external customers ¹	13,849,582	19,160,082	2,017,081	956,699	596,058	36,579,502
Operating profit (loss) ²	(37,075)	800,915	462,240	113,379	(168,612)	1,168,847
Depreciation and amortization	713,459	2,176,087	178,144	105,018	192,192	3,364,900

(in millions of
Korean won)

	2023					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others ³	Total
Total segment revenue	₩ 13,548,661	₩ 25,744,146	₩ 6,088,368	₩ 886,323	₩ 665,242	₩ 46,932,740
Inter-segment revenue	457,924	54,866	4,252,833	39,171	12,963	4,817,757
Revenue from external customers ¹	13,090,737	25,689,280	1,835,535	847,152	652,279	42,114,983
Operating profit (loss) ²	(26,952)	1,825,014	531,411	22,471	(70,175)	2,281,769
Depreciation and amortization	771,252	1,642,253	139,122	103,587	204,503	2,860,717

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

² Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

³ Common and other segments include operating segments not qualifying as a reportable segment, supporting divisions as well as R&D divisions.

Segment information on assets and liabilities as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of
Korean won)

	September 30, 2024					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset ¹	₩ 16,013,255	₩ 56,578,306	₩ 7,620,582	₩ 3,411,380	₩ 5,171,383	₩ 88,794,906
Investments in associates and joint ventures	50,636	67,610	650,667	17	153,430	922,360
Reportable segment liability ¹	4,950,810	28,128,244	2,428,951	541,424	7,128,301	43,177,730

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(in millions of
Korean won)

	December 31, 2023					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset ¹	₩ 15,144,156	₩ 45,399,160	₩ 7,378,796	₩ 2,664,518	₩ 6,880,064	₩ 77,466,694
Investments in associates and joint ventures	49,203	223,559	578,394	17	154,433	1,005,606
Reportable segment liability ¹	4,873,964	21,036,411	2,211,319	592,085	7,814,730	36,528,509

¹ Assets and liabilities are measured in a manner consistent with those in the financial statements, and allocated on the basis of segment operation.

The external sales and non-current assets by geographical segments from continuing operations for the nine-month periods ended September 30, 2024 and 2023, and as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	Sales		Non-current assets ¹	
	2024	2023	September 30, 2024	December 31, 2023
Korea ²	₩ 7,528,257	₩ 8,179,180	₩ 19,974,125	₩ 19,676,808
China	7,713,757	8,784,168	4,851,946	5,242,483
Asia/Oceania	4,039,199	4,854,163	1,505,882	342,873
America	9,523,195	9,118,129	20,785,353	12,246,392
Europe	7,699,459	11,128,732	5,043,057	5,223,709
Others	75,635	50,611	-	-
Total	₩ 36,579,502	₩ 42,114,983	₩ 52,160,363	₩ 42,732,265

¹ Represents aggregate amount of property, plant and equipment, intangible assets and investment properties.

² Domestic sales include the exports made through local letters of credit.

During the nine-month period ended September 30, 2024, revenue to single external customers accounting for more than 10% of the Group's revenue was ₩ 4,969,601 million (2023: ₩ 3,465,921 million) and ₩3,792,751 million (2023: ₩4,564,657 million), respectively, all from LG Energy Solution, Ltd.

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34. Assets and Liabilities Held for Sale and Discontinued Operations

34.1 Assets and Liabilities Held for Sale

In accordance with the final approval of management, the Group decided to dispose of polarizer and related material business (September 2023) and diagnosis business (June 2023) and all shares of VINA PLASTICIZERS CHEMICAL COMPANY LIMITED (September 2022). As a result, the related assets were reclassified as assets held for sale. The assets related to the polarizer material business will be sold sequentially and the sale is expected to be completed by December 2024. Sale of the diagnostic business was finalized in October 2023, and the entire share of VINA PLASTICIZERS CHEMICAL COMPANY LIMITED was sold in December 2023.

Meanwhile, the Group decided to dispose of the assets related to sulfuric acid and steam manufacturing business of FarmHannong Co., Ltd. on January 1, 2024, and related assets were disposed in July 2024.

