

# **LG Electronics Inc.**

**Separate Interim Financial Statements**

**March 31, 2023 and 2022**

**LG Electronics Inc.**  
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**March 31, 2023 and 2022**

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## **Report on Review of Interim Financial Statements**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
LG Electronics Inc.

### ***Reviewed Financial Statements***

We have reviewed the accompanying separate interim financial statements of LG Electronics Inc. (referred to as the "Company"). These financial statements consist of the separate interim statement of financial position of the Company as at March 31, 2023, and the related separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2023 and 2022, and a summary of material accounting policies and other explanatory notes, expressed in Korean won.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to issue a report on these separate interim financial statements based on our review.

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

**Conclusion**

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

**Other Matters**

We have audited the separate statement of financial position of the Company as at December 31, 2022, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements in our audit report dated March 17, 2023. The separate statement of financial position as at December 31, 2022, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2022.

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

May 15, 2023  
Seoul, Korea

<p>This report is effective as of May 15, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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# LG Electronics Inc.

## Separate Interim Statements of Financial Position

March 31, 2023 and December 31, 2022

<i>(in millions of Korean won)</i>	Notes	March 31, 2023 (Unaudited)	December 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,31	1,728,501	1,941,615
Deposits held by financial institutions	4,31	173,013	170,969
Trade receivables	4,5,31	5,290,243	3,971,617
Other receivables	4,5,31	470,607	495,175
Other financial assets	4,6,31	20,823	840
Inventories	7	1,550,543	1,523,327
Current tax assets		8,170	2,102
Contract assets	8	519,972	430,444
Other current assets		638,109	583,534
		<u>10,399,981</u>	<u>9,119,623</u>
<b>Non-current assets</b>			
Deposits held by financial institutions	4,31	464	490
Trade receivables	4,5,31	190,882	138,712
Other receivables	4,5,31	820,849	163,543
Other financial assets	4,6,31	319,299	314,992
Property, plant and equipment	9	5,897,785	6,007,599
Intangible assets	9	1,759,104	1,715,271
Deferred tax assets		1,451,318	1,490,211
Investments in subsidiaries, associates and joint ventures	10	9,090,241	9,004,775
Investment properties		85,674	86,792
Net defined benefit assets		340,697	517,329
Contract assets	13	100,429	78,752
Other non-current assets	8	74,548	74,725
		<u>20,131,290</u>	<u>19,593,191</u>
<b>Total assets</b>		<u>30,531,271</u>	<u>28,712,814</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4,31	6,203,009	5,428,176
Borrowings	4,11,31	1,524,754	1,073,908
Lease liabilities	4,12,31	53,438	65,979
Other payables	4,31	1,773,098	2,055,049
Other financial liabilities	4,6,31	7,337	6,581
Current tax liabilities		14,515	14,515
Provisions	14	990,128	1,061,515
Contract liabilities	8	489,548	497,668
Other current liabilities		1,842,904	1,857,183
		<u>12,898,731</u>	<u>12,060,574</u>
<b>Non-current liabilities</b>			
Borrowings	4,11,31	6,964,154	6,472,122
Lease liabilities	4,12,31	47,164	50,530
Other payables	4,31	7,723	7,723
Other financial liabilities	4,6,31	37,175	36,358
Provisions	14	84,861	85,455
Contract liabilities	8	4,344	4,695
Other non-current liabilities		106,215	106,328
		<u>7,251,636</u>	<u>6,763,211</u>
<b>Total liabilities</b>		<u>20,150,367</u>	<u>18,823,785</u>
<b>Equity</b>			
Paid-in capital:	15		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	16	6,397,137	5,890,737
Accumulated other comprehensive income (loss)	17	24,238	38,763
Other components of equity	18	(32,819)	(32,819)
<b>Total equity</b>		<u>10,380,904</u>	<u>9,889,029</u>
<b>Total liabilities and equity</b>		<u>30,531,271</u>	<u>28,712,814</u>

**LG Electronics Inc.**  
**Separate Interim Statements of Profit or Loss**  
**Three-Month Periods Ended March 31, 2023 and 2022**

<i>(in millions of Korean won, except per share amounts)</i>	<b>Notes</b>	<b>2023 (Unaudited)</b>	<b>2022 (Unaudited)</b>
<b>Continuing operations</b>			
<b>Net sales</b>	19	7,194,808	8,092,645
<b>Cost of sales</b>	20	5,325,796	5,508,762
<b>Gross profit</b>		1,869,012	2,583,883
Selling and marketing expenses	20,21	817,895	992,587
Administrative expenses	20,21	191,385	202,578
Research and development expenses	20,21	392,809	389,711
Service costs	20,21	148,437	210,420
<b>Operating profit (loss)</b>		318,486	788,587
Financial income	22	194,795	92,428
Financial expenses	23	243,127	123,032
Other non-operating income	24	1,003,100	703,706
Other non-operating expenses	25	391,987	283,960
Profit (Loss) before income tax		881,267	1,177,729
Income tax expense (benefit)		164,456	279,821
<b>Profit (Loss) from continuing operations</b>		716,811	897,908
<b>Discontinued operations</b>			
Profit (Loss) from discontinued operations	32	(141)	(117,613)
<b>Profit (Loss) for the period</b>		716,670	780,295
<b>Earnings (Losses) per share during the period</b>			
<i>(in Korean won) :</i>	26		
Earnings (Losses) per ordinary share		3,979	4,333
From continuing operations		3,980	4,986
From discontinued operations		(1)	(653)
Earnings (Losses) per preferred share		3,991	4,345
From continuing operations		3,992	4,998
From discontinued operations		(1)	(653)

**LG Electronics Inc.**  
**Separate Interim Statements of Comprehensive Income**  
**Three-Month Periods Ended March 31, 2023 and 2022**

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<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2023 (Unaudited)</b>	<b>2022 (Unaudited)</b>
<b>Profit (Loss) for the period</b>		716,670	780,295
<b>Other comprehensive income (loss), net of tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of the net defined benefit liability	13	(83,365)	149,161
Financial assets at fair value through other comprehensive income	6	2,943	(4,002)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Cash flow hedges	31	(17,468)	38,077
<b>Other comprehensive income (loss) for the period, net of tax</b>		(97,890)	183,236
<b>Total comprehensive income (loss) for the period, net of tax</b>		618,780	963,531

**LG Electronics Inc.**

**Separate Interim Statements of Changes in Equity**

**Three-Month Periods Ended March 31, 2023 and 2022**

<i>(in millions of Korean won)</i>	Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Other Components of Equity	Total Equity
<b>Balance at January 1, 2022</b>		3,992,348	4,940,122	(9,396)	(32,819)	8,890,255
<b>Total comprehensive income (loss):</b>						
Profit (Loss) for the period		-	780,295	-	-	780,295
Remeasurements of the net defined benefit liability	13	-	149,161	-	-	149,161
Financial assets at fair value through other comprehensive income	6	-	-	(4,002)	-	(4,002)
Cash flow hedges	31	-	-	38,077	-	38,077
<b>Total comprehensive income (loss)</b>		-	929,456	34,075	-	963,531
<b>Transactions with owners:</b>						
Dividends	16	-	(153,915)	-	-	(153,915)
<b>Total transactions with owners</b>		-	(153,915)	-	-	(153,915)
<b>Balance at March 31, 2022 (Unaudited)</b>		3,992,348	5,715,663	24,679	(32,819)	9,699,871
<b>Balance at January 1, 2023</b>		3,992,348	5,890,737	38,763	(32,819)	9,889,029
<b>Total comprehensive income (loss):</b>						
Profit (Loss) for the period		-	716,670	-	-	716,670
Remeasurements of the net defined benefit liability	13	-	(83,365)	-	-	(83,365)
Financial assets at fair value through other comprehensive income	6	-	-	2,943	-	2,943
Cash flow hedges	31	-	-	(17,468)	-	(17,468)
<b>Total comprehensive income (loss)</b>		-	633,305	(14,525)	-	618,780
<b>Transactions with owners:</b>						
Dividends	16	-	(126,905)	-	-	(126,905)
<b>Total transactions with owners</b>		-	(126,905)	-	-	(126,905)
<b>Balance at March 31, 2023 (Unaudited)</b>		3,992,348	6,397,137	24,238	(32,819)	10,380,904



# LG Electronics Inc.

## Separate Interim Statements of Cash Flows

Three-Month Periods Ended March 31, 2023 and 2022

<i>(in millions of Korean won)</i>	Notes	Three-month Period Ended March 31	
		2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	27	(537,418)	(582,846)
Interest received		14,355	5,174
Interest paid		(59,480)	(61,399)
Dividend received		645,306	184,400
Income tax paid		(105,092)	(27,001)
<b>Net cash inflow (outflow) from operating activities</b>		<b>(42,329)</b>	<b>(481,672)</b>
<b>Cash flows from investing activities</b>			
Decrease in deposits held by financial institutions		26	-
Decrease in other receivables		19,315	38,995
Proceeds from withdrawal and disposal of other financial assets		435	13,325
Proceeds from disposal of property, plant and equipment		6,536	11,996
Proceeds from disposal of intangible assets		-	19,347
Proceeds from disposal of assets held for sale		-	258,319
Transfer of business		-	38,360
Increase in deposits held by financial institutions		-	(64)
Increase in other receivables		(676,932)	(41,900)
Acquisition of other financial assets		(1,196)	(9,909)
Acquisition of property, plant and equipment		(126,538)	(110,736)
Acquisition of intangible assets		(145,658)	(125,730)
Acquisition of investments in subsidiaries, associates and joint ventures		(83,465)	(15,902)
<b>Net cash inflow (outflow) from investing activities</b>		<b>(1,007,477)</b>	<b>76,101</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,281,915	482,534
Repayments of borrowings		(426,817)	(699,610)
Repayments of lease liabilities		(18,406)	(20,570)
<b>Net cash inflow (outflow) from financing activities</b>		<b>836,692</b>	<b>(237,646)</b>
Effects of exchange rate changes on cash and cash equivalents		-	20
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(213,114)</b>	<b>(643,197)</b>
Cash and cash equivalents at the beginning of the period		1,941,615	2,012,229
<b>Cash and cash equivalents at the end of the period</b>		<b>1,728,501</b>	<b>1,369,032</b>

# LG Electronics Inc.

## Notes to the Separate Interim Financial Statements

### March 31, 2023 and 2022 (Unaudited), and December 31, 2022

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#### 1. General Information

LG Electronics Inc. (the “Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The Company’s shares were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange at the end of the reporting period. The Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As at March 31, 2023, LG Corp. owns 33.7% of the Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Company operates following major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs and digital media products; Vehicle components Solutions segment designs and manufactures automobile parts; and Business Solutions segment manufactures and sells monitors, PCs, information displays and others. As at March 31, 2023, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek and Gumi in the Republic of Korea.

#### 2. Material Accounting Policies

##### 2.1 Basis of Preparation

The Company 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 separate interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The financial statements of the Company are the separate interim financial statements prepared in accordance with Korean IFRS 1027 *Separate Financial Statements*. The separate interim financial statements for the three-month period ended March 31, 2023, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These separate interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at March 31, 2023.

##### 2.1.1 Changes in Accounting Policies and Disclosures

- (a) New and amended standards and interpretations effective for the financial year beginning January 1, 2023.

- *Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The amendment does not have a significant impact on the separate interim financial statements.

# LG Electronics Inc.

## Notes to the Separate Interim Financial Statements

March 31, 2023 and 2022 (Unaudited), and December 31, 2022

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- *Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price*

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendment does not have a significant impact on the separate interim financial statements.

- *Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendment does not have a significant impact on the separate interim financial statements.

- *Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendment does not have a significant impact on the separate interim financial statements.

(b) New, enacted and amended standards issued, but not effective for March 31, 2023, and not early adopted by the Company.

- *Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

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. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Company does not expect that these amendments have a significant impact on the separate interim financial statements.

## 2.2 Application of Accounting Policies

Material accounting policies and method of computation used in the preparation of the condensed separate interim financial statements are consistent with those of the separate financial statements for the year ended December 31, 2022, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.1 and the ones described below.

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**2.2.1 Income Tax Expense**

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

**3. Critical Accounting Estimates and Judgements**

The estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

**3.1 Critical Accounting Estimates and Assumptions**

The Company makes estimates and assumptions concerning the future. 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 will, by definition, seldom equal the related actual results.

The Russia - Ukraine armed conflict and continuous international sanctions on Russia have a material impact on the global economy. It may have a negative impact; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Company, and the impact is expected to be continued to the separate annual financial statements in 2023.

