

LG Electronics Inc.

**Condensed Consolidated Interim Financial Statements
September 30, 2023 and 2022**

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Report on Review of Condensed Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Electronics Inc. and its subsidiaries (collectively referred to as the “Group”). These condensed consolidated interim financial statements consist of the consolidated interim statement of financial position of the Group as of September 30, 2023, and the related consolidated interim statements of profit or loss, comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, and the related consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial statements are not prepared, 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 of December 31, 2022, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, in our audit report dated March 17, 2023. The consolidated statement of financial position as of December 31, 2022, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2022.

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

November 14, 2023
Seoul, Korea

This report is effective as of November 14, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

LG Electronics
Consolidated Interim Statements of Financial Position
September 30, 2023 and December 31, 2022

(in millions of Korean won)

	Notes	September 30, 2023 (Unaudited)	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	5,32	8,112,196	6,322,360
Deposits held by financial institutions	5,32	146,523	171,046
Trade receivables	5,6,32	10,827,856	8,216,512
Other receivables	5,6,32	654,694	602,782
Other financial assets	5,7,32	118,010	7,823
Inventories	8	9,948,466	9,388,808
Current tax assets		177,431	215,722
Contract assets	9	941,374	704,039
Other current assets		1,693,355	1,846,221
Assets held for sale	34	4,230	12,915
		<u>32,624,135</u>	<u>27,488,228</u>
Non-current assets			
Deposits held by financial institutions	5,32	75,717	75,180
Trade receivables	5,6,32	418,822	143,209
Other receivables	5,6,32	1,813,198	787,793
Other financial assets	5,7,32	498,319	411,158
Property, plant and equipment	10	16,749,478	15,831,838
Intangible assets	10	2,685,920	2,454,830
Deferred tax assets		2,502,674	2,452,091
Investments in associates and joint ventures	11	3,003,565	3,963,550
Investment properties		95,740	101,877
Net defined benefit assets	14	651,869	771,233
Contract assets	9	474,476	364,643
Other non-current assets		309,179	310,511
		<u>29,278,957</u>	<u>27,667,913</u>
		<u>61,903,092</u>	<u>55,156,141</u>
Total assets			
Liabilities			
Current liabilities			
Trade payables	5,32	10,848,196	8,212,419
Borrowings	5,12,32	2,475,371	2,287,518
Lease liabilities	5,13,32	296,802	303,969
Other payables	5,32	3,980,255	4,551,554
Other financial liabilities	5,7,32	4,692	10,237
Current tax liabilities		227,966	250,575
Provisions	15	1,023,909	1,480,805
Contract liabilities	9	2,029,806	1,443,977
Other current liabilities		4,227,954	3,791,495
		<u>25,114,951</u>	<u>22,332,549</u>
Non-current liabilities			
Borrowings	5,12,32	10,790,609	8,757,669
Lease liabilities	5,13,32	818,316	792,266
Other payables	5,32	148,418	136,509
Other financial liabilities	5,7,32	21,192	10,428
Deferred tax liabilities		34,577	46,801
Net defined benefit liabilities	14	104,841	86,220
Provisions	15	406,916	288,130
Contract liabilities	9	63,411	47,212
Other non-current liabilities		174,762	166,360
		<u>12,563,042</u>	<u>10,331,595</u>
		<u>37,677,993</u>	<u>32,664,144</u>
Total liabilities			
Equity			
Paid-in capital:	16		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	17	16,755,249	15,834,021
Accumulated other comprehensive income (loss)	18	(98,496)	(750,372)
Accumulated other comprehensive income (loss) from assets held for sale	34	(32)	838
Other components of equity	19	(105,021)	(84,727)
		<u>20,544,048</u>	<u>18,992,108</u>
Equity attributable to owners of the Parent Company		<u>20,544,048</u>	<u>18,992,108</u>
Non-controlling interests		<u>3,681,051</u>	<u>3,499,889</u>
Total equity		<u>24,225,099</u>	<u>22,491,997</u>
Total liabilities and equity		<u>61,903,092</u>	<u>55,156,141</u>

LG Electronics
Consolidated Interim Statements of Profit or Loss
Three-month and Nine-month Periods Ended September 30, 2023 and 2022

