

# **LG Chem, Ltd. and Subsidiaries**

## **Consolidated Financial Statements and Internal Control over Financial Reporting**

**December 31, 2024 and 2023**

**LG Chem, Ltd. and Subsidiaries**

**Index**

**December 31, 2024 and 2023**

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## Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

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

### **Opinion**

We have audited the consolidated financial statements of LG Chem, Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 7, 2025, expressed an unqualified opinion.

### **Basis for Opinion**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **(1) Impairment Assessment for CGUs to which Goodwill has been Allocated**

### ***Reason why the matter was determined to be a Key Audit Matter***

The Group annually performs impairment assessment on the goodwill. We focused on goodwill impairment assessment due to the significant size of goodwill balance (₩ 801,357 million as at December 31, 2024) and management's involvement in assumptions and judgments in the future results of the business, discount rate used in the measurement of the 'recoverable amount' of the Group's Cash-Generating Units (CGUs). Details are described in Note 12.

In particular, we focused our audit effort on the impairment test of goodwill recognized in relation to the Life Sciences CGU (₩ 391,311 million as at December 31, 2024) and the Aveo CGU (₩ 167,345 million as at December 31, 2024) which are the CGUs with significant balance of goodwill and the Separator CGU which recognized an impairment loss of ₩ 160,577 million in the current year. The Group management determined that there was a sufficient headroom between the value in use and the underlying book value of the Life Science CGU, while due to the deterioration of market conditions, recognized impairment loss of ₩ 160,577 million and ₩ 20,412 million in the Separator and the Aveo CGUs in the current year, respectively. The Group management engaged independent external experts to measure the recoverable amount of the Life Sciences, the Separator and the Aveo CGU. Considering the size of the balance and impairment loss recognized on goodwill, as well as management's involvement in significant assumptions and judgments for the estimation of value in use, we have determined this matter as a key audit matter.

### ***How our audit addressed the key audit matter***

We have performed the following audit procedures to address this key audit matter, including the involvement of valuation specialists:

- Obtained an understanding of and evaluated accounting policy and internal controls related to the impairment assessment.
- Assessed the design and operating effectiveness of relevant internal controls in place in connection with impairment assessment, including review and approval by management of future cash flow forecasts and assumptions applied in the assessment.
- Assessed the objectivity and eligibility of the expert utilized by the management.
- Obtained understanding of valuation technique model, assumptions applied and fundamental data used by management in estimating the recoverable amount,
- Assessed whether an appropriate valuation model has been used by management to estimate recoverable amount.
- Reviewed the validity of applied key significant assumptions in terms of value-in-use evaluation.
  - Assessment of the appropriateness of management's business plan estimates by comparing actual performance to the past business plans of the relevant CGUs.
  - Comparison between long-term growth rate and economic and industry forecasts
  - Comparison between the discount rate used by management and the discount rate independently calculated by us using observable information
- Confirmed whether the estimation of future cash flows related to impairment assessments is based on the business plans approved by the management, excluding certain adjusted cash flows from the perspective of market participants.
- Reviewed the adequacy of the corresponding carrying amount allocated to CGUs subject to

impairment test.

- Evaluated the reasonableness of the key assumptions used in the estimation of fair value less costs to sell.
- Evaluated the results of the management's sensitivity analysis of discount rates and perpetual growth rates to assess the impact on impairment assessment due to variations in key assumptions applied.

## **(2) Provisions for ordinary service warranties of LG Energy Solution, Ltd.**

### ***Reason why the matter was determined to be a Key Audit Matter***

The Group has recognized warranty provisions related to warranty repair, etc. We focused our effort on the warranty provisions, considering that the size of provisions is significant (₩ 1,697,602 million as at December 31, 2024), as well as management's involvement in significant assumptions and judgments regarding the estimation of future expenditures based on the historical claim experience rate. Details are described in Note 15.

In particular, we focused our audit effort on the measurement of the provisions for ordinary service warranties of LG Energy Solution, Ltd. Due to the significant size of the related provisions for ordinary service warranties (₩ 1,204,813 million as at December 31, 2024) and management's involvement in significant assumptions and judgments in the measurement of the provisions, we have determined this matter as a key audit matter.

### ***How our audit addressed the key audit matter***

We have performed the following audit procedures to address this key audit matter, including the involvement of the independent auditors of LG Energy Solution, Ltd.

- Obtained understanding of and evaluated the Group's accounting policies and internal controls related to the measurement and recognition of the warranty provisions.
- Performed the following procedures to assess whether the input data used by management for the estimation is appropriate.
  - Validated the appropriateness of the provision rate for warranty provisions (sales, claim performance).
  - Confirmed the accuracy of the calculation of warranty provisions based on the determined provision rate and related sales.
  - Validated the appropriateness and reasonableness of the estimated average warranty period for each business unit.
- Performed independent recalculation of the warranty provisions balance by designing and applying a statistical model based on the analysis of historical trends of claims.
- Assessed the appropriateness of relevant note disclosures.

### **(3) Cut-off for revenue recognition regarding compensation from LG Energy Solution, Ltd.**

#### ***Reason why the matter was determined to be a Key Audit Matter***

The Group receives compensation from customers for reductions in the demand quantities compared to the initial contract or for early termination of the projects. We focused our audit effort on the cutoff of the periods recognizing the compensation from customers because the size of the compensation from customers is significant (₩ 1,365,723 million in the current year) and the Group recognizes the revenue from compensation either at the point when the receipt of compensation is confirmed or over the period during the remaining performance obligation is satisfied. Details are described in Note 22.

#### ***How our audit addressed the key audit matter***

We have performed the following audit procedures to address this key audit matter, including the involvement of the independent auditors of LG Energy Solution, Ltd.

- Obtained an understanding of the Group's accounting policies and internal controls in place related to accounting for compensation from customers and evaluated the design and operating effectiveness of relevant internal controls.
- Reviewed the appropriateness of identification of performance obligation corresponding to the compensation from customers.
- Reviewed the relevant documents (contracts with customers, etc.) and appropriateness of whether the timing of revenue recognition.
- Examined external support documents in relation to compensation from customers on a sample basis.

#### ***Other Matters***

The consolidated financial statements of the Group for the year ended December 31, 2023, were audited by another auditor who expressed an unqualified opinion on those statements on March 7, 2024.

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

#### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Seung-Hun Kim, Certified Public Accountant.

Seoul, Korea  
March 7, 2025

This report is effective as of March 7, 2025 the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

<i>(in millions of Korean won)</i>	Notes	2024	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3, 5, 6	₩ 7,854,877	₩ 9,084,899
Trade receivables	3, 5, 7, 31	8,166,047	8,082,952
Other receivables	3, 5, 7, 31	1,117,359	682,178
Other current financial assets	3, 5, 8	219,845	141,428
Prepaid income taxes		127,219	86,032
Other current assets	13	1,482,773	1,211,374
Inventories	9	8,847,433	9,375,327
Assets held for sale	34	74	195,106
Total current assets		27,815,627	28,859,296
<b>Non-current assets</b>			
Trade receivables	3, 5, 7	392,585	129,996
Other receivables	3, 5, 7	450,535	427,693
Other non-current financial assets	3, 5, 8	2,439,917	1,228,501
Investments in associates and joint ventures	1, 10, 33	898,393	1,005,606
Deferred tax assets	28	2,865,593	2,308,966
Property, plant and equipment	11	54,570,446	38,950,393
Intangible assets	12	3,619,361	3,692,922
Investment properties	36	98,187	88,950
Other non-current assets	13, 16	707,118	774,371
Total non-current assets		66,042,135	48,607,398
<b>Total assets</b>		₩ 93,857,762	₩ 77,466,694
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	3, 5, 31	₩ 3,681,898	₩ 4,117,913
Other payables	3, 5, 31	7,024,302	4,905,081
Borrowings	3, 5, 14	7,621,059	7,077,782
Other current financial liabilities	3, 5, 8	352,269	523,910
Provisions	15	1,054,559	546,950
Income tax payables		184,428	45,304
Other current liabilities	17, 35	1,167,202	1,146,844
Liabilities of disposal group held for sale	34	-	27,055
Total current liabilities		21,085,717	18,390,839
<b>Non-current liabilities</b>			
Other payables	3, 5	31,065	33,418
Borrowings	3, 5, 14	19,755,038	14,850,332
Other non-current financial liabilities	3, 5, 8	1,043,099	99,950
Provisions	15	800,168	887,775
Net defined benefit liabilities	13, 16	9,788	11,879
Deferred tax liabilities	28	432,942	735,326
Other non-current liabilities	17, 35	2,704,482	1,518,990
Total non-current liabilities		24,776,582	18,137,670
<b>Total liabilities</b>		₩ 45,862,299	₩ 36,528,509

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

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Equity</b>			
Issued capital	1, 19	391,406	391,406
Capital surplus	19	11,568,870	11,572,098
Elements of other stockholders equity	21	(19,569)	(19,569)
Accumulated other comprehensive income		2,751,299	598,038
Retained earnings	20	18,592,174	19,650,632
<b>Equity attributable to owners of the Parent Company</b>		<u>33,284,180</u>	<u>32,192,605</u>
<b>Non-controlling interests</b>		14,711,283	8,745,580
<b>Total equity</b>		<u>47,995,463</u>	<u>40,938,185</u>
<b>Total liabilities and equity</b>		<u>₩ 93,857,762</u>	<u>₩ 77,466,694</u>

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Income Statements**  
**Years Ended December 31, 2024 and 2023**

<i>(in millions of Korean won, except per share amounts)</i>	<b>Notes</b>	<b>2024</b>		<b>2023</b>	
<b>Revenue</b>	22, 31, 33, 35	₩	48,916,104	₩	55,249,785
<b>Cost of sales</b>	22, 23, 31		<u>(41,379,714)</u>		<u>(46,463,916)</u>
<b>Gross profit</b>			7,536,390		8,785,869
Other operating income	22		1,480,020		676,874
Selling and administrative expenses	22, 23, 31		<u>(8,099,612)</u>		<u>(6,933,547)</u>
<b>Operating income</b>	22, 33		916,798		2,529,196
Finance income	25		2,119,335		1,787,245
Finance costs	25		(2,714,967)		(1,665,265)
Losses of associates and joint ventures	10		(24,864)		(33,311)
Other non-operating income	26		1,395,489		1,733,332
Other non-operating expenses	27		<u>(1,959,849)</u>		<u>(1,853,057)</u>
<b>Profit (Loss) before income tax</b>	32		(268,058)		2,498,140
<b>Income tax expense</b>	28		<u>(61,035)</u>		<u>(432,501)</u>
<b>Profit (Loss) from continuing operations</b>		₩	<u>(329,093)</u>	₩	<u>2,065,639</u>
Profit (Loss) from discontinued operations	34	₩	<u>844,104</u>	₩	<u>(12,214)</u>
<b>Profit</b>		₩	<u>515,011</u>	₩	<u>2,053,425</u>
<b>Profit is attributable to:</b>					
Owners of the Parent Company					
Profit (Loss) from continuing operations		₩	(1,534,185)	₩	1,347,764
Profit (Loss) from discontinued operations			<u>843,331</u>		<u>(9,952)</u>
			(690,854)		1,337,812
Non-controlling interests					
Profit from continuing operations			1,205,092		717,875
Profit (Loss) from discontinued operations			<u>773</u>		<u>(2,262)</u>
			1,205,865		715,613
<b>Earnings per share for profit</b>					
<b>attributable to the owners</b>					
<b>of the Parent Company (in won)</b>	29				
Basic and diluted earnings (losses) per ordinary share		₩	(8,826)	₩	17,086
Basic and diluted earnings (losses) per preferred share			(8,826)		17,136
<b>Earnings per share for profit from continuing operations</b>					
<b>attributable to the owners</b>					
<b>of the Parent Company (in won)</b>					
Basic and diluted earnings (losses) per ordinary share		₩	(19,600)	₩	17,213
Basic and diluted earnings (losses) per preferred share			(19,600)		17,263

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2024 and 2023**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Profit</b>		₩ 515,011	₩ 2,053,425
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	16	(117,001)	(67,408)
Gain (Loss) on valuation of financial assets at fair value through other comprehensive income	8	179,102	(222,998)
Shares of remeasurements of net defined benefit liabilities of associates		(450)	(619)
Income tax relating to these items		(3,018)	80,141
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		3,369,790	455,653
Cash flow hedge		3,445	(17,203)
Shares of other comprehensive income of associates and joint ventures		52,863	25,036
Reclassification of other comprehensive income and losses of joint ventures due to disposal		(37,804)	(2,617)
Income tax relating to these items		(12,758)	14,946
<b>Other comprehensive income, net of tax</b>		<u>3,434,169</u>	<u>264,931</u>
<b>Total comprehensive income</b>		<u>₩ 3,949,180</u>	<u>₩ 2,318,356</u>
<b>Total comprehensive income is attributable to:</b>			
Owners of the Parent Company		₩ 1,369,020	₩ 1,522,326
Non-controlling interest		2,580,160	796,030

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 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		
<b>Balance at January 1, 2023</b>	₩ 391,406	₩ 11,569,556	₩ (19,569)	₩ 366,916	₩ 19,142,263	₩ 31,450,572	₩ 6,030,555	₩ 37,481,127
<b>Total comprehensive income</b>								
Profit	-	-	-	-	1,337,812	1,337,812	715,613	2,053,425
Remeasurements of net defined benefit liabilities	-	-	-	-	(45,989)	(45,989)	(4,940)	(50,929)
Exchange differences on translation of foreign operations	-	-	-	360,364	-	360,364	105,958	466,322
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(140,258)	-	(140,258)	(19,079)	(159,337)
Cash flow hedge	-	-	-	(10,578)	-	(10,578)	(2,347)	(12,925)
Others	-	-	-	21,594	(619)	20,975	825	21,800
<b>Total comprehensive income</b>	-	-	-	231,122	1,291,204	1,522,326	796,030	2,318,356
<b>Transactions with owners:</b>								
Dividends paid	-	-	-	-	(783,135)	(783,135)	(92,872)	(876,007)
Increase in paid-in capital of a subsidiary	-	2,542	-	-	-	2,542	2,209,547	2,212,089
Others	-	-	-	-	300	300	(197,680)	(197,380)
<b>Total transactions with owners</b>	-	2,542	-	-	(782,835)	(780,293)	1,918,995	1,138,702
<b>Balance at December 31, 2023</b>	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 598,038	₩ 19,650,632	₩ 32,192,605	₩ 8,745,580	₩ 40,938,185
<b>Balance at January 1, 2024</b>	₩ 391,406	₩ 11,572,098	₩ (19,569)	₩ 598,038	₩ 19,650,632	₩ 32,192,605	₩ 8,745,580	₩ 40,938,185
<b>Total comprehensive income</b>								
Profit (loss)	-	-	-	-	(690,854)	(690,854)	1,205,865	515,011
Remeasurements of net defined benefit liabilities	-	-	-	-	(92,937)	(92,937)	9,037	(83,900)
Exchange differences on translation of foreign operations	-	-	-	1,988,939	-	1,988,939	1,368,917	3,357,856
Gain(Loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	143,017	-	143,017	(32)	142,985
Cash flow hedge	-	-	-	2,143	-	2,143	476	2,619
Others	-	-	-	19,162	(450)	18,712	(4,103)	14,609
<b>Total comprehensive income</b>	-	-	-	2,153,261	(784,241)	1,369,020	2,580,160	3,949,180
<b>Transactions with owners:</b>								
Business combination	-	-	-	-	-	-	201,481	201,481
Dividends paid	-	-	-	-	(274,347)	(274,347)	(92,953)	(367,300)
Transfer of business	-	-	-	-	-	-	(8,689)	(8,689)
Changes in ownership interest of a subsidiary	-	(3,228)	-	-	-	(3,228)	728	(2,500)
Increase in paid-in capital of a subsidiary	-	-	-	-	-	-	3,486,626	3,486,626
Others	-	-	-	-	130	130	(201,650)	(201,520)
<b>Total transactions with owners</b>	-	(3,228)	-	-	(274,217)	(277,445)	3,385,543	3,108,098
<b>Balance at December 31, 2024</b>	₩ 391,406	₩ 11,568,870	₩ (19,569)	₩ 2,751,299	₩ 18,592,174	₩ 33,284,180	₩ 14,711,283	₩ 47,995,463

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

<i>(in millions of Korean won)</i>	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	₩ 8,236,110	₩ 9,138,609
Interest received		359,222	362,570
Interest paid		(939,334)	(646,478)
Dividends received		16,339	30,222
Income taxes paid		(659,998)	(1,348,461)
<b>Net cash inflow from operating activities</b>		<u>7,012,339</u>	<u>7,536,462</u>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		150,340	632,845
Proceeds from disposal of other financial assets		65,960	5,737
Proceeds from disposal of property, plant and equipment		121,637	110,680
Proceeds from disposal of intangible assets		12,484	1,829
Government grants received		737,618	399,056
Cash inflow from business combination		59,825	-
Proceeds from disposal of assets held for sale		616	35,962
Cash inflow from transfer of business		793,324	154,880
Cash inflow from settlement of derivative instruments transactions		4,061	-
Increase in other receivables		(313,898)	(323,763)
Acquisition of investments in associates and joint ventures		(7,662)	(92,907)
Acquisition of other financial assets		(489,742)	(274,520)
Acquisition of property, plant and equipment		(14,614,863)	(12,959,891)
Acquisition of intangible assets		(164,995)	(152,879)
Cash outflow from transfer of business		-	(702,227)
Cash outflow from settlement of derivative instruments transactions		(18,091)	-
Other cash outflow from investing activities		-	(4,431)
<b>Net cash outflow from investing activities</b>		<u>(13,663,386)</u>	<u>(13,169,629)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		10,442,709	13,166,116
Capital contribution from non-controlling interests		3,486,626	2,212,089
Settlement of derivative instruments transactions		155,930	-
Repayments of borrowings and others		(8,620,990)	(8,116,581)
Changes in ownership interest of a subsidiary		(2,499)	-
Dividends paid		(367,300)	(1,104,120)
Other		(273,194)	-
<b>Net cash inflow from financing activities</b>		<u>4,821,282</u>	<u>6,157,504</u>
<b>Net increase (decrease) in cash and cash equivalents</b>			
Cash equivalents included in the disposal group held for sale		(1,829,765)	524,337
Cash equivalents included in the disposal group held for sale		23,877	-
Cash and cash equivalents at the beginning of period		9,084,899	8,497,882
Effects of exchange rate changes on cash and cash equivalents		575,866	86,557
Cash equivalents included in the disposal group held for sale at the end of the period		-	(23,877)
<b>Cash and cash equivalents at the end of period</b>		<u>₩ 7,854,877</u>	<u>₩ 9,084,899</u>

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

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 1. General Information

General information about LG Chem, Ltd. (the Parent Company) and its 74 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 December 31, 2024, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Naju, Iksan, Osong, Onsan, Gimcheon and overseas sites.

As at December 31, 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 34.04% 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 December 31, 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 Consolidated Financial Statements

### December 31, 2024 and 2023

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
	2024	2023			
<b>Consolidated subsidiaries</b>					
LG Energy Solution, Ltd. <sup>1</sup>	82	82	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. <sup>2</sup>	75	75	China	December	ABS/SBL manufacturing and sales
Ningbo Zhenhai LG Yongxing Trade Co., Ltd. <sup>2</sup>	75	75	China	December	ABS sales
LG Chem America, Inc.	100	100	USA	December	Sales and trading
LG Chemical India Pvt. Ltd. <sup>3</sup>	100	100	India	December	Synthetic resin manufacturing and sales
LG Polymers India Pvt. Ltd. <sup>3</sup>	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. <sup>4</sup>	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. <sup>5</sup>	100	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**  
**Notes to the Consolidated Financial Statements**  
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	Percentage of ownership		Business location	Closing month	Business activities
	2024	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	OLED materials 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. <sup>6,7</sup>	100	100	USA	December	Pharmaceutical products research
LG Chem Asia Pte. Ltd.	100	100	Singapore	December	Asia BSC
LG Chem China Tech Center <sup>4</sup>	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. <sup>8</sup>	-	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. <sup>7</sup>	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. <sup>9</sup>	100	-	USA	December	Battery materials manufacturing and sales
LG-Eni Biorefining Co., Ltd <sup>10</sup>	51	-	Korea	December	Bio-fuel manufacturing and sales
FarmHannong Co., Ltd. <sup>11</sup>	100	100	Korea	December	Agricultural pesticide manufacturing and sales
Farmhannong America, Inc. <sup>11</sup>	100	100	USA	December	Agricultural pesticide sales
FarmHannong(Thailand) Ltd. <sup>11</sup>	100	100	Thailand	December	Research and development ("R&D") on seeds
FARMHANNONG(MALAYSIA) SDN. BHD. <sup>11</sup>	100	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA <sup>11</sup>	100	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada <sup>11</sup>	100	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. <sup>1</sup>	82	82	China	December	Small-battery manufacturing and sales
LG Energy Solution Michigan Inc. <sup>1</sup>	82	82	USA	December	Automotive battery research and manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd. <sup>1</sup>	82	82	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. <sup>1</sup>	82	82	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd <sup>1</sup>	82	82	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. <sup>1</sup>	82	82	China	December	Automotive battery manufacturing and sales
Ultium Cells Holdings LLC <sup>1,18</sup>	41	41	USA	December	Automotive battery manufacturing and sales
Ultium Cells LLC <sup>1,18</sup>	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH <sup>1</sup>	82	82	Germany	December	ESS sales
LG Energy Solution (Taiwan), Ltd. <sup>1</sup>	82	82	Taiwan	December	Small-storage battery sales
Aremnuri. Co. Ltd <sup>1</sup>	82	82	Korea	December	Facility management and general cleaning

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

	Percentage of ownership		Business location	Closing month	Business activities
	2024	2023			
LG Energy Solution Fund I LLC <sup>1</sup>	82	82	USA	December	Investments in venture companies
LG Energy Solution Vertech Inc. <sup>1</sup>	82	82	USA	December	ESS installation service
LG Energy Solution Arizona, Inc <sup>1</sup>	82	82	USA	December	Small-battery manufacturing and sales
Baterias De Castilla, S.L. <sup>1</sup>	82	82	Spain	December	Special purpose company
L-H Battery Company, Inc. <sup>1</sup>	42	42	USA	December	Automotive battery manufacturing and sales
LG Energy Solution India Private Limited <sup>1</sup>	82	82	India	December	Small-battery sales
LG Energy Solution Arizona ESS, Inc. <sup>1</sup>	82	82	USA	December	ESS Manufacturing and sales
Nextstar Energy Inc. <sup>1</sup>	42	42	Canada	December	Automotive battery manufacturing and sales
LG Energy Solution Fund II LLC <sup>1</sup>	82	82	USA	December	Investments in venture companies
HL-GA BATTERY COMPANY LLC <sup>1, 12</sup>	41	41	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Japan Co., Ltd. <sup>1, 13</sup>	82	-	Japan	December	ESS sales
PT. HLI Green Power <sup>1, 14</sup>	41	-	Indonesia	December	Automotive battery manufacturing and sales
<b>Associates</b>					
TECHWIN Co., Ltd.	20	20	Korea	December	Environment solution and construction of chemical plant
LG Chem Life Sciences Poland Ltd. <sup>19</sup>	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 <sup>1, 15</sup>	8	8	Korea	December	Aluminium sales and manufacturing
NEXPO Co., Ltd <sup>1, 15</sup>	16	16	Korea	December	Battery products manufacturing and sales
Bricks Capital Management Global Battery Private Equity Fund I <sup>1, 16</sup>	49	49	Korea	December	Collective investment scheme
<b>Joint ventures<sup>17</sup></b>					
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. <sup>1, 14</sup>	-	41	Indonesia	December	Automotive battery manufacturing and sales

<sup>1</sup> As at December 31, 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 presented the shares of those companies at effective holding ratio.

