

LG Electronics

**Consolidated Interim Financial Statements
September 30, 2022 and 2021**

LG Electronics

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September 30, 2022 and 2021

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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 consolidated interim financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the "Group"). These financial statements consist of the consolidated interim statement of financial position of the Group as at September 30, 2022, and the related consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods ended September 30, 2022 and 2021, and consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2022 and 2021, and a summary of significant 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 consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated interim financial statements based on our review.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying consolidated 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 consolidated statement of financial position of the Group as at December 31, 2021, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 15, 2022. The consolidated statement of financial position as at December 31, 2021, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2021.

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

November 14, 2022
Seoul, Korea

This report is effective as of November 14, 2022, 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 consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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Consolidated Interim Statements of Financial Position
September 30, 2022 and December 31, 2021

(in millions of Korean won)

	Notes	September 30, 2022 (Unaudited)	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	5,32	7,567,670	6,051,516
Deposits held by financial institutions	5,32	160,423	146,456
Trade receivables	5,6,32	10,897,298	8,166,459
Other receivables	5,6,32	592,862	489,056
Other financial assets	5,7,32	44,752	18,276
Inventories	8	11,207,096	9,754,018
Current tax assets		259,705	179,289
Contract assets	9	808,750	612,754
Other current assets		1,818,306	1,889,859
Assets held for sale	34	61,516	180,080
		<u>33,418,378</u>	<u>27,487,763</u>
Non-current assets			
Deposits held by financial institutions	5,32	56,655	58,935
Trade receivables	5,6,32	110,967	25,078
Other receivables	5,6,32	700,768	671,903
Other financial assets	5,7,32	546,542	223,578
Property, plant and equipment	10	16,014,492	14,700,784
Intangible assets	10	2,335,369	2,443,249
Deferred tax assets		1,899,277	2,085,710
Investments in associates and joint ventures	11	4,968,005	5,149,244
Investment properties		155,217	370
Net defined benefit assets	14	409,687	5,779
Contract assets	9	365,540	296,712
Other non-current assets		318,531	332,373
		<u>27,881,050</u>	<u>25,993,715</u>
Total assets		<u>61,299,428</u>	<u>53,481,478</u>
Liabilities			
Current liabilities			
Trade payables	5,32	11,021,463	8,741,937
Borrowings	5,12,32	2,721,058	1,895,600
Lease liabilities	5,13,32	302,329	292,526
Other payables	5,32	3,935,580	4,077,421
Other financial liabilities	5,7,32	6,438	8,512
Current tax liabilities		347,955	394,591
Provisions	15	1,616,773	2,609,284
Contract liabilities	9	1,808,075	1,453,996
Other current liabilities		4,222,016	4,146,032
		<u>25,981,687</u>	<u>23,619,899</u>
Non-current liabilities			
Borrowings	5,12,32	8,717,122	8,035,953
Lease liabilities	5,13,32	808,415	662,896
Other payables	5,32	141,804	116,330
Other financial liabilities	5,7,32	12,586	59,790
Deferred tax liabilities		47,318	37,052
Net defined benefit liabilities	14	109,819	201,878
Provisions	15	323,769	373,725
Contract liabilities	9	51,903	47,386
Other non-current liabilities		209,760	228,536
		<u>10,422,496</u>	<u>9,763,546</u>
Total liabilities		<u>36,404,183</u>	<u>33,383,445</u>

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Consolidated Interim Statements of Financial Position
September 30, 2022 and December 31, 2021

(in millions of Korean won)

	Notes	September 30, 2022 (Unaudited)	December 31, 2021
Equity			
Paid-in capital:	16		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	17	16,419,424	14,433,587
Accumulated other comprehensive income (loss)	18	1,044,620	(1,118,913)
Accumulated other comprehensive income (loss) from assets held for sale	34	6,721	12,299
Other components of equity	19	(85,537)	(88,678)
Equity attributable to owners of the Parent Company		<u>21,377,576</u>	<u>17,230,643</u>
Non-controlling interests		<u>3,517,669</u>	<u>2,867,390</u>
Total equity		<u>24,895,245</u>	<u>20,098,033</u>
Total liabilities and equity		<u>61,299,428</u>	<u>53,481,478</u>

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Consolidated Interim Statements of Profit or Loss
Three-month and Nine-month Periods Ended September 30, 2022 and 2021

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

	Notes	Period Ended September 30			
		2022 (Unaudited)		2021 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Continuing operations					
Net sales	20	21,176,765	61,609,810	18,567,513	53,132,863
Cost of sales	21	16,131,316	45,607,560	13,769,004	39,003,175
Gross profit		5,045,449	16,002,250	4,798,509	14,129,688
Selling and marketing expenses	21,22	2,705,259	8,073,256	2,399,565	6,539,725
Administrative expenses	21,22	455,646	1,321,277	358,963	990,372
Research and development expenses	21,22	609,068	1,743,804	529,121	1,445,880
Service costs	21,22	528,919	1,382,212	914,082	1,841,026
Operating profit		746,557	3,481,701	596,778	3,312,685
Financial income	23	316,451	796,868	156,117	426,825
Financial expenses	24	239,993	791,110	172,045	465,666
Gain (Loss) from equity method valuation	11	(302,277)	(441,637)	158,331	384,238
Other non-operating income	25	1,042,343	2,557,918	477,055	1,252,412
Other non-operating expenses	26	1,127,106	2,497,629	519,375	1,263,621
Profit (Loss) before income tax		435,975	3,106,111	696,861	3,646,873
Income tax expense		135,608	890,400	173,547	879,833
Profit (Loss) from continuing operations		300,367	2,215,711	523,314	2,767,040
Discontinued operations					
Profit (Loss) from discontinued operations	35	36,064	(140,247)	(6,837)	(1,373,383)
Profit (Loss) for the period		336,431	2,075,464	516,477	1,393,657
Profit (Loss) for the period attributable to:					
Owners of the Parent Company					
Profit (Loss) from continuing operations		86,672	1,682,563	388,869	2,359,833
Profit (Loss) from discontinued operations		36,057	(140,178)	(3,928)	(1,366,738)
		122,729	1,542,385	384,941	993,095
Non-controlling interests					
Profit (Loss) from continuing operations		213,695	533,148	134,445	407,207
Profit (Loss) from discontinued operations		7	(69)	(2,909)	(6,645)
		213,702	533,079	131,536	400,562
Earnings (Losses) per share attributable to owners of the Parent Company during the period (in Korean won)					
Earnings (losses) per ordinary share					
From continuing operations		481	9,341	2,159	13,102
From discontinued operations		201	(778)	(22)	(7,590)
		682	8,563	2,137	5,512
Earnings (losses) per preferred share					
From continuing operations		493	9,378	2,171	13,139
From discontinued operations		201	(778)	(22)	(7,590)
		694	8,600	2,149	5,549

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Consolidated Interim Statements of Comprehensive Income
Three-month and Nine-month Periods Ended September 30, 2022 and 2021

(in millions of Korean won)

	Notes	Period Ended September 30			
		2022 (Unaudited)		2021 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Profit for the period		336,431	2,075,464	516,477	1,393,657
Other comprehensive income (loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of the net defined benefit liability	14	200,651	605,178	32,332	122,872
Share of remeasurements of associates	11	(1,886)	54,514	(823)	(3,208)
Financial assets at fair value through other comprehensive income	7	(4,728)	(21,078)	(2,065)	(17,500)
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	143,744	251,439	122,013	225,458
Cash flow hedges	32	34,114	119,529	11,835	50,479
Exchange differences on translation of foreign operations		939,362	1,941,593	400,011	749,070
Other comprehensive income (loss) for the period, net of tax		1,311,257	2,951,175	563,303	1,127,171
Total comprehensive income (loss) for the period, net of tax		1,647,688	5,026,639	1,079,780	2,520,828
Total comprehensive income (loss) for the period, net of tax, attributable to:					
Owners of the Parent Company		1,336,515	4,297,707	906,316	2,041,158
Non-controlling interests		311,173	728,932	173,464	479,670
Total comprehensive income (loss) for the period, net of tax		1,647,688	5,026,639	1,079,780	2,520,828

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Consolidated Interim Statements of Changes in Equity
Nine-month Periods Ended September 30, 2022 and 2021

		Attributable to Owners of the Parent Company								
				Accumulated Other Comprehensive Income (Loss) from Assets Held for Sale	Accumulated Other Comprehensive Income (Loss) from Assets Held for Sale	Other Components of Equity				
(in millions of Korean won)	Notes	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)			Total	Non-controlling Interests	Total Equity	
Balance at January 1, 2021		3,992,348	13,652,837	(1,994,842)	(3,079)	(209,764)	15,437,500	2,104,625	17,542,125	
Total comprehensive income (loss):										
Profit for the period		-	993,095	-	-	-	993,095	400,562	1,393,657	
Remeasurements of the net defined benefit liability	14	-	113,830	-	-	-	113,830	9,042	122,872	
Share of remeasurements of associates	11	-	(3,208)	-	-	-	(3,208)	-	(3,208)	
Financial assets at fair value through other comprehensive income	7	-	(81)	(17,461)	-	-	(17,542)	42	(17,500)	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	225,458	-	-	225,458	-	225,458	
Cash flow hedges	32	-	-	50,795	-	-	50,795	(316)	50,479	
Exchange differences on translation of foreign operations		-	-	670,550	8,180	-	678,730	70,340	749,070	
Total comprehensive income (loss)		-	1,103,636	929,342	8,180	-	2,041,158	479,670	2,520,828	
Transactions with owners:										
Dividends	17	-	(216,938)	-	-	-	(216,938)	(51,139)	(268,077)	
Changes in controlling interests in subsidiaries		-	-	-	-	133,750	133,750	376,498	510,248	
Total transactions with owners		-	(216,938)	-	-	133,750	(83,188)	325,359	242,171	
Balance at September 30, 2021 (Unaudited)		3,992,348	14,539,535	(1,065,500)	5,101	(76,014)	17,395,470	2,909,654	20,305,124	
Balance at January 1, 2022		3,992,348	14,433,587	(1,118,913)	12,299	(88,678)	17,230,643	2,867,390	20,098,033	
Total comprehensive income (loss):										
Profit for the period		-	1,542,385	-	-	-	1,542,385	533,079	2,075,464	
Remeasurements of the net defined benefit liability	14	-	542,853	-	-	-	542,853	62,325	605,178	
Share of remeasurements of associates	11	-	54,514	-	-	-	54,514	-	54,514	
Financial assets at fair value through other comprehensive income	7	-	-	(21,267)	-	-	(21,267)	189	(21,078)	
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	251,439	-	-	251,439	-	251,439	
Cash flow hedges	32	-	-	115,911	-	-	115,911	3,618	119,529	
Exchange differences on translation of foreign operations		-	-	1,817,450	(5,578)	-	1,811,872	129,721	1,941,593	
Total comprehensive income (loss)		-	2,139,752	2,163,533	(5,578)	-	4,297,707	728,932	5,026,639	
Transactions with owners:										
Dividends	17	-	(153,915)	-	-	-	(153,915)	(71,857)	(225,772)	
Changes in controlling interests in subsidiaries		-	-	-	-	3,141	3,141	(6,796)	(3,655)	
Total transactions with owners		-	(153,915)	-	-	3,141	(150,774)	(78,653)	(229,427)	
Balance at September 30, 2022 (Unaudited)		3,992,348	16,419,424	1,044,620	6,721	(85,537)	21,377,576	3,517,669	24,895,245	

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Consolidated Interim Statements of Cash Flows

Nine-month Periods Ended September 30, 2022 and 2021

(in millions of Korean won)

	Notes	Nine-month Period Ended September 30	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Cash generated from (used in) operations	28	3,621,299	2,919,629
Interest received		102,535	54,913
Interest paid		(267,738)	(239,759)
Dividend received		102,152	3,948
Income tax paid		(923,494)	(503,090)
Net cash inflow (outflow) from operating activities		<u>2,634,754</u>	<u>2,235,641</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		9,432	4,014
Decrease in other receivables		135,766	65,945
Proceeds from redemption and disposal of other financial assets		77,359	57,803
Proceeds from disposal of property, plant and equipment		84,197	234,696
Proceeds from disposal of intangible assets		126,790	7,237
Proceeds from redemption and disposal of investments in associates and joint ventures		1,977	-
Proceeds from disposal of assets held for sale		301,283	97,152
Transfer of business		39,060	-
Increase in deposits held by financial institutions		(6,110)	(2,319)
Increase in other receivables		(133,517)	(94,128)
Acquisition of other financial assets		(151,499)	(86,537)
Acquisition of property, plant and equipment		(2,196,755)	(1,965,292)
Acquisition of intangible assets		(439,688)	(359,045)
Acquisition of investments in associates and joint ventures		(53,037)	(33,309)
Net cash outflow (outflow) from investing activities		<u>(2,204,742)</u>	<u>(2,073,783)</u>
Cash flows from financing activities			
Proceeds from borrowings		3,447,094	1,472,221
Increase in non-controlling interests		21	454,974
Repayments of borrowings		(2,390,966)	(1,110,291)
Repayments of lease liabilities		(250,230)	(222,207)
Decrease in non-controlling interests		(8,479)	(12,850)
Dividends paid		(225,772)	(268,077)
Net cash inflow (outflow) from financing activities		<u>571,668</u>	<u>313,770</u>
Effects of exchange rate changes on cash and cash equivalents		456,103	261,588
Net increase (decrease) in cash and cash equivalents		<u>1,457,783</u>	<u>737,216</u>
Cash and cash equivalents included in assets held for sale at the beginning of the period		58,371	53,586
Cash and cash equivalents at the beginning of the period		6,051,516	5,896,309
Cash and cash equivalents included in assets held for sale at the end of the period		-	(67,308)
Cash and cash equivalents at the end of the period		<u>7,567,670</u>	<u>6,619,803</u>

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Notes to the Consolidated Interim Financial Statements

September 30, 2022 and 2021 (Unaudited), and December 31, 2021

1. General Information

LG Electronics Inc. (the “Company” or “Parent Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The Parent 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 Parent Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As at September 30, 2022, LG Corp. owns 33.7% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Parent Company and its subsidiaries (collectively referred to as the “Group”) operate following five 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 component Solutions segment designs and manufactures automobile parts; Business Solutions segment manufactures and sells monitors, PCs, information displays and others; and LG Innotek Co., Ltd. operates optics solutions, substrate materials and automotive components businesses. As at September 30, 2022, the Parent Company has 140 subsidiaries (Note 1 (a)), 19 associates and joint ventures (Note 11).