Significant accounting estimates and assumptions applied in the preparation of the separate interim financial statements can be adjusted depending on changes in the uncertainty from Russia - Ukraine armed conflict. Also, the ultimate effect of Russia - Ukraine armed conflict to the Company's business, financial position and financial performance cannot presently be determined.

The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

(a) Revenue Recognition

The Company recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Company measures the percentage of completion by estimating total cost for the completion of the transaction, and the factors for the estimation of revenue may vary.

(b) Impairment of Goodwill

The Company tests goodwill and others regularly for impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal or value-

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in-use calculations. These calculations require estimates.

(c) Income Taxes

The Company recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(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 Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of the reporting period.

(e) Provisions

The Company recognizes provisions for product warranties and others based on their historical data at the end of the reporting period.

(f) Net Defined Benefit Liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

(g) Development Costs

The Company capitalizes development costs when there is a reasonable assurance that projects have technical feasibility and the possibility of generating future economic benefits, and performs periodic impairment test. The recoverable amount of each project has been calculated on a basis of the value-in-use reflecting expected sales quantity and unit price and estimated operating profit.

(h) 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).

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The reassessment of the lease term based on a judgment of whether the extension option is reasonably certain to be exercised (or not exercised) 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.

**4. Financial Instruments by Category**

(a) Categorizations of financial instruments as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>				
	<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	1,728,501	-	-	-	1,728,501
Deposits held by financial institutions	173,477	-	-	-	173,477
Trade receivables	5,003,606	250,705	-	226,814	5,481,125
Other receivables	1,291,456	-	-	-	1,291,456
Other financial assets	-	65,485	92,911	181,726	340,122
<b>Total</b>	<b>8,197,040</b>	<b>316,190</b>	<b>92,911</b>	<b>408,540</b>	<b>9,014,681</b>

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>				
	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at fair value through profit or loss</b>		<b>Other</b>	<b>Total</b>
Trade payables	6,203,009	-	-	-	6,203,009
Borrowings	8,488,908	-	-	-	8,488,908
Lease liabilities	-	-	100,602	-	100,602
Other payables	1,780,821	-	-	-	1,780,821
Other financial liabilities	-	25,562	18,950	-	44,512
<b>Total</b>	<b>16,472,738</b>	<b>25,562</b>	<b>119,552</b>	<b>16,617,852</b>	

<i>(in millions of Korean won)</i>	<b>December 31, 2022</b>				
	<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	1,941,615	-	-	-	1,941,615
Deposits held by financial institutions	171,459	-	-	-	171,459
Trade receivables	3,655,793	290,274	-	164,262	4,110,329
Other receivables	658,718	-	-	-	658,718
Other financial assets	-	61,531	95,151	159,150	315,832
<b>Total</b>	<b>6,427,585</b>	<b>351,805</b>	<b>95,151</b>	<b>323,412</b>	<b>7,197,953</b>

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**March 31, 2023 and 2022 (Unaudited), and December 31, 2022**

<i>(in millions of Korean won)</i>	December 31, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	5,428,176	-	-	5,428,176
Borrowings	7,546,030	-	-	7,546,030
Lease liabilities	-	-	116,509	116,509
Other payables	2,062,772	-	-	2,062,772
Other financial liabilities	-	24,641	18,298	42,939
<b>Total</b>	<b>15,036,978</b>	<b>24,641</b>	<b>134,807</b>	<b>15,196,426</b>

(b) Net gains or losses on each category of financial instruments for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	14,872	-	-	-	14,872
Exchange differences	198,870	-	-	-	198,870
Reversal of bad debt expenses	1,153	-	-	-	1,153
Gain (Loss) on disposal of trade receivables	-	(169)	-	-	(169)
Dividend income	-	189	263	-	452
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	(17)	-	(17)
Profit (Loss) for the period from discontinued operations	(4)	-	-	-	(4)
Fair value gain (loss), net of tax (through other comprehensive income)	-	2,943	-	-	2,943
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	886	886
Others	(7,489)	-	-	484	(7,005)

<i>(in millions of Korean won)</i>	2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(77,164)	-	11,405	(65,759)
Exchange differences	(253,534)	-	43,995	(209,539)
Gain (Loss) on derivatives (through profit or loss)	-	(1,752)	-	(1,752)
Gain (Loss) from discontinued operations	(2)	-	-	(2)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	(18,354)	(18,354)
Others	-	-	112	112

# LG Electronics Inc.

## Notes to the Separate Interim Financial Statements

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<i>(in millions of Korean won)</i>	2022				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	5,496	-	-	-	5,496
Exchange differences	117,521	-	-	-	117,521
Reversal of bad debt expenses	335	-	-	-	335
Loss on disposal of trade receivables	-	(318)	-	-	(318)
Dividend income	-	187	311	-	498
Gain(loss) from discontinued operations	(1,052)	-	-	-	(1,052)
Fair value gain(loss), net of tax (through other comprehensive income)	-	(4,002)	-	-	(4,002)
Gain(loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	31,935	31,935
Others	(180)	-	-	-	(180)

<i>(in millions of Korean won)</i>	2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(40,637)	-	(6,277)	(46,914)
Exchange differences	(127,064)	-	11,660	(115,404)
Gain (Loss) on derivatives (through profit or loss)	-	(11,032)	-	(11,032)
Gain (Loss) from discontinued operations	(9,201)	-	(10)	(9,211)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	6,142	6,142
Others	-	-	(195)	(195)



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**5. Trade Receivables and Other Receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023			December 31, 2022		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	5,327,517	(37,274)	5,290,243	4,007,881	(36,264)	3,971,617
Non-current trade receivables	190,882	-	190,882	138,712	-	138,712
Other receivables						
Current	476,050	(5,443)	470,607	502,754	(7,579)	495,175
Non-current	820,862	(13)	820,849	163,555	(12)	163,543

(b) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			
	At January 1	Addition (Reversal)	Write-off and other	At March 31
Trade receivables	36,264	1,010	-	37,274
Other receivables				
Current	7,579	(2,136)	-	5,443
Non-current	12	1	-	13
<i>(in millions of Korean won)</i>	2022			
	At January 1	Addition (Reversal)	Write-off and other	At March 31
Trade receivables	35,656	3,992	-	39,648
Other receivables				
Current	9,308	(1,534)	-	7,774
Non-current	12	1	-	13

(c) The aging analysis of trade receivables and other receivables as at March 31, 2023 and December 31, 2022, is as follows:

<i>(in millions of Korean won)</i>	March 31, 2023				
	Trade receivables	Non-current trade receivables	Other receivables		Total
			Current	Non-current	
<b>Receivables not past due</b>	4,747,431	190,882	434,950	817,258	6,190,521
<b>Past due but not impaired</b>					
Up to 6 months	213,435	-	33,678	3,598	250,711
7 to 12 months	34,693	-	249	4	34,946
Over 1 year	260,196	-	1,659	2	261,857
<b>Subtotal</b>	508,324	-	35,586	3,604	547,514
<b>Impaired</b>	71,762	-	5,514	-	77,276
<b>Total</b>	5,327,517	190,882	476,050	820,862	6,815,311

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(in millions of Korean won)

	December 31, 2022				
	Trade receivables	Non-current trade receivables	Other receivables		Total
			Current	Non-current	
<b>Receivables not past due</b>	3,451,748	138,712	489,228	162,480	4,242,168
<b>Past due but not impaired</b>					
Up to 6 months	220,774	-	4,267	1,071	226,112
7 to 12 months	25,030	-	220	3	25,253
Over 1 year	239,510	-	1,432	1	240,943
<b>Subtotal</b>	485,314	-	5,919	1,075	492,308
<b>Impaired</b>	70,819	-	7,607	-	78,426
<b>Total</b>	4,007,881	138,712	502,754	163,555	4,812,902

- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the three-month period ended March 31, 2023. In case the customers default, the Company has an obligation to pay the related amounts to the banks. As a result, this transaction has been accounted for as a collateralized borrowing (Note 11). Discounted trade receivables as at March 31, 2023 amount to ₩48,175 million (December 31, 2022: ₩41,026 million).

**6. Other Financial Assets and Liabilities**

- (a) Details of other financial assets and liabilities as at March 31, 2023 and December 31, 2022, are as follows:

(in millions of Korean won)

	March 31, 2023	December 31, 2022
<b>Other financial assets</b>		
Derivatives	181,726	159,435
Financial assets at fair value through other comprehensive income	65,485	61,531
Financial assets at fair value through profit or loss	92,911	94,866
<b>Total</b>	340,122	315,832
Current	20,823	840
Non-current	319,299	314,992

(in millions of Korean won)

	March 31, 2023	December 31, 2022
<b>Other financial liabilities</b>		
Derivatives	32,466	31,804
Financial guarantee liability	12,046	11,135
<b>Total</b>	44,512	42,939
Current	7,337	6,581
Non-current	37,175	36,358

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(b) Details of derivatives as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
<b>Current</b>				
Currency forward	-	1,056	285	135
Cross-currency swap	20,657	-	-	-
Interest rate swap	166	-	555	-
<b>Subtotal</b>	<b>20,823</b>	<b>1,056</b>	<b>840</b>	<b>135</b>
<b>Non-current</b>				
Cross-currency swap	140,893	3,187	129,781	6,357
Interest rate swap	20,010	3,717	28,814	806
Put option	-	24,506	-	24,506
<b>Subtotal</b>	<b>160,903</b>	<b>31,410</b>	<b>158,595</b>	<b>31,669</b>
<b>Total</b>	<b>181,726</b>	<b>32,466</b>	<b>159,435</b>	<b>31,804</b>

The details of major derivative contracts at the end of the reporting period are presented in Note 31.

(c) Changes in carrying amount of financial assets at fair value through other comprehensive income for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At March 31
Listed equity securities	18,271	-	-	-	3,954	22,225
Unlisted equity securities	43,260	-	-	-	-	43,260
<b>Total</b>	<b>61,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,954</b>	<b>65,485</b>

<i>(in millions of Korean won)</i>	2022					
	At January 1	Acquisition	Disposals	Transfer	Valuation	At March 31
Listed equity securities	48,150	-	-	-	(5,483)	42,667
Unlisted equity securities	28,385	400	-	1,601	-	30,386
<b>Total</b>	<b>76,535</b>	<b>400</b>	<b>-</b>	<b>1,601</b>	<b>(5,483)</b>	<b>73,053</b>

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(d) Changes in carrying amount of financial assets at fair value through profit or loss for the three-month periods ended March 31, 2023 and 2022, are as follows:

	<b>2023</b>					
<i>(in millions of Korean won)</i>	<b>At January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Valuation</b>	<b>At March 31</b>
Unlisted equity securities	70,841	150	(88)	(2,000)	(17)	68,886
Debt securities	24,025	-	-	-	-	24,025
<b>Total</b>	<b>94,866</b>	<b>150</b>	<b>(88)</b>	<b>(2,000)</b>	<b>(17)</b>	<b>92,911</b>

	<b>2022</b>					
<i>(in millions of Korean won)</i>	<b>At January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Valuation</b>	<b>At March 31</b>
Unlisted equity securities	72,285	1,484	(195)	(24,993)	-	48,581
Debt securities	-	-	-	23,392	-	23,392
<b>Total</b>	<b>72,285</b>	<b>1,484</b>	<b>(195)</b>	<b>(1,601)</b>	<b>-</b>	<b>71,973</b>

**7. Inventories**

Inventories as at March 31, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>			<b>December 31, 2022</b>		
	<b>Cost</b>	<b>Valuation allowance</b>	<b>Carrying amount</b>	<b>Cost</b>	<b>Valuation allowance</b>	<b>Carrying amount</b>
Finished products and merchandise	842,583	(27,456)	815,127	804,526	(34,844)	769,682
Work-in-process	77,225	(1,461)	75,764	46,453	(893)	45,560
Raw materials and supplies	591,228	(53,726)	537,502	654,016	(56,763)	597,253
Other	179,487	(57,337)	122,150	176,381	(65,549)	110,832
<b>Total</b>	<b>1,690,523</b>	<b>(139,980)</b>	<b>1,550,543</b>	<b>1,681,376</b>	<b>(158,049)</b>	<b>1,523,327</b>

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**8. Contract Assets and Contract Liabilities**

(a) Contract assets as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Due from customers	507,585	419,764
(Less: allowance for doubtful accounts)	(5)	(4)
Right to recover returned products	1,282	987
Costs to fulfill contracts and others	111,539	88,449
<b>Total</b>	<b>620,401</b>	<b>509,196</b>
Current	519,972	430,444
Non-current	100,429	78,752

(b) Contract liabilities as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Expected promotional incentives for customers	66,082	68,205
Expected returns from customers	19,810	14,614
Customer loyalty program	57,129	56,474
Rendering of warranty services	18,898	20,909
Due to customers and others	331,973	342,161
<b>Total</b>	<b>493,892</b>	<b>502,363</b>
Current	489,548	497,668
Non-current	4,344	4,695

(c) Revenue recognized in relation to contract liabilities for the three-month periods ended March 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	216,019	215,063
Customer loyalty program	10,929	10,850
Rendering of warranty services	2,175	1,016
<b>Total</b>	<b>229,123</b>	<b>226,929</b>
Revenue recognized from performance obligations satisfied in previous periods	2,109	1,017

(d) Unsatisfied long-term contracts

At the end of the reporting period, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations was ₩1,324,366 million (December 31, 2022: ₩1,356,919 million) which were expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Company excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

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- (e) For the three-month period ended March 31, 2023, the Company recognized an impairment loss amounting to ₩1 million (March 31, 2022: nil) in relation to due from customers, and amortization and other costs of ₩24,629 million (March 31, 2022: ₩11,591 million) in relation to costs to fulfill contracts.