<sup>2</sup> As at December 31, 2024, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trade Co.'s shares.

<sup>3</sup> As at December 31, 2024, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

<sup>4</sup> As at December 31, 2024, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

<sup>5</sup> During the year ended December 31, 2024, the Group acquired ₩ 2,499 million of additional interest of LG Jiansheng Life Sciences (Beijing) Co., Ltd. and the ownership ratio has increased to 100%.

<sup>6</sup> During the year ended December 31, 2024, LG Chem Life Science Innovation Center, Inc. changed its name to LG Chem Life Sciences USA Inc.

<sup>7</sup> As at December 31, 2024, LG Chem Life Sciences USA Inc. owns 100% of the shares of Aveo Pharmaceuticals, Inc.

<sup>8</sup> During the year ended December 31, 2024, the Group has disposed 100% ownership shares of LG Chem Hangzhou Advanced Materials Co., Ltd.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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- <sup>9</sup> During the year ended December 31, 2024, LG Chem America Advanced Materials, Inc. was established, and the Group has newly acquired a 100% interest for ₩ 405,680 million.
- <sup>10</sup> During the year ended December 31, 2024, LG-Eni Biorefining Co., Ltd was established, and the Group has newly acquired a 51% interest for ₩ 86,751 million.
- <sup>11</sup> As at December 31, 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.
- <sup>12</sup> 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.
- <sup>13</sup> During the year ended December 31, 2024, LG Energy Solution Japan Co., Ltd. was established, and LG Energy Solution has newly acquired a 100% interest for ₩ 535 million.
- <sup>14</sup> During the year ended December 31, 2024, PT. HLI Green Power was newly included in the consolidation. Although the Group's 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.
- <sup>15</sup> 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 determined to have a significant influence.
- <sup>16</sup> 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.
- <sup>17</sup> 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.
- <sup>18</sup> Although the Group's ownership stake in Ultium Cells LLC and Ultium Cells Holdings LLC is less than a majority, it is considered to have the control. This is because it can exercise the majority voting rights in its decision-making process and 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.
- <sup>19</sup> Classified as an investment in associate due to its small size

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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**1.4 Summarized Financial Information of Subsidiaries, Associates and Joint Ventures**

Summarized financial information (before eliminations of intercompany transactions and adjustments for differences in accounting policies) for consolidated subsidiaries, associates and joint ventures as at and for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2024			2024	
	Assets	Liabilities	Equity	Sales	Profit (loss)
<b>Consolidated subsidiaries</b>					
LG Energy Solution, Ltd. and its subsidiaries <sup>1</sup>	₩ 60,306,791	₩ 29,340,248	₩ 30,966,543	₩ 25,619,585	₩ 338,602
Ningbo LG Yongxing Chemical Co.,Ltd.	955,239	133,431	821,808	2,019,697	14,651
Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.	8,620	764	7,856	17,133	431
LG Chem America, Inc.	541,255	460,585	80,670	1,016,595	16,277
LG Chemical India Pvt. Ltd.	63,095	11	63,084	-	35
LG Polymers India Pvt. Ltd.	129,564	124,970	4,594	22,363	(21,485)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	136,484	39,839	96,645	205,281	19,119
LG Chem (Taiwan), Ltd. <sup>2</sup>	31,403	12,523	18,880	30,461	3,241
Tianjin LG Bohai Chemical Co.,Ltd.	439,156	116,417	322,739	498,267	(14,297)
Tianjin LG BOTIAN Chemical Co.,Ltd.	49,875	27,221	22,654	166,546	(2,393)
LG Chem (China) Investment Co.,Ltd.	1,717,235	1,279,373	437,862	70,996	13,400
LG Chem (Tianjin) Engineering Plastics Co.,Ltd.	71,749	20,513	51,236	80,132	8,731
LG Chem Europe GmbH	531,999	394,722	137,277	1,025,828	20,141
LG Chem Poland Sp. z o.o.	233,959	63,615	170,344	308,265	21,877
LGC Petrochemical India Private Ltd.	8,198	1,451	6,747	6,768	824
HAENGBOKNURI CO., LTD.	4,776	1,761	3,015	9,337	(52)
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	31,819	29,175	2,644	52,609	3,220
LG Chem Japan Co.,Ltd.	7,398	2,244	5,154	4,885	412
LG NanoH2O, LLC	87,776	25,618	62,158	69,295	8,045
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	72,919	17,649	55,270	72,540	9,187
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	580,284	193,767	386,517	791,036	(10,581)
LG Chem Life Sciences India Pvt. Ltd.	3,276	1,913	1,363	502	112
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	9,898	12,359	(2,461)	23,966	(2,135)
LG Chem Life Sciences (Thailand) Ltd.	41,403	20,609	20,794	61,581	2,916
LG Chem Hai Phong Vietnam Company Ltd. <sup>2</sup>	18,165	2,997	15,168	-	1,818
LG Chem Mexico S.A. de C.V.	13,435	9,358	4,077	13,087	1,131
LG Chem Hai Phong Engineering Plastics LLC.	43,811	9,255	34,556	49,671	8,794

**LG Chem, Ltd. and Subsidiaries**  
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LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>2</sup>	387,290	94,765	292,525	146,200	60,544
LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	997,806	249,104	748,702	1,342,007	108,591
LG CHEM FUND I LLC	180,022	83	179,939	-	(4,314)
Uniseal, Inc.	98,285	20,434	77,851	114,293	15,812
LG Chem Life Sciences USA, Inc.	59,547	29,777	29,770	14,241	2,384
LG Chem Asia Pte. Ltd.	15,410	13,526	1,884	4,633	143
LG Chem China Tech Center	41,276	1,806	39,470	11,414	869
LG PETRONAS Chemicals Malaysia Sdn.Bhd.	572,949	568,267	4,682	62,855	(51,733)
LG Chem Hangzhou Advanced Materials Co., Ltd. <sup>2,3</sup>	-	-	-	-	820
LG-HY BCM CO., LTD.	803,106	513,853	289,253	625,870	35,049
LG Chem Ohio Petrochemical, Inc.	96,473	82,512	13,961	1,022	(11,207)
LG Chem Vietnam Co.,Ltd	1,260	484	776	1,153	129
LG Chem Malaysia SDN.BHD.	1,446	329	1,117	2,425	180
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMI CO LTDA.	2,043	464	1,579	3,299	303
Aveo Pharmaceuticals, Inc.	84,144	132,458	(48,314)	230,932	(30,037)
PT LG CHEM INDONESIA	2,040	713	1,327	2,746	256
TW Biomassenergy Co., Ltd	126,369	13,399	112,970	-	273
LG Chem America Advanced Materials, Inc. <sup>4</sup>	779,029	341,466	437,563	-	(3,065)
LG-Eni Biorefining Co., Ltd <sup>4</sup>	170,069	-	170,069	-	1
FarmHannong Co., Ltd. and its subsidiaries <sup>1</sup>	1,096,030	660,652	435,378	762,052	373
<b>Associates</b>					
TECHWIN Co., Ltd.	134,188	54,925	79,263	96,578	(2,852)
LG Chem Life Sciences Poland Ltd.	329	107	222	224	7
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	480,877	293,925	186,952	710,541	4,932
TL Chemical CO., Ltd	127,409	74	127,335	-	3,961
KOREA PRECURSOR CO., LTD.	252,314	177,706	74,608	5,036	(22,450)
Sam-a Aluminium Company, Limited	434,260	190,595	243,665	251,738	(9,120)
NEXPO Co., Ltd	25,056	4,786	20,270	4,218	(1,253)
Bricks Capital Management Global Battery Private Equity Fund I	22,367	22	22,345	-	(8,793)
<b>Joint ventures</b>					
SEETEC Co., Ltd.	351,787	61,459	290,328	795,769	22,750
LG Toray Hungary Battery Separator Kft.	881,054	8,618	872,436	37,537	7,412

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

	December 31, 2023			2023	
	Assets	Liabilities	Equity	Sales	Profit (loss)
<b>Consolidated subsidiaries</b>					
LG Energy Solution, Ltd. and its subsidiaries <sup>1</sup>	₩ 45,437,144	₩ 21,063,635	₩ 24,373,509	₩ 33,745,470	₩ 1,637,985
Ningbo LG Yongxing Chemical Co.,Ltd.	871,412	100,981	770,431	1,835,664	38,880
Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.	7,386	740	6,646	17,699	333
LG Chem America, Inc.	434,610	378,456	56,154	976,325	6,295
LG Chemical India Pvt. Ltd.	62,922	10	62,912	-	69
LG Polymers India Pvt. Ltd.	86,171	61,485	24,686	(21)	(8,388)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	102,037	20,594	81,443	179,284	12,413
LG Chem (Taiwan), Ltd. <sup>2, 5</sup>	67,658	48,189	19,469	31,863	5,109
Tianjin LG Bohai Chemical Co.,Ltd.	466,008	88,133	377,875	518,751	4,238
Tianjin LG BOTIAN Chemical Co.,Ltd.	44,296	15,780	28,516	142,405	966
LG Chem (China) Investment Co.,Ltd.	1,387,487	1,001,737	385,750	85,892	14,874
LG Chem (Tianjin) Engineering Plastics Co.,Ltd.	60,967	12,072	48,895	75,403	7,709
LG Chem Europe GmbH	386,690	278,083	108,607	888,172	14,133
LG Chem Poland Sp. z o.o.	261,741	125,972	135,769	386,703	26,267
LGC Petrochemical India Private Ltd.	6,466	1,166	5,300	6,616	763
HAENGBOKNURI CO., LTD.	4,858	1,792	3,066	10,068	170
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	10,797	11,426	(629)	80,466	(1,783)
LG Chem Japan Co.,Ltd.	7,691	3,087	4,604	6,292	725
LG NanoH2O, LLC	62,932	16,219	46,713	63,217	7,636
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	57,450	12,705	44,745	76,217	9,303
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	459,028	101,150	357,878	746,025	(33,758)
LG Chem Life Sciences India Pvt. Ltd.	1,322	200	1,122	590	132
LG Jiansheng Life Sciences (Beijing) Co., Ltd.	15,549	15,781	(232)	37,011	850
LG Chem Life Sciences (Thailand) Ltd.	34,623	15,492	19,131	53,767	2,094
LG Chem Hai Phong Vietnam Company Ltd. <sup>2</sup>	12,742	452	12,290	-	713
LG Chem Mexico S.A. de C.V.	5,024	2,503	2,521	4,821	558
LG Chem Hai Phong Engineering Plastics LLC.	29,400	6,190	23,210	45,023	6,279
LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>2</sup>	289,005	77,019	211,986	77,705	5,976
LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	925,512	196,414	729,098	1,772,625	157,607

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LG CHEM FUND I LLC	117,218	20	117,198	-	(5,919)
Uniseal, Inc.	63,565	10,280	53,285	107,235	14,337
LG Chem Life Science Innovation Center, Inc.	51,860	27,949	23,911	14,663	3,105
LG Chem Asia Pte. Ltd.	48,912	47,423	1,489	5,293	130
LG Chem China Tech Center	35,474	1,581	33,893	10,271	225
LG PETRONAS Chemicals Malaysia Sdn.Bhd.	299,439	246,746	52,693	220	(15,379)
LG Chem Hangzhou Advanced Materials Co., Ltd. <sup>2, 6</sup>	37,186	13,394	23,792	-	(7,409)
LG-HY BCM CO., LTD.	606,980	352,275	254,705	626	(3,254)
LG Chem Ohio Petrochemical, Inc.	63,361	40,551	22,810	-	(1,470)
LG Chem Vietnam Co.,Ltd	798	209	589	1,221	142
LG Chem Malaysia SDN.BHD.	1,138	360	778	2,080	154
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMI CO LTDA.	1,919	473	1,446	3,214	143
Aveo Pharmaceuticals, Inc. <sup>4</sup>	64,178	77,559	(13,381)	200,439	(18,071)
PT LG CHEM INDONESIA <sup>4</sup>	1,567	597	970	1,286	138
TW Biomassenergy Co., Ltd <sup>4</sup>	65,795	22,063	43,732	-	(250)
FarmHannong Co., Ltd. and its subsidiaries <sup>1</sup>	1,089,439	653,756	435,683	782,394	(2,602)
<b>Associates</b>					
TECHWIN Co., Ltd.	134,385	56,367	78,018	125,314	(3,150)
LG Chem Life Sciences Poland Ltd.	297	99	198	184	8
KOREA PRECURSOR CO., LTD.	182,008	84,859	97,149	-	(5,242)
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	478,745	314,971	163,774	796,960	79
TL Chemical CO., Ltd	123,007	-	123,007	-	3,464
Sam-a Aluminium Company, Limited <sup>4</sup>	404,364	152,093	252,271	268,150	(248)
NEXPO Co., Ltd <sup>4</sup>	12,254	749	11,505	885	(996)
Bricks Capital Management Global Battery Private Equity Fund I <sup>4</sup>	21,571	20	21,551	-	(898)
<b>Joint ventures</b>					
SEETEC Co., Ltd.	348,415	65,179	283,236	822,873	18,353
LG Toray Hungary Battery Separator Kft.	786,743	9,815	776,928	30,465	(14,048)
PT.HLI Green Power	1,195,064	760,456	434,608	5,642	(15,429)

<sup>1</sup> The information is presented on the basis of the consolidated financial information.

<sup>2</sup> Polarizer and related material business of these entities were classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations.

<sup>3</sup> The entities were disposed of during the year ended December 31, 2024, and the information on revenue and profit or loss for the period represents the financial performance before the disposal.

<sup>4</sup> The information of revenue and profit or loss for the period represents the financial performance after the acquisition of shares.

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<sup>5</sup> LCD polarizer business, etc., of these entities were classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations.

<sup>6</sup> Reclassified to the assets held for sale during the year ended December 31, 2023.

**1.5 Information of Non-Controlling Interests that are Material to the Group**

(a) LG Energy Solution, Ltd. and its subsidiaries

Percentage of ownership held by non-controlling interests and accumulated non-controlling interests for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Percentage of ownership held by non-controlling interests	18.2%	18.2%
Accumulated non-controlling interests	₩ 13,685,332	₩ 7,841,387

Profit and dividends attributable to non-controlling interests for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Profit allocated to non-controlling interests	₩ 1,172,574	₩ 625,148
Dividends paid to non-controlling interests	201,559	197,355

Summarized condensed consolidated statements of financial positions of subsidiaries with material non-controlling interests for years ended December 31, 2024 and 2023, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Current assets	₩ 60,306,791	₩ 45,437,144
Non-current assets	15,327,395	17,208,396
<b>Total assets</b>	<u>44,979,396</u>	<u>28,228,748</u>
Current liabilities	29,340,248	21,063,635
Non-current liabilities	12,054,922	10,937,185
<b>Total liabilities</b>	<u>17,285,326</u>	<u>10,126,450</u>
<b>Total equity</b>	<u>₩ 30,966,543</u>	<u>₩ 24,373,509</u>

Summarized condensed consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the years ended December 31, 2024 and 2023, are as follows (before elimination of intercompany transaction):

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Revenue	₩ 25,619,585	₩ 33,745,470
Profit for the year	338,602	1,637,985
Total comprehensive income	3,217,341	1,911,128

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Summarized condensed consolidated statements of cash flows of subsidiaries with material non-controlling interests for the years ended December 31, 2024 and 2023, are as follows (before elimination of intercompany transaction):

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Cash flows from operating activities	₩ 5,111,700	₩ 4,444,179
Cash flows from investing activities	(12,065,447)	(9,719,327)
Cash flows from financing activities	5,381,506	4,354,690
<b>Net decrease in cash and cash equivalents</b>	<u>(1,572,241)</u>	<u>(920,458)</u>
Cash and cash equivalents at the beginning of year	5,068,783	5,937,967
Effects of exchange rate changes on cash and cash equivalents	402,169	51,274
<b>Cash and cash equivalents at the end of year</b>	<u>₩ 3,898,711</u>	<u>₩ 5,068,783</u>

**1.6 Changes in Scope for Consolidation**

Subsidiaries newly included in the consolidation for the year ended December 31, 2024, are as follows:

<b>Subsidiary</b>	<b>Reason</b>
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
LG-Eni Biorefining Co., Ltd	Newly established

Subsidiaries excluded from the consolidation for the year ended December 31, 2024, are as follows:

<b>Subsidiary</b>	<b>Reason</b>
LG Chem Hangzhou Advanced Materials Co., Ltd.	Disposal

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## 2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 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 consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- Non-current assets held for sale – measured at fair value less costs to sell
- Contingent consideration – measured at fair value, and
- Defined benefit plans – plan assets measured at fair value

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### 2.2 Changes in Accounting Policies and Disclosures

#### 2.2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments 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, and 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

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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 amendments do not have a significant impact on the consolidated 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 Group has provided new disclosures for liabilities under supplier finance arrangements, as well as the associated cash flows, in Notes 5.

#### *(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 do not have a significant impact on the consolidated 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 do not have a significant impact on the consolidated financial statements.

#### *2.2.2 New standards and interpretations not yet adopted by the Group*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group.

#### *(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 financial statements.

#### *(b) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1107 Financial Instruments: Disclosures*

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted.

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer

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system;

- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group is in review for the impact of these amendments on the consolidated financial statements.

#### *(c) Annual Improvements to Korean IFRS - Volume 11*

Annual Improvements to Korean IFRS - *Volume 11* should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determining de facto agents*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

## 2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

#### *(a) Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by

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other standards. Acquisition-related costs are expensed as incurred.

If the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity are greater than the fair value of the net identifiable assets acquired, the excess is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

#### *(b) Associates*

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its carrying amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

#### *(c) Joint Arrangements*

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets,

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liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

#### 2.4 Foreign Currency Translation

##### *(a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of hedges of net investments, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement within 'other income or other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

##### *(c) Translation to the presentation currency*

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each income statement are translated at monthly average exchange rates,
- equity is translated at the historical exchange rate, and
- all resulting exchange differences are recognized in other comprehensive income.

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Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

#### 2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at calls with banks, other short-term highly liquid investments with original maturities of three months or less.

#### 2.6 Financial Assets

##### *(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

##### *(b) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# LG Chem, Ltd. and Subsidiaries

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#### A. *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income (costs)' or other non-operating income (expenses)' and impairment losses are presented in 'other non-operating expenses'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the income statement within 'finance income (costs)' in the year in which it arises.

#### B. *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income (costs)' in the income statement as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

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#### *(c) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

#### *(d) Recognition and Derecognition*

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the statement of financial position.

#### *(e) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **2.7 Derivatives**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'finance income or costs' based on the nature of transactions.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (hedges of net investments)

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At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in 'finance income (costs)'.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognized in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognized within the costs of hedging in other comprehensive income within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot element as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot element of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognized within other comprehensive income within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

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The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability are classified as a current or non-current based on its expected maturity and its settlement, respectively.

#### 2.8 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. See Note 7 for further information about the Group's accounting for trade receivables and Note 3.1.(2) for a description of the Group's accounting policy for impairment.

#### 2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the monthly weighted average method.

#### 2.10 Assets Held for sale (or disposal group)

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

#### 2.11 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Buildings	25 - 50 years
Structures	6 - 50
Machinery	4 - 15
Others	1 - 15

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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#### 2.12 Investment Property

Investment property is property (including right-of-use assets) held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 20 ~ 50 years.

#### 2.13 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

#### 2.14 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

#### 2.15 Intangible Assets

If the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity are greater than the fair value of the net identifiable assets acquired, the excess is recorded as goodwill. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful lives
Software	3 - 15 years
Development costs	3 - 15
Industrial property rights	1 - 15
Others	6 - 20

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#### 2.16 Research and Development

Costs associated with research are recognized as an expense as incurred. Costs that are identifiable, controllable and directly attributable to development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the development project so that it will be available for use.
- management intends to complete the development project for its own use or selling.
- there is an ability to use or sell the development project.
- it can be demonstrated how the development project will generate probable future economic benefits.
- adequate technical, financial resources and other resources to complete the development and to use or sell the development project are available.
- the expenditure attributable to the development project during its development can be reliably measured.