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Notes to the Consolidated Interim Financial Statements
September 30, 2022 and 2021 (Unaudited), and December 31, 2021

(a) Consolidated subsidiaries as at September 30, 2022 and December 31, 2021, are as follows:

Territory	Location	Subsidiary	September 30, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	100.0%	-	December	Wholesales and retails of electronic products	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
	Korea	Hi M Solutek Co., Ltd.	100.0%	-	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi-Caresolution Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Marketing services	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Korea	Innowith Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	100.0%	-	December	Business facility maintenance	More than half of voting rights
	Korea	ZKW Lighting Systems Korea Co., Ltd.	70.0%	30.0%	70.0%	30.0%	December	R&D	More than half of voting rights
	Korea	LG Magna e-Powertrain Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
China	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights

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Notes to the Consolidated Interim Financial Statements

September 30, 2022 and 2021 (Unaudited), and December 31, 2021

Territory	Location	Subsidiary	September 30, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
China		LG ELECTRONICS HK LIMITED(LGEHK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
China		LG Electronics (Huizhou) Inc.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
China		LG Electronics Nanjing New Technology Co.,LTD(LGENT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
China		LG Electronics Nanjing Vehicle Components Co.,Ltd.(LGENV)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
China		LG Electronics (Qinhuangdao) Co.,LTD(LGEQH)	100.0%	-	100.0%	-	December	Production of casting	More than half of voting rights
China		LG Electronics (Shenyang) Inc(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of electronic products	More than half of voting rights
China		LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
China		Nanjing LG Panda Appliances Co., Ltd(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
China		Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
China		QINGGONGLIAN ELECTRICAL INSTALLATION ENGINEERING CO.,LTD.	80.0%	20.0%	80.0%	20.0%	December	Installation and sales of air conditioners	More than half of voting rights
China		LG Innotek Yantai Co.,Ltd.(LGITYT) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
China		LG Innotek Trading (Shanghai) Co.,Ltd.(LGITSH) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
China		ZKW Lighting Systems (Dalian) Co. Ltd.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights

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Territory	Location	Subsidiary	September 30, 2022		December 31, 2021		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Asia	China	LG Magna Nanjing e-Powertrain Vehicle Components Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Production and sales of vehicle components	More than half of voting rights
	Australia	LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	India	LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL) ⁴	100.0%	-	100.0%	-	March	Production and sales of electronic products	More than half of voting rights
	Japan	LG Japan Lab. Inc.(LGJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Malaysia	LG Electronics (M) Sdn. Bhd(LGEML)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore Pte.Ltd.(LGESL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Thailand	LG Electronics (Thailand) Company Limited(LGETH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGS1) ⁴	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	Indonesia	PT. LG Innotek Indonesia(LGITIN) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Taiwan	LG Innotek (Taiwan) Co., Ltd.(LGITTW) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	Vietnam	LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	Vietnam	LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Indonesia	PT. LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Philippines	HI-M SOLUTEK PHILIPPINES INC.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Vietnam	HI-M SOLUTEK VIETNAM CO., LTD.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	India	Alphonso Labs Private Limited ⁴	57.0%	43.0%	57.8%	42.2%	March	R&D	More than half of voting rights
	Indonesia	PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER (LGEIC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	Cybellum Technologies Ltd.	69.5%	30.5%	69.6%	30.4%	December	Development and sales of automotive security solutions	More than half of voting rights
Europe	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holding B.V.(LGEEH)	100.0%	-	100.0%	-	December	European holding	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S(LGEFS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG ELECTRONICS HELLAS SINGLE MEMBER SA (LGEHS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.P.A.(LGEIS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia LTD(LGELA)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar K.F.T.(LGEMK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z.O.O.(LGEMA)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. Z.O.O(LGEPL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UK	LG Electronics U.K. LTD(LGEUK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Finland	LG Electronics Finland Lab Oy(LGEFL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Poland	LG Innotek Poland Sp. z.o. o.(LGITPO) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	German	LG Electronics Vehicle Components Europe GmbH (LGEVG)	100.0%	-	100.0%	-	December	Sales of vehicle components	More than half of voting rights
	Austria	ZKW Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
	Austria	ZKW Group GmbH	70.0%	30.0%	70.0%	30.0%	December	Services	More than half of voting rights
	Austria	ZKW Elektronik GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Austria	ZKW Lichtsysteme GmbH	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Austria	ZKW Austria Immobilien Holding GmbH	70.0%	30.0%	70.0%	30.0%	December	Holding company	More than half of voting rights
	Austria	ZKW Austria Immobilien GmbH	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
	Slovakia	ZKW Slovakia s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Czech	KES - kabelove a elektricke systemy spol. s.r.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Czech	ZKW Automotive Engineering CZ s.r.o.	70.0%	30.0%	70.0%	30.0%	December	R&D	More than half of voting rights
	Poland	KES Poland Sp.z o.o.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Poland	HI-M SOLUTEK POLAND Sp. z o.o.	100.0%	-	100.0%	0.0%	December	Services	More than half of voting rights
	Hungary	ACE R&A Hungary Limited Liability Company	100.0%	-	-	-	December	Production and sales of air conditioner	More than half of voting rights
	UK	Alphonso UK Limited	57.0%	43.0%	-	-	December	Advertisement	More than half of voting rights
	Greece	Alphonso Hellas S.A.	57.0%	43.0%	-	-	December	Advertisement	More than half of voting rights
North America	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa, S.A. De C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	USA	Zenith Electronics LLC(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of electrical/electronic materials	De-facto control
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and sales of electrical/electronic materials	De-facto control
	USA	LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
USA		LGEUS Power, LLC	100.0%	-	100.0%	-	December	Investment of solar power plant	More than half of voting rights
USA		LG Electronics Fund I LLC	100.0%	-	100.0%	-	December	Investment in technology start-ups	More than half of voting rights
USA		LG Technology Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
USA		LG Electronics New Jersey, LLC	100.0%	-	100.0%	-	December	Real estates	More than half of voting rights
USA		ZKW Lighting Systems USA, Inc.	70.0%	30.0%	70.0%	30.0%	December	Sales of vehicle components	More than half of voting rights
Mexico		ZKW Mexico Inmobiliaria, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Real estates	More than half of voting rights
Mexico		ZKW Mexico, S.A. de C.V.	70.0%	30.0%	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
USA		LG Magna e-Powertrain USA Inc.	51.0%	49.0%	51.0%	49.0%	December	Sales of vehicle components	More than half of voting rights
USA		Alphonso Inc.	57.0%	43.0%	57.8%	42.2%	December	Advertisement	More than half of voting rights
USA		LG Innotek Fund I LLC ¹	40.8%	59.2%	40.8%	59.2%	December	Investment in technology start-ups	De-facto control
USA		Cybellum Technologies USA, Inc	69.5%	30.5%	69.6%	30.4%	December	Development and sales of automotive security solutions	More than half of voting rights
USA		LG Electronics Fund II LLC	100.0%	-	-	-	December	Investment in technology start-ups	More than half of voting rights
USA		NOVA Prime Fund I, LP.	100.0%	-	-	-	December	Investment in technology start-ups	More than half of voting rights
USA		NOVA Prime Ventures LLC	100.0%	-	-	-	December	Services	More than half of voting rights
USA		NOVA Prime Ventures GP LLC	100.0%	-	-	-	December	Services	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Mexico	HI-M SOLUTEK MEXICO S DE RL DE CV.	100.0%	-	-	-	December	Maintenance	More than half of voting rights
	Mexico	LG Magna e-Powertrain Mexico S.A. DE C.V.	51.0%	49.0%	-	-	December	Production and sales of vehicle components	More than half of voting rights
South America	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Limitada(LGECB)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	20.0%	80.0%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Limitada(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela, S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Consulting Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala, S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
Middle East and Africa	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	100.0%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics Levant - Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	70.0%	30.0%	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Company FZCO (LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L.(LGEMC)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LGENAF Service Company SARL	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Türkiye	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co.Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Production of electronic products	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	UAE	HI M SOLUTEK HVAC SERVICE AND MAINTENANCE LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Egypt	HI-M.SOLUTEK LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Israel	Cybellum Technologies Ltd.	69.5%	30.5%	69.6%	30.4%	December	Development and sales of automotive security solutions	More than half of voting rights
Other	Kazakhstan	LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine(LGEUR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

¹ Although the Group owns less than half of the voting rights of LG Innotek Co., Ltd., which is an intermediate parent company of its subsidiaries, the Group is deemed to have control over LG Innotek Co., Ltd. due to the size and dispersion of holdings of the other shareholders and their voting patterns at previous shareholders' meetings (Note 3).

² Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with the other investors.

³ Although the Group owns less than a majority of the effective percentage of ownership of the entity, the Group has concluded that the Group controls the entity. This is because the Group has the substantial power to direct the relevant activities and is exposed to variable returns.

⁴ In the preparation of the consolidated financial statements, the financial statements for the nine-month period ended September 30, 2022 were used for those subsidiaries with different fiscal year ends.

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(b) Financial information of major subsidiaries as at September 30, 2022 and December 31, 2021, and for the nine-month periods ended September 30, 2022 and 2021, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	September 30, 2022			2022			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales ¹	Profit (loss) for the period	Sales ¹	Profit (loss) for the period
LG Innotek Co., Ltd.	9,622,593	6,034,358	3,588,235	5,251,983	260,642	12,674,686	664,375
LG Electronics U.S.A., Inc.(LGEUS)	6,463,718	4,464,113	1,999,605	4,009,815	140,195	11,662,707	213,766
LG Electronics European Shared Service Center B.V.(LGESC)	2,001,196	1,957,388	43,808	150,670	(6,697)	378,858	5,358
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,905,015	811,478	1,093,537	834,871	56,931	2,584,401	194,350
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	2,039,125	871,306	1,167,819	1,231,862	63,409	3,293,445	153,006
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,539,683	835,570	704,113	924,251	12,420	3,104,928	83,655
Zenith Electronics LLC(Zenith)	1,695,932	170,157	1,525,775	53,371	19,120	143,395	43,968
LG Electronics do Brasil Ltda.(LGEBR)	1,720,547	506,928	1,213,619	481,675	48,472	1,198,602	37,789
LG Electronics RUS, LLC(LGERA)	1,122,670	310,881	811,789	120,069	(32,252)	831,131	37,557
Hiplaza Co., Ltd.	1,140,809	942,408	198,401	713,720	30,006	2,093,049	(1,019)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,907,453	1,215,069	692,384	1,241,941	55,745	2,879,245	94,548
ZKW Lichtsysteme GmbH	856,941	480,111	376,830	196,629	(7,842)	562,406	(24,024)
LG Electronics (China) Co., Ltd(LGECH)	956,613	938,523	18,090	79,435	1,975	221,654	18,611
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	1,032,220	563,914	468,306	452,016	24,883	1,505,130	76,525
ZKW Group GmbH	1,438,167	1,049,793	388,374	33,910	19,275	110,271	44,962
LG Electronics Deutschland GmbH(LGEDG)	620,533	453,304	167,229	289,959	(13,641)	1,487,106	18,452
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	780,248	527,529	252,719	372,713	3,778	1,173,482	35,396
LG Electronics (Thailand) Company Limited(LGETH)	711,698	250,302	461,396	281,912	23,422	1,155,888	79,800
P.T. LG Electronics Indonesia(LGEIN)	1,270,509	555,868	714,641	939,247	26,983	2,500,155	79,106
LG Electronics Nanjing New Technology co.,LTD(LGENT)	749,295	444,626	304,669	580,295	27,198	1,894,078	73,493
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	568,275	367,317	200,958	275,079	7,778	841,413	28,773
LG Magna e-Powertrain Co., Ltd.	1,130,557	360,917	769,640	221,664	14,352	532,824	(8,236)

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<i>(in millions of Korean won)</i>	December 31, 2021			2021			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales ¹	Profit (loss) for the period	Sales ¹	Profit (loss) for the period
LG Innotek Co., Ltd.	6,989,347	4,092,054	2,897,293	3,720,395	219,868	8,996,417	607,083
LG Electronics U.S.A., Inc.(LGEUS)	5,501,018	4,078,083	1,422,935	4,777,877	135,731	11,238,138	648,685
LG Electronics European Shared Service Center B.V.(LGESC)	1,401,862	1,365,393	36,469	89,756	(3,217)	263,228	7,123
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,422,320	622,764	799,556	749,631	66,713	1,990,691	159,948
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	1,515,442	650,031	865,411	1,296,433	(4,960)	3,220,225	93,601
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,481,671	856,700	624,971	1,118,758	63,308	3,351,202	99,481
Zenith Electronics LLC(Zenith)	1,337,885	117,699	1,220,186	46,111	13,012	111,341	26,075
LG Electronics do Brasil Ltda.(LGEBR)	1,372,789	432,180	940,609	688,705	20,109	1,460,739	117,982
LG Electronics RUS, LLC(LGERA)	1,177,101	547,951	629,150	480,282	18,975	1,265,710	77,357
Hiplaza Co., Ltd.	1,079,465	910,773	168,692	744,694	8,934	2,268,262	(7,703)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,369,835	883,917	485,918	923,062	41,784	1,769,446	71,403
ZKW Lichtsysteme GmbH	777,962	398,437	379,525	141,389	(5,653)	515,777	4,441
LG Electronics (China) Co., Ltd(LGECH)	686,470	687,734	(1,264)	88,814	9,381	239,496	46,547
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	909,494	547,005	362,489	341,905	2,025	1,179,498	(4,808)
ZKW Group GmbH	1,052,602	728,347	324,255	34,195	7,541	102,382	18,209
LG Electronics Deutschland GmbH(LGEDG)	1,140,618	973,875	166,743	890,166	(10,175)	2,846,019	1,353
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	803,550	602,287	201,263	383,941	25,718	1,233,154	8,516
LG Electronics (Thailand) Company Limited(LGETH)	680,464	291,124	389,340	272,980	19,113	1,108,788	63,666
P.T. LG Electronics Indonesia(LGEIN)	973,369	457,658	515,711	752,051	35,369	2,100,908	82,159
LG Electronics Nanjing New Technology co.,LTD(LGENT)	865,635	600,650	264,985	539,237	32,186	1,653,961	54,878
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	580,270	383,562	196,708	254,976	(1,630)	750,889	14,678
LG Magna e-Powertrain Co., Ltd.	933,683	169,402	764,281	153,783	(17,341)	153,783	(17,341)

¹ MC business and energy business were classified as discontinued operations and the sales related to the discontinued operations were excluded.