Details of assets and liabilities of disposal group classified as held for sale as at September 30, 2024 and December 31, 2023, are as follows:

	September 30, 2024		December 31, 2023	
(in millions of Korean won)				
Assets of disposal group				
Property, plant and equipment	₩	12,179	₩	64,589
Intangible assets		13,016		38,345
Inventories		58,719		57,708
Trade and other receivables		35		3,517
Right-of-use assets		-		6,587
Other current and non-current assets		127		24,360
	₩	84,076	₩	195,106
Liabilities of disposal group				
Trade and non-trade payables	₩	10,990	₩	20,613
Other current and non-current liabilities		72		6,442
	₩	11,062	₩	27,055

As the net fair value of the assets of the disposal group is expected to exceed the carrying amount, there is no impairment loss recognized for the disposal group classified as assets held for sale as at September 30, 2024.

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34.2 Discontinued Operations

The Group decided to discontinue polarizer and related material business with the resolution of the board of directors in September 2023 and, substantially, discontinued the related business as of September 2023. The assets related to the polarizer material business will be sold sequentially and the sale is expected to be completed by December 2024. Also, the Group decided to discontinue glass substrate business with the resolution of the board of directors in January 2020 and, substantially, discontinued the related business as of March 2020. In addition, the Group decided to dispose of LCD polarizer business with the resolution of the board of directors in June 2020, and the disposal was completed in February 2021. The Group determined to dispose LCD polarizer business in Taiwan in May 2022, and the disposal was completed in July 2022. Accordingly, the profit and loss from the related operations are presented as discontinued operations and the comparative consolidated income statements have been restated.

Comprehensive income information from discontinued operation for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	LCD polarizer	Glass substrate	Polarizer and related material	Total
Revenue	₩ -	₩ 7	₩ 1,195,901	₩ 1,195,908
Expense	-	(5,607)	(572,492)	(578,099)
Profit (loss) before income tax of discontinued operation	-	(5,600)	623,409	617,809
Income tax benefit (expense)	-	780	(97,034)	(96,254)
Profit (loss) after income tax of discontinued operations	₩ -	₩ (4,820)	₩ 526,375	₩ 521,555

(in millions of Korean won)

	2023			
	LCD polarizer	Glass substrate	Polarizer and related material	Total
Revenue	₩ 306	₩ 1	₩ 665,019	₩ 665,326
Expense	-	(3,464)	(647,553)	(651,017)
Profit (loss) before income tax of discontinued operation	306	(3,463)	17,466	14,309
Income tax benefit (expense)	100	(1,129)	2,853	1,824
Profit (loss) after income tax of discontinued operations	₩ 406	₩ (4,592)	₩ 20,319	₩ 16,133

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Net cash flows from discontinued operations for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	LCD polarizer	Glass substrate	Polarizer and related material	Total
Net cash inflow (outflow) from operating activities	₩ -	₩ (6,823)	₩ (276,287)	₩ (283,110)
Net cash inflow from investing activities	-	662	600,221	600,883
Net cash inflow (outflow) from financing activities	-	-	-	-

(in millions of Korean won)

	2023			
	LCD polarizer	Glass substrate	Polarizer and related material	Total
Net cash inflow (outflow) from operating activities	₩ (14,328)	₩ (3,945)	₩ 64,211	₩ 45,938
Net cash outflow from investing activities	(24)	(26)	(12,107)	(12,157)
Net cash inflow (outflow) from financing activities	-	-	(20,160)	(20,160)

35. Assets and Liabilities related to Contracts with Customers

Assets and liabilities related to contracts with customers as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)

	September 30, 2024		December 31, 2023	
Contract assets				
Due from customers for contract work	₩	35,964	₩	70,356
Total contract assets	₩	35,964	₩	70,356
Contract liabilities				
Advances in relation to revenue from the Group's main business activities	₩	1,274,905	₩	1,361,224
Expected customer incentives		104,651		5,494
Unearned revenue		59,787		95,277
Due to customers for contract work		22,234		2,785
Total contract liabilities	₩	1,461,577	₩	1,464,780

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Revenue recognized in relation to contract liabilities.

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the prior periods.

<i>(in millions of Korean won)</i>	2024	2023
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	₩ 157,896	₩ 274,524
Advances in relation to revenue from the Group's main business activities	113,473	220,280
Unearned revenue	43,798	41,955
Due to customers for contract work	625	12,289
Revenue recognized from performance obligations satisfied in previous periods	-	-

36. Investment Properties

Details of investment properties as at September 30, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2024				December 31, 2023			
	Cost	Accumulated depreciation	Accumulated impairment	Book amount	Cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 6,696	₩ (85)	₩ (497)	₩ 6,114	₩ 4,475	₩ (75)	₩ (497)	₩ 3,903
Buildings	134,106	(22,796)	(18,240)	93,070	121,881	(18,591)	(18,243)	85,047
Total	₩ 140,802	₩ (22,881)	₩ (18,737)	₩ 99,184	₩ 126,356	₩ (18,666)	₩ (18,740)	₩ 88,950