**9. Property, Plant and Equipment, and Intangible Assets**

- (a) Changes in property, plant and equipment for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	6,007,599	6,424,785
Acquisitions	66,468	99,799
Reclassification to assets held for sale	-	(326,790)
Disposals and others	(6,144)	(5,305)
Depreciation	(163,806)	(169,440)
Impairment losses <sup>1,2</sup>	(6,332)	(68,194)
<b>At March 31</b>	<b>5,897,785</b>	<b>5,954,855</b>

<sup>1</sup> For the three-month period ended March 31, 2022, impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩824 million is included.

<sup>2</sup> For the three-month period ended March 31, 2022, impairment loss on property, plant and equipment from discontinued operations of energy business amounting to ₩63,674 million is included.

- (b) Line items including depreciation in the separate interim statements of profit or loss for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Cost of sales	123,172	123,366
Selling and marketing expenses	9,912	9,681
Administrative expenses	15,034	13,357
Research and development expenses	9,184	9,927
Service costs	4,781	4,490
Other non-operating expenses	1,709	481
<b>Subtotal</b>	<b>163,792</b>	<b>161,302</b>
<b>Discontinued operations</b>	<b>14</b>	<b>8,138</b>
<b>Total</b>	<b>163,806</b>	<b>169,440</b>

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(c) Changes in right-of-use assets included in property, plant and equipment for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	115,297	121,844
Acquisitions	6,607	16,785
Disposals and others	(3,516)	(400)
Depreciation	(19,631)	(21,236)
<b>At March 31</b>	<b>98,757</b>	<b>116,993</b>

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the three-month period ended March 31, 2023, was ₩1,716 million (March 31, 2022: ₩2,267 million).

(d) Changes in intangible assets for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	1,715,271	1,758,718
Acquisitions	107,288	86,429
Acquisitions by internal development	50,581	35,416
Reclassification to assets held for sale	-	(33)
Disposals and others	(9,665)	(25,178)
Amortization	(103,598)	(106,964)
Impairment losses	(773)	(21,949)
<b>At March 31</b>	<b>1,759,104</b>	<b>1,726,439</b>

(e) Line items including amortization of intangible assets in the separate interim statements of profit or loss for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Cost of sales	78,423	83,427
Selling and marketing expenses	2,608	2,195
Administrative expenses	8,285	6,783
Research and development expenses	13,515	13,473
Service costs	756	560
Other non-operating expenses	2	-
<b>Subtotal</b>	<b>103,589</b>	<b>106,438</b>
<b>Discontinued operations</b>	<b>9</b>	<b>526</b>
<b>Total</b>	<b>103,598</b>	<b>106,964</b>

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**10. Investments in Subsidiaries, Associates and Joint Ventures**

(a) Investments in subsidiaries, associates and joint ventures as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at March 31, 2023 (%)	Carrying amount	
				March 31, 2023	December 31, 2022
<b>Subsidiaries</b>					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
LG Innotek Co., Ltd.	Korea	December	40.8	541,538	541,538
LG Magna e-Powertrain Co., Ltd.	Korea	December	51.0	388,661	388,661
ZKW Holding GmbH	Austria	December	70.0	349,482	349,482
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	India	March	100.0	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Brazil	December	100.0	270,631	270,631
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	Poland	December	100.0	214,091	214,091
LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	China	December	100.0	180,349	180,349
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	China	December	70.0	161,331	161,331
LG Electronics European Holding B.V.(LGEEH)	Netherlands	December	100.0	148,551	148,551
Hiplaza Co., Ltd.	Korea	December	100.0	136,459	136,459
Cybellum Technologies Ltd.	Israel	December	69.2	133,162	133,162
PT LGE Indonesia Research and Development Center(LGEIC) <sup>1</sup>	Indonesia	December	100.0	121,467	63,237
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	90.0	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721
LG Electronics (Shenyang) Inc(LGESY)	China	December	56.3	62,033	62,033
LG Electronics Fund I LLC <sup>1</sup>	USA	December	100.0	56,654	56,264
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Ticaret A.S.(LGETK)	Türkiye	December	100.0	47,320	47,320
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645
LG Electronics (Huizhou) Inc.(LGEHZ)	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD(LGENT)	China	December	45.0	38,744	38,744
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	36,492	36,492
ZKW Austria Immobilien Holding GmbH	Austria	December	70.0	35,640	35,640
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South	December	100.0	30,175	30,175



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(in millions of Korean won)	Location	Closing month	Percentage of ownership at March 31, 2023 (%)	Carrying amount	
				March 31, 2023	December 31, 2022
	Africa				
APPLEMANGO CO.,LTD.	Korea	December	60.0	27,840	27,840
Nanjing LG Panda Appliances Co., Ltd.(LGEPN)	China	December	50.0	26,614	26,614
LG Electronics Peru S.A.(LGEPR)	Peru	December	100.0	25,043	25,043
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited.(LGSi)	India	March	100.0	20,105	20,105
NOVA Prime Fund I, LP <sup>1</sup>	USA	December	100.0	11,305	2,802
LG Electronics Fund II LLC <sup>1</sup>	USA	December	100.0	9,859	9,669
LG Electronics Development Vietnam, Ltd.(LGEDV) <sup>2</sup>	Vietnam	December	100.0	1,868	-
Others				167,058	167,058
<b>Associates</b>					
LG Display Co., Ltd.	Korea	December	37.9	3,480,623	3,480,623
Robostar Co.,Ltd.	Korea	December	33.4	88,112	88,112
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	52,124	52,124
Ericsson-LG Co., Ltd.	Korea	December	25.0	38,834	38,834
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	28,023	28,023
RINSE, INC.	USA	December	23.3	18,184	18,184
ROBOTIS Co., Ltd. <sup>3</sup>	Korea	December	7.7	9,000	9,000
SideChef Group Limited <sup>2,3</sup>	Hong Kong	December	15.4	7,703	-
TheWaveTalk Co., Ltd. <sup>3</sup>	Korea	December	3.9	2,000	-
Acryl Inc. <sup>3</sup>	Korea	December	13.6	2,000	2,000
AiM Future, Inc. <sup>3</sup>	Korea	December	15.6	800	800
<b>Joint ventures</b>					
LG-LHT Aircraft Solutions GmbH <sup>1</sup>	Germany	December	49.0	37,474	34,343
LG-LHT Passenger Solutions GmbH <sup>1</sup>	Germany	December	49.0	35,948	32,817
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Türkiye	December	50.0	27,711	27,711
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
FITNESSCANDY Co., Ltd.	Korea	December	51.0	4,233	4,233
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD. <sup>1</sup>	China	December	35.0	1,855	1,535
<b>Total</b>				<b>9,090,241</b>	<b>9,004,775</b>

<sup>1</sup> It was additionally acquired during the three-month period ended March 31, 2023.

<sup>2</sup> It was newly acquired during the three-month period ended March 31, 2023.

<sup>3</sup> Classified as an associate although the percentage of ownership is less than 20% because the Company can exercise a significant influence in the Board of Directors of the investee.

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(b) Changes in investments in subsidiaries, associates and joint ventures for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	9,004,775	8,914,917
Acquisitions	83,466	15,902
Transfer	2,000	-
Disposal	-	-
<b>At March 31</b>	<b>9,090,241</b>	<b>8,930,819</b>

(c) Details of marketable investments in subsidiaries and associates as at March 31, 2023 and December 31, 2022, are as follows:

<b>March 31, 2023</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (in Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	16,430	2,228,319	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	270,500	2,611,185	541,538
Robostar Co.,Ltd.	Associate	3,256,500	41,650	135,633	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	40,550	38,991	9,000

  

<b>December 31, 2022</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (in Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	12,450	1,688,531	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	252,500	2,437,428	541,538
Robostar Co.,Ltd.	Associate	3,256,500	18,650	60,734	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	22,500	21,635	9,000

**11. Borrowings**

(a) Carrying amounts of borrowings as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Current</b>		
Short-term borrowings	658,431	311,266
Current portion of long-term borrowings	259,143	187,715
Current portion of debentures	607,180	574,927
<b>Subtotal</b>	<b>1,524,754</b>	<b>1,073,908</b>
<b>Non-current</b>		
Long-term borrowings	2,554,535	2,591,454
Debentures	4,409,619	3,880,668
<b>Subtotal</b>	<b>6,964,154</b>	<b>6,472,122</b>
<b>Total</b>	<b>8,488,908</b>	<b>7,546,030</b>

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(b) Details of borrowings as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at March 31, 2023(%)	Carrying amount	
			March 31, 2023	December 31, 2022
<b>Short-term borrowings in foreign currency</b>				
Citibank and others <sup>1</sup>	2024. 1. 12	3.92 ~ 12.59	658,431	311,266
<b>Long-term borrowings in local currency</b>				
The Export-Import Bank of Korea and others	2035. 1. 9	2.49 ~ 4.73	1,826,821	1,825,893
<b>Long-term borrowings in foreign currency</b>				
The Export-Import Bank of Korea and others	2031. 7. 28	2.50 ~ 6.78	986,857	953,276
<b>Local currency debentures</b>				
Public, non-guaranteed bonds	2036. 5. 4	1.62 ~ 4.44	2,950,000	3,090,000
Private, non-guaranteed bonds	2041. 2. 9	2.66 ~ 4.84	1,680,000	980,000
<b>Foreign currency debentures</b>				
Private, non-guaranteed bonds	2028. 6. 8	4.98 ~ 6.79	398,246	258,765
Private, guaranteed bonds	2023. 2. 24	3M EURIBOR+0.75	-	135,120
Less: discount on debentures			(11,447)	(8,290)
<b>Total</b>			<b>8,488,908</b>	<b>7,546,030</b>

<sup>1</sup> The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩48,175 million (December 31, 2022: ₩41,026 million) as at March 31, 2023.

The Company entered into interest rate swap and cross-currency swap contracts to hedge cash flow risks related to floating interest rates and foreign exchange rates of certain portion of borrowings (Note 31).

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**12. Lease Liabilities**

(a) Details of lease liabilities as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Lease liabilities</b>		
Current	53,438	65,979
Non-current	47,164	50,530
<b>Total</b>	<b>100,602</b>	<b>116,509</b>

(b) The amounts, relating to leases, recognized in the separate interim statements of profit or loss for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Interest expense relating on lease liabilities	861	950
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	6,684	6,492
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	3,769	3,771
<b>Subtotal</b>	<b>11,314</b>	<b>11,213</b>
<b>Discontinued operations</b>	<b>5</b>	<b>501</b>
<b>Total</b>	<b>11,319</b>	<b>11,714</b>

Depreciation of right-of-use assets is stated in 'Note 9'.

(c) Total expenses for leases including short-term leases and leases of low-value assets for the three-month period ended March 31, 2023, are ₩29,642 million (March 31, 2022: ₩32,178 million).