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(c) Information of subsidiaries with material non-controlling interests is as follows:

- LG Innotek Co., Ltd. and its subsidiaries

i) Percentage of ownership in non-controlling interests and accumulated non-controlling interests

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	2,569,095	2,011,225

ii) Profit (Loss) and dividends attributable to non-controlling interests for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Profit (Loss) to non-controlling interests	183,295	472,033	138,469	383,509
Dividends to non-controlling interests	-	42,034	-	9,808

iii) Summarized consolidated statements of financial position of subsidiaries with material non-controlling interests, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Current assets	6,375,905	4,113,364
Non-current assets	4,578,258	3,627,989
Total assets	10,954,163	7,741,353
Current liabilities	5,384,274	3,310,268
Non-current liabilities	1,334,789	1,116,879
Total liabilities	6,719,063	4,427,147
Equity attributable to the owners of LG Innotek Co., Ltd.	4,235,100	3,314,206
Non-controlling interests	-	-
Total equity	4,235,100	3,314,206

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- iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Net sales	5,388,446	13,043,860	3,798,455	9,225,943
Profit (Loss) for the period	302,068	775,929	227,104	625,804
Other comprehensive income (loss), net of tax	102,112	215,958	34,361	68,804
Total comprehensive income (loss), net of tax	404,180	991,887	261,465	694,608

- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the nine-month periods ended September 30, 2022 and 2021, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2022	2021
Cash flows from operating activities	686,170	645,374
Cash flows from investing activities	(1,402,276)	(700,150)
Cash flows from financing activities	547,492	107,525
Effects of exchange rate changes on cash and cash equivalents	16,119	15,138
Net increase (decrease) in cash and cash equivalents	(152,495)	67,887
Cash and cash equivalents included in assets held for sale at the beginning of the period	58,371	53,586
Cash and cash equivalents at the beginning of the period	565,874	694,607
Cash and cash equivalents included in assets held for sale at the end of the period	-	(58,653)
Cash and cash equivalents at the end of the period	471,750	757,427

(d) Significant restrictions on subsidiaries

- i) Significant restrictions on the ability to use the assets and settle the liabilities of the Group

Cash and other short-term financial instruments held by subsidiaries in Egypt, Algeria, Russia and Kazakhstan are subject to foreign currency exchange control regulations of each relevant country. Accordingly, there are transfer limits on their cash and short-term financial instruments from these countries.

- ii) The protective rights of non-controlling interests which can restrict the use of the assets and settlement of the liabilities of the Group exist in certain subsidiaries.

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(e) Changes in the Parent Company's interest in subsidiaries

During the nine-month period ended September 30, 2022, non-controlling interests increased by ₩117 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised in relation to Cybellum Technologies USA, Inc.

During the nine-month period ended September 30, 2022, non-controlling interests decreased by ₩941 million due to the effect of changes in the percentage of ownership resulting from the stock options exercised and the tender offer agreement for non-controlling interests in relation to Alphonso Inc.

(f) Subsidiaries newly included in the scope of the preparation of the consolidated interim financial statements for the nine-month period ended September 30, 2022, are:

Subsidiary	Reason	Country	Percentage of ownership	Closing month	Major business
ACE R&A Hungary Limited Liability Company	Newly established	Hungary	100%	December	Production and sales of air conditioner
HI-M SOLUTEK MEXICO S DE RL DE CV.	Newly established	Mexico	100%	December	Maintenance
LG Electronics fund II LLC	Newly established	USA	100%	December	Investment in technology start-ups
LG Magna e-Powertrain Mexico S.A. DE C.V.	Newly established	Mexico	51.0%	December	Productions and sales of vehicle components
Alphonso UK Limited	Newly established	UK	57.0%	December	Advertisement
Alphonso Hellas S.A.	Newly established	Greece	57.0%	December	Advertisement
NOVA Prime Fund I, LP.	Newly established	USA	100%	December	Investment in technology start-ups
NOVA Prime Ventures LLC	Newly established	USA	100%	December	Services
NOVA Prime Ventures GP LLC	Newly established	USA	100%	December	Services

(g) A subsidiary excluded from the scope of preparation of the consolidated interim financial statements for the nine-month period ended September 30, 2022, is:

Subsidiary	Reason	Country
LG Electronics Mobile Research U.S.A.,LLC.	Liquidation	USA
LG Innotek Huizhou Co.Ltd.	Sales of shares	China
LG Electronics Nanjing Battery Pack Co.,Ltd.	Liquidation	China

(h) Gain or loss resulted from the loss of control

During the nine-month period ended September 30, 2022, the Group liquidated LG Electronics Mobile Research U.S.A.,LLC. and sold the shares of LG Innotek Huizhou Co.,Ltd., and recognized gains of ₩2,617 million and ₩6,387 million from the loss of control, respectively. In addition, the Group liquidated LG Electronics Nanjing Battery Pack Co.,Ltd. and recognized losses of ₩1,150 million from the loss of control.

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2. Significant Accounting Policies

Basis of Preparation

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

The Group's consolidated interim financial statements for the nine-month period ended September 30, 2022, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at September 30, 2022.

Changes in Accounting Policies and Disclosures

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2022

- *Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities that qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments do not have a significant impact on the consolidated interim financial statements.

- *Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments do not have a significant impact on the consolidated interim financial statements.

- *Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments do not have a significant

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impact on the consolidated interim financial statements.

- Annual improvements to Korean IFRS 2018-2020

The amendments do not have a significant impact on the consolidated interim financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1041 *Agriculture* – Measuring fair value

(b) New, enacted and amended standards issued, but not effective for September 30, 2022, and not early adopted by the Group.

- 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, 2023. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

- 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 amendments should be applied for annual periods beginning on or after January 1, 2023. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

- Korean IFRS 1008 *Changes in Accounting Policies, 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 amendments should be applied for annual periods beginning on or after January 1, 2023. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

- Korean IFRS 1012 *Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a*

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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 amendments should be applied for annual periods beginning on or after January 1, 2023. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

Application of Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2021, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the ones described below.

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.

Critical Accounting Estimates and Assumptions

The Group 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 spread of COVID-19 and Russia - Ukraine armed conflict 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 Group, and the impact is expected to be continued to the consolidated annual financial statements in 2022.

Significant accounting estimates and assumptions applied in the preparation of the consolidated interim financial statements can be adjusted depending on changes in the uncertainty from COVID-19 and Russia - Ukraine armed conflict. Also, the ultimate effect of COVID-19 and Russia - Ukraine armed conflict to the Group's business, financial position and financial performance cannot presently be determined.

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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 Group recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Group 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 Group 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-in-use calculations. These calculations require estimates.

(c) Income Taxes

The Group 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 Group 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 Group 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 Group 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.

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(g) Development Costs

The Group 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) Lease

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

The 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.

Significant Judgment on Accounting Policies Adopted by the Group

In order to determine the Group's de-facto control, the Group considers the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders and additional facts and circumstances including voting patterns at previous shareholders' meetings.

4. Segment Information

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. At the end of the reporting periods, the main products of each business division are as follows, and the comparative information is presented in conformity with the same classification in the current period.

Operating segment	Type of products
Home Appliance & Air Solution (H&A)	Refrigerators, washing machines, air conditioners, vacuum cleaners and others
Home Entertainment (HE)	TVs, audio, beauty appliances and others
Vehicle component Solutions (VS)	Vehicle components and others
Business Solutions (BS)	Monitors, PCs, information displays and others
LG Innotek Co., Ltd. and its subsidiaries (Innotek)	Camera modules, substrate & material, motor/sensor and others
Other segments	Equipment production and others

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(a) The segment information for sales and operating profit (loss) for the three-month and nine-month periods ended September 30, 2022 and 2021, is as follows:

Three-month period ended September 30, 2022							
<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Total
Sales	7,472,999	3,712,135	2,345,403	1,429,226	5,388,446	828,556	21,176,765
External sales	7,464,299	3,710,311	2,345,403	1,427,636	5,251,995	977,121	21,176,765
Internal sales	8,700	1,824	-	1,590	136,451	(148,565)	-
Operating profit (loss) ²	228,292	(55,446)	96,147	(14,374)	444,908	47,030	746,557
Depreciation and amortization	228,014	95,001	126,455	28,475	212,471	45,785	736,201

Nine-month period ended September 30, 2022							
<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Total
Sales	23,511,046	11,235,027	6,253,645	4,841,136	13,043,860	2,725,096	61,609,810
External sales	23,494,636	11,230,244	6,253,643	4,837,674	12,649,354	3,144,259	61,609,810
Internal sales	16,410	4,783	2	3,462	394,506	(419,163)	-
Operating profit (loss) ²	1,105,957	112,856	139,414	103,020	1,101,565	918,889	3,481,701
Depreciation and amortization	661,547	282,866	396,907	82,886	614,429	134,728	2,173,363

Three-month period ended September 30, 2021							
<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Total
Sales	7,061,332	4,181,673	1,611,018	1,302,372	3,798,454	612,664	18,567,513
External sales	7,053,535	4,179,965	1,610,838	1,301,342	3,670,144	751,689	18,567,513
Internal sales	7,797	1,708	180	1,030	128,310	(139,025)	-
Operating profit (loss) ²	501,675	205,899	(537,913)	41,007	335,139	50,971	596,778
Depreciation and amortization	186,314	94,564	131,252	25,651	198,107	52,208	688,096

Nine-month period ended September 30, 2021							
<i>(in millions of Korean won)</i>	H&A	HE	VS	BS	Innotek	Other segments¹	Total
Sales	20,585,403	12,233,132	5,043,076	4,047,780	9,225,943	1,997,529	53,132,863
External sales	20,555,589	12,226,016	5,042,896	4,045,733	8,811,125	2,451,504	53,132,863
Internal sales	29,814	7,116	180	2,047	414,818	(453,975)	-
Operating profit (loss) ²	2,055,927	931,329	(886,955)	281,474	831,479	99,431	3,312,685
Depreciation and amortization	561,286	266,651	394,306	78,796	552,722	129,392	1,983,153

¹ Other segments include operating segments that are not qualified as reportable segments, departments that support the operating segments and R&D, and inter-segment transactions.

² Other income or expenses items not included in the operating profit (loss) are not separately disclosed because the Chief Operating Decision Maker does not review them by segment.

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(b) Segment assets and liabilities as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
H&A	27,701,839	14,544,226	24,253,234	12,878,080
HE	15,738,969	10,884,574	13,620,098	9,638,743
VS	9,377,874	11,025,335	8,050,137	9,973,745
BS	5,747,832	3,925,004	4,877,335	3,383,135
Innotek	10,954,163	6,719,063	7,741,353	4,427,147
Subtotal¹	69,520,677	47,098,202	58,542,157	40,300,850
Other segments and inter-segment transactions	(8,221,249)	(10,694,019)	(5,060,679)	(6,917,405)
Total	61,299,428	36,404,183	53,481,478	33,383,445

¹ The amounts of assets and liabilities of each segment are before inter-company elimination, and common assets and liabilities are allocated based on the operations of the segments.

(c) Non-current assets by geographic area as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	Non-current assets¹	
	September 30, 2022	December 31, 2021
Geographic areas		
Korea	12,097,002	11,747,934
China	998,214	949,526
Asia	1,764,560	1,399,179
North America	1,957,687	1,534,049
Europe	1,020,554	963,708
South America	130,168	105,440
Middle East & Africa	319,665	290,804
Russia and others	217,228	153,763
Total	18,505,078	17,144,403

¹ Non-current assets consist of property, plant and equipment, intangible assets and investment properties.

(d) Sales from a single external customer who contribute more than 10% of the Group's total sales for the nine-month period ended September 30, 2022 are sales from Innotek segment and others amounting to ₩10,748,766 million (September 30, 2021: ₩6,538,386 million).

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5. Financial Instruments by Category

(a) Categorizations of financial instruments as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 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
Cash and cash equivalents	7,567,670	-	-	-	7,567,670
Deposits held by financial institutions	217,078	-	-	-	217,078
Trade receivables	8,386,720	2,492,496	-	129,049	11,008,265
Other receivables	1,293,630	-	-	-	1,293,630
Other financial assets	-	122,285	102,383	366,626	591,294
Total	17,465,098	2,614,781	102,383	495,675	20,677,937

<i>(in millions of Korean won)</i>	September 30, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	11,021,463	-	-	11,021,463
Borrowings	11,438,180	-	-	11,438,180
Lease liabilities	-	-	1,110,744	1,110,744
Other payables	4,077,384	-	-	4,077,384
Other financial liabilities	-	9,917	9,107	19,024
Total	26,537,027	9,917	1,119,851	27,666,795

<i>(in millions of Korean won)</i>	December 31, 2021				
	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
Cash and cash equivalents	6,051,516	-	-	-	6,051,516
Deposits held by financial institutions	205,391	-	-	-	205,391
Trade receivables	6,598,731	1,567,007	-	25,799	8,191,537
Other receivables	1,160,959	-	-	-	1,160,959
Other financial assets	-	121,222	79,145	41,487	241,854
Total	14,016,597	1,688,229	79,145	67,286	15,851,257

<i>(in millions of Korean won)</i>	December 31, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	8,741,937	-	-	8,741,937
Borrowings	9,931,553	-	-	9,931,553
Lease liabilities	-	-	955,422	955,422
Other payables	4,193,751	-	-	4,193,751

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Other financial liabilities	-	17,092	51,210	68,302
Total	22,867,241	17,092	1,006,632	23,890,965

(b) Net gains or losses on each category of financial instruments for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<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	116,729	-	-	-	116,729
Exchange differences	1,496,838	231,868	-	-	1,728,706
Bad debt expenses	(8,028)	-	-	-	(8,028)
Loss on disposal of trade receivables	(148)	(13,419)	-	-	(13,567)
Dividend income	-	249	2,567	-	2,816
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	5,181	-	5,181
Gain (Loss) on derivatives (through profit or loss)	-	-	71,060	-	71,060
Profit for the period from discontinued operations	4,482	-	16	-	4,498
Fair value Gain (Loss), net of tax (through other comprehensive income)	-	(21,078)	-	-	(21,078)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	99,336	99,336

<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 expense	(218,103)	-	(35,366)	(253,469)
Exchange differences	(1,858,708)	-	208,433	(1,650,275)
Gain (Loss) on derivatives (through profit or loss)	-	(98,778)	-	(98,778)
Gain (Loss) for the period from discontinued operations	(21,770)	(24)	(116)	(21,910)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	20,193	20,193
Others	(2,388)	-	-	(2,388)