Generally, internally generated development projects have the following stages; formulation and selection of a project, verification of idea and technology, development and testing, decision of commercialization and test of final application. Expenditures can be capitalized as intangible assets only after the decision of commercialization. Expenditures incurred in other stages are recognized as expenses in the research phase.

Internally generated development projects in the Life Sciences business have the following stages; formulation of potential candidates, preclinical research, clinical research, such as phase 1, 2 and 3 trials, approval of regulatory body and new product launch. Expenditures incurred from new drug development projects are recognized as expensed in the research phase. However, expenditures incurred during clinical phase 1–3 trials from development projects for generic drugs or biosimilars are recognized as intangible assets depending on the nature of the products.

Expenditures incurred from technology license agreements with third parties are recognized as intangible assets.

Development costs previously recognized as an expense are not recognized as assets in a subsequent period. Capitalized development costs that are recognized as intangible assets are amortized using the straight-line method over their estimated useful lives when the assets are available for use and are tested for impairment.

#### 2.17 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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#### 2.18 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

#### 2.19 Financial Liabilities

##### *(a) Classification and measurement*

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables', and 'borrowings' in the statement of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### *(b) Derecognition*

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 2.20 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

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- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*

#### 2.21 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

#### 2.22 Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an

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outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

#### 2.23 Greenhouse Gas Emissions Permits and Obligations

With enforcement of *The Act on the Allocation and Trading of Greenhouse Gas Emission Permits*, the permits that are received free of charge from the government are measured at zero while permits purchased are measured at acquisition cost and stated net of accumulated impairment loss. Emission obligations are measured as the sum of the carrying amount of the allocated permits that will be submitted to the government and the best estimate of expenditure required to settle the obligation at the end of reporting period for any excess emission. The permits and emission obligations are classified as intangible assets and provisions, respectively, in the consolidated statements of financial position.

#### 2.24 Employee Benefits

##### *(a) Post-employment benefits*

The Group operates both defined contribution and defined benefit plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

##### *(b) Other long-term employee benefits*

The Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of

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employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

#### 2.25 Revenue Recognition

##### *(a) Identify performance obligation*

With regard to the contract of selling products to the customer, the Group identifies the services provided separately to the customer as a different performance obligation. When the Group makes a sales contract with the customer, the standard warranty period for each product and customer is set up considering the legal warranty period. The warranties are recognized as a revenue and is identified as a separate performance obligation when the Group provides additional warranties for the quality of product exceeding the standard warranty period or when the customer has an option to purchase additional warranties separately.

##### *(b) A performance obligation satisfied at a point in time*

The revenue from the sale of goods is recognized at the time they are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

The goods are often sold with volume discounts, and it is the group's policy to sell its products to the customer with a right of return. Accumulated experiences are used to estimate the discounts and the refund, and the volume discounts are calculated based on the periodic forecast sales. The warranty provision for the sales and refund is recognized based on reasonable estimation.

##### *(c) Sales return*

A gross contract liability for the expected refunds to customers is recognized as adjustment to revenue, and for the right to recover the product from the customer where the customers exercise the right of return, the Group recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover.

##### *(d) Significant financing component*

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component as the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service is generally one year or less.

#### 2.26 Leases

##### *(a) Lessor*

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Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

#### *(b) Lessee*

The Group leases various machinery, real estate, and cars. Lease contracts are typically made for fixed periods, but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

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The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

#### *(c) Extension and termination options*

Extension and termination options are included in a number of leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of

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extension and termination options held are exercisable only by the Group and not by the respective lessor.

**2.27 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 33). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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### 3. Financial Risk Management

#### 3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market 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 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. This foreign exchange exposure is primarily managed through borrowings and other financial instruments denominated in the relevant foreign currency.

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

(in millions of Korean won)	2024				2023			
	Assets		Liabilities		Assets		Liabilities	
USD	₩	6,798,800	₩	14,238,401	₩	6,713,566	₩	11,155,591
EUR		569,793		3,784,316		626,087		4,459,588
JPY		61,091		170,608		20,136		119,699
CNY and others		54,780		122,784		292,973		22,210

As at December 31, 2024 and 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:

(in millions of Korean won)	2024				2023			
	10% Increase		10% Decrease		10% Increase		10% Decrease	
USD	₩	(654,208)	₩	654,208	₩	(359,888)	₩	359,888
EUR		(293,859)		293,859		(363,185)		363,185
JPY		(10,874)		10,874		(9,954)		9,954



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

		2024					Book amount	
Contractor		Contract amount	Contract exchange rate	Contract inception date	Contract maturity	Assets	Liabilities	
	IBK	USD 100	1,380.80	2024.7.2	2029.7.2	7,482	-	
	KDB	USD 100	1,380.80	2024.7.2	2029.7.2	7,507	-	
	KDB	USD 400	1,380.80	2024.7.2	2034.7.2	10,243	-	
	Woori Bank	USD 100	1,380.80	2024.7.2	2034.7.2	2,566	-	

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

		2023					Book amount	
Contractor		Contract amount	Contract exchange rate	Contract inception date	Contract maturity	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	-	
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	47,138	-	
Currency swap	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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Contractor	Contract amount	Contract exchange rate	2023		Book amount	
			Contract inception date	Contract maturity	Assets	Liabilities
			Woori Bank	USD 200	1,337.60	2023.9.25

#### 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 December 31, 2024 and 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)			
	2024		2023	
	10% Increase	10% Decrease	10% Increase	10% Decrease
NASDAQ	₩ 15,609	₩ (15,609)	₩ 14,104	₩ (14,104)
ASX	885	(885)	1,640	(1,640)
NYSE	236	(236)	520	(520)
SZSE	6,943	(6,943)	8,534	(8,534)
HSI	6,427	(6,427)	9,277	(9,277)
KOSPI	32,615	(32,615)	15,989	(15,989)
<b>Total</b>	<b>₩ 62,715</b>	<b>₩ (62,715)</b>	<b>₩ 50,064</b>	<b>₩ (50,064)</b>

#### 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.

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 December 31, 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.

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(in millions of Korean won)	2024		2023	
	1%p Increase	1%p Decrease	1%p Increase	1%p Decrease
Interest income	₩ 27,347	₩ (27,347)	₩ 30,530	₩ (30,530)
Interest expense	(51,899)	51,899	(51,107)	51,107

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 ₩ 1,359,750 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 December 31, 2024, is as follows. Expected credit losses include forward-looking information.

(in millions of Korean won)	December 31, 2024						
	Receivables not past due <sup>1</sup>		Receivables past due but not impaired <sup>1</sup>		Impaired receivables <sup>2</sup>		Total
<b>December 31, 2024</b>							
Gross carrying amount—trade receivables	₩	8,352,072	₩	207,352	₩	1,643	₩ 8,561,067
Gross carrying amount – contract assets		77,237		-		-	77,237
Expected loss rate		0.0%		0.3%		34.7%	0.0%
Loss allowance provision	₩	1,270	₩	594	₩	571	₩ 2,435
<b>December 31, 2023</b>							
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

<sup>1</sup> Note 7.(3) for aging analysis.

<sup>2</sup> 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 years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>Trade receivables and contract assets</b>			
	<b>2024</b>		<b>2023</b>	
<b>Beginning balance</b>	₩	2,810	₩	5,017
Reversal of loss allowance recognized in profit or loss		(262)		(636)
Receivables written off as uncollectible		(119)		(1,234)
Exchange differences		6		(337)
<b>Ending balance</b>	₩	<u>2,435</u>	₩	<u>2,810</u>

As at December 31, 2024, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩ 8,558,632 million (2023: ₩ 8,212,948 million), and the carrying amount of contract assets amounts to ₩ 77,237 million (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 years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>Financial assets at amortized cost</b>			
	<b>2024</b>		<b>2023</b>	
<b>Beginning balance</b>	₩	628	₩	682
Reversal of loss allowance recognized in profit or loss		-		-
Receivables written off as uncollectible		-		(54)
<b>Ending balance</b>	₩	<u>628</u>	₩	<u>628</u>

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 Group entered into supplier finance arrangements with financial institutions. These financial institutions are in a sound financial position, and the Group does not face significant liquidity risk concentration with these institutions.

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)*

	<b>2024</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	₩ 9,026,717	₩ 5,876,892	₩ 11,409,419	₩ 4,151,696
Lease liabilities	177,509	154,278	188,741	532,812
Trade and other payables	10,706,201	19,829	11,109	128
	<u>19,910,427</u>	<u>6,050,999</u>	<u>11,609,269</u>	<u>4,684,636</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,427,569)	(1,787,930)	(3,915,846)	(1,504,913)
Outflows	1,204,261	1,485,061	3,499,596	1,281,824
	<u>(223,308)</u>	<u>(302,869)</u>	<u>(416,250)</u>	<u>(223,089)</u>
	<u>₩ 19,687,119</u>	<u>₩ 5,748,130</u>	<u>₩ 11,193,019</u>	<u>₩ 4,461,547</u>

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<i>(in millions of Korean won)</i>	<b>2023</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
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 year ended December 31, 2023, the Group issued exchangeable bonds that allow issuers and investors to exercise their early redemption rights (Note 14).

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

<i>(in millions of Korean won)</i>	<b>Purpose of the contracts</b>	<b>Hedged items</b>	<b>Financial institution</b>	<b>Maturity</b>	<b>2024</b>		<b>2023</b>	
					<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Merchandise (raw materials) swap <sup>1</sup>	Cash flow hedge	Non-ferrous metal	Citi Bank and others	2027.12	₩ 64	₩ 1,594	₩ 89	₩ 4,899

<sup>1</sup>Gain (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.

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

<i>(in millions of Korean won)</i>	<b>2024</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts <sup>1</sup>	₩ -	₩ -	₩ -	₩ -

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(in millions of Korean won)

	2023			
	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Financial guarantee contracts <sup>1</sup>	₩ 285,602	₩ -	₩ -	₩ -

<sup>1</sup> 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 December 31, 2024 and 2023.

Meanwhile, there are no amount of payment guarantee contracted as at December 31, 2024 (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 December 31, 2024 and December 31, 2023, were as follows:

(in millions of Korean won, except for ratios)	2024		2023	
Total borrowings (Note 14) (A)	₩	27,376,097	₩	21,928,114
Less: cash and cash equivalents (B)		(7,854,877)		(9,084,899)
Net debt (C=A+B)		19,521,220		12,843,215
Total liabilities (D)		45,862,299		36,528,509
Total equity (E)		47,995,463		40,938,185
Total capital (F=C+E)		67,516,683		53,781,400
Gearing ratio (C/F)		28.9%		23.9%
Debt-to-equity ratio (D/E)		95.6%		89.2%

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**3.3 Fair Value**

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

(in millions of Korean won)

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets (current)</b>				
Cash and cash equivalents	₩ 7,854,877	1	₩ 9,084,899	1
Deposits held by financial institutions	213,473	1	57,106	1
Trade receivables	8,166,047	1	8,082,952	1
Other receivables (excluding deposits held by financial institutions)	903,886	1	625,072	1
<b>Other current financial assets</b>				
Current derivative financial assets (currency forward)	-	-	65,388	65,388
Current derivative financial assets (excluding currency forward)	42	42	51	51
Current derivative financial assets (currency swap)	188,578	188,578	31,693	31,693
Current derivative financial assets (purchase of interests)	31,225	31,225	44,296	44,296
<b>Financial assets (non-current)</b>				
Deposits held by financial institutions	272,457	1	267,558	1
Trade receivables	392,585	1	129,996	1
Other receivables (excluding deposits held by financial institutions)	178,078	1	160,135	1
<b>Other non-current financial assets</b>				
Marketable financial assets (excluding derivative financial assets)	677,742	677,742	507,186	507,186
Non-marketable financial assets <sup>3</sup>	1,031,232	1,031,232	515,736	515,736
Non-current derivative financial assets (currency forward)	118,088	118,088	47,138	47,138
Non-current derivative financial assets (excluding currency forward)	22	22	38	38
Non-current derivative financial assets (currency swap)	581,692	581,692	141,226	141,226
Non-current derivative financial assets (purchase of interests)	31,141	31,141	17,177	17,177
<b>Financial liabilities (current)</b>				
Trade and other payables	10,706,200	1	9,022,994	1
Current borrowings (excluding lease liabilities/ exchangeable bond)	5,018,619	1	4,979,229	1
Current borrowings (exchangeable bond)	2,461,344	2,532,310	1,998,423	2,220,842
Current lease liabilities	141,096	<sup>2</sup>	100,130	<sup>2</sup>
<b>Other current financial liabilities</b>				
Current derivative financial liabilities (currency forward)	-	-	14,308	14,308
Current derivative financial liabilities	1,159	1,159	3,936	3,936

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(in millions of Korean won)	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
(excluding currency forward)				
Current derivative financial liabilities (right of exchange/option)	351,110	351,110	501,951	501,951
Financial guarantee contracts liabilities	-	<sup>1</sup>	3,715	<sup>1</sup>
<b>Financial liabilities (non-current)</b>				
Non-current borrowings (excluding lease liabilities)	18,981,381	19,352,223	14,458,596	13,537,804
Non-current lease liabilities	773,657	<sup>2</sup>	391,736	<sup>2</sup>
Other non-current payables	31,065	<sup>1</sup>	33,418	<sup>1</sup>
<b>Other non-current financial liabilities</b>				
Non-current derivative financial liabilities (excluding currency forward)	435	435	962	962
Non-current derivative financial liabilities (currency swap)	-	-	79,107	79,107
Financial liabilities at amortized cost	1,000,200	<sup>1</sup>	-	-
Non-current derivative financial liabilities (purchase of interests)	42,464	42,464	19,881	19,881

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

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

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

Fair value for 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	2024	2023	Remark
Non-current borrowings (excluding lease liabilities/ exchangeable bond)	3.07% ~ 4.12%	3.64% ~ 4.79%	Yield of won debenture with credit rating (AA+) and others
Current borrowings (Exchangeable Bond)	5.04% / 5.20%	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 December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	₩ 677,742	₩ -	₩ -	₩ 677,742
Other non-current financial assets (non-marketable financial assets) <sup>1</sup>	-	-	1,031,232	1,031,232
Current derivative financial assets (excluding currency forward)	-	42	-	42
Current derivative financial assets (currency swap)	-	188,578	-	188,578
Current derivative financial assets (purchase of interests)	-	-	31,225	31,225
Non-current derivative financial assets (currency forward)	-	118,088	-	118,088
Non-current derivative financial assets (excluding currency forward)	-	22	-	22
Non-current derivative financial assets (currency swap)	-	581,692	-	581,692
Non-current derivative financial assets (purchase of interests)	-	-	31,141	31,141
Current derivative financial liabilities (excluding currency forward)	-	1,159	-	1,159
Current derivative financial liabilities (right of exchange/option)	-	-	351,110	351,110
Non-current derivative financial liabilities (excluding currency forward)	-	435	-	435
Non-current derivative financial liabilities (purchase of interests)	-	-	42,464	42,464
<b>Financial assets/liabilities not measured at fair value</b>				
Current borrowings (exchangeable bond)	-	-	2,532,310	2,532,310
Non-current borrowings (excluding lease liabilities)	-	-	19,352,223	19,352,223

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	2023			
	Level 1	Level 2	Level 3	Total
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	₩ 507,186	₩ -	₩ -	₩ 507,186
Other non-current financial assets (non-marketable financial assets) <sup>1</sup>	-	-	515,736	515,736
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)	-	38	-	38
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
<b>Financial assets/liabilities not measured at fair value</b>				
Current borrowings (exchangeable bond)	-	-	2,220,842	2,220,842
Non-current borrowings (excluding lease liabilities)	-	-	13,537,804	13,537,804

<sup>1</sup> 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 December 31, 2024 and December 31, 2023, are as follows:

	<b>2024</b>				
	Fair value	Level	Valuation Technique	Inputs	Coverage of Level 3 inputs
Current derivative financial assets (purchase of interests)	31,225	3	Monte Carlo Simulation	Stock volatility of underlying assets	47.76%
				Stock price correlation coefficient	25.85%
				Volatility of financial indicators	20.94%
Non-current derivative financial assets (purchase of interests)	31,141	3	Binominal option-pricing model	Volatility	47.83%
				Risk-free rate	3.63%
Non-current derivative financial liabilities (purchase of interests)	42,464	3	Monte Carlo Simulation	Stock volatility of underlying assets	47.76%
				Stock price correlation coefficient	25.85%
				Volatility of financial indicators	20.94%
Other non-current financial assets (non-listed shares and compound financial instruments)	362,581	3	Binominal option-pricing model	Volatility	68.13% and others
				Stock price of underlying assets	₩ 7,439 (in Korean won)
	19,442	3	Hull&White/LSMC	Risk-free rate	2.65%
				Discount rates	20.85%
				Volatility	28.39%
	45,787	3	Market approach	-	-
	95,317	3	Discounted cash flows model	Discount rates	13.41% and others
213,802	3	Adjusted net asset method	-	-	
Current financial liabilities (right of exchange/option)	351,110	3	Binominal option-pricing model	Stock price of underlying assets	₩ 348,000 (in Korean won)
				Risk-free rate	4.51% / 4.74%
				Risk rate	5.04% / 5.20%
				Volatility	40.86%

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	<b>2023</b>				
	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	32.78%
				Stock price correlation coefficient	37.38%
				Volatility of financial indicators	42.17%
Non-current derivative financial assets (purchase of interests)	17,177	3	Binominal option-pricing model	Volatility	31.51%
				Risk-free rate	4.57%
Non-current derivative financial liabilities (purchase of interests)	19,881	3	Monte Carlo Simulation	Stock volatility of underlying assets	32.78%
				Stock price correlation coefficient	42.98%
				Volatility of financial indicators	21.82%
Other non-current financial assets (non-listed shares)	14,426	3	Binominal option-pricing model	Volatility	12.34%
				88,077	3
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	₩ 427,500 (in Korean won)
				Risk-free rate	3.17% / 3.19%
				Risk rate	4.55% / 4.47%
				Volatility	45.38%

*Changes in Level 3 of the Fair Value Hierarchy for the Recurring Fair Value Measurements*

(in millions of Korean won)

	<b>2024</b>		<b>2023</b>	
	Financial assets measured at fair value	Financial liabilities measured at fair value	Financial assets measured at fair value	Financial liabilities measured at fair value
Beginning balance	₩ 577,209	₩ 521,832	₩ 546,598	₩ 7,777
Transfer into Level 3	447,995	-	97,819	604,407
Gains (losses) recognized in profit for the year	49,463	(128,258)	26,631	(90,352)
Gains recognized in other comprehensive income	18,931	-	(93,839)	-
Ending balance	<u>₩ 1,093,598</u>	<u>₩ 393,574</u>	<u>₩ 577,209</u>	<u>₩ 521,832</u>

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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#### 4. Critical Accounting Estimates and Assumptions

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

##### *(a) Estimated goodwill impairment*

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations (Note 12).

##### *(b) Income tax*

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects (Note 28).

Additionally, the company estimates the future corporate tax effects and recognizes them as current and deferred corporate taxes. However, the actual future tax burden may differ from the recognized related assets and liabilities. Such differences may impact the current and deferred corporate taxes when the estimated tax effects are finalized.

##### *(c) Provisions*

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

##### *(d) Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 3.3).

##### *(e) Impairment of financial assets*

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

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

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#### *(f) Net defined benefit liability (asset)*

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

#### *(g) Leases*

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

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee (Note 11).

#### *(h) Valuation of Inventories*

Inventories are stated at the lower of cost and net realizable value, which is determined by the estimated selling price and the estimated costs necessary to make the sale. The assessment of slow-moving inventories is made of net realizable value estimated with the market circumstances and the historical experience (see Note 9).

#### *(i) Impairment assessment of CGU*

To assess the recoverable amount for CGUs for impairment of property, plant and equipment and intangible assets, it is determined based on the higher amount between value in use and the net fair value, less costs of disposal.

#### *(j) Business Combinations*

In a business combination, the identifiable net assets of the acquired company are assessed at fair value, based on estimates of uncertain future business performance. The fair value of these identifiable net assets and the amount of goodwill may fluctuate depending on the future performance of the acquired company, interest rate levels at financial institutions, market conditions, and changes in domestic and international economic environments.

**LG Chem, Ltd. and Subsidiaries**  
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**5. Financial Instruments by Category**

(a) Categorizations of financial instruments as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					Total
	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 <sup>1</sup>		
<b>Financial assets</b>						
Cash and cash equivalents	₩ 7,854,877	₩ -	₩ -	₩ -	₩ -	7,854,877
Trade receivables	7,652,903	-	513,144	-	-	8,166,047
Non-current trade receivables	392,585	-	-	-	-	392,585
Other receivables	1,117,359	-	-	-	-	1,117,359
Other non-current receivables	450,535	-	-	-	-	450,535
Other current financial assets	-	219,803	-	42	-	219,845
Other non-current financial assets	-	1,586,194	853,701	22	-	2,439,917
<b>Total</b>	<b>₩ 17,468,259</b>	<b>₩ 1,805,997</b>	<b>₩ 1,366,845</b>	<b>₩ 64</b>	<b>₩ -</b>	<b>₩ 20,641,165</b>

(in millions of Korean won)

	2024				Total
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other financial liabilities <sup>2</sup>		
<b>Financial liabilities</b>					
Trade payables	₩ 3,681,898	₩ -	₩ -	₩ -	3,681,898
Other payables	7,021,473	-	-	-	7,021,473
Borrowings (current)	7,457,043	-	164,016	-	7,621,059
Other current financial liabilities	-	351,110	1,159	-	352,269
Other non-current financial liabilities	1,000,200	42,464	435	-	1,043,099
Other non-current payables	31,065	-	-	-	31,065
Borrowings (non-current)	18,981,381	-	773,657	-	19,755,038
<b>Total</b>	<b>₩ 38,173,060</b>	<b>₩ 393,574</b>	<b>₩ 939,267</b>	<b>₩ -</b>	<b>₩ 39,505,901</b>

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(in millions of Korean won)

	2023					Total
	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 <sup>1</sup>		
<b>Financial assets</b>						
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
<b>Total</b>	<b>₩ 17,748,966</b>	<b>₩ 387,487</b>	<b>₩ 1,293,375</b>	<b>₩ 347,819</b>	<b>₩ -</b>	<b>₩ 19,777,647</b>

(in millions of Korean won)

	2023		
	Financial liabilities at amortized cost	Other financial liabilities <sup>2</sup>	Total
<b>Financial liabilities</b>			
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
<b>Total</b>	<b>₩ 30,493,105</b>	<b>₩ 1,115,281</b>	<b>₩ 31,608,386</b>

<sup>1</sup> Other financial assets include derivative assets that are not subject to the categorizations.