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

	Notes	Period Ended September 30			
		2023 (Unaudited)		2022 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Continuing operations					
Net sales	20	20,709,340	61,123,669	21,176,765	61,609,810
Cost of sales	21	15,697,860	46,056,242	16,131,316	45,607,560
Gross profit		5,011,480	15,067,427	5,045,449	16,002,250
Selling and marketing expenses	21,22	2,480,788	7,251,664	2,705,259	8,073,256
Administrative expenses	21,22	494,438	1,441,788	455,646	1,321,277
Research and development expenses	21,22	637,316	1,847,308	609,068	1,743,804
Service costs	21,22	402,278	1,290,702	528,919	1,382,212
Operating profit		996,660	3,235,965	746,557	3,481,701
Financial income	23	312,157	1,016,921	316,451	796,868
Financial expenses	24	283,446	1,006,016	239,993	791,110
Loss from equity method valuation	11	(266,873)	(1,060,122)	(302,277)	(441,637)
Other non-operating income	25	484,927	1,677,079	1,042,343	2,557,918
Other non-operating expenses	26	594,417	1,894,946	1,127,106	2,497,629
Profit before income tax		649,008	1,968,881	435,975	3,106,111
Income tax expense		163,604	743,140	135,608	890,400
Profit (Loss) from continuing operations		485,404	1,225,741	300,367	2,215,711
Discontinued operations					
Profit (Loss) from discontinued operations	35	(142)	1,304	36,064	(140,247)
Profit (Loss) for the period		485,262	1,227,045	336,431	2,075,464
Profit (Loss) for the period attributable to:					
Owners of the Parent Company					
Profit (Loss) from continuing operations		385,557	1,017,467	86,672	1,682,563
Profit (Loss) from discontinued operations		(142)	1,304	36,057	(140,178)
		385,415	1,018,771	122,729	1,542,385
Non-controlling interests					
Profit (Loss) from continuing operations		99,847	208,274	213,695	533,148
Profit (Loss) from discontinued operations		-	-	7	(69)
		99,847	208,274	213,702	533,079
Earnings (Losses) per share attributable to owners of the Parent Company during the period (in Korean won):					
Earnings (losses) per ordinary share	27	2,139	5,654	682	8,563
From continuing operations		2,140	5,647	481	9,341
From discontinued operations		(1)	7	201	(778)
Earnings (losses) per preferred share		2,151	5,691	694	8,600
From continuing operations		2,152	5,684	493	9,378
From discontinued operations		(1)	7	201	(778)

LG Electronics
Consolidated Interim Statements of Comprehensive Income
Three-month and Nine-month Periods Ended September 30, 2023 and 2022

(in millions of Korean won)

	Notes	Period Ended September 30			
		2023 (Unaudited)		2022 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Profit (Loss) for the period		485,262	1,227,045	336,431	2,075,464
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	76,556	36,728	200,651	605,178
Share of remeasurements of associates	11	21	(594)	(1,886)	54,514
Financial assets at fair value through other comprehensive income	7	(3,630)	3,828	(4,728)	(21,078)
<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	50,939	80,306	143,744	251,439
Cash flow hedges	32	8,092	(2,808)	34,114	119,529
Exchange differences on translation of foreign operations		65,954	622,444	939,362	1,941,593
Other comprehensive income (loss) for the period, net of tax		197,932	739,904	1,311,257	2,951,175
Total comprehensive income (loss) for the period, net of tax		683,194	1,966,949	1,647,688	5,026,639
Total comprehensive income (loss) for the period, net of tax, attributable to:					
Owners of the Parent Company		552,718	1,699,139	1,336,515	4,297,707
Non-controlling interests		130,476	267,810	311,173	728,932
Total comprehensive income (loss) for the period, net of tax		683,194	1,966,949	1,647,688	5,026,639

LG Electronics
Consolidated Interim Statements of Changes in Equity
Nine-month Periods Ended September 30, 2023 and 2022

		Attributable to Owners of the Parent Company								
		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss) from Assets Held for Sale	Other Components of Equity	Total	Non-controlling Interests	Total Equity	
(in millions of Korean won)	Notes									
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 (Loss) 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	
Balance at January 1, 2023		3,992,348	15,834,021	(750,372)	838	(84,727)	18,992,108	3,499,889	22,491,997	
Total comprehensive income (loss):										
	Profit (Loss) for the period	-	1,018,771	-	-	-	1,018,771	208,274	1,227,045	
	Remeasurements of the net defined benefit liability	14	-	30,164	-	-	30,164	6,564	36,728	
	Share of remeasurements of associates	11	-	(594)	-	-	(594)	-	(594)	
	Financial assets at fair value through other comprehensive income	7	-	-	3,596	-	3,388	440	3,828	
	Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	11	-	-	80,306	-	80,306	-	80,306	
	Cash flow hedges	32	-	-	(1,915)	-	(1,915)	(893)	(2,808)	
	Exchange differences on translation of foreign operations		-	-	569,889	(870)	569,019	53,425	622,444	
Total comprehensive income (loss)		-	1,048,133	651,876	(870)	-	1,699,139	267,810	1,966,949	
Transactions with owners:										
	Dividends	17	-	(126,905)	-	-	(126,905)	(101,223)	(228,128)	
	Changes in controlling interests in subsidiaries		-	-	-	(20,294)	(20,294)	9,775	(10,519)	
	Issuance of ordinary shares of subsidiaries		-	-	-	-	-	4,800	4,800	
Total transactions with owners		-	(126,905)	-	-	(20,294)	(147,199)	(86,648)	(233,847)	
Balance at September 30, 2023 (Unaudited)		3,992,348	16,755,249	(98,496)	(32)	(105,021)	20,544,048	3,681,051	24,225,099	

LG Electronics

Consolidated Interim Statements of Cash Flows

Nine-month Periods Ended September 30, 2023 and 2022

(in millions of Korean won)