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<i>(in millions of Korean won)</i>	2021				
	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	59,419	-	-	-	59,419
Exchange differences	519,184	65,734	-	-	584,918
Reversal of bad debt expenses	24,226	-	-	-	24,226
Loss on disposal of trade receivables	(1,264)	(3,214)	-	-	(4,478)
Dividend income	-	236	3,437	-	3,673
Gain (Loss) on valuation of financial assets at fair value through profit or loss	-	-	17,263	-	17,263
Gain (Loss) on derivatives (through profit or loss)	-	-	39,452	-	39,452
Profit for the period from discontinued operations	33,117	-	3,407	-	36,524
Fair value Gain (Loss), net of tax (through other comprehensive income)	-	(17,500)	-	-	(17,500)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	18,897	18,897

<i>(in millions of Korean won)</i>	2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(114,354)	-	(48,858)	(163,212)
Exchange differences	(666,374)	-	69,641	(596,733)
Gain (Loss) on derivatives (through profit or loss)	-	(38,652)	-	(38,652)
Gain (Loss) for the period from discontinued operations	(136,061)	(2,659)	(756)	(139,476)
Gain (Loss) on derivatives, net of tax (through other comprehensive income)	-	-	34,618	34,618
Others	(2,359)	-	-	(2,359)

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6. Trade Receivables and Other Receivables

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022			December 31, 2021		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables						
Current	10,996,095	(98,797)	10,897,298	8,251,982	(85,523)	8,166,459
Non-current	110,967	-	110,967	25,078	-	25,078
Other receivables						
Current	604,228	(11,366)	592,862	500,773	(11,717)	489,056
Non-current	700,892	(124)	700,768	672,017	(114)	671,903

(b) Movements in allowance for doubtful accounts for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022				
	At January 1	Addition (Reversal)	Write-off	Other	At September 30
Trade receivables	85,523	8,997	(1,224)	5,501	98,797
Other receivables					
Current	11,717	(994)	(1)	644	11,366
Non-current	114	(3)	-	13	124

<i>(in millions of Korean won)</i>	2021				
	At January 1	Addition (Reversal)	Write-off	Other	At September 30
Trade receivables	112,516	(23,896)	(738)	2,892	90,774
Other receivables					
Current	19,229	(244)	(46)	(3,553)	15,386
Non-current	35	50	-	3	88

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- (c) The aging analysis of trade receivables and other receivables as at September 30, 2022 and December 31, 2021, is as follows:

(in millions of Korean won)

	September 30, 2022				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	9,945,537	110,967	549,012	692,878	11,298,394
Past due but not impaired					
Up to 6 months	798,494	-	32,266	7,671	838,431
7 to 12 months	41,367	-	5,982	33	47,382
Over 1 year	41,737	-	7,184	310	49,231
Subtotal	881,598	-	45,432	8,014	935,044
Impaired	168,960	-	9,784	-	178,744
Total	10,996,095	110,967	604,228	700,892	12,412,182

(in millions of Korean won)

	December 31, 2021				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	7,293,018	25,078	463,197	667,263	8,448,556
Past due but not impaired					
Up to 6 months	767,628	-	18,565	3,616	789,809
7 to 12 months	17,199	-	1,792	895	19,886
Over 1 year	19,157	-	5,831	243	25,231
Subtotal	803,984	-	26,188	4,754	834,926
Impaired	154,980	-	11,388	-	166,368
Total	8,251,982	25,078	500,773	672,017	9,449,850

- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the nine-month period ended September 30, 2022. In case the customers default, the Group 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 12). Discounted trade receivables as at September 30, 2022 amount to ₩105,694 million (December 31, 2021: ₩51,577 million).

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7. Other Financial Assets and Liabilities

(a) Details of other financial assets and liabilities as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Other financial assets		
Derivatives	377,538	47,114
Financial assets at fair value through other comprehensive income	122,285	121,222
Financial assets at fair value through profit or loss	91,471	73,518
Total	591,294	241,854
Current	44,752	18,276
Non-current	546,542	223,578

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Other financial liabilities		
Derivatives	19,012	68,188
Financial guarantee liability	12	114
Total	19,024	68,302
Current	6,438	8,512
Non-current	12,586	59,790

(b) Details of derivatives as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	8,696	6,426	6,332	8,398
Cross-currency swap	34,764	-	9,647	-
Interest rate swap	853	-	-	-
Subtotal	44,313	6,426	15,979	8,398
Non-current				
Cross-currency swap	278,082	9,095	31,135	1,420
Interest rate swap	55,143	-	-	54,219
Put option	-	3,491	-	4,151
Subtotal	333,225	12,586	31,135	59,790
Total	377,538	19,012	47,114	68,188

The details of major derivative contracts at the end of the reporting period are presented in Note 32.

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(c) Changes in carrying amount of financial assets at fair value through other comprehensive income for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022						
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	At September 30
Listed equity securities	60,441	-	-	-	(28,453)	1,376	33,364
Unlisted equity securities	60,781	19,050	-	1,600	-	7,490	88,921
Debt securities	-	2,889	(2,889)	-	-	-	-
Total	121,222	21,939	(2,889)	1,600	(28,453)	8,866	122,285

<i>(in millions of Korean won)</i>	2021						
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	At September 30
Listed equity securities	58,103	-	(13,883)	-	(12,576)	1,274	32,918
Unlisted equity securities	59,317	7,409	-	(8,629)	(8,392)	2,630	52,335
Total	117,420	7,409	(13,883)	(8,629)	(20,968)	3,904	85,253

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022						
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	At September 30
Listed equity securities	2,297	-	(845)	167	(2,697)	1,517	439
Unlisted equity securities ¹	71,221	26,318	(15,674)	(1,767)	7,878	2,423	90,399
Debt securities	-	633	-	-	-	-	633
Total	73,518	26,951	(16,519)	(1,600)	5,181	3,940	91,471

<i>(in millions of Korean won)</i>	2021						
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	At September 30
Listed equity securities	-	-	(816)	645	2,376	824	3,029
Unlisted equity securities ¹	29,844	13,242	(8,320)	13,424	14,887	339	63,416
Debt securities	7,615	5,232	-	(5,440)	-	194	7,601
Total	37,459	18,474	(9,136)	8,629	17,263	1,357	74,046

¹ Equity securities in CerebrumX Labs, Inc and Aurora Labs Ltd, which the Group can exercise a significant influence in the Board of Directors of the investee although the percentage of ownership is less than 20%, are included. The equity securities are held by LG Electronics Fund I LLC, a subsidiary, and measured at fair value due to exemption from applying the equity method.

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8. Inventories

Inventories as at September 30, 2022 and December 31, 2021, consist of:

<i>(in millions of Korean won)</i>	September 30, 2022			December 31, 2021		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	6,246,376	(126,235)	6,120,141	5,804,591	(140,508)	5,664,083
Work-in-process	821,275	(10,452)	810,823	485,275	(11,547)	473,728
Raw materials and supplies	4,078,509	(147,441)	3,931,068	3,377,654	(103,212)	3,274,442
Other	397,226	(52,162)	345,064	374,978	(33,213)	341,765
Total	11,543,386	(336,290)	11,207,096	10,042,498	(288,480)	9,754,018

9. Contract Assets and Contract Liabilities

(a) Contract assets as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Due from customers	705,555	496,732
(Less: allowance for doubtful accounts)	(4,719)	(3,901)
Right to recover returned products	146,579	136,587
Costs to fulfill contracts and others	326,875	280,048
Total	1,174,290	909,466
Current	808,750	612,754
Non-current	365,540	296,712

(b) Contract liabilities as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Expected promotional incentives for customers	1,067,076	819,831
Expected returns from customers	238,364	218,642
Customer loyalty program	113,179	114,406
Rendering of warranty services	145,027	95,871
Due to customers and others	296,332	252,632
Total	1,859,978	1,501,382
Current	1,808,075	1,453,996
Non-current	51,903	47,386

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- (c) Revenue recognized in relation to contract liabilities for the nine-month periods ended September 30, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022	2021
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	175,169	139,101
Customer loyalty program	66,211	67,926
Rendering of warranty services	35,326	33,725
Total	276,706	240,752
Revenue recognized from performance obligations satisfied in previous periods	11,363	14,863

- (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 ₩1,738,150 million which were expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Group excluded a contract of which performance obligation had an original expected duration of one year or less.

- (e) For the nine-month period ended September 30, 2022, the Group recognized an impairment loss amounting to ₩519 million (September 30, 2021: reversal of impairment loss of ₩2,465 million) in relation to due from customers, and amortization and other costs of ₩56,774 million (September 30, 2021: ₩46,982 million) in relation to costs to fulfill contracts.

10. Property, Plant and Equipment, and Intangible Assets

- (a) Changes in property, plant and equipment for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	14,700,784	13,973,998
Acquisitions	2,673,983	2,272,085
Reclassification from assets held for sale	14	293,913
Reclassification to assets held for sale	(52,524)	(22,875)
Transfer	(3,977)	-
Disposals and others	(78,743)	(232,140)
Depreciation	(1,852,834)	(1,741,232)
Impairment losses ^{1,2}	(120,955)	(63,339)
Exchange differences	748,744	321,696
At September 30	16,014,492	14,802,106

¹ For the nine-month period ended September 30, 2022, impairment loss on property, plant and equipment from discontinued operations of energy business amounting to ₩93,134 million (September 30, 2021: ₩20 million) is included.

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² For the nine-month period ended September 30, 2022, impairment loss on property, plant and equipment from discontinued operations of MC business amounting to ₩924 million (September 30, 2021: ₩44,134 million) is included.

(b) Line items including depreciation in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Cost of sales	1,394,038	1,256,609
Selling and marketing expenses	198,038	175,793
Administrative expenses	118,279	104,447
Research and development expenses	73,845	54,625
Service costs	26,745	22,588
Other non-operating expenses	22,324	5,700
Subtotal	1,833,269	1,619,762
Discontinued operations	19,565	121,470
Total	1,852,834	1,741,232

(c) Changes in right-of-use assets included in property, plant and equipment for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	1,035,377	966,210
Acquisitions	414,792	230,123
Reclassification to assets held for sale	-	(579)
Transfer	(3,977)	-
Disposals and others	(48,450)	(18,898)
Depreciation	(284,929)	(257,419)
Exchange differences	69,560	35,704
At September 30	1,182,373	955,141

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the nine-month period ended September 30, 2022, was ₩4,765 million (September 30, 2021: ₩6,871 million).

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(d) Changes in intangible assets for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	2,443,249	3,139,080
Acquisitions	277,845	288,286
Acquisitions by internal development	163,807	153,853
Reclassification from assets held for sale	-	410
Reclassification to assets held for sale	(33)	(2,373)
Transfer	(150,516)	-
Disposals and others	(58,595)	(58,378)
Amortization	(363,705)	(462,316)
Impairment losses ^{1,2}	(26,570)	(321,856)
Exchange differences	49,887	20,178
At September 30	2,335,369	2,756,884

¹ For the nine-month period ended September 30, 2022, impairment loss on intangible assets from discontinued operations of energy business amounting to ₩309 million (September 30, 2021: ₩16 million) is included.

² For the nine-month period ended September 30, 2021, impairment loss on intangible assets from discontinued operations of MC business amounting to ₩295,701 million is included.

(e) Line items including amortization of intangible assets in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Cost of sales	262,437	278,042
Selling and marketing expenses	12,631	16,148
Administrative expenses	36,235	39,977
Research and development expenses	48,464	33,142
Service costs	2,644	1,775
Other non-operating expenses	17	9
Subtotal	362,428	369,093
Discontinued operations	1,277	93,223
Total	363,705	462,316

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11. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

i) Carrying amounts of investments in associates and joint ventures, as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Associates	4,906,012	5,099,208
Joint ventures	61,993	50,036
Total	4,968,005	5,149,244

ii) Investments in associates as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022				December 31, 2021			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,740,315	(99,898)	4,640,417	679,218	4,972,517	(100,046)	4,872,471
Ericsson-LG Co., Ltd.	12,649	59,615	-	59,615	12,649	60,008	-	60,008
Hitachi-LG Data Storage Inc.(HLDS)	101,961	62,682	(1,427)	61,255	101,961	54,189	(1,482)	52,707
CCP-LGE OWNER, LLC ¹	11,652	11,224	-	11,224	11,652	9,720	-	9,720
ROBOTIS Co., Ltd. ¹	9,000	8,807	-	8,807	9,000	8,639	-	8,639
Acryl Inc. ¹	2,000	920	-	920	2,000	1,128	-	1,128
Robostar Co., Ltd.	88,112	79,377	(1,875)	77,502	88,112	78,755	(1,722)	77,033
AiM Future, Inc.	800	951	-	951	800	993	-	993
Mirae Asset-LG Electronics New Growth Fund I	28,023	27,695	-	27,695	10,000	9,489	-	9,489
RINSE, INC ¹	18,184	17,626	-	17,626	7,030	7,020	-	7,020
Total	951,599	5,009,212	(103,200)	4,906,012	922,422	5,202,458	(103,250)	5,099,208

¹ The financial statements as at August 31, 2022 were used due to a different closing date.

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iii) Investments in joint ventures as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022				December 31, 2021			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	14,718	22,126	(5)	22,121	14,718	22,121	(278)	21,843
EIC PROPERTIES PTE LTD.	9,636	19,560	-	19,560	9,636	16,871	-	16,871
LG-MRI LLC	516	1,406	-	1,406	516	1,445	-	1,445
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	32,480	9,626	-	9,626	22,984	4,441	-	4,441
LG-LHT Passenger Solutions GmbH	30,023	5,161	-	5,161	20,528	3,475	-	3,475
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,535	1,957	-	1,957	1,193	1,436	-	1,436
Alluto LLC	2,095	510	-	510	2,095	525	-	525
FITNESSCANDY Co., Ltd.	2,550	1,652	-	1,652	-	-	-	-
Total	93,553	61,998	(5)	61,993	71,670	50,314	(278)	50,036

(b) Associates and joint ventures

i) Associates as at September 30, 2022, are as follows:

Name of associate	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	37.9	Production and supply of display products
Ericsson-LG Co., Ltd.	Korea	December	25.0	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	Production and supply of data storages
CCP-LGE OWNER, LLC ¹	USA	December	70.2	Solar power plant
ROBOTIS Co., Ltd. ²	Korea	December	7.9	Production and sales of personal robot
Acryl Inc. ²	Korea	December	13.6	Development and sales of software
Robostar Co., Ltd.	Korea	December	33.4	Production and sales of industrial robot
AiM Future, Inc. ²	Korea	December	15.6	A.I. solution
Mirae Asset-LG Electronics New Growth Fund I	Korea	December	50.0	Investment in technology start ups
RINSE, INC	USA	December	23.3	Laundry service

¹ Classified as an associate although the percentage of ownership is more than 50% because the Group does not have the right to control by an agreement with other shareholders.