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**13. Post-employment Benefits**

**13.1 Defined Benefit Plan**

(a) The amounts of net defined benefit liabilities (assets) as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Present value of funded obligations	3,041,623	2,937,364
Fair value of plan assets	(3,382,320)	(3,454,693)
<b>Net defined benefit liabilities (assets)</b>	<b>(340,697)</b>	<b>(517,329)</b>

(b) The amounts recognized in the separate interim statements of profit or loss for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Current service cost	68,664	77,668
Net interest cost	(6,855)	717
Operating management cost	608	569
<b>Total</b>	<b>62,417</b>	<b>78,954</b>

(c) Line items in which expenses are included for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Cost of sales	29,333	36,459
Selling and marketing expenses	8,710	10,555
Administrative expenses	5,727	6,305
Research and development expenses	12,024	15,603
Service costs	5,646	6,447
Other non-operating expenses	958	-
<b>Subtotal</b>	<b>62,398</b>	<b>75,369</b>
<b>Discontinued operations</b>	<b>19</b>	<b>3,585</b>
<b>Total</b>	<b>62,417</b>	<b>78,954</b>

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(d) Movements in the present value of defined benefit obligations for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	2,937,364	3,268,721
Current service cost	68,664	77,668
Interest expense	37,936	22,935
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	112,019	(211,685)
Benefits paid	(114,360)	(192,410)
<b>At March 31</b>	<b>3,041,623</b>	<b>2,965,229</b>

(e) Movements in the fair value of plan assets for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	3,454,693	3,168,810
Interest income	44,791	22,218
Remeasurements of plan assets	15	(7,354)
Benefits paid	(116,571)	(195,114)
Operating management cost	(608)	(569)
<b>At March 31</b>	<b>3,382,320</b>	<b>2,987,991</b>

(f) The significant actuarial assumptions used as at March 31, 2023 and December 31, 2022, are as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	4.9%	5.3%
Expected salary growth rate	6.0%	6.0%

(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at March 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	<b>1%p increase</b>	<b>1%p decrease</b>
Discount rate	(253,170)	290,450
Expected salary growth rate	304,245	(268,561)

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

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**13.2 Defined Contribution Plan**

The expense recognized for the three-month period ended March 31, 2023 in relation to the defined contribution plan was ₩2,652 million (March 31, 2022: ₩3,026 million).

**14. Provisions**

Changes in provisions for the three-month periods ended March 31, 2023 and 2022, are as follows:

		<b>2023</b>		
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	1,079,839	9,360	57,771	1,146,970
Additions <sup>1</sup>	50,133	98	1,926	52,157
Utilizations	(116,424)	(139)	(7,575)	(124,138)
<b>At March 31</b>	1,013,548	9,319	52,122	1,074,989
Current	972,929	6,386	10,813	990,128
Non-current	40,619	2,933	41,309	84,861

  

		<b>2022</b>		
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	2,279,025	10,460	62,899	2,352,384
Additions <sup>1</sup>	57,049	160	(168)	57,041
Utilizations	(303,883)	(275)	(2,923)	(307,081)
<b>At March 31</b>	2,032,191	10,345	59,808	2,102,344
Current	1,939,606	8,366	956	1,948,928
Non-current	92,585	1,979	58,852	153,416

<sup>1</sup> Net amount of additional provisions equals to additional provisions less reversed amounts.

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**15. Paid-in Capital**

(a) At the end of the reporting period, the number of shares authorized is 600 million.

	Par value per share	March 31, 2023		December 31, 2022	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
<b>Total</b>		<b>180,833,806</b>	<b>904,169</b>	<b>180,833,806</b>	<b>904,169</b>

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.

(b) Share premium balance as at March 31, 2023, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity spin-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion options in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

**16. Retained Earnings**

Retained earnings as at March 31, 2023 and December 31, 2022, consist of:

(in millions of Korean won)	March 31, 2023	December 31, 2022
Legal reserve <sup>1</sup>	259,302	246,609
Discretionary reserve	5,504,430	4,539,499
Unappropriated retained earnings <sup>2</sup>	633,405	1,104,629
<b>Total</b>	<b>6,397,137</b>	<b>5,890,737</b>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

<sup>2</sup> Dividend for the year ended December 31, 2022 of ₩126,905 million was approved at the annual general meeting held on March 27, 2023, and paid in April 2023 (2022 payments: ₩153,915 million).



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**17. Accumulated Other Comprehensive Income (Loss)**

Accumulated other comprehensive income (loss) as at March 31, 2023 and December 31, 2022, consists of:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Cash flow hedge	31,343	48,811
Financial assets at fair value through other comprehensive income	(7,105)	(10,048)
<b>Total</b>	<b>24,238</b>	<b>38,763</b>

**18. Other Components of Equity**

Other components of equity as at March 31, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Treasury shares <sup>1</sup>	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
<b>Total</b>	<b>(32,819)</b>	<b>(32,819)</b>

<sup>1</sup> The Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2022: 763,176 shares) and 4,693 preferred shares (December 31, 2022: 4,693 shares) at the end of the reporting period. The Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future.

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**19. Net Sales**

(a) Details of net sales for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Revenue from contracts with customers:		
Sales of goods	6,657,277	6,601,499
Rendering of services and others	336,720	1,305,253
<b>Subtotal</b>	6,993,997	7,906,752
Revenue from other sources:		
Rental income and others	200,811	185,893
<b>Subtotal</b>	7,194,808	8,092,645
<b>Discontinued operations</b>	66	98,990
<b>Total</b>	7,194,874	8,191,635

(b) Details of revenue from contracts with customers for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	3,970,050	3,868,436
TV/AV and others	809,441	1,067,137
In-vehicle infotainment and others	936,342	778,762
Monitor/PC and others	747,455	894,318
Others <sup>1</sup>	530,709	1,298,099
Domestic/Export:		
Domestic	2,680,895	2,727,578
Export	4,313,102	5,179,174
Timing of transfer:		
Transferred at a point in time	6,164,582	7,210,530
Transferred over time	829,415	696,222
<b>Total</b>	6,993,997	7,906,752

<sup>1</sup> Others include equipment production, inter-segment transactions and others.

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(c) Changes in the estimates of total contract revenue and total contract costs

Due to the factors causing the changes in the costs of other segments during the three-month period ended March 31, 2023, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the three-month period ended March 31, 2023 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	<b>Changes in estimated total contract revenue</b>	<b>Changes in estimated total contract cost</b>	<b>Impact on profit or loss for the period ended March 31, 2023</b>	<b>Impact on profit or loss for the succeeding periods</b>
Other segments	27,619	28,400	2,012	(2,793)

**20. Expenses by Nature**

Expenses that are recorded by nature for the three-month periods ended March 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Changes in finished goods and work-in-process	(43,216)	29,701
Raw materials and merchandise used	4,035,927	3,586,336
Employee benefit expense	1,121,587	1,512,646
Depreciation and amortization	266,787	267,259
Advertising expense	118,852	116,137
Promotion expense	26,633	34,303
Freight expense	216,607	407,031
Commission expense	546,587	491,815
Other expenses	586,558	858,830
<b>Subtotal<sup>1</sup></b>	<b>6,876,322</b>	<b>7,304,058</b>
<b>Discontinued operations</b>	<b>275</b>	<b>186,991</b>
<b>Total</b>	<b>6,876,597</b>	<b>7,491,049</b>

<sup>1</sup> Cost of sales, selling and marketing expenses, administrative expenses, research and development expenses and service costs are included.

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#### 21. General Operating Expenses (Selling and Marketing Expenses, Administrative Expenses, Research and Development Expenses, and Service Costs)

Details of general operating expenses for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Salaries	403,367	402,809
Post-employment benefits	73,930	159,056
Employee welfare benefits	77,461	108,362
Freight expense	213,993	403,057
Rental expense	8,121	7,272
Commission expense	414,279	368,354
Depreciation	40,028	37,455
Amortization	25,164	23,011
Advertising expense	118,852	116,137
Promotional expense	26,633	34,303
R&D expense	50,992	44,119
Direct service costs	20,484	32,500
Bad debts expense	985	1,207
Others	76,237	57,654
<b>Subtotal</b>	<b>1,550,526</b>	<b>1,795,296</b>
<b>Discontinued operations</b>	<b>279</b>	<b>25,754</b>
<b>Total</b>	<b>1,550,805</b>	<b>1,821,050</b>

#### 22. Financial Income

Financial income for the three-month periods ended March 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Interest income	14,872	5,496
Exchange differences	179,484	86,692
Others	439	240
<b>Subtotal</b>	<b>194,795</b>	<b>92,428</b>
<b>Discontinued operations</b>	<b>-</b>	<b>942</b>
<b>Total</b>	<b>194,795</b>	<b>93,370</b>

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**23. Financial Expenses**

Financial expenses for the three-month periods ended March 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Interest expense	65,759	46,914
Exchange differences	169,383	75,185
Loss on disposal of trade receivables	169	318
Others	7,816	615
<b>Subtotal</b>	<b>243,127</b>	<b>123,032</b>
<b>Discontinued operations</b>	<b>-</b>	<b>8,247</b>
<b>Total</b>	<b>243,127</b>	<b>131,279</b>

**24. Other Non-operating Income**

Other non-operating income for the three-month periods ended March 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Dividend income	661,232	282,528
Exchange differences	329,652	222,090
Gain on disposal of property, plant and equipment	1,551	2,223
Gain on disposal of assets held for sale	-	182,423
Gain on valuation of derivatives	349	13,129
Others	10,316	1,313
<b>Subtotal</b>	<b>1,003,100</b>	<b>703,706</b>
<b>Discontinued operations</b>	<b>36</b>	<b>4,839</b>
<b>Total</b>	<b>1,003,136</b>	<b>708,545</b>

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**25. Other Non-operating Expenses**

Other non-operating expenses for the three-month periods ended March 31, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Continuing operations</b>		
Exchange differences	340,003	223,530
Loss on disposal of property, plant and equipment	545	1,676
Impairment loss on property, plant and equipment	5,353	3,696
Loss on disposal of intangible assets	9,664	5,174
Impairment loss on intangible assets	773	21,949
Loss on disposal of assets held for sale	-	106
Loss on derivatives	2,101	24,161
Loss on valuation of financial assets at fair value through profit or loss	17	-
Others	33,531	3,668
<b>Subtotal</b>	<b>391,987</b>	<b>283,960</b>
<b>Discontinued operations</b>	<b>19</b>	<b>70,646</b>
<b>Total</b>	<b>392,006</b>	<b>354,606</b>

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**26. Earnings (Losses) per Share**

The Company has no potential dilutive ordinary shares. Accordingly, basic earnings (losses) per share is identical to diluted earnings (losses) per share.

- (a) Basic earnings (losses) per ordinary share for the three-month periods ended March 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Profit (Loss) attributable to ordinary shares <i>(in millions of Korean won)</i>	648,093	705,648
Continuing operations	648,220	812,038
Discontinued operations	(127)	(106,390)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,638	162,884,638
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>	3,979	4,333
Continuing operations	3,980	4,986
Discontinued operations	(1)	(653)

- (b) Basic earnings (losses) per preferred share for the three-month periods ended March 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Profit (Loss) attributable to preferred shares <i>(in millions of Korean won)</i>	68,577	74,647
Continuing operations	68,591	85,870
Discontinued operations	(14)	(11,223)
Weighted average number of preferred shares outstanding <i>(unit: shares)</i>	17,181,299	17,181,299
Basic earnings (losses) per preferred share <i>(in Korean won)</i>	3,991	4,345
Continuing operations	3,992	4,998
Discontinued operations	(1)	(653)

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**27. Cash Flow Information**

Cash flows from operating activities are presented using the indirect method. Details of cash used in operations for the three-month periods ended March 31, 2023 and 2022, are as follows:

(a) Cash used in operations

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Profit for the period	716,670	780,295
Adjustments:		
Interest expense, net	50,887	41,418
Exchange differences, net	55,796	7,383
Depreciation	163,792	161,302
Amortization	103,589	106,438
Loss on disposal of property, plant and equipment and intangible assets, net	8,658	4,627
Provisions for severance benefits	65,050	78,395
Additional provisions, net	52,015	56,716
Dividend income	(661,232)	(282,528)
Income tax expense	164,456	279,821
Others	165	(120,680)
Discontinued operations	(17)	44,583
	<u>3,159</u>	<u>377,475</u>
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(1,308,425)	(1,332,260)
Decrease (Increase) in other receivables	52,401	(16,469)
Decrease (Increase) in inventories	(37,260)	43,825
Decrease (Increase) in contract assets	(100,065)	(38,326)
Decrease (Increase) in other assets	(51,837)	(67,220)
Increase (Decrease) in trade payables	691,614	404,895
Increase (Decrease) in other payables	(355,802)	(230,627)
Decrease in provisions	(124,138)	(132,155)
Increase (Decrease) in contract liabilities	(8,471)	143,406
Increase (Decrease) in other liabilities	(14,824)	(493,712)
Payment of defined benefit liability	(440)	(324)
Deposit in plan assets, net	-	(21,649)
	<u>(1,257,247)</u>	<u>(1,740,616)</u>
<b>Cash used in operations</b>	<u>(537,418)</u>	<u>(582,846)</u>