	Notes	Nine-month Period Ended September 30	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Cash generated from (used in) operations	28	5,230,190	3,621,299
Interest received		293,563	102,535
Interest paid		(384,293)	(267,738)
Dividend received		12,821	102,152
Income tax paid		(774,932)	(923,494)
Net cash inflow (outflow) from operating activities		<u>4,377,349</u>	<u>2,634,754</u>
Cash flows from investing activities			
Decrease in deposits held by financial institutions		117,941	9,432
Decrease in other receivables		116,177	135,766
Proceeds from redemption and disposal of other financial assets		36,234	77,359
Proceeds from disposal of property, plant and equipment		38,876	84,197
Proceeds from disposal of intangible assets		4,210	126,790
Proceeds from withdrawal and disposal of investments in associates and joint ventures		-	1,977
Proceeds from disposal of assets held for sale		13,358	301,283
Transfer of business		-	39,060
Increase in deposits held by financial institutions		(169,248)	(6,110)
Increase in other receivables		(1,135,659)	(133,517)
Acquisition of other financial assets		(78,760)	(151,499)
Acquisition of property, plant and equipment		(2,506,808)	(2,196,755)
Acquisition of intangible assets		(617,248)	(439,688)
Acquisition of investments in associates and joint ventures		(28,401)	(53,037)
Net cash inflow (outflow) from investing activities		<u>(4,209,328)</u>	<u>(2,204,742)</u>
Cash flows from financing activities			
Proceeds from borrowings		4,970,504	3,447,094
Increase in non-controlling interests		63,717	21
Repayments of borrowings		(3,018,094)	(2,390,966)
Repayments of lease liabilities		(274,906)	(250,230)
Decrease in non-controlling interests		-	(8,479)
Dividends paid		(228,128)	(225,772)
Net cash inflow (outflow) from financing activities		<u>1,513,093</u>	<u>571,668</u>
Effects of exchange rate changes on cash and cash equivalents		108,722	456,103
Net increase (decrease) in cash and cash equivalents		<u>1,789,836</u>	<u>1,457,783</u>
Cash and cash equivalents included in assets held for sale at the beginning of the period		-	58,371
Cash and cash equivalents at the beginning of the period		6,322,360	6,051,516
Cash and cash equivalents included in assets held for sale at the end of the period		-	-
Cash and cash equivalents at the end of the period		<u>8,112,196</u>	<u>7,567,670</u>

LG Electronics Inc.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2023 and 2022 (Unaudited), and December 31, 2022

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 of September 30, 2023, 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 of September 30, 2023, the Parent Company has 144 subsidiaries (Note 1 (a)), 21 associates and joint ventures (Note 11).

LG Electronics Inc.
Notes to the Condensed Consolidated Interim Financial Statements
September 30, 2023 and 2022 (Unaudited), and December 31, 2022

(a) Consolidated subsidiaries as of September 30, 2023 and December 31, 2022, are as follows:

Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		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
	Korea	HIEVCHARGER CO., LTD. ⁵	60.0%	40.0%	60.0%	40.0%	December	Manufacture of electric transformers	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

LG Electronics Inc.
Notes to the Condensed Consolidated Interim Financial Statements
September 30, 2023 and 2022 (Unaudited), and December 31, 2022

Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		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 Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	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

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Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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
	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
Asia	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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Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		Closing month	Major business	Basis of control
			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	55.7%	44.3%	56.1%	43.9%	March	R&D	More than half of voting rights
	Indonesia	PT LGE INDONESIA RESEARCH AND DEVELOPMENT CENTER (LGERC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	Cybellum Technologies Ltd.	69.2%	30.8%	69.2%	30.8%	December	Development and sales of automotive security solutions	More than half of voting rights
	Vietnam	LG Electronics Development Vietnam Company Limited (LGEDV)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Indonesia	PT HI-M SOLUTEK INDONESIA	100.0%	-	100.0%	-	December	Services	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

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Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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
	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

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Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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
	Germany	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 ⁶	-	-	70.0%	30.0%	December	Production and sales of vehicle components	More than half of voting rights
	Austria	ZKW Lichtsysteme GmbH ⁶	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

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Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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
	Poland	HI-M SOLUTEK POLAND Sp. z o.o.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Hungary	ACE R&A Hungary Limited Liability Company	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
	UK	Alphonso UK Limited	55.7%	44.3%	56.1%	43.9%	December	Advertisement	More than half of voting rights
	Greece	Alphonso Hellas S.A.	55.7%	44.3%	56.1%	43.9%	December	Advertisement	More than half of voting rights
	Hungary	LG Magna e-Powertrain Hungary Ltd.	51.0%	49.0%	-	-	December	Production and sales of vehicle components	More than half of voting rights
	Germany	HI-M SOLUTEK Germany GmbH	100.0%	-	-	-	December	Services	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.(LGECL)	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

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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 vehicle components	More than half of voting rights
	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.	55.7%	44.3%	56.1%	43.9%	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	69.2%	30.8%	69.2%	30.8%	December	Development and sales of automotive security solutions	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	LG Electronics Fund II LLC	100.0%	-	100.0%	-	December	Investment in technology start-ups	More than half of voting rights
	USA	NOVA Prime Fund I, LP.	100.0%	-	100.0%	-	December	Investment in technology start-ups	More than half of voting rights
	USA	NOVA Prime Ventures LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	NOVA Prime Ventures GP LLC	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Mexico	HI-M SOLUTEK MEXICO S DE RL DE CV.	100.0%	-	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%	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

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Middle East and Africa	Guatemala	LG Electronics Guatemala, S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	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
	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	

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Territory	Location	Subsidiary	September 30, 2023		December 31, 2022		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	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	Sales of electronic products	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
	Israel	Cybellum Technologies Ltd.	69.2%	30.8%	69.2%	30.8%	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).