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

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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*(b) Liabilities under supplier finance arrangements*

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts that the Group owes its suppliers and the Group agreeing to pay finance providers according to the terms and conditions of the arrangements at a date later than, when suppliers are paid. These arrangements provide the Group with extended payment terms, or the Group's suppliers with early payment terms, compared to the related invoice payment due date.

Supplier finance arrangements as at December 31, 2024, as follows:

<i>(in millions of Korean won)</i>	<b>Accounts in financial statements</b>	<b>2024</b>
Shipper's Usance <sup>1</sup>	Trade payables	W 18,067
Reverse factoring arrangement <sup>2</sup>	Other payables	439,604
B2B purchase arrangements <sup>3</sup>	Trade payables	172,211
B2B purchase arrangements <sup>3</sup>	Other payables	394,694

<sup>1</sup> Under the Shipper's Usance arrangement, financial institutions acquire rights to specific trade receivables from suppliers. The payment due would not be changed due to this arrangement, and since the terms of the liability have not substantially changed, it is determined appropriate to continue recognizing the related amount as trade payables on the statements of financial position. In the statements of cash flows, the Group is not considered a part of the supplier finance arrangement in the cash flows between the financial institutions and the suppliers. As the substantive terms of the trade payables have not changed, the Group considers the payment was made in the ordinary course of business. Accordingly, cash flows occur when the Group subsequently makes payment to the financial institution, and this is presented as a cash outflow from operating activities.

<sup>2</sup> In accordance with reverse factoring arrangement, financial institutions acquire rights to specific trade receivables from suppliers. The payment due has been extended due to this arrangement, and since the terms of the liability have substantially changed, the related amount is recognized as financial liabilities in the statements of financial position, and previous liabilities are derecognized at the time of assumption of debt by financial institutions. In the statements of cash flows, the Group considers that financial institutions settle payments on behalf of the Group. However, when financial institutions pay the suppliers, the Group is considered not a party to the cash flows and discloses the payment as a non-cash transaction. When the Group subsequently pays to financial institutions, it is presented in cash outflow from investing activities.

<sup>3</sup> According to the B2B corporate purchase agreement, the financial institution acquires rights to specific accounts receivable from the supplier. This agreement does not alter the payment date or substantially change the terms of the debt. Therefore, it is appropriate to continue displaying the related amounts in accounts payable and other liabilities on the balance sheet. In the cash flow statement, the consolidated company determined it is not a party to the cash flow between the financial institution and the supplier. Since the substantial terms of accounts payable and other liabilities remain unchanged, this is considered a normal business payment. Consequently, cash flow is recognized when the consolidated company makes subsequent payments to the financial institution, recorded as an outflow of cash from operating activities.

There have been no significant changes affecting the liabilities under the supplier financing arrangement. These liabilities are considered short-term and their book value is regarded as a reasonable approximation of fair value.

**LG Chem, Ltd. and Subsidiaries**  
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Net gains or losses on each category of financial instruments for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Dividend income</b>		
Financial assets at fair value through other comprehensive income	₩ 9,971	₩ 24,353
Financial assets at fair value through profit or loss	249	289
<b>Impairment losses (reversal)</b>		
Financial assets at amortized cost	(263)	(636)
<b>Interest income</b>		
Financial assets at amortized cost	352,605	316,847
<b>Interest expense</b>		
Financial assets at amortized cost <sup>1</sup>	(3,730)	(30,443)
Other financial liabilities	(18,386)	(10,937)
Financial liabilities at amortized cost	(1,081,539)	(695,829)
<b>Gain (loss) on valuation and disposal</b>		
Financial assets at fair value through profit or loss	61,314	16,502
Financial assets at fair value through other comprehensive income	179,102	(222,998)
Derivative instruments	928,320	92,877
<b>Exchange differences</b>		
Financial assets at amortized cost	938,079	174,247
Financial liabilities at amortized cost	(1,516,180)	291,358
Derivative instruments	41,062	(517)
Other financial liabilities	(183)	999

<sup>1</sup> Fees paid to financial institutions for factoring.

**6. Cash and Cash Equivalents**

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

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Bank deposits and cash on hand	₩ 3,896,775	₩ 3,411,992
Deposits held by financial institutions and others	3,958,102	5,672,907
<b>Total</b>	<b>₩ 7,854,877</b>	<b>₩ 9,084,899</b>

As at December 31, 2024, cash and cash equivalents include ₩ 1,212,371 million (2023: ₩ 7,038 million), which is subject to a restriction on the use in association with the national R&D projects.

**LG Chem, Ltd. and Subsidiaries**  
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**7. Trade and Other Receivables**

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

*(in millions of Korean won)*

	<b>2024</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Trade receivables	₩ 8,168,482	₩ (2,435)	₩ 8,166,047
Non-current trade receivables	392,585	-	392,585
Other current receivables	1,117,987	(628)	1,117,359
Other non-current receivables	450,535	-	450,535
<b>Total</b>	<b>₩ 10,129,589</b>	<b>₩ (3,063)</b>	<b>₩ 10,126,526</b>

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
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
<b>Total</b>	<b>₩ 9,326,257</b>	<b>₩ (3,438)</b>	<b>₩ 9,322,819</b>

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

*(in millions of Korean won)*

	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Non-trade receivables	₩ 851,737	₩ 565,769
Deposits held by financial institutions <sup>1</sup>	213,473	57,106
Accrued income	9,012	16,570
Guarantee deposits provided	43,137	42,733
	<u>1,117,359</u>	<u>682,178</u>
<b>Non-current</b>		
Non-trade receivables	40,623	35,255
Deposits held by financial institutions <sup>1</sup>	272,457	267,558
Loans	15,673	9,890
Guarantee deposits provided	121,782	114,990
	<u>450,535</u>	<u>427,693</u>
<b>Total</b>	<b>₩ 1,567,894</b>	<b>₩ 1,109,871</b>

**LG Chem, Ltd. and Subsidiaries**  
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<sup>1</sup> As at December 31, 2024, ₩ 266,100 million (2023: ₩ 266,100 million) in financial institutions are restricted for use under agreements such as the Co-Growth Cooperation Agreement between large and small-medium enterprises. Additionally, 138 million KRW (compared to 114 million KRW at the end of the previous period) is restricted as a deposit for opening a checking account. At the end of the previous period, 5,000 million KRW in employee stock ownership loans and a deposit of PLN 4 million related to the overseas transfer of hazardous waste were restricted for use. As at December 31, 2024, USD 4 million is restricted as collateral for issuing a letter of credit (LOC)

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

(in millions of Korean won)

	2024		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
<b>Receivables not past due</b>	₩ 8,352,072	₩ 1,564,851	₩ 8,065,741	₩ 1,053,672
<b>Past due but not impaired</b>	207,352	3,043	148,163	56,199
Up to 3 months	189,570	55	106,433	31,350
Between 3-6 months	17,414	676	40,162	14,950
Over 6 months	369	2,312	1,568	9,899
<b>Impaired receivables</b>	1,643	628	1,854	628
<b>Total</b>	₩ 8,561,067	₩ 1,568,522	₩ 8,215,758	₩ 1,110,499

Movements on the provision for impairment of trade and other receivables for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Trade receivables		Other receivables	
	Current	Non-current	Current	Non-current
<b>Beginning balance</b>	₩ 2,810	₩ -	₩ 628	₩ -
Reversal	(262)	-	-	-
Write-off	(119)	-	-	-
Exchange differences	6	-	-	-
<b>Ending balance</b>	₩ 2,435	₩ -	₩ 628	₩ -

(in millions of Korean won)

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

**LG Chem, Ltd. and Subsidiaries**  
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As at December 31, 2024 and 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 December 31, 2024, the balance of transferred trade receivables is ₩ 82,645 million (2023: ₩ 38,358 million).

**8. Other Financial Assets and Liabilities**

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

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Other financial assets</b>		
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	₩ 42	₩ 51
Financial assets at fair value through profit or loss (derivative instruments) (current)	219,803	141,377
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	22	38
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	853,701	634,623
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	730,921	206,353
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)	855,273	387,487
	<u>2,659,762</u>	<u>1,369,929</u>
<b>Other financial liabilities</b>		
Financial guarantee contracts	-	3,715
Financial liabilities at fair value through other comprehensive income (derivative instruments) (current)	1,159	3,936
Financial liabilities at fair value through profit or loss (derivative instruments) (current)	351,110	516,259
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	435	962
Financial liabilities at fair value through profit or loss (derivative instruments) (non-current)	42,464	98,988
Financial liabilities at amortized cost (non-current)	1,000,200	-
	<u>₩ 1,395,368</u>	<u>₩ 623,860</u>

**LG Chem, Ltd. and Subsidiaries**  
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Changes in equity and debt instruments included in other financial assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Beginning balance</b>	₩	1,022,110	₩	958,060
Acquisitions / transfer		489,741		273,210
Disposals		(65,959)		(4,640)
Gain (Loss) on valuation through other comprehensive income (before income tax effects)		179,103		(222,998)
Gain on valuation through profit or loss		61,314		15,535
Exchange differences on translation of foreign currency		22,665		2,943
<b>Ending balance</b>	₩	<u>1,708,974</u>	₩	<u>1,022,110</u>

<sup>1</sup> 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:

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

For the years ended December 31, 2024 and 2023, the Group did not recognize impairment for other financial assets.

**LG Chem, Ltd. and Subsidiaries**  
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**9. Inventories**

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

*(in millions of Korean won)*

	<b>2024</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Merchandise	₩ 396,041	₩ (41,053)	₩ 354,988
Finished / Semi-finished products	4,932,630	(333,607)	4,599,023
Work-in-process	26,227	-	26,227
Raw materials	2,417,233	(40,635)	2,376,598
Supplies	361,917	(7,776)	354,141
Goods-in-transit	1,136,456	-	1,136,456
<b>Total</b>	<b>₩ 9,270,504</b>	<b>₩ (423,071)</b>	<b>₩ 8,847,433</b>

*(in millions of Korean won)*

	<b>2023</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
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	351,654	(10,038)	341,616
Goods-in-transit	1,116,491	-	1,116,491
<b>Total</b>	<b>₩ 9,756,865</b>	<b>₩ (381,538)</b>	<b>₩ 9,375,327</b>

During the year ended December 31, 2024, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩ 28,601,206 million (2023: ₩ 35,050,827 million).

**LG Chem, Ltd. and Subsidiaries**  
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**10. Investments in Associates and Joint Ventures**

Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023, are as follows:

(in millions of  
Korean won)

	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			Ending balance		
					Exchange rate changes	Reclassificat ion due to the disposal	Others			
TECHWIN Co., Ltd.	₩ 16,284	₩ -	₩ -	₩ (209)	₩ -	₩ -	₩ -	₩ 16,075		
SEETEC Co., Ltd	138,148	-	(7,500)	11,452	-	-	(406)	141,694		
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	17		
HUAJIN NEW ENERGY MATERIALS(QUZHOU )CO., LTD.	79,383	-	-	3,552	8,480	-	-	91,415		
PT.HLI Green Power <sup>1</sup>	162,273	-	-	(42,710)	15,209	(37,804)	(96,968)	-		
Sam-a Aluminium Company, Limited	46,257	-	(150)	(711)	-	-	-	45,396		
NEXPO Co., Ltd	2,186	1,900	-	(255)	-	-	-	3,831		
Bricks Capital Management Global Battery Private Equity Fund I	12,843	5,762	-	(5,442)	-	-	-	13,163		
TL Chemical CO., Ltd	49,203	-	-	1,731	-	-	-	50,934		
LG Toray Hungary Battery Separator Kft.	451,408	-	-	18,728	29,173	-	-	499,309		
KOREA PRECURSOR CO., LTD.	47,604	-	-	(11,001)	-	-	(44)	36,559		
	₩ 1,005,606	₩ 7,662	₩ (7,650)	₩ (24,865)	₩ 52,862	₩ (37,804)	₩ (97,418)	₩ 898,393		

**LG Chem, Ltd. and Subsidiaries**  
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(in millions of

Korean won)

	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. <sup>2</sup>	2,428	-	-	(482)	65	(2,011)	-	-		
Jiangxi VL Battery Co., Ltd <sup>3</sup>	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		

<sup>1</sup> During the year ended December 31, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement.

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

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

See Note 1.3 and 1.4 for the details of associates and joint ventures and summarized financial information.

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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)

		<b>2024</b>					
	<b>Net Asset (a)</b>	<b>Group's share in % (b)</b>	<b>Group's share in KRW (a x b)</b>	<b>Investment difference</b>	<b>Intercompany transactions, etc.</b>	<b>Carrying amount</b>	
LG Toray Hungary Battery Separator Kft.	₩ 872,436	50	₩ 436,218	₩ 62,944	₩ 147	₩ 499,309	
SEETEC Co., Ltd	290,328	50	145,164	-	(3,470)	141,694	
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	186,952	49	91,607	-	(192)	91,415	

(in millions of  
Korean won)

		<b>2023</b>					
	<b>Net Asset (a)</b>	<b>Group's share in % (b)</b>	<b>Group's share in KRW (a x b)</b>	<b>Investment difference</b>	<b>Intercompany transactions, etc.</b>	<b>Carrying amount</b>	
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 years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					
	Land	Buildings	Structures	Machinery	Vehicles	Tools
<b>Beginning balance</b>	₩ 2,009,615	₩ 8,164,517	₩ 1,397,367	₩ 11,677,877	₩ 16,091	1,036,290
Cost	2,011,770	9,745,059	2,312,914	28,492,355	56,626	2,452,297
Accumulated depreciation	-	(1,533,806)	(883,066)	(16,603,890)	(40,243)	(1,407,081)
Accumulated impairment losses	(2,155)	(46,736)	(32,481)	(210,588)	(292)	(8,926)
Business combination (Note 37)	54,797	232,267	39,416	532,629	448	26,044
Acquisitions/ transfer	93,322	2,202,309	353,148	4,309,392	9,279	465,797
Disposals/ transfer	(27,301)	(64,830)	(7,078)	(221,993)	(1,474)	(51,494)
Exchange differences	16,951	625,260	29,835	758,286	696	43,150
Depreciation	-	(293,307)	(90,545)	(3,019,240)	(5,680)	(345,905)
Impairment <sup>1</sup>	-	(44,937)	(16,642)	(178,775)	(24)	(16,907)
Transfer to assets held for sale	(8,355)	(123)	(1,575)	(5,118)	(10)	(1,579)
<b>Ending balance</b>	₩ 2,139,029	₩ 10,821,156	₩ 1,703,926	₩ 13,853,058	₩ 19,326	₩ 1,155,396
Cost	₩ 2,175,980	₩ 12,821,025	₩ 2,736,156	₩ 34,017,480	₩ 64,294	₩ 2,813,205
Accumulated depreciation	-	(1,908,083)	(989,313)	(19,784,266)	(44,644)	(1,637,380)
Accumulated impairment losses	(36,951)	(91,786)	(42,917)	(380,156)	(324)	(20,429)

(in millions of Korean won)

	2024					
	Equipment	Others	Right-of-use assets	Construction-in-progress	Machinery-in-transit	Total
<b>Beginning balance</b>	₩ 496,729	₩ 297,939	₩ 562,081	₩ 13,037,527	₩ 254,360	38,950,393
Cost	985,788	539,643	912,058	13,234,185	254,360	60,997,055
Accumulated depreciation	(486,032)	(235,623)	(349,977)	-	-	(21,539,718)
Accumulated impairment losses	(3,027)	(6,081)	-	(196,658)	-	(506,944)
Business combination (Note 37)	31,493	-	604	108,639	-	1,026,337
Acquisitions/ transfer	303,272	67,743	530,875	15,987,475	170,226	24,492,838
Disposals/ transfer	(6,486)	(2,890)	(24,345)	(8,185,525)	(140,664)	(8,734,080)
Exchange differences	29,791	315	49,602	1,881,278	(2,811)	3,432,353
Depreciation	(155,680)	(152,283)	(133,737)	-	-	(4,196,377)
Impairment <sup>1</sup>	(426)	(10,621)	(340)	(86,096)	(28,320)	(383,088)
Transfer to assets held for sale	(61)	-	-	(1,109)	-	(17,930)
<b>Ending balance</b>	₩ 698,632	₩ 200,203	₩ 984,740	₩ 22,742,189	₩ 252,791	₩ 54,570,446
Cost	₩ 1,343,689	₩ 582,194	₩ 1,444,723	₩ 23,033,485	₩ 281,111	₩ 81,313,342
Accumulated depreciation	(642,050)	(365,452)	(459,643)	-	-	(25,830,831)
Accumulated impairment losses	(3,007)	(16,539)	(340)	(291,296)	(28,320)	(912,065)

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<sup>1</sup> During the year ended December 31, 2024, considering the outlook of the future economic benefits and changes in market conditions, some businesses were impaired and recognized as other non-operating expenses.

(in millions of Korean won)

	2023					
	Land	Buildings	Structures	Machinery	Vehicles	Tools
<b>Beginning balance</b>	₩ 1,964,418	₩ 6,930,290	₩ 1,346,398	₩ 10,955,576	₩ 14,990	962,987
Cost	2,001,370	8,272,652	2,181,125	25,948,544	45,823	2,201,510
Accumulated depreciation	-	(1,297,878)	(803,560)	(14,821,068)	(30,726)	(1,231,443)
Accumulated impairment losses	(36,952)	(44,484)	(31,167)	(171,900)	(107)	(7,080)
Business combination (Note 37)	-	-	-	-	-	-
Acquisitions/ transfer Disposals/ transfer	43,533	1,301,908	130,744	3,412,747	5,146	412,672
Acquisitions/ transfer Disposals/ transfer	(6,657)	(4,960)	(3,319)	(259,197)	(1,109)	(29,407)
Exchange differences	8,321	213,817	10,736	221,150	1,527	21,257
Depreciation	-	(230,613)	(84,874)	(2,520,521)	(4,052)	(314,547)
Impairment/ reversal	-	(4,761)	(1,746)	(64,856)	(323)	(4,138)
Transfer to assets held for sale	-	(41,164)	(572)	(67,022)	(88)	(12,534)
<b>Ending balance</b>	₩ 2,009,615	₩ 8,164,517	₩ 1,397,367	₩ 11,677,877	₩ 16,091	₩ 1,036,290
Cost	₩ 2,011,770	₩ 9,745,059	₩ 2,312,914	₩ 28,492,355	₩ 56,626	₩ 2,452,297
Accumulated depreciation	-	(1,533,806)	(883,066)	(16,603,890)	(40,243)	(1,407,081)
Accumulated impairment losses	(2,155)	(46,736)	(32,481)	(210,588)	(292)	(8,926)

(in millions of Korean won)

	2023					
	Equipment	Others	Right-of-use assets	Construction-in-progress	Machinery-in-transit	Total
<b>Beginning balance</b>	₩ 441,803	₩ 276,578	₩ 465,499	₩ 6,176,195	₩ 128,009	29,662,743
Cost	848,431	678,499	721,164	6,258,282	128,009	49,285,409
Accumulated depreciation	(403,726)	(395,840)	(255,665)	-	-	(19,239,906)
Accumulated impairment losses	(2,902)	(6,081)	-	(82,087)	-	(382,760)
Business combination (Note 37)	250	-	685	-	-	935
Acquisitions/ transfer	179,234	181,691	316,549	12,934,877	245,284	19,164,385
Disposals/ transfer	(4,201)	(5,502)	(86,718)	(5,967,538)	(118,933)	(6,487,541)
Exchange differences	6,092	1,973	(6,566)	19,229	-	497,536
Depreciation	(124,393)	(156,801)	(119,937)	-	-	(3,555,738)
Impairment/ reversal	(312)	-	-	(125,203)	-	(201,339)
Transfer to assets held for sale	(1,744)	-	(7,431)	(33)	-	(130,588)
<b>Ending balance</b>	₩ 496,729	₩ 297,939	₩ 562,081	₩ 13,037,527	₩ 254,360	₩ 38,950,393
Cost	₩ 985,788	₩ 539,643	₩ 912,058	₩ 13,234,185	₩ 254,360	₩ 60,997,055
Accumulated depreciation	(486,032)	(235,623)	(349,977)	-	-	(21,539,718)
Accumulated impairment losses	(3,027)	(6,081)	-	(196,658)	-	(506,944)

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During the year ended December 31, 2024, the Group capitalized ₩ 149,822 million of borrowing costs (2023: ₩ 91,116 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 3.36%~4.68% (2023: 3.47%).