² Classified as an associate although the percentage of ownership is less than 20% because the Group can exercise a significant influence in the Board of Directors of the investee.

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ii) Joint ventures as at September 30, 2022, are as follows:

All joint arrangements, over which the Group has joint control, are structured through separate companies and are categorized as joint ventures as the parties with joint control are assumed to have rights to the net assets of the arrangement.

Name of joint venture	Location	Closing month	Percentage of ownership (%)	Nature of relationships with the Group
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	Türkiye	December	50.0	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	Real estate
LG-MRI LLC	USA	December	50.0	Production and supply of digital display products
Neolite ZKW Lightings PVT Ltd.	India	March	26.0	Production and sales of vehicle components
LG-LHT Aircraft Solutions GmbH	Germany	December	49.0	Production and sales of aircraft components
LG-LHT Passenger Solutions GmbH	Germany	December	49.0	Production and sales of aircraft components
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	China	December	35.0	Sales of electronic products
Alluto LLC ¹	USA	December	51.0	Automotive software license
FITNESSCANDY Co., Ltd. ¹	Korea	December	51.0	Production and sales of media contents

¹ Classified as a joint venture although the percentage of ownership is more than 50% because the Group has joint control by a joint venture agreement.

iii) Above associates and joint ventures are accounted for using the equity method.

(c) Changes in investments in associates and joint ventures

i) Changes in the carrying amounts of investments in associates for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	5,099,208	4,416,616
Acquisition	31,154	17,030
Gain(Loss) from equity method valuation	(431,836)	389,173
Share of other comprehensive income of associates	305,859	225,512
Withdrawal of investments by dividend / capital reduction / liquidation and others	(100,773)	(5,250)
Changes in share of associates	414	176
Exchange differences	1,986	831
At September 30	4,906,012	5,044,088

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- ii) Changes in the carrying amounts of investments in joint ventures for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	50,036	54,974
Acquisition	21,883	16,279
Gain (Loss) from equity method valuation	(9,801)	(4,935)
Share of other comprehensive loss of joint ventures	94	(3,262)
Withdrawal of investments by dividend / capital reduction / liquidation and others	(540)	(274)
Exchange differences	321	199
At September 30	61,993	62,981

- (d) Summarized financial information of the associates that are material to the reporting entity as at September 30, 2022 and December 31, 2021, and for the three-month and nine-month periods ended September 30, 2022 and 2021, is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Current assets	11,778,600	13,187,067
Non-current assets	28,355,350	24,967,448
Total assets	40,133,950	38,154,515
Current liabilities	14,962,941	13,994,817
Non-current liabilities	10,887,406	9,397,197
Total liabilities	25,850,347	23,392,014
Equity attributable to the owners of LG Display Co., Ltd.	12,506,242	13,118,855
Non-controlling interests	1,777,361	1,643,646
Total equity	14,283,603	14,762,501

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Net sales	6,771,355	18,850,153	7,223,196	21,071,527
Profit (Loss) for the period	(774,031)	(1,101,784)	463,470	1,153,115
Equity attributable to owners of LG Display Co., Ltd.				
Profit (Loss) for the period	(789,512)	(1,174,075)	419,527	1,010,580
Other comprehensive income (loss), net of tax	365,985	794,042	316,210	585,849
Total comprehensive income (loss), net of tax	(423,527)	(380,033)	735,737	1,596,429

Dividends received from LG Display Co., Ltd. for the nine-month period ended September 30, 2022 are ₩88,156 million (2021: nil).

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- (e) Reconciliations of the summarized financial information of associates that are material to the reporting entity to the carrying amount of the Group's interest for the nine-month periods ended September 30, 2022 and 2021, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2022	2021
Opening equity attributable to owners of LG Display Co., Ltd.	13,118,855	11,401,043
Profit(Loss) for the period	(1,174,075)	1,010,580
Other comprehensive income, net of tax	794,042	585,849
Dividends	(232,580)	-
Closing equity attributable to owners of LG Display Co., Ltd.	12,506,242	12,997,472
Group ownership	37.9%	37.9%
The Group's share at the end of the reporting period	4,740,315	4,926,508
Unrealized gain	(99,898)	(102,534)
Carrying amount at the end of the reporting period	4,640,417	4,823,974

- (f) The Group's share in the operating results of the individually insignificant associates and joint ventures for the three-month and nine-month periods ended September 30, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit (loss) for the period	5,215	13,030	(7,389)	(10,072)
Other comprehensive income (loss), net of tax	1,118	4,896	2,025	93
Total comprehensive income (loss), net of tax	6,333	17,926	(5,364)	(9,979)

<i>(in millions of Korean won)</i>	2021			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit (loss) for the period	1,533	2,097	(3,387)	(5,158)
Other comprehensive income (loss), net of tax	850	3,456	491	(3,264)
Total comprehensive income (loss), net of tax	2,383	5,553	(2,896)	(8,422)

- (g) There are no accumulated unrecognized changes in equity due to discontinued use of the equity method as at September 30, 2022 and December 31, 2021.

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- (h) Details of marketable investments in associates as at September 30, 2022 and December 31, 2021, are as follows:

September 30, 2022					
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	12,000	1,627,500	4,640,417
Robostar Co., Ltd.	Associate	3,256,500	17,100	55,686	77,502
ROBOTIS Co., Ltd.	Associate	961,550	22,000	21,154	8,807

December 31, 2021					
	Type	Shares held (Unit: shares)	Price per share (in Korean won)	Fair value (in millions of Korean won)	Book amount
LG Display Co., Ltd.	Associate	135,625,000	24,600	3,336,375	4,872,471
Robostar Co., Ltd.	Associate	3,256,500	26,550	86,460	77,033
ROBOTIS Co., Ltd.	Associate	961,550	24,700	23,750	8,639

12. Borrowings

- (a) Carrying amounts of borrowings as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Current		
Short-term borrowings	1,176,790	330,086
Current portion of long-term borrowings	597,079	856,648
Current portion of debentures	947,189	708,866
Subtotal	2,721,058	1,895,600
Non-current		
Long-term borrowings	4,421,340	3,142,863
Debentures	4,295,782	4,893,090
Subtotal	8,717,122	8,035,953
Total	11,438,180	9,931,553

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(b) Details of borrowings as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at September 30, 2022(%)	Carrying amount	
			September 30, 2022	December 31, 2021
Short-term borrowings in local currency				
Shinhan Bank and others ¹	-	2.60 ~ 6.70	149,123	24,869
Short-term borrowings in foreign currency				
Citibank and others ¹	-	0.75 ~ 11.84	1,027,667	305,217
Long-term borrowings in local currency				
Korea Development Bank and others	2035.01.09	2.21 ~ 4.38	2,715,679	2,213,607
Long-term borrowings in foreign currency				
Hana Bank and others	2031.07.28	0.75 ~ 8.39	2,302,740	1,785,904
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.33 ~ 4.44	3,390,000	3,880,000
Private, non-guaranteed bonds	2041. 2. 9	1.99 ~ 4.21	1,245,000	1,080,000
Foreign currency debentures				
Private, non-guaranteed bonds	2028. 6. 8	3.99 ~ 5.35	405,707	460,668
Private, guaranteed bonds	2026.10.26	1.94 ~ 3.88	212,623	193,509
Less: discount on debentures			(10,359)	(12,221)
Total			11,438,180	9,931,553

¹ It includes short-term borrowings collateralized by trade receivables as at September 30, 2022 and December 31, 2021.

The Group entered into interest rate swap and cross-currency swap contracts to hedge cash flow risk related to floating interest rate and foreign exchange rate of some portion of borrowings (Note 32).

The principal and interests of certain private guaranteed bonds of the Group are guaranteed by Shinhan Bank (Note 29).

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13. Lease Liabilities

(a) Details of lease liabilities as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Lease liabilities		
Current	302,329	292,526
Non-current	808,415	662,896
Total	1,110,744	955,422

(b) The amounts, relating to leases, recognized in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Interest expense relating on lease liabilities	26,233	23,073
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	39,765	42,142
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)	21,223	19,173
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	82,586	83,106
Subtotal	169,807	167,494
Discontinued operations	813	9,714
Total	170,620	177,208

(c) Total expenses for leases including short-term leases and leases of low-value assets for the nine-month period ended September 30, 2022, are ₩418,825 million (September 30, 2021: ₩395,932 million).

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14. Post-employment Benefits

Defined Benefit Plan

(a) The amounts of net defined benefit liabilities (assets) as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Present value of funded obligations	3,274,601	4,200,364
Present value of unfunded obligations	166,054	52,362
Subtotal	3,440,655	4,252,726
Fair value of plan assets	(3,740,523)	(4,056,627)
Net defined benefit liabilities (assets)¹	(299,868)	196,099

¹ Net defined benefit assets are included.

(b) The amounts recognized in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Current service cost	318,506	311,892
Past service cost	-	(37)
Net interest cost	5,031	8,520
Operating management cost	2,260	2,112
Total	325,797	322,487

(c) Line items in which expenses are included for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Continuing operations		
Cost of sales	130,434	148,742
Selling and marketing expenses	74,734	49,884
Administrative expenses	27,750	19,627
Research and development expenses	58,977	52,723
Service costs	25,232	20,938
Subtotal	317,127	291,914
Discontinued operations	8,670	30,573
Total	325,797	322,487

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- (d) Movements in the present value of defined benefit obligations for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	4,252,726	4,029,147
Current service cost	318,506	311,892
Past service cost	-	(37)
Interest expense	90,578	71,718
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	(852,871)	(185,326)
- Actuarial loss (gain) from experience adjustments	-	1,969
Benefits paid	(382,425)	(196,414)
Others ¹	14,141	4,755
At September 30	3,440,655	4,037,704

¹ Others include effects of exchange rate changes.

- (e) Movements in the fair value of plan assets for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
At January 1	4,056,627	3,540,730
Interest income	85,547	63,198
Remeasurements of plan assets	(27,714)	(16,534)
Employer contributions	2,020	165,115
Benefits paid	(374,892)	(132,545)
Operating management cost	(2,260)	(2,112)
Others ¹	1,195	989
At September 30	3,740,523	3,618,841

¹ Others include effects of exchange rate changes.

- (f) The significant actuarial assumptions used as at September 30, 2022 and December 31, 2021, are as follows:

	September 30, 2022	December 31, 2021
Weighted average discount rate of the Group	5.1%	2.9%
Weighted average expected salary growth rate of the Group	5.0%	5.0%

As at September 30, 2022, the discount rates applied to the Parent Company and subsidiaries are between 0.1%~7.9% (December 31, 2021: 0.1%~7.9%), and the expected salary growth rates are between 1.0%~10.0% (December 31, 2021: 1.0%~10.0%).

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(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at September 30, 2022, is as follows:

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(308,418)	358,724
Expected salary growth rate	344,796	(303,098)

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.

Defined Contribution Plan

The expense recognized for the nine-month period ended September 30, 2022 in relation to the defined contribution plan was ₩11,523 million (September 30, 2021: ₩11,873 million).

15. Provisions

Changes in provisions for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022			
	Warranty	Restoration	Litigation and others	Total
At January 1	2,767,091	50,480	165,438	2,983,009
Additions ¹	675,685	(10,270)	32,084	697,499
Utilizations	(1,774,971)	(4,966)	(27,572)	(1,807,509)
Exchange differences	49,393	639	17,511	67,543
At September 30	1,717,198	35,883	187,461	1,940,542
Current	1,574,896	10,669	31,208	1,616,773
Non-current	142,302	25,214	156,253	323,769

<i>(in millions of Korean won)</i>	2021			
	Warranty	Restoration	Litigation and others	Total
At January 1	966,233	47,038	182,508	1,195,779
Additions ¹	1,727,063	4,825	16,568	1,748,456
Utilizations	(600,936)	(2,146)	(18,024)	(621,106)
Exchange differences	19,734	441	6,589	26,764
At September 30	2,112,094	50,158	187,641	2,349,893
Current	1,857,152	21,612	10,097	1,888,861
Non-current	254,942	28,546	177,544	461,032

¹ Net amount of additional provisions equals to additional provisions less reversed amounts.

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16. Paid-in Capital

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

	Par value per share	September 30, 2022		December 31, 2021	
		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
Total		180,833,806	904,169	180,833,806	904,169

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 September 30, 2022, 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 Parent Company's capital of ₩783,961 million and less the Parent 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 right and warrants 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.

17. Retained Earnings

Retained earnings as at September 30, 2022 and December 31, 2021, consist of:

(in millions of Korean won)	September 30, 2022	December 31, 2021
Legal reserve ¹	246,609	231,218
Discretionary reserve	4,539,499	5,569,863
Unappropriated retained earnings ²	11,633,316	8,632,506
Total	16,419,424	14,433,587

¹ The Commercial Code of the Republic of Korea requires the Parent 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.

² Dividend for the year ended December 31, 2021 of ₩153,915 million was approved at the annual general meeting held on March 24, 2022, and paid in April 2022 (2021 payments: ₩216,938 million).

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18. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as at September 30, 2022 and December 31, 2021, consists of:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Accumulated share of other comprehensive income (loss) of associates and joint ventures	339,452	88,013
Cash flow hedge	79,251	(36,660)
Financial assets at fair value through other comprehensive income	(13,907)	7,360
Exchange differences on translation of foreign operations	639,824	(1,177,626)
Subtotal	1,044,620	(1,118,913)
Accumulated other comprehensive income held for sale	6,721	12,299
Subtotal	6,721	12,299
Total	1,051,341	(1,106,614)

19. Other Components of Equity

Other components of equity as at September 30, 2022 and December 31, 2021, consist of:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group and others	(52,718)	(55,859)
Total	(85,537)	(88,678)

¹ The Parent Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2021: 763,176 shares) and 4,693 preferred shares (December 31, 2021: 4,693 shares) at the end of the reporting period. The Parent 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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20. Net Sales

(a) Details of net sales for the three-month and nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Revenue from contracts with customers:				
Sales of goods	20,460,268	58,664,098	18,072,516	51,710,598
Rendering of services and others	523,731	2,367,950	329,344	934,568
Subtotal	20,983,999	61,032,048	18,401,860	52,645,166
Revenue from other sources:				
Rental income and others	192,766	577,762	165,653	487,697
Subtotal	21,176,765	61,609,810	18,567,513	53,132,863
Discontinued operations:	38,855	351,664	363,318	2,288,732
Total	21,215,620	61,961,474	18,930,831	55,421,595

(b) Details of revenue from contracts with customers for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	22,941,932	20,103,697
TV/AV and others	11,222,637	12,220,597
In-vehicle infotainment and others	6,251,371	5,041,558
Monitor/PC and others	4,838,594	4,044,958
Camera module and others	13,043,567	9,225,571
Others ¹	2,733,947	2,008,785
By major geographical market ² :		
Korea	23,420,412	18,425,982
North America	14,417,482	12,550,264
Asia	6,248,096	4,995,768
Europe	8,706,539	8,752,348
South America	2,436,436	2,486,590
Middle East & Africa	2,701,510	2,128,781
China	2,027,399	1,917,999
Russia and others	1,074,174	1,387,434
Timing of transfer:		
Transferred at a point in time	58,606,677	51,028,080
Transferred over time	2,425,371	1,617,086
Total	61,032,048	52,645,166

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¹ Others include equipment production, inter-segment transactions and others.