Changes in investment properties for the nine-month period ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	2024			2023		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 3,903	₩ 85,047	₩ 88,950	₩ 4,744	₩ 89,282	₩ 94,026
Acquisitions/transfers	2,221	10,814	13,035	-	359	359
Disposals/transfers	(1)	(93)	(94)	(811)	(1,189)	(2,000)
Depreciation	(9)	(2,698)	(2,707)	(30)	(3,405)	(3,435)
Ending balance	₩ 6,114	₩ 93,070	₩ 99,184	₩ 3,903	₩ 85,047	₩ 88,950

The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'Level 3' of the fair value hierarchy. The fair value of investment properties as at September 30, 2024, is ₩115,473 million (December 31, 2023: ₩101,704 million).

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During the nine-month period ended September 30, 2024, rental income from investment properties under operating lease is ₩3,667 million (2023: ₩4,652 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩3,366 million (2023: ₩2,516 million). During the nine-month period ended September 30, 2024, there are no operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses).

Operating lease

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

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

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as at September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)	September 30,		December 31, 2023	
	2024			
Within one year	₩	4,197	₩	2,073
Within two years		3,836		2,053
Within five years		3,026		4,085
Total	₩	<u>11,059</u>	₩	<u>8,211</u>

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37. Business Combination

(a) During the nine-month period ended September 30, 2024, The Group included PT.HLI Green Power, which was previously a joint venture on August 30, 2024, in consolidation since it is considered to have control as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the changes of shareholder's agreement.

Details of assets and liabilities recognized at the date of acquisition of PT. HLI Green Power for the nine-month period ended September 30, 2024, are as follows:

(in millions of Korean won)

	Amount
Consideration transferred	
Carrying amount of the previously held interest before the business combination	₩ 201,481
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 59,825
Trade and other receivables	118,338
Inventories	144,834
Property, plant and equipment	1,026,339
Intangible assets	149,067
Other assets	44,615
Trade and non-trade payables	(293,584)
Other payables	(846,472)
Net identifiable assets	402,962
Non-controlling interests	201,481

The amounts of consideration transferred, assets acquired, and liabilities assumed have been reported at their carrying amounts as of the acquisition date. These amounts may be adjusted in accordance with the accounting treatment for business combinations after measuring the fair values of the previously held interests within the measurement period of one year from the acquisition date, the assets acquired, the liabilities assumed, and the non-controlling interests at the acquisition date.

The revenue and profit for the period reflected in the consolidated income statement for the nine-month period ended September 30, 2024, contributed by PT. HLI Green Power after the acquisition were ₩ 217,192 million and ₩ 30,858 million, respectively.

Had PT.HLI Green Power been consolidated from January 1, 2024, the consolidated statement of comprehensive income would have shown a revenue of ₩19,323,041 million and loss for the period of ₩ 665,328 million.

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(b) To establish a foundation for becoming a global pharmaceutical company, the Group acquired 100% interest in Aveo Pharmaceuticals, Inc. on January 20, 2023, for the purpose of securing commercialization capabilities and pre-emptive products in the US anticancer market.

Details of consideration transferred, assets and liabilities recognized as a result of the business combination paid to Aveo Pharmaceuticals, Inc. are as follows:

The goodwill of ₩275,856 million resulting from the business combination arises from various factors, including the expected increase in revenue resulting from the combination of the businesses of the Company and Aveo Pharmaceuticals, Inc.

(in millions of Korean won)

	Amount
Consideration transferred	
Cash and cash equivalents	₩ 701,103
Total consideration	₩ 701,103
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 8,902
Trade and other receivables ¹	34,687
Inventories	845
Property, plant and equipment	935
Intangible assets	565,448
Other assets	246
Trade and non-trade payables	(40,941)
Other payables	(686)
Deferred tax liabilities	(144,189)
Fair value of net identifiable assets acquired	425,247
Goodwill (gain from a bargain purchase)	275,856
	₩ 701,103

¹ The fair value of trade and other receivables is equal to the total contractual amount.

The revenue and loss for the period reflected in the consolidated income statements for the nine-month period ended September 30, 2023, contributed by Aveo Pharmaceuticals, Inc. after the acquisition were ₩ 143,933 million and ₩ 40,216 million, respectively.