Line items including depreciation in the consolidated income statements for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Cost of sales	₩	3,762,694	₩	3,167,121
Selling and administrative expenses		421,343		358,539
Discounted operations		12,340		30,078
<b>Total</b>	<b>₩</b>	<b>4,196,377</b>	<b>₩</b>	<b>3,555,738</b>

Details of property, plant and equipment provided as collateral as at December 31, 2024, is as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>				
	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related line item</b>	<b>Related amount</b>	<b>Secured party</b>
Buildings and others	₩ 135,601	₩ 378,000	Borrowings (Note 14)	₩ 283,000	KDB Bank DB INSURANCE CO.,LTD
Land	₩ 182	₩ 4,536	-	-	

<i>(in millions of Korean won)</i>	<b>2023</b>				
	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related line item</b>	<b>Related amount</b>	<b>Secured party</b>
Buildings and others	₩ 130,146	₩ 378,000	Borrowings (Note 14)	₩ 205,000	KDB Bank DB INSURANCE CO.,LTD
Land	₩ 1,570	₩ 4,536	-	-	

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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>	<b>2024</b>		<b>2023</b>	
Right-of-use assets <sup>1</sup>				
Real estate	₩	704,759	₩	479,818
Machinery		241,212		43,631
Vehicles		32,930		35,853
Tools		4,563		1,765
Equipment		1,275		1,013
	₩	<u>984,739</u>	₩	<u>562,080</u>

<sup>1</sup> 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 year ended December 31, 2024, were ₩ 531,479 million (2023: ₩ 317,234 million).

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Lease liabilities <sup>1</sup>				
Current	₩	141,096	₩	100,130
Non-current		773,657		391,736
	₩	<u>914,753</u>	₩	<u>491,866</u>

<sup>1</sup> Included in the line item 'Borrowings' in the consolidated statements of financial position.

*Amounts recognized in the consolidated income statements*

Lease related expenses recognized in the consolidated income statements for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Depreciation of right-of-use assets				
Real estate	₩	101,149	₩	92,801
Machinery		8,836		5,888
Vehicles		22,009		19,295
Tools		1,349		1,673
Equipment		394		280
	₩	<u>133,737</u>	₩	<u>119,937</u>
Interest expense on lease liabilities (included in finance cost)	₩	18,386	₩	10,937

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(in millions of Korean won)

	2024	2023
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	56,551	36,014
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	19,185	19,083

Total cash outflow for leases for the year ended December 31, 2024, was ₩ 234,448 million (2023: ₩ 186,335 million).

**12. Intangible Assets**

Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024						
	Development costs	Software	Industrial property rights	Goodwill	Memberships	Others	Total
<b>Beginning balance</b>	₩ 35,184	₩ 1,044,397	₩ 722,658	₩ 1,061,174	₩ 38,865	₩ 790,644	₩ 3,692,922
Business combination (Note 37)	-	26,872	-	-	-	122,195	149,067
Acquisitions/ transfer	9,500	464,691	156,676	-	4,861	32,210	667,938
Disposals/ transfer	-	(8,085)	(8,617)	(139,948)	(2,665)	(1,077)	(160,392)
Exchange differences	-	28,180	2,795	64,211	62	65,154	160,402
Amortization	(6,052)	(312,567)	(72,981)	-	-	(90,629)	(482,229)
Impairment	-	(12,605)	(13,288)	(184,080)	-	(198,196)	(408,169)
Transfer to assets held for sale (Note 34)	-	(178)	-	-	-	-	(178)
<b>Ending balance</b>	₩ 38,632	₩ 1,230,705	₩ 787,243	₩ 801,357	₩ 41,123	₩ 720,301	₩ 3,619,361

(in millions of Korean won)

	2023						
	Development costs	Software	Industrial property rights	Goodwill	Memberships	Others	Total
<b>Beginning balance</b>	₩ 43,657	₩ 858,262	₩ 708,037	₩ 786,378	₩ 34,667	₩ 259,202	₩ 2,690,203
Business combination (Note 37)	-	-	-	275,857	-	565,448	841,305
Acquisitions/ transfer	557	435,596	130,025	-	5,392	22,056	593,626
Disposals/ transfer	-	(6,869)	(40,692)	-	(1,192)	(581)	(49,334)
Exchange differences	-	8,745	19,407	16,648	(2)	30,498	75,296
Amortization	(8,145)	(250,961)	(71,106)	-	-	(67,984)	(398,196)
Impairment	(347)	(266)	(3,419)	-	-	(713)	(4,745)
Transfer to assets held for sale (Note 34)	(538)	(110)	(19,594)	(17,709)	-	(17,282)	(55,233)
<b>Ending balance</b>	₩ 35,184	₩ 1,044,397	₩ 722,658	₩ 1,061,174	₩ 38,865	₩ 790,644	₩ 3,692,922

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Line items including amortization of intangible assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Cost of sales	₩	101,056	₩	61,995
Selling and administrative expenses		372,736		322,253
Discontinued operations		8,437		13,948
<b>Total</b>	₩	<u>482,229</u>	₩	<u>398,196</u>

*Research and development costs*

Total research and development costs recognized as expenses amounted to ₩ 2,157,412 million (2023: ₩ 2,033,290 million) for the year ended December 31, 2024.

*Greenhouse gas emission*

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:

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

Changes in greenhouse gas emission permits during the years ended December 31, 2024 and 2023, are as follows:

<i>(in thousands of tons and millions of Korean won)</i>	<b>2024</b>								
	<b>2020</b>		<b>2021</b>		<b>2022</b>		<b>2023</b>		
	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>	
Beginning balance									
/Allocation with nil consideration	8,666	₩ -	10,167	₩ -	10,504	₩ -	9,073	₩ -	-
Purchase/Sale	(69)	1,111	(339)	(20)	(788)	179	(614)	171	-
Exchange	100	-	(100)	-	-	-	-	-	-
Borrowings/Carry forwards between years	(49)	(388)	(392)	388	(769)	-	138	-	-
Surrendered to the government	(8,648)	(723)	(9,336)	(368)	(8,947)	(179)	(8,597)	(171)	-
Ending balance	-	₩ -	-	₩ -	-	₩ -	-	₩ -	-

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<i>(in thousands of tons and millions of Korean won)</i>	2024					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance / Allocation with nil consideration	9,220	₩ -	9,217	₩ -	56,847	₩ -
Purchase/Sale	(106)	-	-	-	(1,916)	1,441
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	1,074	-	-	-	2	-
Surrendered to the government	-	-	-	-	(35,528)	(1,441)
Ending balance	10,188	₩ -	9,217	₩ -	19,405	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	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	₩ -

<i>(in thousands of tons and millions of Korean won)</i>	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 years ended December 31, 2024 and 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 years ended December 31, 2024 and 2023, are as follows:

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

	2024		2023	
	Quantity	Amount	Quantity	Amount
<b>Beginning balance</b>	153	₩ 13,809	87	₩ 8,002
Increase	74	6,120	170	16,875
Used	(115)	(8,361)	(104)	(11,068)
<b>Ending balance</b>	112	₩ 11,568	153	₩ 13,809

Goodwill is allocated to the Group's CGUs identified for each operating segment. The carrying amounts of goodwill allocation by CGUs as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024							Total
	Acquisition of LG NanoH2O Co., Ltd.	Acquisition of FarmHanning Co., Ltd.	Acquisition of LG Life Sciences, Ltd.	Acquisition of Uniseal, Inc.	Acquisition of CEM business	Others <sup>7,8</sup>	Acquisition of Aveo Pharmaceuticals, Inc.	
<b>Petrochemicals<sup>1</sup></b>								
ABS <sup>2</sup>	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 18,015	₩ -	₩ 18,015
PO	-	-	-	-	-	362	-	362
PVC	-	-	-	-	-	1,002	-	1,002
Acrylic	-	-	-	-	-	827	-	827
SAP	-	-	-	-	-	25,586	-	25,586
Plasticizer	-	-	-	-	-	55	-	55
BPA	-	-	-	-	-	209	-	209
Others	-	-	-	-	-	3,918	-	3,918
<b>Advanced Materials</b>								
RO <sup>2</sup>	127,870	-	-	-	-	-	-	127,870
Separator <sup>1,5</sup>	-	-	-	-	-	-	-	-
VCF	-	-	-	-	5,183	-	-	5,183
Uniseal Adhesive <sup>2</sup>	-	-	-	59,674	-	-	-	59,674
<b>Life Sciences</b>								
Life sciences	-	-	391,311	-	-	-	-	391,311
AVEO <sup>2,4</sup>	-	-	-	-	-	-	167,345	167,345

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**Common and others**

FarmHannong Co., Ltd.<sup>6</sup>

	-	-	-	-	-	-	-	-	-
Total	₩ 127,870	₩ -	₩ 391,311	₩ 59,674	₩ 5,183	₩ 49,974	₩ 167,345	₩ 801,357	

(in millions of Korean won)

	2023							
	Acquisition of LG NanoH2O Co., Ltd.	Acquisition of FarmHannong Co., Ltd.	Acquisition of LG Life Sciences, Ltd.	Acquisition of Uniseal, Inc.	Acquisition of CEM business	Others <sup>7,8</sup>	Acquisition of Aveo Pharmaceuticals, Inc.	Total
<b>Petrochemicals</b>								
ABS <sup>2</sup>	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 17,010	₩ -	₩ 17,010
PO	-	-	-	-	-	472	-	472
PVC	-	-	-	-	-	1,234	-	1,234
Acrylic	-	-	-	-	-	819	-	819
SAP	-	-	-	-	-	25,708	-	25,708
Plasticizer	-	-	-	-	-	87	-	87
BPA	-	-	-	-	-	280	-	280
Others	-	-	-	-	-	2,683	-	2,683
<b>Advanced Materials</b>								
RO <sup>2</sup>	110,892	-	-	-	-	-	-	110,892
Separator	-	-	-	-	160,577	-	-	160,577
VCF	-	-	-	-	5,183	-	-	5,183
Uniseal Adhesive <sup>2</sup>	-	-	-	52,342	-	-	-	52,342
<b>Life Sciences</b>								
Life sciences	-	-	391,311	-	-	-	-	391,311
AVEO <sup>2,3</sup>	-	-	-	-	-	-	289,485	289,485
<b>Common and others</b>								
FarmHannong Co., Ltd.	-	3,091	-	-	-	-	-	3,091
Total	₩ 110,892	₩ 3,091	₩ 391,311	₩ 52,342	₩ 165,760	₩ 48,293	₩ 289,485	₩ 1,061,174

<sup>1</sup> The recoverable amount of cash generating unit is measured at the higher of its value-in-use and its net fair value.

<sup>2</sup> Included changes resulting from foreign currency translation.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

<sup>3</sup> Goodwill related to the acquisition of Aveo Pharmaceuticals, Inc. was recognized during the year ended December 31, 2023.

<sup>4</sup> ₩ 20,412 million of impairment losses related to goodwill from the acquisition of Aveo Pharmaceuticals, Inc. was recognized during the year ended December 31, 2024.

<sup>5</sup> ₩ 160,577 million of impairment losses related to goodwill from the acquisition of CEM business of the Advanced Materials Separator business was recognized during the year ended December 31, 2024.

<sup>6</sup> ₩ 3,091 million of impairment losses related to goodwill from the acquisition of FarmHannong Co., Ltd. was recognized during the year ended December 31, 2024.

<sup>7</sup> The Group reallocated goodwill related to LG Petrochemicals merger due to the organizational restructuring.

<sup>8</sup> The Group distinguished goodwill related to the acquisition of the SAP business unit due to organizational restructuring during the year ended December 31, 2023.

The recoverable amount of the CGU was determined based on the fair value less the value-in-use or cost of disposal (net fair value). The value in use was calculated using estimated cash flows before tax over a period of five years based on the business plan approved by the management.

Net fair value was evaluated by independent appraisers with certified professional qualifications, reflecting public notification of the value of land and recently available similar transaction price, etc., and this is classified as Fair Value Hierarchy Level 3. The management determined estimated cash flows before tax based on past performance and market growth.

During the year ended December 31, 2024, key assumptions used for calculation of value-in-use and fair value less cost of disposal related to the primary CGUs are as follows:

	<b>2024</b>	
	<b>Discount rate before tax</b>	<b>Growth rate for subsequent years after five years</b>
RO filter	13.0%	1.0%
FarmHannong	9.3%	0.0%
LG Life Sciences	8.9%	3.0%
Uniseal, Inc.(Adhesives)	14.0%	2.0%
ABS	9.8%	0.0%
VCF	7.7%	2.0%
AVEO	12.4%	1.0%
Separator	7.9%	0.0%

The sensitivity analysis for the recoverable amount of primary CGUs is as follows:

#### *Changes in discount rate*

*(in millions of Korean won)*

	<b>Increase (decrease) in recoverable amount</b>			
	<b>Increase by 0.5%</b>		<b>Decrease by 0.5%</b>	
Life sciences	₩	(281,276)	₩	351,480
AVEO		(40,834)		45,676
Separator		(31,381)		35,634

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If the pre-tax discount rate used in the estimation is 0.5% higher than management's estimate, the Group will recognize an impairment loss of ₩ 215,243 million on the carrying amount of goodwill.

*Changes in growth rate*

	<u>Increase (decrease) in recoverable amount</u>			
	Increase by 0.5%		Decrease by 0.5%	
(in millions of Korean won)				
Life sciences	₩	264,449	₩	(211,559)
AVEO		32,240		(28,956)
Separator		25,299		(22,628)

If the growth rate used in the estimation is 0.5% lower than management's estimate, the Group will recognize an impairment loss of ₩ 203,365 million on the carrying amount of goodwill.

*Impairment test on intangible assets other than goodwill*

The impairment losses for intangible assets other than goodwill that the Group recognized during the year ended December 31, 2024, are as follows:

	2024				
	Develop- ment costs	Software	Industrial property rights	Others	Total
(in millions of Korean won)					
Separator	₩	- ₩ 11,106	₩ 2,548	₩ 28,018	₩ 41,672
Advanced materials research project		-	10,546	16,181	26,727
AVEO		-	-	153,997	153,997
Others		- 1,499	194	-	1,693
Total	₩	- ₩ 12,605	₩ 13,288	₩ 198,196	₩ 224,089

During the year ended December 31, 2024, considering the outlook of the future economic benefits and changes in market conditions, impairment loss was recognized for certain intangible assets and included in other non-operating expenses.

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**13. Other Current and Non-current Assets**

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

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Prepayments to suppliers and prepaid expenses	₩ 498,795	₩ 348,182
Prepaid value added tax	324,994	287,977
Others	658,984	575,215
<b>Total</b>	<u>₩ 1,482,773</u>	<u>₩ 1,211,374</u>
<b>Non-current</b>		
Net defined benefit assets	₩ 217,048	₩ 494,818
Long-term prepayments and long-term prepaid expenses	489,914	279,407
Others	156	146
<b>Total</b>	<u>₩ 707,118</u>	<u>₩ 774,371</u>

**14. Borrowings**

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

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
<b>Current</b>		
Short-term borrowings	₩ 1,811,995	₩ 1,875,362
Current portion of long-term borrowings	1,941,487	1,470,152
Current portion of debentures	3,726,481	3,632,138
Current lease liabilities	141,096	100,130
	<u>7,621,059</u>	<u>7,077,782</u>
<b>Non-current</b>		
Long-term borrowings	5,997,203	6,330,484
Debentures	12,984,178	8,128,112
Lease liabilities	773,657	391,736
	<u>19,755,038</u>	<u>14,850,332</u>
<b>Total</b>	<u>₩ 27,376,097</u>	<u>₩ 21,928,114</u>

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

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

(in millions of Korean won)		Currency	Bank	Latest maturity date	Interest rate(%) as at December 31, 2024	Carrying amount			
						2024		2023	
						Current	Non-current	Current	Non-current
<b>Short-term borrowings</b>									
Bank loans	Korean won	NH Bank and others	March 28, 2025	4.74 and others	₩ 358,800	₩ -	₩ -	₩ -	
	Foreign currency	SMBC and others	November 7, 2025	3.59 and others	1,453,195	-	1,875,362	-	
<b>Total</b>					<u>₩ 1,811,995</u>	<u>₩ -</u>	<u>₩1,875,362</u>	<u>₩ -</u>	
<b>Long-term borrowings</b>									
Bank loans	Korean won	KDB Bank and others <sup>1</sup>	January 30, 2030	3.05 and others	₩ 50,000	₩ 518,000	₩ 200,000	₩ 505,000	
	Foreign currency	DOE and others	October 25, 2032	4.55 and others	1,891,666	5,618,146	1,270,249	5,825,873	
Less: discount on long-term borrowings					(179)	(138,943)	(97)	(389)	
<b>Total</b>					<u>₩ 1,941,487</u>	<u>₩ 5,997,203</u>	<u>₩ 1,470,152</u>	<u>₩ 6,330,484</u>	
<b>Debentures</b>									
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	
	Foreign currency	CITI Securities and others	July 2, 2034	5.38 and others	441,000	6,615,000	644,700	3,610,320	
Exchangeable bonds <sup>2,3</sup>	Foreign currency	CITI Securities and others	July 18, 2030	1.60 and others	2,940,000	-	2,578,800	-	
Less: discount on debentures					(479,519)	(55,822)	(581,362)	(32,208)	
<b>Total</b>					<u>₩ 3,726,481</u>	<u>₩12,984,178</u>	<u>₩ 3,632,138</u>	<u>₩ 8,128,112</u>	

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

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<sup>2</sup>The details of issued exchangeable bonds (Tranche 1) are as follows:

<b>Category</b>	<b>Details</b>
<b>Aggregate principal amount</b>	USD 1,000,000,000
<b>Issue price</b>	USD 1,000,000,000
<b>Interest rate (%)</b>	1.25
<b>Issue Date</b>	July 18, 2023
<b>Maturity Date</b>	July 18, 2028
<b>Principal Repayment Method</b>	<p>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.</p> <p>Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.</p>
<b>Exchange Target</b>	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.
<b>Exchange Price (KRW/share)</b>	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.
<b>Claim Period</b>	August 28, 2023 – July 11, 2028
<b>Early Redemption at the Option of the Issuer</b>	<p>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.</p> <p>2) When the outstanding principal is less than 10% of the original debt (Clean Up Call)</p> <p>3) When additional tax burden arises due to revision of related laws, etc.</p>
<b>Early Redemption at the Option of the Bondholders</b>	<p>1) Can be exercised on 2025.07.18 (Optional Put Date)</p> <p>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</p> <p>3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)</p> <p>4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)</p>

**LG Chem, Ltd. and Subsidiaries**  
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<sup>3</sup>The details of issued exchangeable bonds (Tranche 2) are as follows:

<b>Category</b>	<b>Details</b>
<b>Aggregate principal amount</b>	USD 1,000,000,000
<b>Issue price</b>	USD 1,000,000,000
<b>Interest rate (%)</b>	1.60
<b>Issue Date</b>	July 18, 2023
<b>Maturity Date</b>	July 18, 2030
<b>Principal Repayment Method</b>	<p>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.</p> <p>Early redemption: The Parent Company has the Call Option, and the bondholder has the Put Option.</p>
<b>Exchange Target</b>	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.
<b>Exchange Price (KRW/share)</b>	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.
<b>Claim Period</b>	August 28, 2023 – July 11, 2030
<b>Early Redemption at the Option of the Issuer</b>	<p>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.</p> <p>2) When the outstanding principal is less than 10% of the original debt (Clean Up Call)</p> <p>3) When additional tax burden arises due to revision of related laws, etc.</p>
<b>Early Redemption at the Option of the Bondholders</b>	<p>1) Can be exercised on 2027.07.18 (Optional Put Date)</p> <p>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</p> <p>3) When there is a change in control of the company or the issuer of stocks subject to exchange (Change of Control)</p> <p>4) When the issuer acquires more than 85% of the Voting Rights of the issued capital of LG Energy Solution (Free Float)</p>

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Details of the exchangeable bonds (Tranche 1) as at the date of issuance and as at December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>July 18, 2023</b>		<b>December 31, 2024</b>	
Issue price	₩	1,266,100	₩	1,470,000
Book amount of exchangeable bonds		991,756		1,273,431
Derivative financial liabilities		263,532		156,776

Details of the exchangeable bonds (Tranche 2) as at the date of issuance and as at December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>July 18, 2023</b>		<b>December 31, 2024</b>	
Issue price	₩	1,266,100	₩	1,470,000
Book amount of exchangeable bonds		914,412		1,187,914
Derivative financial liabilities		340,876		194,334

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

<i>(in millions of Korean won)</i>		<b>2024</b>				
<b>Leaser</b>	<b>Annual interest rate (%)</b>	<b>Latest maturity date</b>	<b>Total amount</b>	<b>Current</b>	<b>Non-current</b>	
Hyundai Oil Bank and others	0.67 ~ 9.00	2082.2.28	₩ 914,753	₩ 141,096	₩	773,657

  

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

**LG Chem, Ltd. and Subsidiaries**  
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**15. Provisions**

Changes in provisions for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	<b>2024</b>			
	<b>Warranty<sup>1</sup></b>	<b>Greenhouse gas emission<sup>2</sup></b>	<b>Others<sup>3</sup></b>	<b>Total</b>
<b>Beginning balance</b>	₩ 1,279,460	₩ 8,966	₩ 146,299	₩ 1,434,725
Business combination (Note 37)	1,807	-	-	1,807
Additions	1,050,412	10,734	47,348	1,108,494
Used	(634,077)	(8,531)	(47,691)	(690,299)
<b>Ending balance</b>	<b>₩ 1,697,602</b>	<b>₩ 11,169</b>	<b>₩ 145,956</b>	<b>₩ 1,854,727</b>
Current	923,777	11,169	119,613	1,054,559
Non-current	773,825	-	26,343	800,168

(in millions of Korean won)

	<b>2023</b>			
	<b>Warranty<sup>1</sup></b>	<b>Greenhouse gas emission<sup>2</sup></b>	<b>Others<sup>3</sup></b>	<b>Total</b>
<b>Beginning balance</b>	₩ 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)
<b>Ending balance</b>	<b>₩ 1,279,460</b>	<b>₩ 8,966</b>	<b>₩ 146,299</b>	<b>₩ 1,434,725</b>
Current	413,309	8,966	124,675	546,950
Non-current	866,151	-	21,624	887,775

<sup>1</sup> Warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred due to quality guarantee, exchanges and refunds of products. The warranty provisions also include provisions related to replacement costs for ESS due to fire accidents and voluntary recalls of automotive batteries are determined based on the best estimates. The provisions are adjusted to reflect the current best estimate. As at December 31, 2024, the warranty provision included ₩ 1,693,916 million (2023: ₩ 1,274,438 million) of warranty provision for LG Energy Solution, Ltd. and its subsidiaries.