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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	<b>2023</b>					
	<b>At January 1</b>	<b>Net cash flows from financing activities</b>	<b>Effects of other changes</b>			<b>At March 31</b>
			<b>Additions</b>	<b>Exchange differences (profit/loss)</b>	<b>Amortization and others</b>	
Borrowings	3,090,435	314,535	-	67,139	-	3,472,109
Debentures	4,455,595	540,563	-	20,107	535	5,016,800
Lease liabilities	116,509	(18,406)	2,263	145	91	100,602
<b>Total</b>	<b>7,662,539</b>	<b>836,692</b>	<b>2,263</b>	<b>87,391</b>	<b>626</b>	<b>8,589,511</b>

<i>(in millions of Korean won)</i>	<b>2022</b>					
	<b>At January 1</b>	<b>Net cash flows from financing activities</b>	<b>Effects of other changes</b>			<b>At March 31</b>
			<b>Additions</b>	<b>Exchange differences (profit/loss)</b>	<b>Amortization and others</b>	
Borrowings	2,579,101	128,444	-	18,571	-	2,726,116
Debentures	5,044,160	(345,520)	-	5,028	714	4,704,382
Lease liabilities	119,620	(20,570)	15,272	86	106	114,514
<b>Total</b>	<b>7,742,881</b>	<b>(237,646)</b>	<b>15,272</b>	<b>23,685</b>	<b>820</b>	<b>7,545,012</b>

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Reclassification of construction-in-progress to property, plant and equipment	69,816	2,008
Reclassification of construction-in-progress to intangible assets	79,988	61,124
Reclassification of current portion of borrowings	529,362	329,984
Other payables to acquire property, plant and equipment	15,935	16,642
Other payables to acquire intangible assets	12,118	29,233
Acquisition of right-of-use assets	6,607	16,785

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(d) Assets and liabilities arising from the transfer of business

- Transfer of in-vehicle wireless charging business

i) On October 4, 2022, in-vehicle wireless charging business was transferred to BH EVS CO.,LTD.

ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	<b>Amount</b>
Total consideration	
Cash and cash equivalents	116,696
Deposits held by financial institutions	20,000
Other payables	(18,745)
Other liabilities	(10,000)
Subtotal	107,951
Assets of the transferred business:	
Property, plant and equipment	57
Intangible assets	12,207
Contract assets	1,677
Subtotal	13,941

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**28. Contingencies**

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩351,521 million (December 31, 2022: ₩321,191 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Company is also provided with guarantee of principal amounting to EUR 100 million and interests from Shinhan Bank for the guaranteed private placement bonds, and it has been terminated as at March 31, 2023.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩4,008,898 million (December 31, 2022: ₩3,885,483 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	<b>Beneficiaries</b>	<b>March 31, 2023 <sup>1</sup></b>	<b>December 31, 2022 <sup>1</sup></b>
LG Electronics European Shared Service Center B.V.(LGEUSC)	Citibank and others	944,773	899,851
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	619,305	601,968
LG Electronics do Brasil Ltda.(LGEBR)	Chubb and others	436,392	515,655
LG Electronics (China) Co., Ltd(LGECH)	Citibank and others	307,157	297,145
ZKW Group GmbH	The Export-Import Bank of Korea	284,306	270,240
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Scotiabank and others	274,791	252,479
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	204,946	197,674
LG Electronics Mlawa Sp. z.O.O.(LGEMA), LG Electronics Polska Sp. Z.O.O.(LGEPL), LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Citibank and others	174,467	165,718
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	115,306	104,600
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	98,368	93,262
LG Electronics Algeria SARL(LGEAS)	Citibank and others	92,242	89,026
LG Electronics Colombia Limitada(LGECB)	Citibank and others	69,930	64,935
LG Electronics Reynosa, S.A. DE C.V.(LGERS)	BBVA	65,190	63,365
LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	Citibank	52,152	50,692
LG Electronics Saudi Arabia LLC(LGESJ)	JPM and others	52,100	-
LG Electronics (M) Sdn. Bhd(LGEML)	Citibank	39,173	38,076
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	ING	35,538	33,780
LG Electronics Ticaret A.S.(LGETK)	Citibank and others	32,874	32,118
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	31,853	38,648
LG Electronics Italia S.P.A.(LGEIS)	Intesa	28,431	27,024
LG Electronics S.A. (Pty) Ltd.(LGESA)	Citibank and others	26,089	26,692
LG ELECTRONICS HELLAS SINGLE MEMBER SA(LGEHS)	Citibank	14,215	13,512
Others	SABB and others	9,300	9,023
<b>Total</b>		<b>4,008,898</b>	<b>3,885,483</b>

<sup>1</sup> This is the amount for which a payment guarantee is provided, and in some cases, an agreement is made to pay including incidental expenses incurred in the performance of

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guarantee obligations.

- (c) At the end of the reporting period, the Company is providing Hana Bank with a subrogation payment obligation for customers up to ₩46,000 million (December 31, 2022: ₩46,000 million).
- (d) The Company has a joint guarantee obligation for the debt amount as of July 1, 2021, the date of split-off of LG Magna e-Powertrain Co. ,Ltd., a newly established company.
- (e) In relation to the Bolt electric vehicle consumers' class action lawsuit filed against General Motors (GM) in November 2020, the Company and others were additionally included as defendants in September 2021, and the ultimate outcome of these case cannot be determined at the reporting date.
- (f) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Company cannot reflect a reasonable expectation. Management does not expect the outcome of the litigations will have a material effect on the Company's financial position.

**29. Commitments**

- (a) At the end of the reporting period, the Company has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩854,551 million (December 31, 2022: ₩849,259 million).
- (b) At the end of the reporting period, the Company has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩2,848,929 million (December 31, 2022: ₩2,777,572 million).
- (c) At the end of the reporting period, the Company has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,160,000 million (December 31, 2022: ₩1,160,000 million) in connection with the payment of trade payables.
- (d) Contractual commitments for the acquisition of assets

Assets contracted for, but not yet acquired at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Property, plant and equipment	250,494	248,722
Intangible assets	19,756	27,255
Investments in subsidiaries, associates and joint ventures	96,212	108,816
<b>Total</b>	<b>366,462</b>	<b>384,793</b>

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The Company agreed to tender offers based on fair value at a certain time in relation to the shares of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Company recognized this commitment as 'other financial liabilities' (Note 6).

(e) Operating lease commitments – the Company as a lessor

- i) The Company has non-cancellable operating lease agreements regarding home appliance rental business that lends water purifiers and others to customers. The future aggregate lease receipts under operating leases at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023					
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total lease payments
Home appliance rental	292,363	168,183	63,822	10,610	-	534,978
Property rent	4,699	4,699	4,699	4,698	3,502	22,297
<b>Total</b>	<b>297,062</b>	<b>172,882</b>	<b>68,521</b>	<b>15,308</b>	<b>3,502</b>	<b>557,275</b>

- ii) The Company recognized ₩129,982 million (March 31, 2022: ₩153,340 million) in lease income for the three-month period ended March 31, 2023.

(f) Financial lease commitments – the Company as a lessor

- i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023		December 31, 2022	
	Gross investment in the lease <sup>1</sup>	Net investment in the lease	Gross investment in the lease <sup>1</sup>	Net investment in the lease
Within one year	49,484	35,932	34,637	25,550
Between 1 and 2 years	49,540	38,344	35,114	27,598
Between 2 and 3 years	48,256	39,569	34,604	28,766
Between 3 and 4 years	47,762	41,628	33,999	29,881
Later than 4 years	75,359	71,341	55,174	52,466
<b>Total</b>	<b>270,401</b>	<b>226,814</b>	<b>193,528</b>	<b>164,261</b>

<sup>1</sup> There are no remaining useful life without guarantee reflected on gross investment in the lease.

- ii) Unrealized interest income of financial lease as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023	December 31, 2022
Gross investment in the lease	270,401	193,528
Net investment in the lease	226,814	164,261
<b>Unrealized interest income</b>	<b>43,587</b>	<b>29,267</b>

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iii) For the three-month period ended March 31, 2023, the Company recognized income amounting to ₩67,231 million (March 31, 2022: ₩28,498 million) in relation to financial lease contract, and financial income net investment in the lease amounting to ₩2,970 million (March 31, 2022: ₩511 million) is included.

(g) License agreements including patent and trademark

At the end of the reporting period, the Company has various agreements as follows:

<u>Purpose</u>	<u>Related products</u>	<u>Provided by</u>	<u>Used by</u>
Use of license	All products	Qualcomm Incorporated and others	LG Electronics Inc.
Provision for license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.

**30. Related Party**

(a) Major transactions for the three-month periods ended March 31, 2023 and 2022, and balances of receivables and payables from transaction with related parties as at March 31, 2023 and December 31, 2022, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

<u>Classification</u>	<u>Name</u>	<u>2023</u>					
		<u>Income transactions</u>			<u>Expense transactions</u>		
		<u>Sales</u>	<u>Others</u>	<u>Total</u>	<u>Purchases</u>	<u>Others<sup>3</sup></u>	<u>Total</u>
Significantly influencing the Company	LG Corp.	753	-	753	-	33,167	33,167
Subsidiaries	LG Innotek Co., Ltd.	42,442	5,041	47,483	21,416	436	21,852
	Hiplaza Co., Ltd.	458,222	2,460	460,682	2,488	3,979	6,467
	LG Electronics U.S.A., Inc.	1,305,983	3,773	1,309,756	2,250	21,186	23,436
	LG Electronics Vietnam Hai Phong Co., Ltd	513,222	-	513,222	38,964	6,498	45,462
	LG Electronics Mlawa Sp. z.O.O.	202,013	5	202,018	795	1,553	2,348
	LG Electronics Canada, Inc.	150,818	-	150,818	-	4,501	4,501
	LG Electronics European Shared Service Center B.V.	149,638	-	149,638	-	2,499	2,499
	LG Electronics Nanjing New Technology co.,LTD	115,063	93	115,156	225,276	78	225,354
	LG Electronis Reynosa, S.A. De C.V.	56,672	-	56,672	281	1,156	1,437
	LG Electronics Vehicle Components Europe GmbH	2,009	32,046	34,055	48,519	22,070	70,589
	LG ELECTRONICS INDIA PRIVATE LIMITED	70,026	11,206	81,232	2,983	1,354	4,337
	LG ELECTRONICS AUSTRALIA PTY LIMITED	88,025	-	88,025	1	1,058	1,059

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		<b>2023</b>					
<b>Classification</b>	<b>Name</b>	<b>Income transactions</b>			<b>Expense transactions</b>		
		<b>Sales</b>	<b>Others</b>	<b>Total</b>	<b>Purchases</b>	<b>Others <sup>3</sup></b>	<b>Total</b>
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	52,619	-	52,619	2,937	1,102	4,039
	LG Electronics do Brasil Ltda.	44,286	-	44,286	100	850	950
	P.T. LG Electronics Indonesia	65,262	3	65,265	130,275	89	130,364
	LG Electronics Vehicle Components U.S.A., LLC.	61,514	11,606	73,120	3,163	10,650	13,813
	LG Electronics Mexico S.A. DE C.V.	51,943	38	51,981	-	546	546
	LG Electronics RUS, LLC	16,132	400	16,532	469	961	1,430
	LG Electronics (Tianjin) Appliances Co., Ltd.	40,624	-	40,624	131,923	44	131,967
	LG Electronics U.K. Ltd	30,548	-	30,548	3,573	3,060	6,633
	Taizhou LG Electronics Refrigeration Co., Ltd.	21,428	821	22,249	66,940	48	66,988
	LG Electronics Almaty Kazakhstan	50,118	2	50,120	-	105	105
	LG Electronics Colombia Ltda.	17,878	8	17,886	-	187	187
	Hi-Caresolution Corp	12,968	-	12,968	65,823	13,163	78,986
	Others	809,822	12,233	822,055	91,585	163,564	255,149
	<b>Subtotal</b>	<b>4,429,275</b>	<b>79,735</b>	<b>4,509,010</b>	<b>839,761</b>	<b>260,737</b>	<b>1,100,498</b>
Associates	LG Display Co., Ltd. and its subsidiaries	126,274	23,273	149,547	56,355	150	56,505
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	85	-	85	11,708	7	11,715
	Robostar Co., Ltd. and its subsidiaries	3	-	3	2,514	255	2,769
	ROBOTIS Co., Ltd.	-	-	-	-	1	1
	Acryl Inc.	-	-	-	-	590	590
	<b>Subtotal</b>	<b>126,362</b>	<b>23,273</b>	<b>149,635</b>	<b>70,577</b>	<b>1,003</b>	<b>71,580</b>
Joint ventures	LG-LHT Passenger Solution	442	-	442	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	31,177	754	31,931	21,971	77,903	99,874
	D&O Corp. and its subsidiaries	15	-	15	-	5,476	5,476
	LG Management Development Institute	11	-	11	8	14,972	14,980
	LG SPORTS Ltd.	2	-	2	-	2,633	2,633
	<b>Subtotal</b>	<b>31,205</b>	<b>754</b>	<b>31,959</b>	<b>21,979</b>	<b>100,984</b>	<b>122,963</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	263,824	3,209	267,033	98,333	9	98,342
	LG Uplus Corp and its subsidiaries	108	613	721	620	1,730	2,350
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	105	531	636	-	10	10
	G IIR Inc. and its subsidiaries	35	-	35	-	38,039	38,039
	XI C&A Co., Ltd. and its subsidiaries	5,029	-	5,029	-	649	649
	S&I Corp. and its subsidiaries	415	-	415	193	24,864	25,057
	<b>Subtotal</b>	<b>269,516</b>	<b>4,353</b>	<b>273,869</b>	<b>99,146</b>	<b>65,301</b>	<b>164,447</b>
	<b>Total</b>	<b>4,857,553</b>	<b>108,115</b>	<b>4,965,668</b>	<b>1,031,463</b>	<b>461,192</b>	<b>1,492,655</b>