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, 2023 were used for those subsidiaries with different fiscal year ends.

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⁵ The entity changed its name from APPELMANGO CO., LTD. to HIEVCHARGER CO., LTD. for the nine-month period ended September 30, 2023.

⁶ ZKW Elektronik GmbH was merged into ZKW Lichtsysteme GmbH, a subsidiary of ZKW Group GmbH for the nine-month period ended September 30, 2023.

(b) Financial information of major subsidiaries as of September 30, 2023 and December 31, 2022, and for the three-month and nine-month periods ended September 30, 2023 and 2022, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	September 30, 2023			2023			
	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.	10,014,974	6,396,926	3,618,048	4,657,962	101,298	12,733,432	142,690
LG Electronics U.S.A., Inc.(LGEUS)	6,695,758	4,563,199	2,132,559	3,618,446	(43,381)	10,541,891	279,936
LG Electronics European Shared Service Center B.V.(LGESC)	1,385,664	1,340,894	44,770	159,091	(5,084)	568,173	2,930
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,689,647	861,040	828,607	840,613	50,930	2,655,790	206,274
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,996,351	990,356	1,005,995	1,249,128	33,213	3,849,083	117,984
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,302,796	657,448	645,348	853,408	9,933	2,659,416	101,193
Zenith Electronics LLC(Zenith)	1,748,892	200,918	1,547,974	56,850	25,840	192,392	95,055
LG Electronics do Brasil Ltda.(LGEBR)	1,662,955	382,415	1,280,540	418,488	(14,378)	1,186,697	68,754
Hiplaza Co., Ltd.	1,126,337	904,401	221,936	656,672	18,723	1,864,284	9,776
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	2,190,670	1,430,611	760,059	1,531,517	48,260	3,047,907	61,327
ZKW Lichtsysteme GmbH	920,861	534,433	386,428	197,073	7,897	632,009	18,189
LG Electronics (China) Co., Ltd(LGECH)	957,219	879,514	77,705	74,044	9,503	227,672	51,273
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	1,054,850	603,443	451,407	434,450	5,280	1,600,526	89,960
ZKW Group GmbH	1,517,889	1,124,618	393,271	33,730	9,742	110,676	15,436
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	683,422	492,710	190,712	348,006	13,635	988,584	40,062
LG Electronics (Thailand) Company Limited(LGETH)	610,141	358,998	251,143	342,523	20,647	1,242,074	46,091
P.T. LG Electronics Indonesia(LGEIN)	1,055,671	481,835	573,836	740,109	12,979	2,156,746	65,822
LG Electronics Nanjing New Technology co.,LTD(LGENT)	746,564	474,261	272,303	489,387	(2,409)	1,526,916	46,610

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<i>(in millions of Korean won)</i>	September 30, 2023			2023			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales ¹	Profit (loss) for the period	Sales ¹	Profit (loss) for the period
Nanjing LG Panda Appliances Co., Ltd.(LGEPN)	548,198	358,062	190,136	269,717	8,439	832,690	34,755
LG Magna e-Powertrain Co., Ltd.	1,320,756	528,802	791,954	288,594	25,962	788,064	33,014
LG Electronics Vehicle Components Europe GmbH(LGEVG)	1,042,437	879,693	162,744	751,062	(9,837)	2,430,761	31,534
LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	687,338	641,114	46,224	1,018,075	1,244	2,622,195	8,543

<i>(in millions of Korean won)</i>	December 31, 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.	8,668,015	5,103,994	3,564,021	5,251,983	260,642	12,674,686	664,375
LG Electronics U.S.A., Inc.(LGEUS)	5,175,281	3,440,999	1,734,282	4,009,815	140,195	11,662,707	213,766
LG Electronics European Shared Service Center B.V.(LGESC)	1,412,658	1,373,709	38,949	150,670	(6,697)	378,858	5,358
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	1,523,699	556,451	967,248	834,871	56,931	2,584,401	194,350
LG Electronics Vietnam Hai Phong Co., Ltd(LGEVH)	1,678,486	774,694	903,792	1,231,862	63,409	3,293,445	153,006
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	1,393,374	716,461	676,913	924,251	12,420	3,104,928	83,655
Zenith Electronics LLC(Zenith)	1,522,384	156,209	1,366,175	53,371	19,120	143,395	43,968
LG Electronics do Brasil Ltda.(LGEBR)	1,454,426	381,366	1,073,060	481,675	48,472	1,198,602	37,789
Hiplaza Co., Ltd.	1,100,730	890,713	210,017	713,720	30,006	2,093,049	(1,019)
LG Innotek Vietnam Hai Phong Co.,Ltd.(LGITVH)	1,481,701	824,286	657,415	1,241,941	55,745	2,879,245	94,548
ZKW Lichtsysteme GmbH	804,505	455,362	349,143	196,629	(7,842)	562,406	(24,024)
LG Electronics (China) Co., Ltd(LGECH)	831,948	805,071	26,877	79,435	1,975	221,654	18,611
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	889,028	477,274	411,754	452,016	24,883	1,505,130	76,525
ZKW Group GmbH	1,321,195	963,742	357,453	33,910	19,275	110,271	44,962
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	643,568	446,437	197,131	372,713	3,778	1,173,482	35,396
LG Electronics (Thailand) Company Limited(LGETH)	731,763	302,625	429,138	281,912	23,422	1,155,888	79,800