² Sales by major geographical market are the sales by region in which the Group is located.

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

Due to the factors causing the changes in the costs of VS and other segments during the nine-month period ended September 30, 2022, 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 nine-month period ended September 30, 2022 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	Changes in estimated total contract revenue	Changes in estimated total contract cost	Impact on profit or loss for the period ended September 30, 2022	Impact on profit or loss for the succeeding periods
VS	67,748	67,933	(3,867)	3,682
Other segments	158,581	133,586	19,157	5,838
Total	226,329	201,519	15,290	9,520

21. Expenses by Nature

Expenses that are recorded by nature for the three-month and nine-month periods ended September 30, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Changes in finished goods and work-in-process	(988,551)	(893,999)	(1,165,726)	(1,735,022)
Raw materials and merchandise used	14,224,246	37,881,428	12,306,962	33,059,375
Employee benefit expense	2,381,526	7,302,046	2,117,718	6,087,328
Depreciation and amortization	736,201	2,173,363	688,096	1,983,153
Advertising expense	357,212	994,678	379,730	959,034
Promotion expense	106,923	316,616	131,990	375,549
Freight expense	984,378	3,104,677	829,042	2,275,088
Commission expense	1,219,977	3,335,652	1,076,399	2,848,251
Other expenses	1,408,296	3,913,648	1,606,524	3,967,422
Subtotal¹	20,430,208	58,128,109	17,970,735	49,820,178
Discontinued operations	66,492	510,506	354,782	3,680,083
Total	20,496,700	58,638,615	18,325,517	53,500,261

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

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22. 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 and nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Salaries	935,288	2,763,560	836,292	2,347,870
Post-employment benefits	68,632	319,933	55,082	150,763
Employee welfare benefits	217,484	670,928	179,490	517,685
Freight expense	976,669	3,081,045	824,627	2,262,652
Rental expense	22,277	61,900	19,253	56,071
Commission expense	851,854	2,401,756	693,216	1,943,825
Depreciation	144,752	416,914	124,143	357,461
Amortization	34,211	99,974	36,242	91,042
Advertising expense	357,212	994,678	379,730	959,034
Promotional expense	106,923	316,616	131,990	375,549
R&D expense	97,923	252,757	80,398	220,274
Direct service costs	264,004	549,986	682,134	1,192,081
(Reversal of) bad debts expense	6,602	9,586	3,300	(26,508)
Others	215,061	580,916	155,834	369,204
Subtotal	4,298,892	12,520,549	4,201,731	10,817,003
Discontinued operations:	22,622	164,962	63,922	1,369,685
Total	4,321,514	12,685,511	4,265,653	12,186,688

23. Financial Income

Financial income for the three-month and nine-month periods ended September 30, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest income	55,634	116,729	22,714	59,419
Exchange differences	252,051	655,219	120,571	341,280
Gain on derivatives	8,766	24,920	12,832	26,126
Subtotal	316,451	796,868	156,117	426,825
Discontinued operations:	-	2,529	2,182	30,841
Total	316,451	799,397	158,299	457,666

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24. Financial Expenses

Financial expenses for the three-month and nine-month periods ended September 30, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest expense	99,266	253,469	75,202	163,212
Exchange differences	128,942	502,438	83,872	271,490
Loss on derivatives	2,863	19,248	10,297	24,127
Loss on disposal of trade receivables	7,939	13,567	1,510	4,478
Others	983	2,388	1,164	2,359
Subtotal	239,993	791,110	172,045	465,666
Discontinued operations:	-	16,209	9,337	105,462
Total	239,993	807,319	181,382	571,128

25. Other Non-operating Income

Other non-operating income for the three-month and nine-month periods ended September 30, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Dividend income	-	2,816	3,433	3,673
Exchange differences	994,558	2,209,470	387,568	1,002,390
Gain on derivatives	14,535	55,001	13,534	31,632
Gain on disposal of property, plant and equipment	10,301	17,658	24,652	28,424
Gain on disposal of intangible assets	120	17,460	16	1,878
Reversal of impairment loss on assets held for sale	-	-	-	40,324
Gain on disposal of assets held for sale	65	188,875	11,269	37,664
Gain on valuation of financial assets at fair value through profit or loss	11,614	12,534	1,143	25,667
Others	11,150	54,104	35,440	80,760
Subtotal	1,042,343	2,557,918	477,055	1,252,412
Discontinued operations:	80,854	97,014	23,077	68,461
Total	1,123,197	2,654,932	500,132	1,320,873

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26. Other Non-operating Expenses

Other non-operating expenses for the three-month and nine-month periods ended September 30, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Exchange differences	1,060,615	2,247,290	457,536	1,069,869
Loss on derivatives	17,503	88,391	4,594	32,831
Loss on disposal of property, plant and equipment	6,217	13,265	4,598	19,751
Impairment loss on property, plant and equipment	7,250	27,021	9,239	19,470
Loss on disposal of intangible assets	9,993	21,907	6,766	21,312
Impairment loss on intangible assets	2,621	26,261	625	26,102
Loss on disposal of assets held for sale	-	106	4,413	5,864
Impairment loss on assets held for sale	-	-	1,471	1,471
Loss on valuation of financial assets at fair value through profit or loss	-	7,353	3,290	8,404
Others	22,907	66,035	26,843	58,547
Subtotal	1,127,106	2,497,629	519,375	1,263,621
Discontinued operations:	3,878	117,591	34,048	462,005
Total	1,130,984	2,615,220	553,423	1,725,626

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27. Earnings per Share

The Group has no potential dilutive ordinary shares. Accordingly, basic earnings per share is identical to diluted earnings per share.

(a) Basic earnings (losses) per ordinary share for the three-month and nine-month periods ended September 30, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Profit (Loss) attributable to ordinary shares	110,824	1,394,633	348,016	897,754
<i>(in millions of Korean won)</i>				
Continuing operations	78,208	1,521,436	351,570	2,134,083
Discontinued operations	32,616	(126,803)	(3,554)	(1,236,329)
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,638	162,884,638	162,884,638	162,884,638
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>	682	8,563	2,137	5,512
Continuing operations	481	9,341	2,159	13,102
Discontinued operations	201	(778)	(22)	(7,590)

(b) Basic earnings (losses) per preferred share for the three-month and nine-month periods ended September 30, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Three months	Nine months	Three months	Nine months
Profit (Loss) attributable to preferred shares	11,905	147,752	36,925	95,341
<i>(in millions of Korean won)</i>				
Continuing operations	8,464	161,127	37,299	225,750
Discontinued operations	3,441	(13,375)	(374)	(130,409)
Weighted average number of preferred shares outstanding <i>(unit: shares)</i>	17,181,299	17,181,299	17,181,299	17,181,299
Basic earnings (losses) per preferred share <i>(in Korean won)</i>	694	8,600	2,149	5,549
Continuing operations	493	9,378	2,171	13,139
Discontinued operations	201	(778)	(22)	(7,590)

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28. Cash Flow Information

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the nine-month periods ended September 30, 2022 and 2021, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2022	2021
Profit for the period	2,075,464	1,393,657
Adjustments:		
Interest expense, net	136,740	103,793
Exchange differences, net	41,721	40,823
Gain (Loss) on derivatives, net	27,718	(800)
Depreciation	1,833,269	1,619,762
Amortization	362,428	369,093
Loss (Gain) on disposal of property, plant and equipment and intangible assets, net	54	10,761
Provisions for severance benefits	328,650	303,787
Additional provisions, net	631,078	1,292,084
Income tax expense	890,400	879,833
Loss (Gain) from equity method valuation	441,637	(384,238)
Others	27,819	94,554
Discontinued operations	66,783	723,436
	<u>4,788,297</u>	<u>5,052,888</u>
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(1,111,325)	(801,272)
Decrease (Increase) in other receivables	414,126	46,638
Decrease (Increase) in inventories	(598,636)	(2,355,440)
Decrease (Increase) in contract assets	(197,527)	(5,323)
Decrease (Increase) in other assets	(314,368)	(391,006)
Increase (Decrease) in trade payables	749,177	761,357
Increase (Decrease) in other payables	(512,833)	(440,252)
Increase (Decrease) in provisions	(1,807,509)	(621,106)
Increase (Decrease) in contract liabilities	204,742	(15,244)
Increase (Decrease) in other liabilities	(47,233)	580,141
Payment of defined benefit liability	(19,056)	(75,742)
Deposit in plan assets, net	(2,020)	(209,667)
	<u>(3,242,462)</u>	<u>(3,526,916)</u>
Cash generated from operations	<u>3,621,299</u>	<u>2,919,629</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2022						
	At January 1	Net cash flows from financing activities	Effects of other changes				At September 30
			Additions	Exchange differences (profit/loss)	Amortization and others	Effects of exchange rate changes	
Borrowings	4,329,597	1,496,640	-	198,223	-	170,749	6,195,209
Debentures	5,601,956	(440,512)	-	79,444	2,083	-	5,242,971
Lease liabilities	955,422	(250,230)	343,554	339	2,025	59,634	1,110,744
Other payables	48,048	-	-	10,223	-	-	58,271
Total	10,935,023	805,898	343,554	288,229	4,108	230,383	12,607,195

<i>(in millions of Korean won)</i>	2021						
	At January 1	Net cash flows from financing activities	Effects of other changes				At September 30
			Additions	Exchange differences (profit/loss)	Amortization and others	Effects of exchange rate changes	
Borrowings	4,278,889	414,450	-	52,782	55	84,537	4,830,713
Debentures	5,640,866	(52,520)	-	42,640	2,209	-	5,633,195
Lease liabilities	862,060	(222,207)	201,000	135	3,483	30,536	875,007
Total	10,781,815	139,723	201,000	95,557	5,747	115,073	11,338,915

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2022	2021
Reclassification of construction-in-progress to property, plant and equipment	1,345,379	1,086,431
Reclassification of construction-in-progress to intangible assets	271,312	250,359
Reclassification of current portion of borrowings and debentures	1,106,050	1,091,224
Other payables to acquire property, plant and equipment	392,214	316,383
Other payables to acquire intangible assets	16,024	17,455
Acquisition of right-of-use assets	414,792	230,123

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

- Transfer of CEM(Chemical Electronic Material) business

- i) On November 1, 2021, CEM business was transferred to LG Chem Ltd.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration	
Cash and cash equivalents	572,356
Other receivables	26,513
Other payables	(1,123)
Assets of the transferred business:	

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<i>(in millions of Korean won)</i>	Amount
Cash and cash equivalents	4,376
Trade receivables	213,565
Other receivables	5,474
Inventories	78,601
Property, plant and equipment	184,443
Intangible assets	1,053
Current tax assets	2
Deferred tax assets	40
Contract assets	73
Other assets	3,093
Liabilities of the transferred business:	
Trade payables	130,119
Lease liabilities	400
Other payables	32,687
Provisions	2,383
Contract liabilities	81
Other liabilities	6,097
Foreign currency translation	3,439
Non-controlling interests	9,644

- Transfer of mobile communications production business

- i) On December 6, 2021, mobile communications production business of Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT) and Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD) was transferred to Langchao.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration	
Cash and cash equivalents	9,351
Assets of the transferred business:	
Cash and cash equivalents	8,656
Other receivables	2,599
Property, plant and equipment	2,741
Other assets	34
Liabilities of the transferred business:	
Other payables	322
Deferred tax liabilities	1,491
Other liabilities	20
Foreign currency translation	7,799
Non-controlling interests	3,162

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29. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by a certain portion of property, plant and equipment (land, buildings) with the pledged amount of ₩197,543 million (December 31, 2021: ₩165,238 million) and the book amount of pledged assets is ₩182,569 million (December 31, 2021: ₩86,907 million). In addition, the Group provided buildings as collateral to Shinhan Bank and others, the mortgagee, in order to guarantee obligations of landlords, who leased the land to the Group, with the pledged amount of ₩14,400 million (December 31, 2021: ₩14,040 million), and the book amount of pledged assets is ₩5,362 million (December 31, 2021: ₩5,923 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩448,647 million (December 31, 2021: ₩330,670 million) from Seoul Guarantee Insurance and others relating to the performance guarantees. The Parent Company and LG Innotek Co., Ltd. are provided with guarantee of principal amounting to EUR 100 million and USD 50 million (December 31, 2021: EUR 100 million and USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(c) At the end of the reporting period, the Parent Company is providing KEB Hana Bank with a subrogation payment obligation for buyers up to ₩46,000 million (December 31, 2021: ₩46,000 million).

(d) In relation to the Bolt electric vehicle consumers' class action lawsuit filed against General Motors (GM) in November 2020, the Group and others were additionally included as defendants in September 2021, and the ultimate outcome of these case cannot be determined at the reporting date.

(e) 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 Group cannot reflect a reasonable expectation. Management does not expect the outcome of the litigations will have a material effect on the Group's financial position.

At the end of the reporting period, LG Display Co., Ltd., an associate of the Group, has been accused as a defendant in cases related to the infringement of patents. In addition, LG Display Co., Ltd. is currently under the investigation and civil suit for anti-competitive activities. The outcome of the case may affect the gain or loss from the equity method valuation, but the Group is not individually responsible for the above case and the investigation.

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30. Commitments

(a) At the end of the reporting period, the Group has borrowing agreements, such as overdraft facility agreements, trade financing and others, with various banks, including Shinhan Bank, with a limit of ₩6,795,194 million (December 31, 2021: ₩6,061,789 million).

(b) At the end of the reporting period, the Group has sales agreements for receivables with various banks including Hana Bank amounting to ₩6,028,479 million (December 31, 2021: ₩5,187,180 million).

(c) At the end of the reporting period, the Group has corporate electronic settlement services contracts and vendor prepayment services contracts with various banks including Shinhan Bank for up to ₩1,425,200 million (December 31, 2021: ₩1,408,000 million) in connection with the payment of trade payables.

(d) At the end of the reporting period, the Group has commercial paper agreements with Shinhan Bank and others for ₩118,000 million (December 31, 2021: ₩90,000 million).