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		<b>2022</b>					
		<b>Income transactions</b>			<b>Expense transactions</b>		
<b>Classification</b>	<b>Name</b>	<b>Sales</b>	<b>Others</b>	<b>Total</b>	<b>Purchases</b>	<b>Others<sup>3</sup></b>	<b>Total</b>
Significantly influencing the Company	LG Corp.	129	-	129	-	34,888	34,888
Subsidiaries	LG Innotek Co., Ltd.	47,568	5,603	53,171	48,314	2	48,316
	Hiplaza Co., Ltd.	518,514	3,407	521,921	1,961	3,908	5,869
	LG Electronics U.S.A., Inc.	1,709,362	541	1,709,903	1,894	12,360	14,254
	LG Electronics Vietnam Hai Phong Co., Ltd	375,523	101	375,624	41,239	17,309	58,548
	LG Electronics Mlawaz.O.O.	205,234	2,774	208,008	263	762	1,025
	LG Electronics Canada, Inc.	170,006	-	170,006	-	2,680	2,680
	LG Electronics European Shared Service Center B.V.	113,805	-	113,805	135	8,382	8,517
	LG Electronics Nanjing New Technology co.,LTD	108,423	-	108,423	233,377	898	234,275
	LG Electronis Reynosa, S.A. De C.V.	86,723	502	87,225	69	-	69
	LG Electronics Vehicle Components Europe GmbH	10,942	12,844	23,786	209	24,061	24,270
	LG ELECTRONICS INDIA PRIVATE LIMITED	65,656	5,754	71,410	34	1,511	1,545
	LG ELECTRONICS AUSTRALIA PTY LIMITED	61,258	-	61,258	-	1,224	1,224
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	49,750	-	49,750	1,165	-	1,165
	LG Electronics do Brasil Ltda.	59,908	1,343	61,251	212	1,048	1,260
	P.T. LG Electronics Indonesia	64,125	382	64,507	150,807	-	150,807
	LG Electronics Vehicle Components U.S.A., LLC.	34,599	11	34,610	329	7,636	7,965
	LG Electronics Mexico S.A. DE C.V.	47,742	-	47,742	-	163	163
	LG Electronics RUS, LLC	65,617	222	65,839	-	1,733	1,733
	LG Electronics (Tianjin) Appliances Co., Ltd.	26,545	49	26,594	94,287	-	94,287
	LG Electronics U.K. Ltd	50,290	-	50,290	891	5,509	6,400
	Taizhou LG Electronics Refrigeration Co., Ltd.	26,035	1,710	27,745	51,712	1	51,713
	LG Electronics Almaty Kazakhstan	1,348	-	1,348	-	70	70
	LG Electronics Colombia Ltda.	15,283	-	15,283	-	252	252
	Hi-Caresolution Corp	15,154	112	15,266	65,108	8,414	73,522
	Others	738,269	15,932	754,201	51,069	137,968	189,037
	<b>Subtotal</b>	<b>4,667,679</b>	<b>51,287</b>	<b>4,718,966</b>	<b>743,075</b>	<b>235,891</b>	<b>978,966</b>
Associates	LG Display Co., Ltd. and its subsidiaries	130,098	17,257	147,355	59,655	-	59,655
	Hitachi-LG Data Storage Inc.(HLDS) and its	149	-	149	8,045	13,990	22,035



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		2022					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others <sup>3</sup>	Total
	subsidiaries						
	Robostar Co.,Ltd. and its subsidiaries	13	-	13	4,248	398	4,646
	<b>Subtotal</b>	<b>130,260</b>	<b>17,257</b>	<b>147,517</b>	<b>71,948</b>	<b>14,388</b>	<b>86,336</b>
Other related parties	LG CNS Co., Ltd. And its subsidiaries	33,162	142	33,304	25,049	108,151	133,200
	D&O Corp. and its subsidiaries	1,783	186	1,969	1,512	28,832	30,344
	LG Management Development Institute	5	-	5	11	12,086	12,097
	LG SPORTS Ltd.	1	-	1	280	2,783	3,063
	<b>Subtotal</b>	<b>34,951</b>	<b>328</b>	<b>35,279</b>	<b>26,852</b>	<b>151,852</b>	<b>178,704</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures	114,201	544	114,745	77,059	53	77,112
	LX INTERNATIONAL CORP and its subsidiaries <sup>2</sup>	1,402	393	1,795	83,061	502,232	585,293
	LG Uplus Corp and its subsidiaries	373	5	378	581	142	723
	LX HAUSYS,LTD., its subsidiaries and associates <sup>2</sup>	1,000	38	1,038	948	301	1,249
	LX Semicon Co., Ltd. <sup>2</sup>	701	1,085	1,786	4,727	-	4,727
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	364	-	364	7	5	12
	GIIR Inc. and its subsidiaries	470	-	470	-	49,598	49,598
	LX MMA Corporation <sup>2</sup>	2	-	2	-	-	-
	<b>Subtotal</b>	<b>118,513</b>	<b>2,065</b>	<b>120,578</b>	<b>166,383</b>	<b>552,331</b>	<b>718,714</b>
	<b>Total</b>	<b>4,951,532</b>	<b>70,937</b>	<b>5,022,469</b>	<b>1,008,258</b>	<b>989,350</b>	<b>1,997,608</b>

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entities belong to the Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> LX Holdings Corp. and its affiliates are separated from the corporate group in accordance with independent management on June 21, 2022.

<sup>3</sup> Others include acquisition amount of right-of-use assets and interest expense of lease liabilities.

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ii) The balances of receivables from and payables to related parties

(in millions of Korean won)

		March 31, 2023							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>3</sup>	Total
Significantly influencing the Company	LG Corp.	234	-	25,502	25,736	-	-	64,495	64,495
Subsidiaries	LG Innotek Co., Ltd.	40,612	-	48,417	89,029	23,142	-	25,314	48,456
	Hiplaza Co., Ltd.	208,556	-	32,105	240,661	-	-	579	579
	LG Electronics U.S.A., Inc.	289,380	-	259	289,639	-	325,950	8,798	334,748
	LG Electronics Vietnam Hai Phong Co., Ltd	380,971	-	-	380,971	622,645	-	2,567	625,212
	LG Electronics Mlawa Sp. z.O.O.	142,817	-	-	142,817	768,389	-	2,018	770,407
	LG Electronics Canada, Inc.	66,687	-	-	66,687	-	-	1,114	1,114
	LG Electronics European Shared Service Center B.V.	34,935	-	-	34,935	-	284,306	1,691	285,997
	LG Electronics Nanjing New Technology co.,LTD	45,776	-	93	45,869	364,731	-	78	364,809
	LG Electronis Reynosa, S.A. De C.V.	24,966	-	-	24,966	147,266	-	1,156	148,422
	LG Electronics Vehicle Components Europe GmbH	571,326	-	33,818	605,144	-	-	8,147	8,147
	LG ELECTRONICS INDIA PRIVATE LIMITED	64,874	-	459	65,333	4,330	-	2,318	6,648
	LG ELECTRONICS AUSTRALIA PTY LIMITED	33,802	-	-	33,802	-	-	395	395
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	69,242	-	-	69,242	14,184	-	1,425	15,609
	LG Electronics do Brasil Ltda.	69,286	-	-	69,286	101	-	895	996
	P.T. LG Electronics Indonesia	17,985	-	45	18,030	518,788	-	30	518,818
	LG Electronics Vehicle Components U.S.A., LLC.	214,540	-	4,054	218,594	-	-	6,280	6,280
	LG Electronics Mexico S.A. DE C.V.	186,768	-	-	186,768	-	-	180	180
	LG Electronics RUS, LLC	62,393	-	94,339	156,732	164	-	492	656
	LG Electronics (Tianjin) Appliances Co., Ltd.	26,888	-	52	26,940	290,148	-	195	290,343
	LG Electronics U.K. Ltd	42,824	-	3,515	46,339	-	-	4,259	4,259
	Taizhou LG Electronics Refrigeration Co., Ltd.	18,169	-	821	18,990	207,167	-	25	207,192
	LG Electronics Almaty Kazakhstan	157,814	-	2	157,816	-	-	95	95

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		March 31, 2023							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>3</sup>	Total
	LG Electronics Colombia Ltda.	77,231	-	29	77,260	-	-	199	199
	Hi-Caresolution Corp	9,882	-	-	9,882	5,548	-	24,097	29,645
	Others	1,237,085	-	73,068	1,310,153	960,555	-	188,502	1,149,057
	<b>Subtotal</b>	<b>4,094,809</b>	<b>-</b>	<b>291,076</b>	<b>4,385,885</b>	<b>3,927,158</b>	<b>610,256</b>	<b>280,849</b>	<b>4,818,263</b>
Associates	LG Display Co., Ltd. and its subsidiaries	123,559	650,000	83,258	856,817	66,591	-	52,286	118,877
	Ericsson-LG Co., Ltd.	-	-	11,250	11,250	-	-	-	-
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	52,206	-	200	52,406
	Robostar Co., Ltd. and its subsidiaries	16	-	-	16	570	-	12,002	12,572
	<b>Subtotal</b>	<b>123,575</b>	<b>650,000</b>	<b>94,508</b>	<b>868,083</b>	<b>119,367</b>	<b>-</b>	<b>64,488</b>	<b>183,855</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	48,469	-	382	48,851	1,396	-	83,750	85,146
	D&O Corp. and its subsidiaries	1	-	-	1	-	-	4,547	4,547
	LG Management Development Institute	5	-	-	5	-	-	1,276	1,276
	LG SPORTS Ltd.	-	-	-	-	-	-	1,303	1,303
	<b>Subtotal</b>	<b>48,475</b>	<b>-</b>	<b>382</b>	<b>48,857</b>	<b>1,396</b>	<b>-</b>	<b>90,876</b>	<b>92,272</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures <sup>2</sup>	110,625	-	216,253	326,878	136,897	-	105,824	242,721
	LG Uplus Corp and its subsidiaries	24	-	242	266	267	-	216	483
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	-	-	18	18	-	-	3	3
	GIR Inc. and its subsidiaries	19	-	-	19	-	-	125,441	125,441
	XI C&A Co., Ltd. and its subsidiaries	9,052	-	-	9,052	-	-	10,975	10,975
	S&I Corp. and its subsidiaries	157	-	-	157	-	-	17,084	17,084
	<b>Subtotal</b>	<b>119,877</b>	<b>-</b>	<b>216,513</b>	<b>336,390</b>	<b>137,164</b>	<b>-</b>	<b>259,543</b>	<b>396,707</b>
	<b>Total</b>	<b>4,386,970</b>	<b>650,000</b>	<b>627,981</b>	<b>5,664,951</b>	<b>4,185,085</b>	<b>610,256</b>	<b>760,251</b>	<b>5,555,592</b>