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<i>(in millions of Korean won)</i>	December 31, 2022			2022			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales ¹	Profit (loss) for the period	Sales ¹	Profit (loss) for the period
P.T. LG Electronics Indonesia(LGEIN)	992,779	347,483	645,296	939,247	26,983	2,500,155	79,106
LG Electronics Nanjing New Technology co.,LTD(LGENT)	607,866	327,387	280,479	580,295	27,198	1,894,078	73,493
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	540,815	351,526	189,289	275,079	7,778	841,413	28,773
LG Magna e-Powertrain Co., Ltd.	1,149,468	386,948	762,520	221,664	14,352	532,824	(8,236)
LG Electronics Vehicle Components Europe GmbH(LGEVG)	824,112	699,934	124,178	732,037	(22,160)	1,736,716	3,302
LG Electronics Vehicle Components U.S.A., LLC.(LGEVU)	524,952	513,793	11,159	643,496	(1,161)	1,291,555	2,612

¹ 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, 2023	December 31, 2022
Percentage of ownership in non-controlling interests	59.2%	59.2%
Accumulated non-controlling interests	2,711,806	2,593,209

ii) Profit and dividends attributable to non-controlling interests for the three-month and nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Profit to non-controlling interests	80,668	140,649	183,295	472,033
Dividends to non-controlling interests	-	58,147	-	42,034

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, 2023	December 31, 2022
Current assets	5,669,595	4,713,796
Non-current assets	5,831,224	5,079,822
Total assets	11,500,819	9,793,618
Current liabilities	4,602,627	4,270,417
Non-current liabilities	2,455,195	1,257,408
Total liabilities	7,057,822	5,527,825
Equity attributable to the owners of LG Innotek Co., Ltd.	4,442,997	4,265,793
Non-controlling interests	-	-
Total equity	4,442,997	4,265,793

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- iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and the nine-month periods ended September 30, 2023 and 2022, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Net sales	4,763,581	13,046,652	5,388,446	13,043,860
Profit (Loss) for the period	129,098	214,447	302,068	775,929
Other comprehensive income (loss), net of tax	36,498	60,966	102,112	215,958
Total comprehensive income (loss), net of tax	165,596	275,413	404,180	991,887

- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the nine-month periods ended September 30, 2023 and 2022, are as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2023	2022
Cash flows from operating activities	988,319	686,170
Cash flows from investing activities	(1,455,232)	(1,402,276)
Cash flows from financing activities	708,245	547,492
Effects of exchange rate changes on cash and cash equivalents	9,629	16,119
Net increase (decrease) in cash and cash equivalents	250,961	(152,495)
Cash and cash equivalents included in assets held for sale at the beginning of the period	-	58,371
Cash and cash equivalents at the beginning of the period	577,908	565,874
Cash and cash equivalents included in assets held for sale at the end of the period	-	-
Cash and cash equivalents at the end of the period	828,869	471,750

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(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 exchange control regulations of each relevant country. Accordingly, there are transfer limits on their cash and other 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.

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

- i) During the nine-month period ended September 30, 2023, non-controlling interests increased by ₩9 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.

- ii) During the nine-month period ended September 30, 2023, non-controlling interests decreased by ₩342 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 preparation of the condensed consolidated interim financial statements for the nine-month period ended September 30, 2023 are as follows:

Subsidiary	Reason	Location	Controlling interest	Closing month	Major business
LG Magna e-Powertrain Hungary Ltd.	Newly established	Hungary	51.0%	December	Production and sales of vehicle components
HI-M SOLUTEK Germany GmbH	Newly established	Germany	100.0%	December	Services

- (g) Subsidiaries excluded from the scope of preparation of the condensed consolidated interim financial statements for the nine-month period ended September 30, 2023 are as follows:

Subsidiary	Reason	Location
ZKW Elektronik GmbH	Merged	Austria

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

The Group did not recognize gains or losses from the loss of control for the nine-month period ended September 30, 2023.

2. Material Accounting Policies

2.1 Basis of Preparation

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

The Group's condensed consolidated interim financial statements for the nine-month period ended September 30, 2023, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. Therefore, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as of December 31, 2022.

2.1.1 Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

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

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

(b) New, enacted and amended standards issued, but not effective for September 30, 2023, and not early adopted by the Group.

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting period. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months after the reporting period as non-current at the end of the reporting period, the entity shall disclose information in the notes to explain the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024. The Group does not expect that these amendments have a significant impact on the condensed consolidated interim financial statements.