<sup>2</sup> Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. The estimated emission as at December 31, 2024, amounts to 8,707 thousand tons (2023: 8,854 thousand tons).

<sup>3</sup> The Group is recognizing provisions for certain pending lawsuits and estimating the costs required for soil contamination restoration to account for these restoration provisions.

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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 December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligations <sup>1</sup>	₩ 1,967,056	₩ 1,750,986
Fair value of plan assets	<u>(2,174,317)</u>	<u>(2,233,925)</u>
<b>Liabilities (assets) in the consolidated statement of financial position</b>	<b><u>₩ (207,261)</u></b>	<b><u>₩ (482,939)</u></b>

<sup>1</sup> The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩ 508 million as at December 31, 2024 (2023: ₩ 587 million).

The amounts recognized in the consolidated income statements for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Current service cost <sup>1</sup>	₩ 217,518	₩ 201,505
Interest cost	<u>(22,301)</u>	<u>(32,008)</u>
<b>Total, included in employee benefit expenses</b>	<b><u>₩ 195,217</u></b>	<b><u>₩ 169,497</u></b>

<sup>1</sup> The above amounts excluded ₩ 1,384 million (2023: ₩ 1,500 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the year ended December 31, 2024, amounted to ₩ 40,577 million (2023: ₩ 17,700 million).

Post-employment benefits recognized in the consolidated income statements for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Cost of sales	₩ 114,427	₩ 96,434
Selling and administrative expenses	115,400	82,000
Discontinued operations	<u>5,967</u>	<u>8,763</u>
<b>Total</b>	<b><u>₩ 235,794</u></b>	<b><u>₩ 187,197</u></b>

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Movements in the present value of defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Beginning balance</b>	₩	1,750,986	₩	1,554,870
Transferred-in liability due to intercompany transfer		3,499		15,195
Transferred-out liability due to intercompany transfer		(2,799)		(8,849)
Current service cost		218,902		203,005
Interest expense		79,360		80,529
Remeasurements:				
Actuarial loss arising from change in demographic assumptions		1,467		2,290
Actuarial loss arising from change in financial assumptions		122,060		12,394
Actuarial loss (gain) arising from experience adjustments		(15,588)		59,020
Others		(134)		(2,303)
Exchange differences		(1,316)		(10,294)
Payments from plans <sup>1</sup>		(189,381)		(154,871)
<b>Ending balance</b>	₩	<u>1,967,056</u>	₩	<u>1,750,986</u>

<sup>1</sup>The amount paid to employees who converted to the defined contribution plan for the year ended December 31, 2024, is ₩ 116,809 million (2023: ₩ 113,563 million).

Movements in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Beginning balance</b>	₩	2,233,925	₩	2,153,449
Transferred-out plan assets due to intercompany transfer		(905)		(1,356)
Interest income		101,661		112,537
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(9,196)		3,844
Contributions:				
Employers		24,523		106,411
Payments from plans <sup>1</sup>		(171,633)		(137,389)
Administrative costs		(4,058)		(3,571)
<b>Ending balance</b>	₩	<u>2,174,317</u>	₩	<u>2,233,925</u>

<sup>1</sup>The amount paid to employees who converted to the defined contribution plan for the year ended December 31, 2024, is ₩ 116,809 million (2023: ₩ 113,563 million).

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The actual return on plan assets for the year ended December 31, 2024, was ₩ 92,465 million (2023: ₩ 116,381 million).

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

	<b>2024</b>	<b>2023</b>
Discount rate	3.8%~4.1%	4.5%~4.7%
Salary growth rate	4.0%~6.0%	5.0%~6.0%

The sensitivity analysis for changes in key actuarial assumptions as at December 31, 2024, is as follows:

<i>(in millions of Korean won)</i>	<b>Increase by 1%</b>	<b>Decrease by 1%</b>
<b>Discount rate:</b>		
Increase (decrease) in defined benefit obligations	₩ (210,909)	₩ 251,303
<b>Salary growth rate:</b>		
Increase (decrease) in defined benefit obligations	259,779	(220,807)

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 December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>Composition (%)</b>	<b>Amount</b>	<b>Composition (%)</b>
Insurance contracts with guaranteed yield	₩ 2,158,859	99.3	₩ 2,212,965	99.1
Equity linked bonds	15,441	0.7	20,899	0.9
Time deposits	17	0.0	61	0.0
	<u>₩ 2,174,317</u>	<u>100.0</u>	<u>₩ 2,233,925</u>	<u>100.0</u>

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

The weighted-average duration of the defined benefit obligation is 12.58 years.

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to postemployment benefit plans for the year ending December 31, 2025, are ₩ 236,542 million.

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**17. Other Current and Non-Current Liabilities**

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

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Current</b>				
Advances from customers	₩	230,803	₩	247,150
Withholdings		454,000		302,890
Unearned revenues		90,941		119,399
Accrued expenses		391,458		477,405
<b>Total</b>	<b>₩</b>	<b>1,167,202</b>	<b>₩</b>	<b>1,146,844</b>
<b>Non-current</b>				
Long-term accrued expenses	₩	91,977	₩	76,000
Long-term unearned revenues		103,182		163,497
Long-term advanced received		2,509,323		1,279,493
<b>Total</b>	<b>₩</b>	<b>2,704,482</b>	<b>₩</b>	<b>1,518,990</b>

**18. Commitments and Contingencies**

- (a) As at December 31, 2024, the Parent Company and certain subsidiaries have been guaranteed by Seoul Guarantee Insurance Company for the payment and others.
- (b) As at December 31, 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)*

<b>Classification</b>	<b>The Parent Company</b>		<b>Certain Subsidiaries</b>							
	<b>KRW</b>	<b>USD</b>	<b>KRW</b>	<b>USD</b>	<b>CNY</b>	<b>EUR</b>	<b>INR</b>	<b>THB</b>	<b>MYR</b>	<b>JPY</b>
Limit of bank overdraft	20,400	-	-	-	200	-	-	-	-	-
Limit of the letter of credit	1,000	478	-	221	989	-	-	-	-	450
Limit of discount of notes from export	-	890	-	848	3,925	-	-	-	-	-
Limit of guaranteed payments in other foreign currency	-	104	50,600	519	1,065	-	-	-	-	-
Limit of loan arrangements	350,000	-	1,090,000	7,569	14,545	2,664	3,870	10	450	-
Limit of import loan	-	-	-	40	-	-	-	-	-	-
Derivatives	-	40	430,000	2,987	-	210	-	-	-	-

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

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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 December 31, 2024, the Parent Company and certain subsidiaries have B2B purchase arrangements with several financial institutions with limit of ₩ 278,000 million and ₩ 199,000 million, respectively.
- (d) As at December 31, 2024, the Group is using reverse factoring arrangements with the limit of ₩ 250,000 million granted by Lotte Card which is not utilized.
- (e) As at December 31, 2024, the Group's litigation status is as follows:

As at December 31, 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. The Group 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 December 31, 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 December 31, 2024, the Parent Company and certain subsidiaries have been named as plaintiffs in 13 (related claim amount of ₩ 27,167 million) and 23 (related claim amount of USD 234 million and ₩ 6,822 million) legal actions, respectively. They have been named as defendants in 13 and 61 legal actions, respectively, with ₩ 88,157 million and ₩ 2,401 million, respectively, in claims. The ultimate outcome of these cases cannot be determined at the reporting date.

- (f) The Parent Company has entered into multiple technology license agreements with ExxonMobil and others to be provided with licenses for technologies and services.
- (g) The Group has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.
- (h) As at December 31, 2024, the Group has entered into a payment guarantee contract of USD 69 million, and certain subsidiaries have entered into payment guarantee contracts of USD 440 thousand and 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 procedures of imported raw materials.
- (i) Capital expenditure arrangement that has not incurred as at December 31, 2024 and December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Property, plant and equipment	₩ 9,838,283	₩ 9,416,171

- (j) As at December 31, 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

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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 December 31, 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 1,317 million has been made. In addition, in 2022, the Group provided payment guarantees to the joint venture amounting to USD 450 million according to the ratio of portion in the borrowing with a total credit line of USD 883 million. Additionally, in the event of default of one party, the other equity investors have the right to purchase the corresponding interests.
- (l) As at December 31, 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 one party, the other equity investors have the right to purchase the corresponding interests. In addition, the Group provided payment guarantees to the joint venture amounting to USD 686 million according to the ratio of portion in the borrowing with a total credit line of USD 1,344 million.
- (m) As at December 31, 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 540 million has been made. Additionally, after the expiration of the contract period, it is possible to transfer the corresponding interest to a third party, and in the event of default of one party, the other equity investors have the right to purchase the corresponding interest.
- (n) As at December 31, 2024, the Group has entered into an agreement to construct a new plant for LG Energy Solution Arizona, Inc which amounts to USD 2,048 million.
- (o) As at December 31, 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	110,497	39,503
BCM Global Battery Fund	KRW	30,000	19,143	10,857
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	86	64
Phoenix Venture Partners III <sup>1</sup>	USD	10	6	4
U.S. Venture Partners XII <sup>1</sup>	USD	5	4	1
U.S. Venture Partners XIII <sup>1</sup>	USD	5	2	3
Emerald Industrial Innovation Fund IX <sup>1</sup>	EUR	5	1	4

<sup>1</sup> 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) 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 entered into in 2022 with Toray Industries, Inc. The shares were recognized as investment in joint venture, 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:

Category	Details
<b>Agreement to purchase additional shares</b>	After 36 months from the acquisition date of the 50% shares, 20% shares shall be purchased in accordance with the agreed pricing method.
<b>Restrictions on share transfer</b>	- During the lock-up period <sup>1</sup> , 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.
<b>Default</b>	In case the Parent Company or the counterpart in the contract defaults, non-default shareholder has 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).
<b>Exit put option</b>	Once the lock-up period <sup>1</sup> ends, the other shareholder has a put option to sell the remaining 30% of the shares to the Parent Company.
<b>Deadlock</b>	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 counterpart and subsidiaries to sell their shares. 2) The counterpart holds a put option to request the Parent Company to purchase shares of the counterpart.

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

- (r) The Group has entered into following arrangements related to LG-Eni Biorefining Co., Ltd. Unless otherwise specified in the agreement, transfer of shares is prohibited without prior written consent of the other shareholder for a period of five years from the commencement of production by LG-Eni Biorefining Co., Ltd (lock-up period). Once the lock-up period ends, if a transferring shareholder sells shares to a third party, the other shareholder has the right to exercise the right of first offer. In addition, in case the Group is the transferring shareholder and if Enilive S.p.A. refuses or fails to exercise the right of first offer, Enilive S.p.A. has the right to request to sell their shares under the same conditions.

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

(in millions of Korean won)

Guarantor	Guaranteed company	Creditor	Amount of borrowing <sup>1</sup>		Guaranteed amount <sup>2</sup>	
			December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
LG ENERGY SOLUTION, LTD.	PT. HLI Green Power <sup>3</sup>	ANZ and others	₩	- ₩ 285,602	₩	- ₩ 458,382

<sup>1</sup> It is the amount of borrowing as at December 31, 2024 and 2023.

<sup>2</sup> It is a total amount guaranteed.

<sup>3</sup> During the year ended December 31, 2024, it is included in the consolidation.

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- (t) 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).
- (u) As at December 31, 2024, the Group has provided as collateral for borrowings of ₩ 315,000 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 senior 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 years ended December 31, 2024 and 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
December 31, 2024	70,592,343	₩ 352,962	7,688,800	₩ 38,444	₩ 2,014,036

Changes in treasury shares for the years ended December 31, 2024 and 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	-	-	-
December 31, 2024	1	6,041	₩ 270	₩ 655,927

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

<i>(in millions of Korean won)</i>	2024	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	8,692,138	8,695,366
<b>Total</b>	<b>₩ 11,568,870</b>	<b>₩ 11,572,098</b>

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**20. Retained Earnings**

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

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Legal reserve <sup>1</sup>	₩ 849,167	₩ 765,794
Discretionary reserve <sup>2</sup>	16,779,743	16,894,707
Retained earnings before appropriation	963,264	1,990,131
<b>Total</b>	<b>₩ 18,592,174</b>	<b>₩ 19,650,632</b>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Group 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.

<sup>2</sup> 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 available for dividends.

**21. Elements of Other Stockholders Equity**

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

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

<sup>1</sup> 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 years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Revenue<sup>1</sup></b>	₩	48,916,104	₩	55,249,785
<b>Cost of sales</b>		41,379,714		46,463,916
<b>Gross profit</b>		7,536,390		8,785,869
Other operating income <sup>2</sup>		1,480,020		676,874
<b>Selling and administrative expenses</b>		8,099,612		6,933,547
Wages and salaries		1,743,478		1,700,031
Post-employment benefits (Note 16)		115,400		82,000
Employee benefits		434,209		367,375
Travel expense		101,936		111,534
Water and utilities		142,135		124,435
Packaging expense		18,943		10,628
Rental expenses		148,553		153,865
Commission expenses		1,122,376		1,211,585
Depreciation (Notes 11 and 36)		425,096		361,591
Advertising expense		87,029		76,836
Freight expenses		909,787		768,731
Training expense		47,484		62,001
Amortization (Note 12)		372,736		322,253
Sample expense		42,027		31,229
Development costs		577,111		474,555
Others		1,811,312		1,074,898
<b>Operating income</b>	₩	916,798	₩	2,529,196

<sup>1</sup> Revenue include revenue from customer compensation of KRW 1,365,723 million. The Group considered the nature of various customer compensations and the manner of settlements by each customer and determines the timing of revenue recognition by identifying performance obligations in contracts with each customer.

<sup>2</sup> 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 is the amount the Group is expected to receive as at December 31, 2024.

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**23. Classification of Expenses by Nature**

Cost of sales, and selling and administrative expenses by nature for the years ended December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Changes in inventories of merchandise, finished goods, semi-finished goods and work in process	₩ 452,710	₩ 1,802,626
Raw materials and consumables used	26,739,001	31,785,129
Purchase of merchandise	1,409,495	1,463,072
Employee benefit expenses (Note 24)	4,983,760	4,856,613
Advertising expenses	89,262	78,480
Freight expenses	958,957	822,525
Commission expenses	2,222,219	1,953,003
Depreciation and amortization (Notes 11, 12, and 36)	4,661,582	3,912,960
Rent expenses and usage fee	108,504	111,497
Other expenses	7,853,836	6,611,558
<b>Total</b>	<u>₩ 49,479,326</u>	<u>₩ 53,397,463</u>

**24. Employee Benefit Expenses**

Details of employee benefit expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Salaries	₩ 4,019,473	₩ 4,017,167
Post-employment benefits – Defined benefit plan (Note 16)	190,117	161,250
Post-employment benefits – Defined contribution plan (Note 16)	39,707	17,185
Others	734,463	661,011
<b>Total</b>	<u>₩ 4,983,760</u>	<u>₩ 4,856,613</u>

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**25. Finance Income and Costs**

Details of finance income and costs for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Finance income</b>	₩	352,604	₩	316,847
Interest income <sup>1</sup>		10,220		24,642
Dividend income		688,612		1,240,996
Exchange differences		976,002		181,309
Gain related to derivative instruments		91,897		23,451
Gain related to financial assets	₩	<u>2,119,335</u>	₩	<u>1,787,245</u>
<b>Finance costs</b>	₩	953,834	₩	647,232
Interest expense <sup>2</sup>		1,679,423		925,585
Exchange differences		51,127		71,174
Loss related to derivative instruments		30,583		21,274
Loss related to financial assets	₩	<u>2,714,967</u>	₩	<u>1,665,265</u>

<sup>1</sup> Details of interest income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Deposits held by financial institutions	₩	252,543	₩	249,879
Other loans and receivables		100,061		66,968
<b>Total</b>	₩	<u>352,604</u>	₩	<u>316,847</u>

<sup>2</sup> Details of interest expense for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Interest on financial institutions	₩	456,995	₩	373,745
Interest on lease liabilities		18,386		10,937
Interest on debentures		585,365		296,384
Other interest expenses		42,909		56,143
Capitalized interest for qualifying assets		(149,821)		(89,977)
<b>Total</b>	₩	<u>953,834</u>	₩	<u>647,232</u>

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**26. Other Non-operating Income**

Details of other non-operating income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Exchange differences	₩	1,201,102	₩	1,505,673
Gain (loss) on disposal of property, plant and equipment		12,716		23,770
Gain on disposal of intangible assets		34		191
Gain on disposal of equity method investments		104,512		4,531
Insurance income		21,884		15,635
Gain on disposal of a business		7,783		118,354
Others		47,458		65,178
<b>Total</b>	<b>₩</b>	<b>1,395,489</b>	<b>₩</b>	<b>1,733,332</b>

**27. Other Non-operating Expenses**

Details of other non-operating expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Exchange differences	₩	747,514	₩	1,355,037
Loss on disposal of property, plant and equipment		223,130		151,937
Loss on disposal of intangible assets		3,421		31,365
Impairment loss on property, plant and equipment (Note 11)		383,088		199,543
Impairment loss on intangible assets (Note 12)		408,168		4,745
Loss on disasters		10,049		8,181
Donations		28,282		23,799
Others		156,197		78,450
<b>Total</b>	<b>₩</b>	<b>1,959,849</b>	<b>₩</b>	<b>1,853,057</b>

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**28. Tax Expense and Deferred Tax**

Details of income tax expense for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Current tax:				
Current tax on profit for the year	₩	793,843	₩	628,461
Adjustments in respect of prior years		(20,604)		77,555
Deferred tax:				
Deferred tax - movements in temporary differences and foreign currency translation, etc.		(337,986)		207,347
Deferred tax - unrecognized tax credits carryforwards		318,081		-
Deferred tax - tax credits carryforwards		(241,734)		(351,146)
Deferred tax - tax losses carryforwards		(381,391)		(241,303)
Income tax expense		<u>130,209</u>		<u>320,914</u>
Deferred tax charged or credited directly to equity		(56,558)		85,599
Current tax charged or credited directly to equity		1,282		-
Others (discontinuation effect and others)		(13,898)		25,988
Income tax expense	₩	<u>61,035</u>	₩	<u>432,501</u>

The aggregate current and deferred tax relating to items that are charged or credited directly to equity (other comprehensive income) for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Current tax</b>				
Gains on disposal of financial assets at fair value through other comprehensive income	₩	1,282	₩	-
<b>Total</b>	₩	<u>1,282</u>	₩	<u>-</u>
<b>Deferred tax</b>				
Remeasurements of net defined benefit liabilities	₩	33,099	₩	16,538
Loss on valuation of derivative instruments		(462)		(3)
Exchange differences on translation of foreign operations		(50,691)		1,799
Gain (losses) on valuation of financial assets at fair value through other comprehensive income		(38,504)		62,071
Others		-		5,194
<b>Total</b>	₩	<u>(56,558)</u>	₩	<u>85,599</u>

**LG Chem, Ltd. and Subsidiaries**  
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The movements in deferred tax assets (liabilities) for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024									
	Increase (decrease)									
	Beginning balance	Business combination	Profit or loss	Other comprehensi ve income (loss) and others	Others	Exchange	Ending balance			
Post-employment benefit obligation	₩ 381,539	₩ -	₩ 26,712	₩ 32,045	₩ -	₩ 11	₩ 440,307			
Severance benefit insurance	(477,182)	-	18,354	1,054	-	-	(457,774)			
Provision for impairment on receivables	1,447	-	(1,442)	-	-	67	72			
Property, plant and equipment	91,762	-	167,693	-	-	(5,159)	254,296			
Intangible assets	(162,780)	-	14,367	-	-	380	(148,033)			
Investments in subsidiaries, associates and joint ventures	(29,863)	-	(157,137)	-	-	(24,887)	(211,887)			
Accrued income	105,804	-	(110,303)	-	-	4,364	(135)			
Others	490,455	-	436,300	(38,966)	154,100	71,815	1,113,704			
	401,182	-	394,544	(5,867)	154,100	46,591	990,550			
Exchange differences on translation of foreign operations	833	-	-	(50,691)	-	-	(49,858)			
Tax credit carryforwards	561,379	-	(76,347)	-	-	2,962	487,994			
Previously unrecognized tax losses	610,246	-	381,391	-	-	12,328	1,003,965			
Deferred tax assets (liabilities)	₩ 1,573,640	₩ -	₩ 699,588	₩ (56,558)	₩ 154,100	₩ 61,881	₩ 2,432,651			

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

	2023							Ending balance
	Increase (decrease)							
	Beginning balance	Business combination	Profit or loss	Other comprehen sive income (loss) and others	Others	Exchange		
Post-employment benefit obligation	₩ 351,271	₩ -	₩ 13,137	₩ 17,130	₩ -	₩ 1	₩ 381,539	
Severance benefit insurance	(500,896)	-	24,306	(592)	-	-	(477,182)	
Provision for impairment on receivables	920	-	540	-	-	(13)	1,447	
Property, plant and equipment	139,584	-	(54,749)	-	40	6,887	91,762	
Intangible assets	(30,634)	(144,189)	11,834	-	(40)	249	(162,780)	
Investments in subsidiaries, associates and joint ventures	(149,750)	-	119,887	-	-	-	(29,863)	
Accrued income	62,223	-	31,530	-	-	12,051	105,804	
Others	875,240	-	(461,745)	67,262	278	9,420	490,455	
	<u>747,958</u>	<u>(144,189)</u>	<u>(315,260)</u>	<u>83,800</u>	<u>278</u>	<u>28,595</u>	<u>401,182</u>	
Exchange differences on translation of foreign operations	(966)	-	-	1,799	-	-	833	
Tax credit carryforwards	210,260	-	351,146	-	-	(27)	561,379	
Previously unrecognized tax losses	369,580	-	241,303	-	344	(981)	610,246	
Deferred tax assets (liabilities)	₩ 1,326,832	₩ (144,189)	₩ 277,189	₩ 85,599	₩ 622	₩ 27,587	₩ 1,573,640	

**LG Chem, Ltd. and Subsidiaries**  
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The reconciliations between income tax expense and accounting profit for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Profit before income tax expense<sup>1</sup></b>	₩	592,888	₩	2,490,253
<b>Income tax based on statutory tax rate<sup>2</sup></b>		62,705		543,039
<b>Adjustments:</b>		(1,670)		(110,538)
Non-taxable income		(332,798)		(227,498)
Non-deductible expense		31,639		22,422
Recognized deferred income tax arising from temporary differences from previous years		17,001		(55,446)
Unrecognized deferred income tax arising from temporary differences in the current period		95,485		86,382
Tax credit		(83,884)		(6,967)
Unrecognized tax credits carryforwards		318,081		-
Others (reflection of discontinuation effects and others)		(47,194)		70,569
<b>Income tax expense</b>	₩	<u>61,035</u>	₩	<u>432,501</u>
Effective tax rate (income tax expense/profit before income tax)		10.29%		17.37%

<sup>1</sup> The amount includes profit from discontinued operations.