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		December 31, 2022							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>3</sup>	Total
Significantly influencing the Company	LG Corp.	40	-	25,679	25,719	-	-	36,103	36,103
Subsidiaries	LG Innotek Co., Ltd.	68,885	-	2,594	71,479	19,173	-	40,323	59,496
	Hiplaza Co., Ltd.	161,725	-	31,486	193,211	-	-	738	738
	LG Electronics U.S.A., Inc.	186,946	-	391	187,337	-	-	21,403	21,403
	LG Electronics Vietnam Hai Phong Co., Ltd	242,321	-	46	242,367	441,896	-	5,224	447,120
	LG Electronics Mlawa Sp. z.O.O.	122,867	-	2,029	124,896	963,473	-	85	963,558
	LG Electronics Canada, Inc.	19,915	-	-	19,915	-	-	3,295	3,295
	LG Electronics European Shared Service Center B.V.	52,543	-	-	52,543	-	270,240	1,293	271,533
	LG Electronics Nanjing New Technology co.,LTD	59,015	-	1	59,016	251,558	-	267	251,825
	LG Electronis Reynosa, S.A. De C.V.	25,549	-	593	26,142	280,239	-	345	280,584
	LG Electronics Vehicle Components Europe GmbH	450,231	-	50,246	500,477	-	-	14,859	14,859
	LG ELECTRONICS INDIA PRIVATE LIMITED	49,088	-	465	49,553	2,067	-	54	2,121
	LG ELECTRONICS AUSTRALIA PTY LIMITED	37,919	-	-	37,919	-	-	324	324
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	81,831	-	8,622	90,453	12,436	-	788	13,224
	LG Electronics do Brasil Ltda.	55,802	-	45,810	101,612	166	-	175	341
	P.T. LG Electronics Indonesia	18,299	-	42	18,341	600,451	-	313	600,764
	LG Electronics Vehicle Components U.S.A., LLC.	181,025	-	4,005	185,030	-	-	7,370	7,370
	LG Electronics Mexico S.A. DE C.V.	114,261	-	122	114,383	-	-	167	167
	LG Electronics RUS, LLC	56,453	-	96,728	153,181	-	-	2,774	2,774
	LG Electronics (Tianjin) Appliances Co., Ltd.	19,268	-	52	19,320	192,577	-	235	192,812
	LG Electronics U.K. Ltd	49,217	-	3,515	52,732	-	-	693	693
	Taizhou LG Electronics Refrigeration Co., Ltd.	15,562	-	1,108	16,670	235,284	-	47	235,331

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		December 31, 2022							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>3</sup>	Total
	LG Electronics Almaty Kazakhstan	102,409	-	1	102,410	-	-	11	11
	LG Electronics Colombia Ltda.	56,730	-	66	56,796	-	-	38	38
	Hi-Caresolution Corp	7,065	-	-	7,065	-	-	27,358	27,358
	Others	805,761	-	46,167	851,928	806,423	-	165,147	971,570
	<b>Subtotal</b>	<b>3,040,687</b>	<b>-</b>	<b>294,089</b>	<b>3,334,776</b>	<b>3,805,743</b>	<b>270,240</b>	<b>293,326</b>	<b>4,369,309</b>
Associates	LG Display Co., Ltd. and its subsidiaries	90,972	-	86,788	177,760	59,550	-	58,078	117,628
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	-	-	-	-	48,640	-	2,551	51,191
	Robostar Co., Ltd. and its subsidiaries	81	-	-	81	1,968	-	14,411	16,379
	<b>Subtotal</b>	<b>91,053</b>	<b>-</b>	<b>86,788</b>	<b>177,841</b>	<b>110,158</b>	<b>-</b>	<b>75,040</b>	<b>185,198</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	29,344	-	275	29,619	4,128	-	215,754	219,882
	D&O Corp. and its subsidiaries	98	-	-	98	-	-	4,879	4,879
	LG Management Development Institute	4	-	-	4	-	-	1,086	1,086
	LG SPORTS Ltd.	-	-	-	-	-	-	1,146	1,146
	<b>Subtotal</b>	<b>29,446</b>	<b>-</b>	<b>275</b>	<b>29,721</b>	<b>4,128</b>	<b>-</b>	<b>222,865</b>	<b>226,993</b>
Others <sup>1</sup>	LG Chem Ltd., its subsidiaries and joint ventures <sup>2</sup>	142,886	-	178,691	321,577	97,771	-	105,846	203,617
	LG Uplus Corp and its subsidiaries	173	-	260	433	89	-	266	355
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	483	-	71	554	-	-	226	226
	GIIR Inc. and its subsidiaries	29	-	-	29	-	-	166,136	166,136
	XI C&A Co., Ltd.	7,719	-	-	7,719	-	-	33,396	33,396
	S&I Corp. and its subsidiaries	1,575	-	-	1,575	-	-	16,118	16,118
	<b>Subtotal</b>	<b>152,865</b>	<b>-</b>	<b>179,022</b>	<b>331,887</b>	<b>97,860</b>	<b>-</b>	<b>321,988</b>	<b>419,848</b>
	<b>Total</b>	<b>3,314,091</b>	<b>-</b>	<b>585,853</b>	<b>3,899,944</b>	<b>4,017,889</b>	<b>270,240</b>	<b>949,322</b>	<b>5,237,451</b>

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entities belong to the Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> The amount agreed to be reimbursed by the related party for provisions to be paid by the Company to a third party is included.

<sup>3</sup> Other payables include lease liabilities.

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iii) Significant capital transactions and others with related parties for the three-month periods ended March 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid <sup>1</sup>	Cash distribution (reduction)	2023		Financing borrowing transactions <sup>2</sup>	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp.	-	38,566	-	-	-	-	6,870
Subsidiaries	LG Innotek Co., Ltd.	40,061	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	391	-	-	-	-
	LG Electronics Fund II LLC	-	-	190	-	-	-	-
	NOVA Prime Fund I, LP <sup>1</sup>	-	-	8,502	-	-	-	-
	LG Magna e-Powertrain Co., Ltd.	-	-	-	-	-	-	1,203
	PT.LGE Indonesia Research and Development Center	-	-	58,230	-	-	-	-
	LG Electronics U.S.A., Inc.	-	-	-	-	-	311,150	-
	NanJing LG-Panda Appliances Co., Ltd.	18,868	-	-	-	-	-	-
	LG Electronics Thailand Co., Ltd.	160,680	-	-	-	-	-	-
	LG Electronics Middle East Co., Ltd.	12,996	-	-	-	-	-	-
	LG Electronics Singapore PTE LTD.	25,359	-	-	-	-	-	-
	LG Soft India Private Limited.	13,014	-	-	-	-	-	-
	LG ELECTRONICS INDIA PRIVATE LIMITED	378,551	-	-	-	-	-	-
	<b>Subtotal</b>	<b>649,529</b>	<b>-</b>	<b>67,313</b>	<b>-</b>	<b>-</b>	<b>311,150</b>	<b>1,203</b>
Associates	LG Display Co., Ltd. <sup>3</sup>	-	-	-	650,000	-	-	-
	Ericsson-LG Co., Ltd.	11,250	-	-	-	-	-	-
	<b>Subtotal</b>	<b>11,250</b>	<b>-</b>	<b>-</b>	<b>650,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	3,131	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	3,131	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY	-	-	321	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>6,583</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other related parties	LG CNS Co., Ltd.	-	-	-	-	-	-	30
	D&O Corp. and its subsidiaries	-	-	-	-	-	409	258
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>409</b>	<b>288</b>
	<b>Total</b>	<b>660,779</b>	<b>38,566</b>	<b>73,896</b>	<b>650,000</b>	<b>-</b>	<b>311,559</b>	<b>8,361</b>

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Classification	Name	Dividend income	Dividend paid <sup>1</sup>	Cash distribution (reduction)	2022		Financing borrowing transactions <sup>2</sup>	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp.	-	46,830	-	-	-	-	6,827
Subsidiaries	LG Innotek Co., Ltd.	28,960	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	393	-	-	-	-
	LG Electronics RUS, LLC	156,663	-	-	-	-	-	-
	LG Magna e-Powertrain Co., Ltd.	-	-	-	-	-	-	1,428
	<b>Subtotal</b>	<b>185,623</b>	<b>-</b>	<b>393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,428</b>
Associates	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Mirae Asset-LG Electronics New Growth Fund I	-	-	10,000	-	-	-	-
	<b>Subtotal</b>	<b>96,406</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	2,692	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	2,692	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>5,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>282,029</b>	<b>46,830</b>	<b>15,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,255</b>

<sup>1</sup> It is based on dividends declared and recognized as 'other payables' as at March 31, 2023 and 2022.

<sup>2</sup> Financing borrowing transactions include repayment of principal elements of lease liabilities.

<sup>3</sup> At the end of the reporting period, the Company has entered into a loan agreement with LG Display Co., Ltd. for ₩1,000,000 million, and in relation to this loan, the Company has been provided with collateral. At the end of the reporting period, ₩650,000 million has been executed and recorded as long-term loans.

(b) The compensation paid or payable to key management personnel for the three-month periods ended March 31, 2023 and 2022, consists of:

(in millions of Korean won)	2023	2022
Salaries and other short-term benefits	5,204	6,091
Post-employment benefits	523	458
Other long-term benefits	1	1
<b>Total</b>	<b>5,728</b>	<b>6,550</b>

Key management refers to the directors who have significant control and responsibilities on the Company's business plans, operations and control.

(c) The payment guarantees for the financial support of related parties at the end of the reporting period are presented in Note 28.

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- (d) There is no collateral provided by the Company for the financial support of related parties at the end of the reporting period.
- (e) The Company has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

## **31. Risk Management**

### **31.1 Financial Risk Management**

The Company's financial risk management ("FRM") policy supports each business division to achieve excellent performance solidly and continuously against market risk, credit risk and liquidity risk. In addition, FRM helps the Company to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

While cooperating with other divisions, Finance Division in the Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Company mitigates the adverse effects from financial risk by monitoring the risk periodically and updating FRM policy each year.

The carrying amount and profit or loss of each category of financial instruments, and the details of borrowings related to the financial risk management are presented in Note 4 and Note 11, respectively.

#### **(a) Market risk**

##### **i) Foreign exchange risk**

Due to its multinational business operations, the Company is mainly exposed to foreign exchange risk on the U.S. Dollar and Euro.

The purpose of foreign exchange risk management is to provide the foundation of a stable business operation by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Company continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes changes in foreign exchange exposure and the results of hedging activities on a monthly basis. Speculative foreign exchange trading is prohibited in principle.



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As at March 31, 2023 and December 31, 2022, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency by 10% while other variables were fixed, the effects on profit (loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>		<b>December 31, 2022</b>	
	<b>10% increase</b>	<b>10% decrease</b>	<b>10% increase</b>	<b>10% decrease</b>
USD/KRW	7,005	(7,005)	2,095	(2,095)
EUR/KRW	1,588	(1,588)	(18,368)	18,368

ii) Interest rate risk

The Company is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from borrowings and deposits held by financial institutions with variable interest rates linked to market interest rate changes in the future. The objective of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Company minimizes its borrowings from others and optimizes its deposits. The Company periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
	<b>1%p increase</b>	<b>1%p decrease</b>	<b>1%p increase</b>	<b>1%p decrease</b>
Interest income	4,321	(4,321)	3,422	(3,422)
Interest expenses	1,646	(1,646)	1,012	(1,012)

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iii) Details of derivative contracts are as follows:

*Derivatives for hedging purposes*

The Company entered into the cross-currency swap and interest rate swap contracts to hedge cash flow risks related to the floating interest rates and foreign exchange rates.

Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount (in millions of Korean won)	
							Assets	Liabilities
Cross-currency swap	MUFG Bank and others	USD 744	1,067.9 ~ 1,309	1.88 ~ 4.47	2017. 10. 23 ~ 2023. 2. 3	2025. 4. 23 ~ 2031. 7. 28	136,496	3,187
	Citi Bank	EUR 95	1,312	3.84	2022. 7. 15	2028. 1. 14	4,399	-
	DBS	SGD 140	859.3	1.21	2020. 7. 9	2024. 1. 9	20,655	-
Interest rate swap	Woori Bank and others	KRW 1,086,821	-	2.75 ~ 4.53	2014. 1. 3 ~ 2023. 2. 14	2024. 1. 3 ~ 2032. 11. 16	20,176	3,717

Interest rates received for the above derivative contracts are equal to annual interest rates of borrowings (Note 11).