2.2 Income Tax Expense

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

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3. Critical Accounting Estimates and Judgements

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

3.1 Critical Accounting Estimates and Assumptions

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

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

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

(a) Revenue Recognition

The 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.

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(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.

(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) Leases

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

The 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.

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3.2 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

(a) The segment information for sales and operating profit (loss) for the three-month and nine-month periods ended September 30, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	Three-month period ended September 30, 2023						
	H&A	HE	VS	BS	Innotek	Other segments ¹	Total
Sales	7,457,382	3,568,569	2,503,546	1,330,918	4,763,581	1,085,344	20,709,340
External sales	7,443,294	3,568,073	2,503,546	1,328,444	4,610,110	1,255,873	20,709,340
Internal sales	14,088	496	-	2,474	153,471	(170,529)	-
Operating profit (loss) ²	504,486	110,741	134,902	(20,547)	183,431	83,647	996,660
Depreciation and amortization	237,182	84,983	135,290	33,045	250,809	49,654	790,963
<i>(in millions of Korean won)</i>	Nine-month period ended September 30, 2023						
	H&A	HE	VS	BS	Innotek	Other segments ¹	Total
Sales	23,464,611	10,074,914	7,554,500	4,143,221	13,046,652	2,839,771	61,123,669
External sales	23,426,960	10,071,580	7,554,500	4,137,210	12,628,903	3,304,516	61,123,669
Internal sales	37,651	3,334	-	6,011	417,749	(464,745)	-
Operating profit (loss) ²	2,123,375	434,606	127,737	47,793	347,135	155,319	3,235,965
Depreciation and amortization	703,183	260,615	413,466	96,184	718,546	148,222	2,340,216

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<i>(in millions of Korean won)</i>	Three-month period ended September 30, 2022						Other segments ¹	Total
	H&A	HE	VS	BS	Innotek			
Sales	7,472,901	3,712,135	2,345,403	1,429,226	5,388,446	828,654	21,176,765	
External sales	7,464,201	3,710,311	2,345,403	1,427,636	5,251,995	977,219	21,176,765	
Internal sales	8,700	1,824	-	1,590	136,451	(148,565)	-	
Operating profit (loss) ²	229,840	(55,446)	96,147	(14,374)	444,908	45,482	746,557	
Depreciation and amortization	228,014	95,001	126,455	28,475	212,471	45,785	736,201	

<i>(in millions of Korean won)</i>	Nine-month period ended September 30, 2022						Other segments ¹	Total
	H&A	HE	VS	BS	Innotek			
Sales	23,510,948	11,235,027	6,253,645	4,841,136	13,043,860	2,725,194	61,609,810	
External sales	23,494,538	11,230,244	6,253,643	4,837,674	12,649,354	3,144,357	61,609,810	
Internal sales	16,410	4,783	2	3,462	394,506	(419,163)	-	
Operating profit (loss) ²	1,110,390	112,856	139,414	103,020	1,101,565	914,456	3,481,701	
Depreciation and amortization	661,547	282,866	396,907	82,886	614,429	134,728	2,173,363	

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. Sales between segments are accounted on terms equivalent to those that prevail in arm's length 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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
H&A	27,831,385	13,549,499	25,588,868	13,041,861
HE	14,982,862	10,389,741	13,379,291	9,301,351
VS	10,050,532	11,767,550	9,032,375	10,808,828
BS	5,589,491	3,974,701	5,131,988	3,612,383
Innotek	11,500,819	7,057,822	9,793,618	5,527,825
Subtotal¹	69,955,089	46,739,313	62,926,140	42,292,248
Other segments and inter-segment transactions	(8,051,997)	(9,061,320)	(7,769,999)	(9,628,104)
Total	61,903,092	37,677,993	55,156,141	32,664,144

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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Non-current assets¹	
	September 30, 2023	December 31, 2022
Geographic areas		
Korea	13,101,457	12,396,828
China	910,386	912,927
Asia	1,849,220	1,588,895
North America	2,090,542	1,943,272
Europe	1,034,764	996,680
South America	130,728	118,280
Middle East & Africa	299,700	290,662
Russia and others	114,341	141,001
Total	19,531,138	18,388,545

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, 2023 are sales from Innotek segment and others amounting to ₩9,908,812 million (September 30, 2022: ₩10,748,766 million).

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5. Financial Instruments by Category

(a) Categorizations of financial instruments as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	8,112,196	-	-	-	8,112,196
Deposits held by financial institutions	222,240	-	-	-	222,240
Trade receivables	8,655,101	2,124,079	-	467,498	11,246,678
Other receivables	2,467,892	-	-	-	2,467,892
Other financial assets and others	-	136,179	217,201	272,651	626,031
Total	19,457,429	2,260,258	217,201	740,149	22,675,037

<i>(in millions of Korean won)</i>	September 30, 2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	10,848,196	-	-	10,848,196
Borrowings	13,265,980	-	-	13,265,980
Lease liabilities	-	-	1,115,118	1,115,118
Other payables	4,128,673	-	-	4,128,673
Other financial liabilities	-	7,019	18,865	25,884
Total	28,242,849	7,019	1,133,983	29,383,851