<sup>2</sup> The weighted-average applicable tax rate on profit before income tax for the year ended December 31, 2024, is 10.58% (2023: 21.81%).

Realization of deferred tax assets is dependent on the Group's ability to generate future taxable profits in excess of the profits arising from the reversal of taxable temporary differences, and economic and industry outlooks. Management periodically reviews on these factors.

Details of deductible (taxable) temporary differences unrecognized as deferred tax assets (liabilities) due to the low probability of realization as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>		<b>Remarks</b>
Investments in subsidiaries, associates and joint ventures	₩	(941,462)	₩	(914,100)	Permanent reinvestment plan of undistributed profit
Land		6,662,259		6,855,075	No plan for disposal
Unused carried forward tax losses <sup>1</sup>		370		420	
		981,706		126,160	Uncertainty of future taxable profit

**LG Chem, Ltd. and Subsidiaries**  
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<sup>1</sup> The maturity of unused carried forward tax losses is as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Within one year	₩	-	₩	6,982
Between 1 year – 2 years		3,857		57,562
Between 2-5 years		42,201		41,184
Later than five years		935,648		20,432

The Group is within the scope of Pillar Two model rules and the Group and subsidiaries that operates in Indonesia and Vietnam are liable to pay an additional Pillar II income tax. The Group recognized current income tax expense under Pillar II model amounting to ₩3,731 million for the year ended December 31, 2024, and applied the exception to recognizing and disclosing information about deferred tax.

*Unused tax credits unrecognized as deferred tax assets*

Amounts and maturity date of unused carried forward tax credits not recognized as deferred tax assets as at December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>Maturity in 2033</b>		<b>Maturity in 2034</b>		<b>Total</b>	
Unused carried forward tax credits unrecognized as deferred tax assets	₩	132,635	₩	185,446	₩	318,081

**LG Chem, Ltd. and Subsidiaries**  
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**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 years ended December 31, 2024 and 2023, are computed as follows:

*Basic earnings (losses) per ordinary share from continuing operations*

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Profit (loss) from continuing operations attributable to ordinary shares <sup>1</sup>	₩ (1,383,604)	₩ 1,215,134
Weighted average number of ordinary shares outstanding <sup>2</sup>	<u>70,592,343</u>	<u>70,592,343</u>
Basic earnings (losses) per ordinary share from continuing operations <i>(in won)</i>	<u>₩ (19,600)</u>	<u>₩ 17,213</u>

*Basic earnings (losses) per ordinary share*

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Profit (loss) attributable to ordinary shares <sup>1</sup>	₩ (623,046)	₩ 1,206,158
Weighted average number of ordinary shares outstanding <sup>2</sup>	<u>70,592,343</u>	<u>70,592,343</u>
Basic earnings (losses) per ordinary shares <i>(in won)</i>	<u>₩ (8,826)</u>	<u>₩ 17,086</u>

*Basic earnings (losses) per preferred share from continuing operations*

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Profit (loss) from continuing operations attributable to preferred share <sup>1</sup>	₩ (150,582)	₩ 132,630
Weighted average number of preferred shares outstanding <sup>2</sup>	<u>7,682,759</u>	<u>7,682,759</u>
Basic earnings (losses) per preferred share from continuing operations <i>(in won)</i>	<u>₩ (19,600)</u>	<u>₩ 17,263</u>

**LG Chem, Ltd. and Subsidiaries**  
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*Basic earnings (losses) per preferred share*

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Net profit (loss) attributable to preferred share <sup>1</sup>	₩	(67,808)	₩	131,654
Weighted average number of preferred shares outstanding <sup>2</sup>		7,682,759		7,682,759
Basic earnings (losses) per preferred share <i>(in won)</i>	₩	<u>(8,826)</u>	₩	<u>17,136</u>

<sup>1</sup> Profit attributable to ordinary and preferred shares are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Profit (loss) from continuing operations attributable to the ordinary equity holders of the Parent Company</b>	₩	(1,534,186)	₩	1,347,764
Ordinary shares dividends (A)		-		247,073
Preferred shares dividends (B)		-		27,274
<b>Undistributed earnings (losses) from continuing operation for the period</b>		<u>(1,534,186)</u>		<u>1,073,417</u>
Undistributed earnings (losses) available for ordinary shares (C)		(1,383,604)		968,061
Undistributed earnings (losses) available for preferred shares (D)		<u>(150,582)</u>		<u>105,356</u>
<b>Profit (loss) from continuing operations for the period attributable to ordinary shares (A+C)</b>	₩	(1,383,604)	₩	1,215,134
<b>Profit (loss) from continuing operations for the period attributable to preferred shares (B+D)</b>	₩	(150,582)	₩	132,630

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Profit (loss) attributable to the ordinary equity holders of the Parent Company</b>	₩	(690,854)	₩	1,337,812
Ordinary shares dividends (A)		-		247,073
Preferred shares dividends (B)		-		27,274
<b>Undistributed earnings (losses) for the period</b>		<u>(690,854)</u>		<u>1,063,465</u>
Undistributed earnings (losses) available for ordinary shares (C)		(623,046)		959,085
Undistributed earnings (losses) available for preferred shares (D)		<u>(67,808)</u>		<u>104,380</u>
<b>Profit (loss) for the period attributable to ordinary shares (A+C)</b>	₩	(623,046)	₩	1,206,158
<b>Profit (loss) for the period attributable to preferred shares (B+D)</b>	₩	(67,808)	₩	131,654

**LG Chem, Ltd. and Subsidiaries**  
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<sup>2</sup> Weighted average numbers of shares are calculated as follows:

				<b>2024</b>	
	<b>Period</b>	<b>Number of shares issued</b>	<b>Number of days</b>	<b>Number of shares x days</b>	
<b>Ordinary shares outstanding</b>					
Beginning balance	2024. 1. 1 - 2024. 12. 31	70,592,343	366	25,836,797,538	
Payments for treasury shares	2024. 9. 9 - 2024. 12. 31	(1)	114	(114)	
Total				<u>25,836,797,424</u>	

Weighted-average number of ordinary shares outstanding:  $25,836,797,424 / 366 = 70,592,343$  shares

				<b>2024</b>	
	<b>Period</b>	<b>Number of shares issued</b>	<b>Number of days</b>	<b>Number of shares x days</b>	
<b>Preferred shares outstanding</b>					
Beginning balance	2024. 1. 1 - 2024. 12. 31	7,682,759	366	2,811,889,794	
Total				<u>2,811,889,794</u>	

Weighted-average number of preferred shares outstanding:  $2,811,889,794 / 366 = 7,682,759$  shares

				<b>2023</b>	
	<b>Period</b>	<b>Number of shares issued</b>	<b>Number of days</b>	<b>Number of shares x days</b>	
<b>Ordinary shares outstanding</b>					
Beginning balance	2023. 1. 1 - 2023. 12. 31	70,592,343	365	25,766,205,195	
Total				<u>25,766,205,195</u>	

Weighted-average number of ordinary shares outstanding:  $25,766,205,195 / 365 = 70,592,343$  shares

				<b>2023</b>	
	<b>Period</b>	<b>Number of shares issued</b>	<b>Number of days</b>	<b>Number of shares x days</b>	
<b>Preferred shares outstanding</b>					
Beginning balance	2023. 1. 1 - 2023. 12. 31	7,682,759	365	2,804,207,035	
Total				<u>2,804,207,035</u>	

Weighted-average number of preferred shares outstanding:  $2,804,207,035 / 365 = 7,682,759$  shares

**LG Chem, Ltd. and Subsidiaries**  
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For the year ended December 31, 2024, 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. For the year ended December 31, 2023, diluted earnings were not calculated due to the anti-dilution effects.

Basic and diluted earnings per share attributable to ordinary and preferred shares from discontinued operations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Basic earnings per ordinary share from discontinued operations	₩ 10,769	₩ (127)
Basic earnings per preferred share from discontinued operations	10,819	(127)
Diluted earnings per ordinary share from discontinued operations	10,769	(127)
Diluted earnings per preferred share from discontinued operations	<u>10,819</u>	<u>(127)</u>

**LG Chem, Ltd. and Subsidiaries**  
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**30. Dividends**

Details of dividends of the Parent Company as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Number of shares entitled to dividends: Shares issued and outstanding (par value per share: ₩ 5,000)		
Ordinary shares	70,592,342	70,592,343
Preferred shares	7,682,759	7,682,759
Dividend per share <i>(in Won, %)</i>		
Ordinary shares: cash	₩ 1,000 (20%)	₩ 3,500 (70%)
Preferred shares: cash	1,050 (21%)	3,550 (71%)
Cash dividends to distribute		
Ordinary shares	70,592	247,073
Preferred shares	8,067	27,274
	₩ 78,659	₩ 274,347

Dividend payout ratios of the Parent Company for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Dividends (A)	₩ 78,659	₩ 274,347
Profit attributable to equity holders of the Parent Company (B)	(690,854)	1,337,812
Dividend payout ratio (A/B)	-	20.51%

Dividend yield ratios of the Parent Company for the years ended December 31, 2024 and 2023, are as follows:

<i>(in Korean won)</i>	<b>2024</b>		<b>2023</b>	
	<b>Ordinary share</b>	<b>Preferred share</b>	<b>Ordinary share</b>	<b>Preferred share</b>
Dividend per share (A)	1,000	1,050	3,500	3,550
Market value at the end of year (B) <sup>1</sup>	252,300	159,940	493,100	317,900
Dividend yield ratio (A/B)	0.40%	0.66%	0.71%	1.12%

<sup>1</sup> Average price in the stock market during one week preceding two business days before shareholder list closing date for the general shareholders' meeting.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2024 and 2023

#### 31. Related Party Transactions

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

Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Related party's associates and joint ventures
<b>Significant influence over the group:<sup>1</sup></b>			
LG Corp.			
<b>Subsidiaries of the entity with significant influence:</b>			
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.			
<b>Associates and joint ventures:<sup>2</sup></b>			
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 Separator Kft.			
SEETEC Co., Ltd.			
Sam-a Aluminium Company, Limited <sup>3</sup>			
NEXPO Co., Ltd. <sup>3</sup>			
Mintech Co., Ltd. <sup>4</sup>			
Bricks Capital Management Global Battery Private Equity Fund I <sup>3</sup>			
<b>Affiliate within the same large enterprise group<sup>5</sup></b>			
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. <sup>6</sup>		GIIR America Inc. and	

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
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Related party	Related party's subsidiary (Domestic)	Related party's subsidiary (Overseas)	Related party's associates and joint ventures
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others

<sup>1</sup> LG Corp. is an entity exercising a significant influence over the Group, which owns 34.04% of the Parent Company's ordinary shares.

<sup>2</sup> 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. During the year ended December 31, 2024, the Group reclassified PT. HLI Green Power from a joint venture to a subsidiary due to changes in the shareholder's agreement.

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

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> During the year ended December 31, 2023, GIIR Inc. merged HS AD Inc. and LBEST Inc. After the merger, GIIR Inc. changed its name to HS AD Inc.

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Sales and purchases with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					
	Sales and others		Purchase 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
<b>Entity with a significant influence over the Group</b>						
LG Corp.	₩ 33	₩ -	₩ -	₩ 26,455	₩ 191	₩ 91,751
<b>Associates and joint ventures</b>						
SEETEC Co., Ltd.	76,397	208,798	34	136	393	98,646
TECWIN Co., Ltd.	-	31	10,561	-	-	126
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	1,978	387,477	-	-	-	-
PT. HLI Green Power <sup>1</sup>	42,003	363	-	-	-	6,393
Others	2,156	53,887	-	-	-	446
<b>Subsidiaries of the entity with significant influence:</b>						
D&O Corp. and its subsidiaries	86	810	24,357	-	-	15,966
LG CNS Co., Ltd. and its subsidiaries	24,890	3,414	1,092,242	859	11	333,288
Others	96	-	-	-	-	73,348
<b>Affiliate within the same large enterprise group:</b>						
LG Display Co., Ltd. and its subsidiaries	567,215	440	-	-	10	6
LG Electronics Inc. and its subsidiaries and joint ventures	589,333	180,567	942,842	-	324	203,209
Others	9,360	31,127	93,045	-	62	46,043
<b>Total</b>	<b>₩ 1,313,547</b>	<b>₩ 866,914</b>	<b>₩ 2,163,081</b>	<b>₩ 27,450</b>	<b>₩ 991</b>	<b>₩ 869,222</b>

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

	2023					
	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
<b>Entity with a significant influence over the Group</b>						
LG Corp.	₩ 31	₩ -	₩ -	₩ -	₩ 146	₩ 115,139
<b>Associates and joint ventures</b>						
SEETEC Co., Ltd.	107,606	275,138	8	2,927	300	96,731
TECWIN Co., Ltd.	-	153	15,388	-	-	7,561
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	230	801,967	-	-	-	-
PT. HLI Green Power	46,900	-	-	-	-	3,327
Others	46,472	36,117	206	-	-	198
<b>Subsidiaries of the entity with significant influence:</b>						
D&O Corp. and its subsidiaries	107	-	25,588	-	-	10,920
LG CNS Co., Ltd. and its subsidiaries	36,947	3,526	883,212	-	13	311,602
Others	127	-	-	-	-	75,541
<b>Affiliate within the same large enterprise group:</b>						
LG Display Co., Ltd. and its subsidiaries	464,303	124	-	-	10	31
LG Electronics Inc. and its subsidiaries and joint ventures	2,529,973	314,112	823,940	-	352	58,661
Others	9,790	41,695	795,267	632	70	146,957
<b>Others:</b>						
Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries <sup>2</sup>	381,273	344	-	-	-	12,414
<b>Total</b>	<b>₩ 3,623,759</b>	<b>₩ 1,473,176</b>	<b>₩ 2,543,609</b>	<b>₩ 3,559</b>	<b>₩ 891</b>	<b>₩ 839,082</b>

<sup>1</sup> During the year ended December 31, 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.

<sup>2</sup> 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.

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

(in millions of Korean won)

	2024							
	Receivables							
	Trade receivables and others		Loan receivables		Other receivables		Total	
<b>Entity with a significant influence over the Group</b>								
LG Corp.	₩	-	₩	-	₩	33,379	₩	33,379
<b>Associates and joint ventures</b>								
SEETEC Co., Ltd.		6,003		-		508		6,511
TECWIN Co., Ltd.		-		-		-		-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.		1,549		-		72		1,621
Others		-		-		193		193
<b>Subsidiaries of the entity with significant influence:</b>								
D&O Corp. and its subsidiaries		-		-		-		-
LG CNS Co., Ltd. and its subsidiaries		5,155		-		13		5,168
Others		-		-		6		6
<b>Affiliate within the same large enterprise group:</b>								
LG Display Co., Ltd. and its subsidiaries		239,891		-		4		239,895
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>		165,734		-		3,444		169,178
Others		76		-		2,179		2,255
<b>Total</b>	₩	<b>418,408</b>	₩	<b>-</b>	₩	<b>39,798</b>	₩	<b>458,206</b>

(in millions of Korean won)

	2024									
	Payables									
	Trade payables		Borrowings		Lease liabilities		Other payables		Total	
<b>Entity with a significant influence over the Group</b>										
LG Corp.	₩	-	₩	-	₩	13,390	₩	124	₩	13,514
<b>Associates and joint ventures</b>										
SEETEC Co., Ltd.		18,822		-		18,773		11,999		49,594
TECWIN Co., Ltd.		-		-		-		328		328
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.		57,903		-		-		-		57,903
Others		11,308		-		-		81		11,389
<b>Subsidiaries of the entity with significant influence:</b>										
D&O Corp. and its subsidiaries		-		-		-		5,454		5,454
LG CNS Co., Ltd. and its subsidiaries		28		-		-		527,905		527,933
Others		-		-		-		1,310		1,310
<b>Affiliate within the same large enterprise group:</b>										
LG Display Co., Ltd. and its subsidiaries		110		-		95		79		284

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	2024				
	Payables				
	Trade payables	Borrowings	Lease liabilities	Other payables	Total
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>	16,308	-	14,313	326,327	356,948
Others	3,839	-	2,463	8,615	14,917
<b>Total</b>	<b>₩ 108,318</b>	<b>₩ -</b>	<b>₩ 49,034</b>	<b>₩ 882,222</b>	<b>₩ 1,039,574</b>

(in millions of Korean won)

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

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(in millions of Korean won)

	2023									
	Payables									
	Trade payables	Borrowings	Lease liabilities	Other payables	Total					
<b>Entity with a significant influence over the Group</b>										
LG Corp.	₩	-	₩	-	₩	3,060	₩	21,425	₩	24,485
<b>Associates and joint ventures</b>										
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 Green Power		-	-	-	45,778	45,778				
Others		3,769	-	-	117	3,886				
<b>Subsidiaries of the entity with significant influence:</b>										
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				
<b>Affiliate within the same large enterprise group:</b>										
LG Display Co., Ltd. and its subsidiaries		14	-	360	34	408				
LG Electronics Inc. and its subsidiaries and joint ventures <sup>1</sup>		45,591	-	16,026	304,673	366,290				
Others		2,765	-	3,519	212,619	218,903				
<b>Total</b>	₩	244,758	₩	-	₩	43,935	₩	1,081,316	₩	1,370,009

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

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Fund transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

			2024				
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction) and others	Loans		Borrowings <sup>1</sup>	
				Loans	Repayment	Borrowings	Repayment
<b>Entity with a significant influence over the Group</b>							
LG Corp.	₩ -	₩ 82,370	₩ -	₩ -	₩ -	₩ 26,455	₩ 13,059
<b>Associates and joint ventures</b>							
SEETEC Co., Ltd.	7,500	-	-	-	-	136	1,437
Sam-A Aluminium Co., Ltd.	150	-	-	-	-	-	-
NEXPO Co., Ltd	-	-	1,900	-	-	-	-
Bricks Capital management Global Battery Private Equity Fund I	-	-	5,761	-	-	-	-
<b>Subsidiary of the Group with significant influence:</b>							
LG CNS Co., Ltd.	-	-	-	-	-	859	714
<b>Affiliate within the same large enterprise group:</b>							
LG Display America, Inc.	-	-	-	-	-	-	191
LG Electronics Deutschland GmbH	-	-	-	-	-	-	357
LG ELECTRONICS WROCLAW SP. Z O.O.	-	-	-	-	-	-	1,607
LG Display Vietnam Haiphong Co. Ltd.	-	-	-	-	-	-	52
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	-	964
<b>Total</b>	<b>₩ 7,650</b>	<b>₩ 82,370</b>	<b>₩ 7,661</b>	<b>₩ -</b>	<b>₩ -</b>	<b>₩ 27,450</b>	<b>₩ 18,381</b>

**LG Chem, Ltd. and Subsidiaries**  
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					2023			
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction) and others	Loans	Repayment	Borrowings <sup>1</sup>		
				Loans	Repayment	Borrowings	Repayment	
<b>Entity with a significant influence over the Group</b>								
LG Corp.	₩ -	₩ 235,342	₩ -	₩ -	₩ -	₩ -	₩ 12,148	
<b>Associates and joint ventures</b>								
SEETEC Co., Ltd.	5,000	-	-	-	-	2,927	1,357	
KOREA PRECURSOR CO., LTD.	-	-	30,576	-	-	-	-	
Sam-A Aluminium Co., Ltd.	-	-	46,575	-	-	-	-	
VINA Plasticizers Chemical Co., Ltd.	4,444	-	-	-	-	-	-	
NEXPO Co., Ltd	-	-	2,375	-	-	-	-	
Mintech Co., Ltd	-	-	7,020	-	-	-	-	
Bricks Capital management Global Battery Private Equity Fund I	-	-	13,381	-	-	-	-	
<b>Subsidiary of the Group with significant influence:</b>								
LG CNS Co., Ltd.	-	-	-	-	-	-	1,222	
<b>Affiliate within the same large enterprise group:</b>								
LG Display America, Inc.	-	-	-	-	-	-	178	
LG Electronics Deutschland GmbH	-	-	-	-	-	-	324	
LG ELECTRONICS WROCLAW SP. Z O.O.	-	-	-	-	-	-	1,503	
LG Display Vietnam Haiphong Co. Ltd.	-	-	-	-	-	105	21	
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	632	979	
<b>Total</b>	₩ 9,444	₩ 235,342	₩ 99,927	₩ -	₩ -	₩ 3,664	₩ 17,732	

<sup>1</sup> The amounts represent lease liabilities that were recognized or repaid for the years ended December 31, 2024 and 2023.