Details of hedged items are as follows:

(in millions of Korean won)	Hedged items	Book amount	Changes in fair value (net of tax)
Cross-currency swap	Borrowings	1,241,240	(31,374)
Interest rate swap	Borrowings	1,086,821	6,949

The results of hedge accounting are as follows:

(in millions of Korean won)	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income (net of tax)	Accumulated other comprehensive income
Cross-currency swap	31,374	Interest expense and exchange differences	(38,510)	(7,136)	20,529
Interest rate swap	(6,949)	Interest expense	(3,383)	(10,332)	10,814

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*Trading purposes*

Currency forward contracts

The Company entered into the currency forward contracts to manage the risk against possible future changes in foreign exchange rates. The Company's currency forward contracts as at March 31, 2023, and related profit or loss for the three-month period ended March 31, 2023, are as follows:

<i>(in millions of Korean won)</i>	<b>Purchase</b>	<b>Sale</b>	<b>Gain (Loss) on valuation</b>	<b>Gain (Loss) on transaction</b>
Currency forward	20,837	21,961	(1,056)	(696)

Stock purchase contracts

According to the put options granted to Cybellum Technologies Ltd.'s shareholders and employees to whom stock options were granted, the Company recognized ₩24,506 million of derivative liabilities and no gain or loss on derivatives transaction was recognized during the three-month period ended March 31, 2023.

iv) Price risk

The Company is exposed to price risk through equity securities owned by the Company classified as financial assets at fair value through other comprehensive income.

The listed securities owned by the Company are traded in the open market, and related to KOSDAQ, NASDAQ, NYSE Index.

The effect of price index's fluctuation related to the listed securities on the equity (before applying the tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease in the price index under the assumption that other variations are consistent and the listed securities owned by the Company have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>		<b>December 31, 2022</b>	
	<b>30% increase</b>	<b>30% decrease</b>	<b>30% increase</b>	<b>30% decrease</b>
KOSDAQ	6,063	(6,063)	4,277	(4,277)
NASDAQ	328	(328)	456	(456)
NYSE	1,845	(1,845)	1,679	(1,679)

The valuation and changes in book amounts of the financial assets at fair value through other comprehensive income related to the market risk above are presented in Note 6.

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(b) Credit risk

The Company operates a consistent Global Credit / TR (trade receivables) policy to manage credit risk exposures.

In regard to receivables, the Company operates an integrated receivable insurance program with the Korea Trade Insurance Corporation (K-SURE) and Seoul Guarantee Insurance (Coface). In an effort to minimize receivable credit risk, the Company applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Company performs stringent credit risk managements based on credit valuation criteria for receivables without insurance coverage or collateral.

At the end of the reporting period, trade receivable balance of the Company, excluding the trade receivables from the subsidiaries, is ₩1,423,590 million (December 31, 2022: ₩1,105,906 million) and its risk is managed appropriately within insurer's credit limit of ₩2,893,332 million (December 31, 2022: ₩2,970,803 million). Therefore, the Company determined that credit risk exposed to the Company is limited.

At the end of the reporting period, the carrying amount of financial assets represents net of impairment loss to reflect Company's maximum exposure to the credit risk.

(c) Liquidity risk

The Company forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively. The Company systematically works with experts in four regional treasury centers to carry out fund and liquidity management that can react proactively to the changing global financial environment.

The Company maintains adequate amount of cash and committed credit facilities in Kookmin Bank, Shinhan Bank and Standard Chartered Bank to cope with potential liquidity risk arising from financial distress.

In addition, the Company is able to source funds any time in the domestic and international financial markets because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa2 from Moody's at the end of the reporting period.

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i) Cash flow information on maturity of financial liabilities as at March 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Trade payables	6,203,009	6,203,009	-	-	-
Borrowings	9,653,394	1,776,607	922,752	3,548,213	3,405,822
Lease liabilities	106,362	55,867	19,250	21,397	9,848
Other payables	1,780,821	1,773,098	200	7,523	-
Other financial liabilities	25,563	1,056	-	22,056	2,451
<b>Total</b>	<b>17,769,149</b>	<b>9,809,637</b>	<b>942,202</b>	<b>3,599,189</b>	<b>3,418,121</b>

The above cash flows are calculated at nominal value based on the earliest maturity dates, and include cash flows of principal and interests. The Company's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩1,056 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

ii) The maturity analysis of financial guarantee contracts provided by the Company to subsidiaries and third party companies is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts	4,054,898	3,370,777	93,422	284,306	306,393

The financial guarantee contracts provided to the subsidiaries are analyzed by their maturities according to the residual periods. And, the financial guarantee contracts provided to the third party companies are analyzed at the maximum amount of guarantees allocated to earliest period in which the Company can be required to make the payments.

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**31.2 Capital Risk Management**

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company monitors financial ratios, such as liability to equity ratio and net borrowing ratio each month and implements required action plan to improve the capital structure.

Liability to equity ratio and net borrowing ratio as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Liability (A)	20,150,367	18,823,785
Equity (B)	10,380,904	9,889,029
Cash and cash equivalents (C)	1,728,501	1,941,615
Borrowings and lease liabilities (D)	8,589,510	7,662,539
Liability to equity ratio (A/B)	194.1%	190.4%
Net borrowings ratio ((D-C)/B)	66.1%	57.9%

**31.3 Fair Value Estimation**

(a) The book amount and fair value of the Company's financial assets and liabilities as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2023</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	-	-	92,911	92,911
Financial assets at fair value through other comprehensive income				
Trade receivables	250,705	<sup>1</sup>	-	-
Other financial assets	-	-	65,485	65,485
Derivatives for hedging purposes				
Other financial assets	20,823	20,823	160,903	160,903
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	1,728,501	<sup>1</sup>	-	-
Deposits held by financial institutions	173,013	<sup>1</sup>	464	464
Trade receivables	5,003,606	<sup>1</sup>	-	-
Other receivables	470,607	<sup>1</sup>	820,849	727,947
<b>Other assets</b>				
Trade receivables	35,932	35,932	190,882	190,882
<b>Total</b>	<b>7,683,187</b>		<b>1,331,494</b>	

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<i>(in millions of Korean won)</i>	March 31, 2023			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	1,056	1,056	24,506	24,506
Derivatives for hedging purposes				
Other financial liabilities	-	-	6,904	6,904
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	6,203,009	<sup>1</sup>	-	-
Borrowings	1,524,754	<sup>1</sup>	6,964,154	6,274,080
Other payables	1,773,098	<sup>1</sup>	7,723	6,345
<b>Other liabilities</b>				
Lease liabilities	53,438	<sup>2</sup>	47,164	<sup>2</sup>
Other financial liabilities	6,281	<sup>3</sup>	5,765	<sup>3</sup>
<b>Total</b>	<b>9,561,636</b>		<b>7,056,216</b>	

<i>(in millions of Korean won)</i>	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	285	285	94,866	94,866
Financial assets at fair value through other comprehensive income				
Trade receivables	290,274	<sup>1</sup>	-	-
Other financial assets	-	-	61,531	61,531
Derivatives for hedging purposes				
Other financial assets	555	555	158,595	158,595
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	1,941,615	<sup>1</sup>	-	-
Deposits held by financial institutions	170,969	<sup>1</sup>	490	490
Trade receivables	3,655,793	<sup>1</sup>	-	-
Other receivables	495,175	<sup>1</sup>	163,543	149,780
<b>Other assets</b>				
Trade receivables	25,550	<sup>1</sup>	138,712	138,712
<b>Total</b>	<b>6,580,216</b>		<b>617,737</b>	

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<i>(in millions of Korean won)</i>	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	135	135	24,506	24,506
Derivatives for hedging purposes				
Other financial liabilities	-	-	7,163	7,163
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	5,428,176	<sup>1</sup>	-	-
Borrowings	1,073,908	<sup>1</sup>	6,472,122	5,638,608
Other payables	2,055,049	<sup>1</sup>	7,723	5,955
<b>Other liabilities</b>				
Lease liabilities	65,979	<sup>2</sup>	50,530	<sup>2</sup>
Other financial liabilities	6,446	<sup>3</sup>	4,689	<sup>3</sup>
<b>Total</b>	8,629,693		6,566,733	

<sup>1</sup> Excluded from disclosure such as fair value hierarchy and measurement method as the book amount is the reasonable approximate of fair value.

<sup>2</sup> Lease liabilities were excluded from the fair value disclosures in accordance with Korean IFRS 1107 *Financial Instruments: Disclosures*.

<sup>3</sup> Measured at the higher of the amount of the loss allowance determined in accordance with Korean IFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the book amount and its fair value.

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement is to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. When measuring fair value using valuation techniques, the Company maximizes the use of market information and minimizes the use of unobservable inputs.

Financial instruments measured at fair value are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Financial instruments measured at the quoted prices in an active market for identical assets or liabilities are included in 'level 1'. Assets or liabilities categorized within 'level 1' are financial instruments such as marketable equity securities traded.



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- Level 2: When financial instruments are measured by using a discounted cash flow, if all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'. Assets or liabilities categorized within 'level 2' are financial instruments such as derivative financial instruments.

- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. The assets or liabilities categorized within 'level 3' are unlisted equity securities and debt securities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Company is the closing price at the end of the reporting period. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily listed equity securities classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses various valuation techniques that the Company develops or figures that external valuation agencies provide, and makes judgements based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

If one or more of the significant inputs are not based on observable market data, the instrument is included in 'level 3'. Financial instrument included 'level 3' uses other method including discounting cash flow method.

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ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	22,225	-	43,260	65,485
Financial assets at fair value through profit or loss	-	-	92,911	92,911
Derivatives for hedging purposes	-	181,726	-	181,726
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	25,562	-	25,562
Derivatives for hedging purposes	-	6,904	-	6,904

<i>(in millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	18,271	-	43,260	61,531
Financial assets at fair value through profit or loss	-	285	94,866	95,151
Derivatives for hedging purposes	-	159,150	-	159,150
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	24,641	-	24,641
Derivatives for hedging purposes	-	7,163	-	7,163

The above fair value amounts are recurring fair value measurements.

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- Valuation technique and inputs for fair value measurements categorized within 'level 2'

Valuation technique and inputs for fair value measurements categorized within 'level 2' as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	March 31, 2023	December 31, 2022		
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through profit or loss	-	285	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	181,726	159,150	Discounted cash flow	Discount rate and exchange rate
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	1,056	135	Discounted cash flow	Discount rate and exchange rate
Financial liabilities at fair value through profit or loss	24,506	24,506	Binomial model	Share price and volatility
Derivatives for hedging purposes	6,904	7,163	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs of fair value measurements categorized within 'level 3'

At the end of the reporting period, financial instruments measured at fair value categorized within 'level 3' comprise unlisted equity securities and debt securities and are measured using discounted cash flow considering discount rate and others as inputs.

iii) Financial instruments not measured at fair value but for which the fair value is disclosed

Financial instruments not measured at fair value but for which the fair value is disclosed as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	464	464
Non-current trade receivables	-	-	190,882	190,882
Non-current other receivables	-	-	727,947	727,947
<b>Liabilities</b>				
Non-current borrowings	-	-	6,274,080	6,274,080
Non-current other payables	-	-	6,345	6,345

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<i>(in millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	490	490
Non-current trade receivables	-	-	149,780	149,780
Non-current other receivables	-	-	138,712	138,712
<b>Liabilities</b>				
Non-current borrowings	-	-	5,638,608	5,638,608
Non-current other payables	-	-	5,955	5,955

- Valuation technique and inputs for fair value measurements categorized within 'level 2'

At the end of the reporting period, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 2'.

- Disclosure in relation to fair value measurements categorized within 'level 3'

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as at March 31, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2023		December 31, 2022		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Book amount	Fair value	Book amount	Fair value				
<b>Assets</b>								
Non-current deposits held by financial institutions	464	464	490	490	Discounted cash flow	Discount rate	Discount rate	0.1%
Non-current trade receivables	190,882	190,882	138,712	138,712	Discounted cash flow	Discount rate	Discount rate	6.8%~7.0%
Non-current other receivables	820,849	727,947	163,543	149,780	Discounted cash flow	Discount rate and exchange rate	Discount rate	5.0%~5.3%
<b>Liabilities</b>								
Non-current borrowings	6,964,154	6,274,080	6,472,122	5,638,608	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.9%~5.7%
Non-current other payables	7,723	6,345	7,723	5,955	Discounted cash flow	Discount rate	Discount rate	3.86%~4.23%

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**32. Discontinued Operation**

In 2022 and 2021, the Company discontinued the operations of energy business and MC business, respectively, in order to focus on the Company's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.

Profit and loss from discontinued operation for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Net sales	66	98,990
Operating loss	(209)	(88,000)
Loss before income tax	(192)	(161,113)
Income tax benefit	(51)	(43,500)
Loss for the period, net of tax	(141)	(117,613)

Cash flows from discontinued operations for the three-month periods ended March 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Net cash inflow (outflow) from operating activities	(2,269)	95,515
Net cash inflow (outflow) from investing activities	182	(187,900)
Net cash inflow (outflow) from financing activities	2,087	92,385