<i>(in millions of Korean won)</i>	December 31, 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	6,322,360	-	-	-	6,322,360
Deposits held by financial institutions	246,226	-	-	-	246,226
Trade receivables	6,951,954	1,241,667	-	166,100	8,359,721
Other receivables	1,390,575	-	-	-	1,390,575
Other financial assets	-	118,926	111,728	188,327	418,981
Total	14,911,115	1,360,593	111,728	354,427	16,737,863

<i>(in millions of Korean won)</i>	December 31, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	8,212,419	-	-	8,212,419
Borrowings	11,045,187	-	-	11,045,187
Lease liabilities	-	-	1,096,235	1,096,235
Other payables	4,688,063	-	-	4,688,063
Other financial liabilities	-	10,787	9,878	20,665
Total	23,945,669	10,787	1,106,113	25,062,569

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(b) Net gains or losses on each category of financial instruments for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	308,390	-	-	-	308,390
Exchange differences	577,375	63,951	-	-	641,326
Bad debts expenses	(13,090)	-	-	-	(13,090)
Loss on disposal of trade receivables	(632)	(36,842)	-	-	(37,474)
Dividend income	-	289	969	-	1,258
Gain (loss) on valuation of financial assets at fair value through profit or loss	-	-	(741)	-	(741)
Gain (loss) on derivatives (through profit or loss)	-	-	26,189	-	26,189
Profit (loss) for the period from discontinued operations	(51)	-	-	-	(51)
Fair value gain (loss), net of tax (through other comprehensive income)	-	3,828	-	-	3,828
Gain (loss) on derivatives, net of tax (through other comprehensive income)	-	-	-	4,044	4,044

<i>(in millions of Korean won)</i>	2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expense	(415,346)	-	11,212	(404,134)
Exchange differences	(672,277)	-	80,687	(591,590)
Gain (loss) on derivatives (through profit or loss)	-	(39,209)	-	(39,209)
Profit (loss) for the period from discontinued operations	11	-	-	11
Gain (loss) on derivatives, net of tax (through other comprehensive income)	-	-	(6,852)	(6,852)
Others	(2,535)	-	-	(2,535)

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<i>(in millions of Korean won)</i>	2022				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	116,729	-	-	-	116,729
Exchange differences	1,496,838	231,868	-	-	1,728,706
Bad debts expense	(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 (loss) 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)
Profit (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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6. Trade Receivables and Other Receivables

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023			December 31, 2022		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables						
Current	10,934,155	(106,299)	10,827,856	8,304,434	(87,922)	8,216,512
Non-current	418,822	-	418,822	143,209	-	143,209
Other receivables						
Current	663,888	(9,194)	654,694	613,069	(10,287)	602,782
Non-current	1,813,300	(102)	1,813,198	787,876	(83)	787,793

(b) Movements in allowance for doubtful accounts for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023				
	At January 1	Addition (Reversal)	Write-off	Other	At September 30
Trade receivables	87,922	14,076	(8,622)	12,923	106,299
Other receivables					
Current	10,287	(974)	(46)	(73)	9,194
Non-current	83	13	-	6	102

<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

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(c) The aging analysis of trade receivables and other receivables as of September 30, 2023 and December 31, 2022, is as follows:

(in millions of Korean won)

	September 30, 2023				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	9,577,080	418,822	565,385	1,807,685	12,368,972
Past due but not impaired					
Up to 6 months	956,411	-	66,289	4,504	1,027,204
7 to 12 months	55,707	-	10,819	736	67,262
Over 1 year	105,095	-	8,209	375	113,679
Subtotal	1,117,213	-	85,317	5,615	1,208,145
Impaired	239,862	-	13,186	-	253,048
Total	10,934,155	418,822	663,888	1,813,300	13,830,165

(in millions of Korean won)

	December 31, 2022				
	Trade receivables		Other receivables		Total
	Current	Non-current	Current	Non-current	
Receivables not past due	6,954,213	143,209	564,917	786,090	8,448,429
Past due but not impaired					
Up to 6 months	1,091,603	-	21,524	1,347	1,114,474
7 to 12 months	57,554	-	11,033	81	68,668
Over 1 year	45,712	-	6,126	358	52,196
Subtotal	1,194,869	-	38,683	1,786	1,235,338
Impaired	155,352	-	9,469	-	164,821
Total	8,304,434	143,209	613,069	787,876	9,848,588

(d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the nine-month period ended September 30, 2023. 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 of September 30, 2023 amount to ₩54,928 million (December 31, 2022: ₩41,026 million).