**LG Chem, Ltd. and Subsidiaries**  
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Compensation for key management of the Group for the years ended December 31, 2024 and 2023, consists of:

<i>(in millions of Korean won)</i>	<b>2024</b>	<b>2023</b>
Short-term employee benefits	₩ 86,130	₩ 151,938
Post-employment benefits	<u>15,684</u>	<u>13,704</u>
<b>Total</b>	<u>₩ 101,814</u>	<u>₩ 165,642</u>

Key management includes directors and audit committee members having duties and 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 December 31, 2024 and 2023; therefore, there are no impairment losses recognized against the receivables from related parties for the years ended December 31, 2024 and 2023.

As at December 31, 2024, there are no payment guarantees provided by the Group for related parties.

**LG Chem, Ltd. and Subsidiaries**  
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**32. Cash Flows**

Cash generated from operations for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	<b>2024</b>	<b>2023</b>
<b>Profit before income tax</b>		
Profit (loss) before income tax from continuing operations	₩ (268,058)	₩ 2,498,140
Profit (loss) before income tax from discontinued operations	860,946	(7,887)
	<u>592,888</u>	<u>2,490,253</u>
<b>Adjustments for:</b>		
Depreciation	4,200,130	3,558,790
Amortization	482,230	398,713
Post-employment benefits	195,214	169,496
Finance income	(1,541,778)	(914,933)
Finance costs	2,279,082	912,843
Other foreign exchange differences	(217,604)	(2,910)
Loss on valuation of inventories (reversal of)	43,793	(35,729)
Gain on disposal of property, plant and equipment	(14,146)	(23,702)
Gain on disposal of intangible assets	(34)	(191)
Loss on disposal of property, plant and equipment	224,837	152,080
Loss on disposal of intangible assets	3,681	31,532
Impairment loss on property, plant and equipment	383,086	199,543
Impairment loss on intangible assets	408,168	4,745
Gain on disposal of investments in associates	(104,512)	-
Loss on disposal of investments in associates	10,294	14,560
Gain on disposal of a business	(803,150)	-
Additions to provisions	1,108,494	928,528
Share of loss (profit) of associates and joint ventures	24,864	(33,311)
Other income	(51,762)	(133,534)
Decrease in inventories	1,118,920	2,964,732
Decrease (increase) in trade receivables	617,947	(299,774)
Decrease (increase) in other receivables	117,066	(77,856)
Decrease (increase) in other current assets	122,170	(115,317)
Decrease in trade payables	(1,119,364)	(982,141)
Increase (decrease) in other payables	(138,167)	447,558
Increase in other current liabilities	1,458,008	654,072
Decrease in provisions	(690,299)	(1,053,663)
Decrease in net defined benefit liabilities	(38,024)	(122,570)
Other cash flows from operations	(435,922)	6,795
<b>Cash generated from operations</b>	<u>₩ 8,236,110</u>	<u>₩ 9,138,609</u>

**LG Chem, Ltd. and Subsidiaries**  
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Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

(in millions of  
Korean won)

	2024						
	Beginning balance	Cash flows from financing activities	Non-cash transactions			Ending balance	
			Acquisition	Amortization	Others		
Short-term borrowings	₩ 9,675,998	₩ (1,797,256)	₩ -	₩ 15,910	₩ 1,856,034	₩ 9,750,686	
Debentures	11,760,250	3,759,301	-	116,216	1,074,892	16,710,659	
Lease liabilities	491,866	(140,326)	543,333	-	19,880	914,753	
	<u>₩ 21,928,114</u>	<u>₩ 1,821,719</u>	<u>₩ 543,333</u>	<u>₩ 132,126</u>	<u>₩ 2,950,806</u>	<u>₩ 27,376,098</u>	

(in millions of  
Korean won)

	2023						
	Beginning balance	Cash flows from financing activities	Non-cash transactions			Ending balance	
			Acquisition	Amortization	Others		
Short-term borrowings	₩ 7,609,924	₩ 1,697,178	₩ -	₩ 4,251	₩ 364,645	₩ 9,675,998	
Debentures	7,964,957	4,298,138	-	54,639	(557,484)	11,760,250	
Lease liabilities	389,638	(120,301)	275,797	-	(53,268)	491,866	
Other payables for the reverse factoring arrangement	-	(825,480)	-	-	825,480	-	
	<u>₩ 15,964,519</u>	<u>₩ 5,049,535</u>	<u>₩ 275,797</u>	<u>₩ 58,890</u>	<u>₩ 579,373</u>	<u>₩ 21,928,114</u>	

Significant non-cash transactions for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024	2023
Reclassification of construction-in-progress	₩ 8,107,873	₩ 5,967,538
Reclassification of machinery-in-transit	140,312	118,933
Reclassification of long-term borrowings into current portion	3,478,504	5,360,352
Other payables related to acquisitions of property, plant and equipment and intangible assets	4,103,903	131,449
Other non-current financial liabilities related to acquisition of property, plant and equipment	1,000,200	-
Reclassification of other payables under the reverse factoring arrangement	-	825,480
Reclassification of non-current assets held for sale	12,916	195,106
Reclassification of non-current liabilities held for sale	-	27,055
Non-trade receivables related to disposal of non-current assets held for sale	166,662	-

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**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 <sup>1</sup>	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

<sup>1</sup> 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.

Segment information on revenue, profit and loss for the years ended December 31, 2024 and 2023, are as follows:

(in millions of  
Korean won)

	2024					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others <sup>3</sup>	Total
Total segment revenue	₩ 19,088,777	₩ 25,619,585	₩ 6,412,406	₩ 1,334,147	₩ 771,785	₩ 53,226,700
Inter-segment revenue	469,283	10,103	3,755,158	65,096	10,956	4,310,596
Revenue from external customers <sup>1</sup>	18,619,494	25,609,482	2,657,248	1,269,051	760,829	48,916,104
Operating profit (loss) <sup>2</sup>	(135,796)	575,387	510,207	110,263	(143,263)	916,798
Depreciation and amortization	982,594	3,038,703	231,958	150,845	257,482	4,661,582

(in millions of  
Korean won)

	2023					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others <sup>3</sup>	Total
Total segment revenue	₩ 17,808,799	₩ 33,745,470	₩ 7,407,774	₩ 1,183,354	₩ 819,456	₩ 60,964,853
Inter-segment revenue	599,996	78,242	4,965,984	55,279	15,567	5,715,068
Revenue from external customers <sup>1</sup>	17,208,803	33,667,228	2,441,790	1,128,075	803,889	55,249,785
Operating profit (loss) <sup>2</sup>	(143,452)	2,163,234	584,534	28,476	(103,596)	2,529,196
Depreciation and amortization	1,030,220	2,285,614	189,478	135,287	272,878	3,913,477

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

<sup>2</sup> Management assesses the performance of the operating segments based on a measurement of operating profit of segment.

<sup>3</sup> 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 December 31, 2024 and 2023, are as follows:

*(in millions of  
Korean won)*

	2024					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset <sup>1</sup>	₩ 16,482,276	₩ 60,306,791	₩ 7,694,352	₩ 2,455,872	₩ 6,918,471	₩ 93,857,762
Investments in associates and joint ventures	50,934	62,389	627,283	17	157,770	898,393
Reportable segment liability <sup>1</sup>	5,345,168	29,340,248	2,647,058	473,121	8,056,704	45,862,299

*(in millions of  
Korean won)*

	2023					
	Petro-chemicals	LG Energy solution	Advanced materials	Life sciences	Common and others	Total
Reportable segment asset <sup>1</sup>	₩ 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 <sup>1</sup>	4,873,964	21,036,411	2,211,319	592,085	7,814,730	36,528,509

<sup>1</sup> 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 years ended December 31, 2024 and 2023, and as at December 31, 2024 and 2023, are as follows:

*(in millions of Korean won)*

	Sales		Non-current assets <sup>1</sup>	
	2024	2023	2024	2023
Korea <sup>2</sup>	₩ 10,553,720	₩ 10,513,452	₩ 20,165,226	₩ 19,676,808
China	11,108,354	12,809,500	4,989,625	5,242,483
Asia/Oceania	5,744,086	5,636,110	1,818,245	342,873
America	12,513,258	13,420,099	26,294,590	12,246,392
Europe	8,898,590	12,807,192	5,020,309	5,223,709
Others	98,096	63,432	-	-

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<b>Total</b>	<u>₩ 48,916,104</u>	<u>₩ 55,249,785</u>	<u>₩ 58,287,995</u>	<u>₩ 42,732,265</u>
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<sup>1</sup> Represents aggregate amount of property, plant and equipment, intangible assets and investment properties.

<sup>2</sup> Domestic sales include the exports made through local letters of credit.

During the year ended December 31, 2024, revenue to single external customers accounting for more than 10% of the Group's revenue was ₩ 6,090,940 million (2023: ₩ 6,135,823 million).

**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 sale of the polarizer and related materials business was finalized in December 2024, while the sale of the diagnostics business was completed in October 2023. The entire share of VINA PLASTICIZERS CHEMICAL COMPANY LIMITED was sold in December 2023.

Meanwhile, sale of the sulfuric acid and steam manufacturing business of FarmHannong Co., Ltd. was finalized in July 2024.

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

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
<b>Assets of disposal group</b>				
Property, plant and equipment	₩	74	₩	64,589
Intangible assets		-		38,345
Inventories		-		57,708
Trade and other receivables		-		3,517
Right-of-use assets		-		6,587
Other current assets and others		-		24,360
	<u>₩</u>	<u>74</u>	<u>₩</u>	<u>195,106</u>
<b>Liabilities of disposal group</b>				
Trade and non-trade payables	₩	-	₩	20,613
Other current and non-current liabilities		-		6,442
	<u>₩</u>	<u>-</u>	<u>₩</u>	<u>27,055</u>

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 December 31, 2024.

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**34.2 Discontinued Operations**

The Group decided to sell polarizer and related material business with the resolution of the board of directors in September 2023 and then classified the related business as the discontinued operations as at September 2023. Sale of the polarizer and related material business was finalized in 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 at March 2020. In addition, the Group decided to divest 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.

Meanwhile, sale of the sulfuric acid and steam manufacturing business of FarmHannong Co., Ltd. was finalized in July 2024.

Comprehensive income information from discontinued operation for the years ended December 31, 2024 and 2023, are as follows:

*(in millions of Korean won)*

	<b>2024</b>			
	<b>LCD polarizer</b>	<b>Glass substrate</b>	<b>Polarizer and related material</b>	<b>Total</b>
Revenue	₩ -	₩ 7	₩ 1,567,557	₩ 1,567,564
Expense	-	(7,300)	(699,318)	(706,618)
Profit (loss) before income tax of discontinued operation	-	(7,293)	868,239	860,946
Income tax benefit (expense)	-	-	(16,842)	(16,842)
Profit (loss) after income tax of discontinued operations	₩ -	₩ (7,293)	₩ 851,397	₩ 844,104

*(in millions of Korean won)*

	<b>2023</b>			
	<b>LCD polarizer</b>	<b>Glass substrate</b>	<b>Polarizer and related material</b>	<b>Total</b>
Revenue	₩ 307	₩ 1	₩ 808,145	₩ 808,453
Expense	-	(4,940)	(811,400)	(816,340)
Profit (loss) before income tax of discontinued operation	307	(4,939)	(3,255)	(7,887)
Income tax benefit (expense)	167	(2,689)	(1,805)	(4,327)
Profit (loss) after income tax of discontinued operations	₩ 474	₩ (7,628)	₩ (5,060)	₩ (12,214)

**LG Chem, Ltd. and Subsidiaries**  
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Net cash flows from discontinued operations for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	LCD polarizer	Glass substrate	Polarizer and related material	Total
Net cash outflow from operating activities	₩ -	₩ (9,119)	₩ (94,530)	₩ (103,649)
Net cash inflow from investing activities	-	662	750,525	751,187
Net cash outflow from financing activities	-	-	(71,614)	(71,614)

(in millions of Korean won)

	2023			
	LCD polarizer	Glass substrate	Polarizer and related material	Total
Net cash inflow (outflow) from operating activities	₩ (14,261)	₩ (7,148)	₩ 49,988	₩ 28,579
Net cash inflow (outflow) from investing activities	(24)	9,750	(27,565)	(17,839)
Net cash inflow (outflow) from financing activities	-	-	-	-

**35. Assets and Liabilities related to Contracts with Customers**

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

(in millions of Korean won)

	2024		2023	
<b>Contract assets</b>				
Due from customers for contract work	₩	77,237	₩	70,356
<b>Total contract assets</b>	₩	77,237	₩	70,356
<b>Contract liabilities</b>				
Advances in relation to revenue from the Group's main business activities	₩	2,287,911	₩	1,361,224
Expected customer incentives		5,438		5,494
Unearned revenue		62,879		95,277
Due to customers for contract work		7,377		2,785
<b>Total contract liabilities</b>	₩	2,363,605	₩	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>	<b>2024</b>		<b>2023</b>	
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	₩	167,204	₩	303,543
Advances received in relation to revenue from the Group's main business activities		125,158		231,896
Unearned revenue		41,196		59,286
Due to customers for contract work		850		12,361
Revenue recognized from performance obligations satisfied in previous periods		-		-

Changes in estimates during the current period for the total contract amount and total contract costs related to contracts in which revenue is recognized over the period by applying the cost-based input method at the end of the prior year, and the impact of such changes in estimates on profits and losses and contract assets (liabilities) for the current and future periods are as follows.

<i>(in millions of Korean won)</i>	<b>2024</b>									
	<b>Change in estimate of total contract amount</b>	<b>Changes in total contract cost estimates</b>	<b>Effect on Profit or Loss</b>	<b>Effect on future profit or loss</b>	<b>Changes in contract assets (liabilities)</b>					
	₩	5,379	₩	7,954	₩	2,669	₩	(5,244)	₩	2,669

Costs to fulfil a contract as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>2024</b>		<b>2023</b>	
Costs to fulfil a contract	₩	328,943	₩	103,206

Costs to fulfil a contract are setup cost related to contracts with customers and are recognized as cost of sales when the Group fulfils its performance obligations. Costs to fulfil a contract recognized as cost of sales during the current period were KRW 60,223 million (prior year: KRW 184,945 million).

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**36. Investment Properties**

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

<i>(in millions of Korean won)</i>	2024				2023			
	Cost	Accumulated depreciation	Accumulated impairment	Book amount	Cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	₩ 6,696	₩ (88)	₩ (497)	₩ 6,111	₩ 4,475	₩ (75)	₩ (497)	₩ 3,903
Buildings	133,989	(23,673)	(18,240)	92,076	121,881	(18,591)	(18,243)	85,047
<b>Total</b>	<b>₩ 140,685</b>	<b>₩ (23,761)</b>	<b>₩ (18,737)</b>	<b>₩ 98,187</b>	<b>₩ 126,356</b>	<b>₩ (18,666)</b>	<b>₩ (18,740)</b>	<b>₩ 88,950</b>

Changes in investment properties for the years ended December 31, 2024 and 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	2,222	10,985	13,207	-	359	359
Disposals/transfers	(1)	(216)	(217)	(811)	(1,189)	(2,000)
Depreciation	(13)	(3,740)	(3,753)	(30)	(3,405)	(3,435)
Ending balance	<b>₩ 6,111</b>	<b>₩ 92,076</b>	<b>₩ 98,187</b>	<b>₩ 3,903</b>	<b>₩ 85,047</b>	<b>₩ 88,950</b>

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 December 31, 2024, is ₩ 113,997 million (2023: ₩ 101,704 million).

During the year ended December 31, 2024, rental income from investment properties under operating lease is ₩ 4,920 million (2023: ₩ 5,795 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩ 4,644 million (2023: ₩ 3,434 million). During the year ended December 31, 2024, there are no operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses).

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 December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Within one year	₩ 3,952	₩ 2,073
Within two years	3,799	2,053
Within five years	2,145	4,085
<b>Total</b>	<b>₩ 9,896</b>	<b>₩ 8,211</b>

**LG Chem, Ltd. and Subsidiaries**  
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**37. Business Combination**

(a) During the year ended December 31, 2024, The Group included PT.HLI Green Power, which was previously a joint venture on August 1, 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 year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>	<b>Amount</b>
<b>Consideration transferred</b>	
Carrying amount of the previously held interest before the business combination	₩ <u>191,187</u>
<b>Identifiable assets acquired and liabilities assumed</b>	
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	<u>(846,472)</u>
Net identifiable assets	<u>402,962</u>
Non-controlling interests	<u>201,481</u>
Goodwill (gain from a bargain purchase)	<u>(10,294)</u>

As at December 31, 2024, the fair value assessment was completed, and the final acquisition price allocation was completed based on the facts and circumstances as at the acquisition date.

As the Group remeasured the shares held prior to the business combinations at fair value, gain on disposal amounting to ₩ 94,218 million was incurred and included in other non-operating income and expenses in the consolidated statements of comprehensive income.

The revenue and net profit for the period reflected in the consolidated income statement for the year ended December 31, 2024, contributed by PT. HLI Green Power after the acquisition were ₩ 597,982 million and ₩ 78,602 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 ₩ 49,066,490 million and net profit for the period of ₩ 422,283 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.

<i>(in millions of Korean won)</i>	<b>Amount</b>
<b>Consideration transferred</b>	
Cash and cash equivalents	₩ 701,103
Total consideration	<u>₩ 701,103</u>
<b>Identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	₩ 8,902
Trade and other receivables <sup>1</sup>	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)
<b>Fair value of net identifiable assets acquired</b>	<u>425,247</u>
<b>Goodwill (gain from a bargain purchase)</b>	<u>275,856</u>
	<u>₩ 701,103</u>

<sup>1</sup> 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 year ended December 31, 2023, contributed by Aveo Pharmaceuticals, Inc. after the acquisition were ₩ 200,439 million and ₩ 47,793 million, respectively.

**LG Chem, Ltd. and Subsidiaries**  
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**38. Events After the Reporting Period**

The Group decided to issue non-guaranteed bonds in KRW by resolution of the management committee held on January 7, 2025. Accordingly, the Group issued bonds in KRW of ₩ 600,000 million on January 24, 2025.

<i>(in millions of Korean won)</i>	<b>Maturity date</b>		<b>Amount</b>
Non-guaranteed bonds in KRW (three years maturity)	2028.01.24	₩	380,000
Non-guaranteed bonds in KRW (five years maturity)	2030.01.24		130,000
Non-guaranteed bonds in KRW (seven years maturity)	2032.01.23		90,000

The Group decided to issue non-guaranteed bonds in KRW by resolution of the management committee held on January 24, 2025. Accordingly, the Group issued bonds in KRW of ₩ 1,600,000 million on February 14, 2025.

<i>(in millions of Korean won)</i>	<b>Maturity date</b>		<b>Amount</b>
Non-guaranteed bonds in KRW (two years maturity)	2027.02.14	₩	640,000
Non-guaranteed bonds in KRW (three years maturity)	2028.02.14		590,000
Non-guaranteed bonds in KRW (five years maturity)	2030.02.14		310,000
Non-guaranteed bonds in KRW (seven years maturity)	2032.02.14		60,000

**39. Approval of Issuance of the Financial Statements**

The consolidated financial statements 2024 were approved for issue by the Board of Directors on February 3, 2025 and are planned to be finally approved at the general shareholder's meeting.

# **Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

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

## **Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We have audited the Internal Control over Financial Reporting of LG Chem, Ltd. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as of December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective Internal Control over Financial Reporting for consolidation purposes as of December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 7, 2025 expressed an unqualified opinion.

## **Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of Internal Control over Financial Reporting for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes**

Management is responsible for designing, implementing and maintaining effective Internal Control over Financial Reporting for consolidation purposes, and for its assessment about the effectiveness of Internal Control over Financial Reporting for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing Internal Control over Financial Reporting for consolidation purposes.

### **Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes**

Our responsibility is to express an opinion on Internal Control over Financial Reporting for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective Internal Control over Financial Reporting for consolidation purposes was maintained in all material respects.

An audit of Internal Control over Financial Reporting for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of Internal Control over Financial Reporting for consolidation purposes and testing and evaluating the design and operating effectiveness of Internal Control over Financial Reporting for consolidation purposes based on the assessed risk.

### **Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes**

The Group's Internal Control over Financial Reporting for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. The Group's Internal Control over Financial Reporting for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide

reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, Internal Control over Financial Reporting for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Seung-Hun Kim, Certified Public Accountant.

The logo for Samit PricewaterhouseCoopers, written in a cursive script.

Seoul, Korea

March 7, 2025

This report is effective as of March 7, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's Internal Control over Financial Reporting for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

## **Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Auditor (Audit Committee) of  
LG Chem, Ltd.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of LG Chem, Ltd. (the Company), assessed the effectiveness of the design and operation of the Group's Internal Control over Financial Reporting for consolidation purposes for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating Internal Control over Financial Reporting for consolidation purposes. We assessed the design and operating effectiveness of Internal Control over Financial Reporting for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated Internal Control over Financial Reporting for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the Internal Control over Financial Reporting Committee). And, we conducted an evaluation of Internal Control over Financial Reporting for consolidation purposes based on *Appendix 6: Evaluation and Reporting Standards for Internal Control over Financial Reporting of Enforcement Rules of the Act on External Audit and Accounting*.

Based on the assessment results, we believe that the Company's Internal Control over Financial Reporting for consolidation purposes, as of December 31, 2024, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*

We certify that this report does not contain any untrue statement of a fact or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

(Attachment)

- Internal control activities implemented by the company to address fraud risks

February 3, 2025

Hak-Cheol Shin, Chief Executive Officer

Dong-Seok Cha, Internal Control over Financial Reporting Officer