(e) 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>	September 30, 2022	December 31, 2021
Property, plant and equipment	822,006	747,738
Intangible assets	26,941	48,265
Investments in associates and joint ventures	81,730	101,441
Total	930,677	897,444

Other than the above commitments, Zenith Electronics LLC(Zenith), a subsidiary, agreed to the tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Alphonso Inc. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Group recognized this commitment as 'other payables'.

In addition, the Parent Company agreed to tender offers based on fair value at certain time in relation to the shares held by non-controlling shareholders of Cybellum Technologies Ltd. and the shares to be issued by the exercise of stock options. At the end of the reporting period, the Group recognized this commitment as 'other payables' and 'other financial liabilities' (Note 33).

In addition, the Group agreed to acquire 60% shares of AppleMango Co., Ltd. with the acquisition cost of ₩6,000 million.

(f) Operating lease commitments – the Group as a lessor

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

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<i>(in millions of Korean won)</i>	September 30, 2022					Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Home appliance rental	352,046	216,124	88,220	14,261	-	670,651
Real estate rental	5,513	5,516	5,516	5,514	5,505	27,564
Total	357,559	221,640	93,736	19,775	5,505	698,215

- ii) The Group recognized ₩448,370 million (September 30, 2021: ₩459,736 million) in lease income for the nine-month period ended September 30, 2022.

(g) Financial lease commitments – the Group as lessor

- i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	Gross investment in the lease ¹	Present value of the minimum lease payments	Gross investment in the lease ¹	Present value of the minimum lease payments
Within one year	26,097	19,478	4,983	3,999
Between 1 and 2 years	26,727	21,233	5,015	4,716
Between 2 and 3 years	26,622	22,330	5,007	4,531
Between 3 and 4 years	26,069	23,023	5,027	4,378
Later than 4 years	45,105	42,985	9,935	8,166
Total	150,620	129,049	29,967	25,790

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

- ii) Unrealized interest income of financial lease as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Gross investment in the lease	150,620	29,967
Net investment in the lease	129,049	25,790
Unrealized interest income	21,571	4,177

- iii) For the nine-month period ended September 30, 2022, the Group recognized income amounting to ₩103,533 million (September 30, 2021: nil) in relation to financial lease contract, and financial income of net investment in the lease amounting to ₩2,919 million (September 30, 2021: nil) is included.

(h) License agreements including patent and trademark

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

Purpose	Related products	Provided by	Used by
Use of license	All products	Qualcomm Incorporated and others	LG Electronics Inc.

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Provision of license	All products	LG Electronics Inc.	Panasonic Corporation and others
Use of trademarks	All products	LG Corp.	LG Electronics Inc.
Use of trademarks	Vehicle components	Magna International Inc.	LG Electronics Inc.

31. Related Party

(a) Major transactions for the nine-month periods ended September 30, 2022 and 2021, and balances of receivables and payables from transaction with related parties as at September 30, 2022 and December 31, 2021, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2022					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
Significantly influencing the Group	LG Corp.	395	-	395	-	129,835	129,835
Associates	LG Display Co., Ltd. and its subsidiaries	626,566	51,105	677,671	3,013,805	984	3,014,789
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	306	-	306	65,548	14,081	79,629
	Acryl Inc.	-	-	-	-	1,123	1,123
	ROBOTIS Co., Ltd.	-	-	-	-	2	2
	Robostar Co., Ltd. and its subsidiaries	62	-	62	14,213	1,285	15,498
	Subtotal	626,934	51,105	678,039	3,093,566	17,475	3,111,041
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	53,152	-	53,152	143,998	11	144,009
	EIC PROPERTIES PTE LTD.	-	-	-	-	617	617
	LG-MRI LLC	-	-	-	30,890	-	30,890
	Subtotal	53,152	-	53,152	174,888	628	175,516
Other related parties	LG CNS Co., Ltd. and its subsidiaries	105,787	536	106,323	122,461	471,141	593,602
	D&O Corp., LTD. and its subsidiaries ²	1,950	186	2,136	7,116	45,787	52,903
	LG Management Development Institute	830	-	830	83	50,978	51,061
	LG SPORTS Ltd.	23	21	44	280	9,704	9,984
	LG Holdings Japan Co., Ltd.	35	-	35	-	4,842	4,842
	Subtotal	108,625	743	109,368	129,940	582,452	712,392
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	656,430	2,353	658,783	1,050,471	290	1,050,761
	LX INTERNATIONAL CORP and its subsidiaries and associates ³	8,451	1,179	9,630	1,711,058	2,015,882	3,726,940
	LG Uplus Corp and its subsidiaries	23,102	9	23,111	28,833	4,464	33,297
	LX HAUSYS,LTD., its	2,665	372	3,037	1,670	385	2,055

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		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
	subsidiaries and associates ³						
	LX Semicon Co., Ltd. ³	25,905	2,012	27,917	9,664	719	10,383
	LG HOUSEHOLD & HEALTH						
	CARE LTD and its subsidiaries	1,966	1	1,967	404	130	534
	G II R Inc. and its subsidiaries	6,609	-	6,609	33	350,812	350,845
	LX MMA Corporation ³	29	-	29	-	-	-
	XI C&A Co., Ltd. and its subsidiaries ⁴	3,001	20	3,021	853	140,388	141,241
	S&I Corp. and its subsidiaries ⁴	14,329	-	14,329	2,727	45,788	48,515
	Subtotal	742,487	5,946	748,433	2,805,713	2,558,858	5,364,571
	Total	1,531,593	57,794	1,589,387	6,204,107	3,289,248	9,493,355

(in millions of Korean won)

		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
Significantly influencing the Group	LG Corp.	416	-	416	-	118,796	118,796
Associates	LG Display Co., Ltd. and its subsidiaries	446,583	62,926	509,509	3,576,370	191	3,576,561
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	650	-	650	43,873	192	44,065
	Acryl Inc.	-	-	-	-	1,027	1,027
	ROBOTIS Co., Ltd.	-	-	-	-	6	6
	Robostar Co., Ltd. and its subsidiaries	70	-	70	26,036	2,953	28,989
	Subtotal	447,303	62,926	510,229	3,646,279	4,369	3,650,648
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	42,436	-	42,436	113,892	3	113,895
	EIC PROPERTIES PTE LTD.	-	-	-	-	218	218
	LG-MRI LLC	21,407	-	21,407	28,615	-	28,615
	Subtotal	63,843	-	63,843	142,507	221	142,728
Other related parties	LG CNS Co., Ltd. and its subsidiaries	113,291	139	113,430	108,114	431,796	539,910
	S&I Corp. and its subsidiaries ²	19,165	-	19,165	8,137	187,155	195,292
	LG Management Development Institute	1,108	21	1,129	67	37,917	37,984
	LG SPORTS Ltd.	12	17	29	-	10,882	10,882
	LG MMA Ltd. ³	-	-	-	-	19	19
	LG Holdings Japan Co., Ltd.	14	-	14	-	853	853
	Subtotal	133,590	177	133,767	116,318	668,622	784,940
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	962,610	2,789	965,399	1,059,573	116,175	1,175,748
	LX INTERNATIONAL CORP and its subsidiaries and associates ³	10,630	739	11,369	3,425,553	2,150,758	5,576,311
	LG Uplus Corp and its subsidiaries	41,614	5	41,619	51,187	8,456	59,643
	LX HAUSYS,LTD., its	2,063	914	2,977	1,076	542	1,618

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Classification	Name	2021					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
	subsidiaries and associates ³						
	LX Semicon Co., Ltd. ³	65,599	2,457	68,056	12,302	411	12,713
	LG HOUSEHOLD & HEALTH						
	CARE LTD and its subsidiaries	5,386	1	5,387	163	202	365
	G II R Inc. and its subsidiaries	4,886	943	5,829	213	304,141	304,354
	LX Holdings Corp. ³	99	-	99	-	-	-
	LX MMA Corporation ³	8	-	8	-	-	-
	Subtotal	1,092,895	7,848	1,100,743	4,550,067	2,580,685	7,130,752
	Total	1,738,047	70,951	1,808,998	8,455,171	3,372,693	11,827,864

¹ Although the entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to a Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

² The entity changed its name from S&I Corp. to D&O Corp. on April 1, 2022.

³ LX Holdings Corp. and its affiliates are separated from the corporate group in accordance with independent management on June 21, 2022.

⁴ Transactions with entities which were excluded from consolidation due to sales of shares in subsidiaries of D&O Corp. during the three-month period ended March 31, 2022 are included.

⁵ Others include acquisition amount of right-of-use assets and interest expense of lease liabilities

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

(in millions of Korean won)

Classification	Name	September 30, 2022							
		Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
Significantly influencing the Group	LG Corp.	47	-	25,658	25,705	-	-	16,188	16,188
Associates	LG Display Co., Ltd. and its subsidiaries	199,241	-	72,374	271,615	671,987	-	69,040	741,027
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	-	-	62,357	-	209	62,566
	Robostar Co., Ltd. and its subsidiaries	42	-	-	42	705	-	8,743	9,448
	Subtotal	199,283	-	72,374	271,657	735,049	-	77,992	813,041
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	6,462	-	-	6,462	13,194	-	5	13,199
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	80	80
	LG-MRI LLC	-	-	-	-	6,181	-	5	6,186
	Subtotal	6,462	-	-	6,462	19,375	-	90	19,465
Other related parties	LG CNS Co., Ltd. and its subsidiaries	41,031	-	122	41,153	12,261	-	193,311	205,572
	D&O Corp., LTD. and its subsidiaries ²	76	-	1,000	1,076	21	-	8,401	8,422
	LG Management Development Institute	3	-	-	3	-	-	1,604	1,604

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September 30, 2022

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
	LG SPORTS Ltd.	1	-	-	1	-	-	619	619
	LG Holdings Japan Co., Ltd.	-	-	5,673	5,673	-	-	-	-
	Subtotal	41,111	-	6,795	47,906	12,282	-	203,935	216,217
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures ³	228,341	-	199,102	427,443	505,905	-	55,240	561,145
	LG Uplus Corp and its subsidiaries	881	-	18	899	1,347	-	896	2,243
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	75	-	340	415	27	-	182	209
	G II R Inc. and its subsidiaries	34	-	897	931	829	-	192,616	193,445
	XI C&A Co., Ltd. and its subsidiaries	1,802	-	-	1,802	-	-	82,172	82,172
	S&I Corp. and its subsidiaries	3,251	-	18	3,269	403	-	10,536	10,939
	Subtotal	234,384	-	200,375	434,759	508,511	-	341,642	850,153
	Total	481,287	-	305,202	786,489	1,275,217	-	639,847	1,915,064

(in millions of Korean won)

December 31, 2021

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
Significantly influencing the Group	LG Corp.	45	-	25,447	25,492	-	-	53,538	53,538
Associates	LG Display Co., Ltd. and its subsidiaries	144,286	-	56,336	200,622	753,472	-	75,527	828,999
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	110	-	-	110	39,494	-	543	40,037
	Acryl Inc.	-	-	-	-	-	-	120	120
	Robostar Co., Ltd. and its subsidiaries	85	-	-	85	343	-	10,527	10,870
	Subtotal	144,481	-	56,336	200,817	793,309	-	86,717	880,026
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	20,507	-	-	20,507	12,852	-	-	12,852
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	68	68
	LG-MRI LLC	8,753	-	1,292	10,045	11,015	-	28	11,043
	Subtotal	29,260	-	1,292	30,552	23,867	-	96	23,963
Other related parties	LG CNS Co., Ltd. and its subsidiaries	31,234	-	237	31,471	22,091	-	301,526	323,617
	S&I Corp. and its subsidiaries ²	13,296	-	24,802	38,098	604	-	54,557	55,161
	LG Management Development Institute	31	-	15,544	15,575	-	-	1,396	1,396

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		December 31, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ⁶	Total
	LG SPORTS Ltd.	1	-	-	1	-	-	699	699
	LG Holdings Japan Co., Ltd.	-	-	5,884	5,884	-	-	-	-
	Subtotal	44,562	-	46,467	91,029	22,695	-	358,178	380,873
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures ³	181,175	-	894,909	1,076,084	291,647	-	16,202	307,849
	LX INTERNATIONAL CORP. and its subsidiaries and associates ⁴	17,718	-	3,523	21,241	182,776	-	413,614	596,390
	LG Uplus Corp and its subsidiaries	4,476	-	161	4,637	3,751	-	983	4,734
	LX HAUSYS, LTD. and its subsidiaries and associates ⁴	695	-	12	707	486	-	1,119	1,605
	LX Semicon Co., Ltd. ⁴	9,021	-	89	9,110	6,486	-	2	6,488
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,128	-	2,818	3,946	29	-	162	191
	G II R Inc. and its subsidiaries	33	-	345	378	1,009	-	231,831	232,840
	LX MMA Corporation ⁵	81	-	-	81	-	-	-	-
	Subtotal	214,327	-	901,857	1,116,184	486,184	-	663,913	1,150,097
	Total	432,675	-	1,031,399	1,464,074	1,326,055	-	1,162,442	2,488,497

¹ Although the entities are not the related parties of the Group in accordance with Korean IFRS 1024, the entities belong to a Large Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act.

² The entity changed its name from S&I Corp. to D&O Corp. on April 1, 2022.

³ The amount agreed to be reimbursed by the related party for provisions to be paid by the Group to a third party is included.

⁴ LX Holdings Corp. and its affiliates are separated from the corporate group based on their independent management on June 21, 2022.

⁵ Other payables include lease liabilities.

iii) Significant capital transactions and others with related parties for the nine-month periods ended September 30, 2022 and 2021, are as follows:

(in millions of Korean won)

		2022						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ²	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	46,830	-	-	-	-	20,760
Associates	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	LG-MRI LLC	540	-	-	-	-	-	-

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		2022						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ²	
					Loans	Collections	Borrowings	Repayments
	CCP-LGE OWNER, LLC	28	-	-	-	-	-	
	LG-LHT Aircraft Solutions GmbH	-	-	9,496	-	-	-	
	LG-LHT Passenger Solutions GmbH	-	-	9,496	-	-	-	
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	341	-	-	-	
	Rinse	-	-	11,154	-	-	-	
	Mirae Asset-LG Electronics New Growth Fund I	2,362	-	18,023	-	-	-	
	Subtotal	99,336	-	48,510	-	-	-	
Other related parties	LG CNS Co., Ltd. and its subsidiaries	-	-	-	-	204	53	
	D&O Corp. and its subsidiaries ¹	-	-	-	-	3,219	448	
	Subtotal	-	-	-	-	3,423	501	
	Total	99,336	46,830	48,510	-	3,423	21,261	

(in millions of Korean won)

		2021						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ²	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	66,113	-	-	-	20,645	
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	
	LG-MRI LLC	274	-	-	-	-	-	
	LG-LHT Aircraft Solutions GmbH	-	-	8,516	-	-	-	
	LG-LHT Passenger Solutions GmbH	-	-	7,461	-	-	-	
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	303	-	-	-	
	Subtotal	5,524	-	16,280	-	-	-	
Other related parties	S&I Corp. ¹	-	-	-	-	-	271	
	Total	5,524	66,113	16,280	-	-	20,916	

¹ The entity changed its name from S&I Corp. to D&O Corp. on April 1, 2022.

² Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

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- (b) The compensation paid or payable to key management personnel for the nine-month periods ended September 30, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	2022	2021
Salaries and other short-term benefits	10,259	11,474
Post-employment benefits	1,160	1,464
Other long-term benefits	2	44
Total	11,421	12,982

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

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

32. Risk Management

Financial Risk Management

The Group'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 Group 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 Parent Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey (United States), Amsterdam (Netherlands), Beijing (China), and Singapore in coordination with Finance Division in the Parent Company. And it also helps to improve overseas subsidiaries' business competitiveness by performing integration of their finance functions.

The Group 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 5 and Note 12, respectively.

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(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Group 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 Group's foreign exchange risk management is implemented under its own foreign exchange policy through which the Group 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 Group 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.

As at September 30, 2022 and December 31, 2021, 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>	September 30, 2022		December 31, 2021	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	40,844	(40,844)	(3,521)	3,521
EUR/KRW	11,286	(11,286)	(2,378)	2,378

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ii) Interest rate risk

The Group 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 Group minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Group 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 nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	56,729	(56,729)	48,767	(48,767)
Interest expenses	9,191	(9,191)	3,722	(3,722)

iii) Details of derivative contracts are as follows:

Derivatives for hedging purposes

The Group entered into the currency forward, 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 <i>(in millions)</i>	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
							Assets	Liabilities
Currency forward	DZ Bank AG and others	CZK 75 (EUR/CZK)	26.1 ~ 26.2	-	2021.10.14	2022.10.4 ~ 2022.12.2	246	-
	MUFG Bank and others	USD 769 (USD/KRW)	1,067.9 ~ 1,277.0	1.88 ~ 3.64	2017.10.23 ~ 2022.5.12	2022.11.22 ~ 2031.7.28	281,346	9,095
Cross-currency swap	CITI BANK	EUR 95 (EUR/KRW)	1,312	3.84	2022.7.15	2028.1.14	6,806	-
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	2020.7.9	2024.1.9	24,694	-
Interest rate swap	Woori Bank and others	KRW 941,178 / EUR 100 / USD 231	-	1.00 ~ 4.53	2014.1.3 ~ 2018.5.24	2023.2.24 ~ 2030.7.7	53,534	-

Interest rates received for the above swap contracts are equal to annual interest rates of

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borrowings (Note 12).

Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	Hedged items	Book amount	Changes in fair value (net of tax)
Currency forward	Forecast transactions	-	(518)
Cross-currency swap	Borrowings	1,376,020	(190,869)
Interest rate swap	Borrowings	1,373,034	(74,110)

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	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 profit or loss (net of tax)	Accumulated other comprehensive profit or loss
Currency forward	518	Exchange differences	(873)	(355)	(273)
Cross-currency swap	190,869	Interest expense and exchange differences	(151,058)	39,811	38,811
Interest rate swap	74,110	Interest expense	5,963	80,073	45,865

Derivatives for non-hedging purposes

Currency forward and interest rate swap contracts

The Group entered into the currency forward, the cross-currency swap and the interest rate swap contracts to manage the risk against possible future changes in foreign exchange rates and interest rates. Details of currency forward contracts of subsidiaries and the interest rate swap contracts as at September 30, 2022, and related profit or loss for the nine-month period ended September 30, 2022, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (Loss) on valuation	Gain (Loss) on transaction
Currency forward	552,332	553,465	9,260	(44,582)
Interest rate swap	-	-	6,944	-

Stock purchase contracts

According to the put options granted to employees to whom stock options of Cybellum Technologies Ltd. were granted, the Group recognized ₩4,151 million of derivative liabilities and ₩660 million of gain on derivatives transaction during the nine-month period ended September 30, 2022.

iv) Price risk

The Group is exposed to price risk through equity securities owned by the Group classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

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The listed securities owned by the Group are traded in the open market, and related to KOSDAQ, NASDAQ and NYSE Index and Austrian Traded 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 Group have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	4,457	(4,457)	6,789	(6,789)
NASDAQ	1,894	(1,894)	3,300	(3,300)
NYSE	2,595	(2,595)	3,343	(3,343)
Austrian Traded Index	157	(157)	165	(165)

The valuation and changes in book amounts of the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss related to the market risk above are presented in Note 7.

(b) Credit risk

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

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

At the end of the reporting period, trade receivable balance of the Group is ₩11,107,062 million (December 31, 2021: ₩8,277,060 million) and its risk is managed appropriately within insurer's credit limit of ₩28,804,984 million (December 31, 2021: ₩24,367,747 million). Therefore, the Group determined that credit risk exposed to the Group is limited.

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

(c) Liquidity risk

The Group forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively. The Group 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.

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The Group 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 Group 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.

- i) Cash flow information on maturity of financial liabilities as at September 30, 2022, is as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Trade payables	11,021,463	11,021,463	-	-	-
Borrowings	13,818,809	2,979,690	1,825,408	5,331,559	3,682,152
Lease liabilities	1,209,395	318,857	233,356	421,830	235,352
Other payables	4,077,589	3,935,632	480	135,650	5,827
Other financial liabilities	9,916	6,426	-	3,141	349
Total	30,137,172	18,262,068	2,059,244	5,892,180	3,923,680

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative within other financial liabilities that are not qualified for hedge accounting have been included at their fair value of ₩6,426 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) At the end of the reporting period, the maturity analysis of financial guarantee contracts provided by the Group to third party companies is as follows:

<i>(in millions of Korean won)</i>	Total	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Financial guarantee contracts	46,000	46,000	-	-	-

The above cash flow is the maximum amount of guarantees allocated to earliest period in which the Group can be required to make payments.

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Capital Risk Management

The Group's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Group 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.

Debt-to-equity ratio and net borrowing ratio as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2022	December 31, 2021
Liability (A)	36,404,183	33,383,445
Equity (B)	24,895,245	20,098,033
Cash and cash equivalents (C)	7,567,670	6,051,516
Borrowings and lease liabilities (D)	12,548,924	10,886,975
Debt-to-equity ratio (A/B)	146.2%	166.1%
Net borrowings ratio ((D-C)/B)	20.0%	24.1%

Fair Value Estimation

(a) The book amount and fair value of the Group's financial assets and liabilities as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	8,889	8,889	93,494	93,494
Financial assets at fair value through other comprehensive income				
Trade receivables	2,492,496	1	-	-
Other financial assets	-	-	122,285	122,285
Derivatives for hedging purposes				
Other financial assets	35,863	35,863	330,763	330,763
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	7,567,670	1	-	-
Deposits held by financial institutions	160,423	1	56,655	56,655
Trade receivables	8,385,404	1	1,316	1,316
Other receivables	592,862	1	700,768	664,660
Other assets				
Trade receivables	19,398	1	109,651	109,651
Total	19,263,005		1,414,932	

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<i>(in millions of Korean won)</i>	September 30, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	6,426	6,426	3,491	3,491
Derivatives for hedging purposes				
Other financial liabilities	-	-	9,095	9,095
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	11,021,463	1	-	-
Borrowings	2,721,058	1	8,717,122	7,743,339
Other payables	3,935,580	1	141,804	141,632
Other liabilities				
Lease liabilities	302,329	2	808,415	2
Other financial liabilities	12	3	-	3
Total	17,986,868		9,679,927	

<i>(in millions of Korean won)</i>	December 31, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	7,924	7,924	71,221	71,221
Financial assets at fair value through other comprehensive income				
Trade receivables	1,567,007	1	-	-
Other financial assets	-	-	121,222	121,222
Derivatives for hedging purposes				
Other financial assets	10,352	10,352	31,135	31,135
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	6,051,516	1	-	-
Deposits held by financial institutions	146,456	1	58,935	58,935
Trade receivables	6,595,693	1	3,038	3,038
Other receivables	489,056	1	671,903	645,960
Other assets				
Trade receivables	3,759	1	22,040	22,040
Total	14,871,763		979,494	

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Liabilities at fair value				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	8,398	8,398	8,695	8,695
Derivatives for hedging purposes				
Other financial liabilities	-	-	51,095	51,095
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	8,741,937	¹	-	-
Borrowings	1,895,600	¹	8,035,953	8,043,340
Other payables	4,077,421	¹	116,330	116,324
Other liabilities				
Lease liabilities	292,526	²	662,896	²
Other financial liabilities	114	³	-	-
Total	15,015,996		8,874,969	

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

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

³ 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 Group 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 listed equity securities.

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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 Group 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 equity investments 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 Group uses various valuation techniques that the Group 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 September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	33,364	-	88,921	122,285
Financial assets at fair value through profit or loss	439	8,450	91,032	99,921
Derivatives for hedging purposes	-	366,626	-	366,626
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	9,917	-	9,917
Derivatives for hedging purposes	-	9,095	-	9,095
December 31, 2021				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Financial assets at fair value through other comprehensive income	60,441	-	60,781	121,222
Financial assets at fair value through profit or loss	2,297	5,627	71,221	79,145
Derivatives for hedging purposes	-	41,487	-	41,487
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	17,093	-	17,093
Derivatives for hedging purposes	-	51,095	-	51,095

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 September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	September 30, 2022	December 31, 2021		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	8,450	5,627	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	366,626	41,487	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	9,917	17,093	Discounted cash flow and binomial model	Discount rate and exchange rate share price and volatility
Derivatives for hedging purposes	9,095	51,095	Discounted cash flow	Discount rate and exchange rate

- Valuation techniques and inputs used in the 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 September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	56,655	56,655
Non-current trade receivables	-	-	110,967	110,967
Non-current other receivables	-	-	664,660	664,660
Liabilities				
Non-current borrowings	-	-	7,743,339	7,743,339
Non-current other payables	-	-	141,632	141,632

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	58,935	58,935
Non-current trade receivables	-	-	25,078	25,078
Non-current other receivables	-	-	645,960	645,960
Liabilities				
Non-current borrowings	-	-	8,043,340	8,043,340
Non-current other payables	-	-	116,324	116,324

- 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 September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022		December 31, 2021		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Book amount	Fair value	Book amount	Fair value				
Assets								
Non-current deposits held by financial institutions	56,655	56,655	58,935	58,935	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 1.8%
Non-current trade receivables	110,967	110,967	25,078	25,078	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.0% ~ 4.8%
Non-current other receivables	700,768	664,660	671,903	645,960	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.2% ~ 8.9%
Liabilities								
Non-current borrowings	8,717,122	7,743,339	8,035,953	8,043,340	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.5% ~ 5.9%
Non-current other payables	141,804	141,632	116,330	116,324	Discounted cash flow	Discount rate and exchange rate	Discount rate	5.0% ~ 5.2%

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33. Business Combinations

- (a) On November 1, 2021, the Group acquired 69.6% shares of Cybellum Technologies Ltd. and its subsidiaries in order to secure vehicle security technology.

The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration	
Cash and cash equivalents	109,558
Other payables ¹	48,048
Other financial liabilities ¹	4,151
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	5,168
Trade receivables ²	237
Other assets	92
Non-current assets	
Property, plant and equipment	1,039
Intangible assets	58,018
Other assets	265
Current liabilities	
Trade and other payables	2,114
Other liabilities	1,216
Non-current liabilities	
Other payables	169
Other liabilities	958
Deferred tax liabilities	13,344
Fair value of total identifiable net assets	47,018
Non-controlling interests ³	4,348
Goodwill⁴	119,087

¹ According to the non-controlling interest in Cybellum Technologies Ltd. and the put options grant to employees to whom stock options were granted, the Group recognized such obligation as financial liabilities at the acquisition date.

² The fair value of above trade receivables is the same as the contractual amount in gross.

³ Non-controlling interests of ₩4,348 million is the fair value of share options issued by Cybellum Technologies Ltd. measured at the acquisition date.

⁴ Goodwill incurred in a business combination amounting to ₩119,087 million is due to an increase in sales from integration of business with Cybellum Technologies Ltd. and its subsidiary, which is not allowed to be tax deductible.

The acquisition-related direct costs in relation to business combination amounting to ₩2,250 million was recognized as expenses as incurred.

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34. Assets Classified as Held for Sale

- (a) Details of assets classified as held for sale as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022¹	December 31, 2021²
Assets held for sale		
Cash and cash equivalents	-	58,371
Land	30,815	35,079
Building	18,533	58,174
Machinery	136	19,280
Other property, plant and equipment	1,012	773
Intangible assets	34	-
Other assets	10,986	8,403
Total	61,516	180,080

¹ The sale is in progress as at September 30, 2022 and expected to be completed by 2022.

² The sale of LED business of LG Innotek Co., Ltd. and its subsidiaries was completed for the nine-month period ended September 30, 2022 and the sale of land and buildings held by the Group is in progress.

- (b) Assets held for sale were measured at fair value less costs to sell before the reclassification, and the Group recognized impairment loss on property, plant and equipment amounting to ₩4,803 million in 2022.
- (c) Details of other components of equity as held for sale as at September 30, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2022	December 31, 2021
Exchange differences on translation of foreign operations	6,721	12,299

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35. Discontinued Operation

In 2022 and 2021, the Group discontinued the operations of energy business and MC business, respectively, in order to focus on the Group'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 nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Net sales	351,664	2,288,732
Operating loss	(158,842)	(1,391,351)
Loss before income tax ¹	(193,099)	(1,859,515)
Income tax expense ¹	(52,852)	(486,132)
Loss for the period, net of tax	(140,247)	(1,373,383)

¹ It includes an impairment loss and loss on disposal of property, plant and equipment and intangible assets amounting to ₩13,545 million due to discontinued operations of MC and energy business, and income tax benefits of ₩3,123 million for the related profit or loss during the nine-month period ended September 30, 2022.

Cash flows from discontinued operations for the nine-month periods ended September 30, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Net cash inflow (outflow) from operating activities	(99,770)	(1,639,917)
Net cash inflow (outflow) from investing activities	448,632	77,507
Net cash inflow (outflow) from financing activities	(348,862)	1,562,410