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7. Other Financial Assets and Liabilities

(a) Details of other financial assets and liabilities as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Other financial assets		
Derivatives	291,655	194,049
Financial assets at fair value through other comprehensive income	136,179	118,926
Financial assets at fair value through profit or loss	188,495	106,006
Total	616,329	418,981
Current	118,010	7,823
Non-current	498,319	411,158

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Other financial liabilities		
Derivatives	25,873	20,550
Financial guarantee liability	11	115
Total	25,884	20,665
Current	4,692	10,237
Non-current	21,192	10,428

(b) Details of derivatives as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency forward	1,904	4,681	2,402	10,122
Cross-currency swap	39,308	-	4,504	-
Interest rate swap	3,301	-	555	-
Subtotal	44,513	4,681	7,461	10,122
Non-current				
Cross-currency swap	202,579	15,770	143,185	6,357
Interest rate swap	43,140	2,067	43,403	806
Option	1,423	3,355	-	3,265
Subtotal	247,142	21,192	186,588	10,428
Total	291,655	25,873	194,049	20,550

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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023						At September 30
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	29,425	-	(4,582)	-	3,979	(73)	28,749
Unlisted equity securities	89,501	18,013	(1,667)	-	834	749	107,430
Total	118,926	18,013	(6,249)	-	4,813	676	136,179

<i>(in millions of Korean won)</i>	2022						At September 30
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
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

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023						At September 30
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	362	125,486	(52,917)	82	435	49	73,497
Unlisted equity securities	105,011	15,239	(3,822)	(2,082)	(1,176)	695	113,865
Debt securities	633	500	-	-	-	-	1,133
Total	106,006	141,225	(56,739)	(2,000)	(741)	744	188,495

<i>(in millions of Korean won)</i>	2022						At September 30
	At January 1	Acquisition	Disposals	Transfer	Valuation	Other	
Listed equity securities	2,297	-	(845)	167	(2,697)	1,517	439
Unlisted equity securities	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

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8. Inventories

Inventories as of September 30, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	September 30, 2023			December 31, 2022		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	5,577,020	(144,391)	5,432,629	5,582,184	(182,917)	5,399,267
Work-in-process	862,904	(17,860)	845,044	604,495	(15,473)	589,022
Raw materials and supplies	3,544,577	(169,247)	3,375,330	3,342,626	(223,151)	3,119,475
Other	364,750	(69,287)	295,463	358,168	(77,124)	281,044
Total	10,349,251	(400,785)	9,948,466	9,887,473	(498,665)	9,388,808

9. Contract Assets and Contract Liabilities

(a) Contract assets as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Due from customers	860,139	639,024
(Less: allowance for doubtful accounts)	(4,096)	(4,170)
Right to recover returned products	107,582	126,522
Costs to fulfill contracts and others	452,225	307,306
Total	1,415,850	1,068,682
Current	941,374	704,039
Non-current	474,476	364,643

(b) Contract liabilities as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Expected promotional incentives for customers	1,128,925	739,990
Expected returns from customers	212,947	221,652
Customer loyalty program	106,966	113,625
Rendering of warranty services	170,732	136,636
Due to customers and others	473,647	279,286
Total	2,093,217	1,491,189
Current	2,029,806	1,443,977
Non-current	63,411	47,212

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(c) Revenue recognized in relation to contract liabilities for the nine-month periods ended September 30, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	210,472	175,169
Customer loyalty program	67,714	66,211
Rendering of warranty services	40,260	35,326
Total	318,446	276,706
Revenue recognized from performance obligations satisfied in previous periods	21,304	11,363

(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 ₩1,129,658 million (December 31, 2022: ₩1,584,092 million) which were expected to be satisfied by 2031, at the latest. Also, as a practical expedient, the Group excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

(e) For the nine-month period ended September 30, 2023, the Group recognized a reversal of impairment loss amounting to ₩74 million (September 30, 2022: impairment loss of ₩519 million) in relation to due from customers, and amortization and other costs of ₩127,783 million (September 30, 2022: ₩56,774 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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	15,831,838	14,700,784
Acquisitions	2,693,199	2,673,983
Reclassification from assets held for sale	-	14
Reclassification to assets held for sale	(107)	(52,524)
Transfer	(58)	(3,977)
Disposals and others	(47,547)	(78,743)
Depreciation	(1,963,450)	(1,852,834)
Impairment losses ¹	(25,613)	(120,955)
Exchange differences	261,216	748,744
At September 30	16,749,478	16,014,492

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 is included.

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(b) Line items including depreciation in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	1,484,406	1,394,038
Selling and marketing expenses	211,610	198,038
Administrative expenses	137,905	118,279
Research and development expenses	88,302	73,845
Service costs	26,726	26,745
Other non-operating expenses	14,446	22,324
Subtotal	1,963,395	1,833,269
Discontinued operations	55	19,565
Total	1,963,450	1,852,834

(c) Changes in right-of-use assets included in property, plant and equipment for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	1,207,052	1,035,377
Acquisitions	297,518	414,792
Transfer	-	(3,977)
Disposals and others	(17,398)	(48,450)
Depreciation	(296,961)	(284,929)
Exchange differences	31,064	69,560
At September 30	1,221,275	1,182,373

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, 2023, was ₩4,545 million (September 30, 2022: ₩4,765 million).

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(d) Changes in intangible assets for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	2,454,830	2,443,249
Acquisitions	349,329	277,845
Acquisitions by internal development	299,594	163,807
Reclassification to assets held for sale	-	(33)
Transfer	(111)	(150,516)
Disposals and others	(51,429)	(58,595)
Amortization	(387,456)	(363,705)
Impairment losses ¹	(3,649)	(26,570)
Exchange differences	24,812	49,887
At September 30	2,685,920	2,335,369

¹ For nine-month period ended September 30, 2022, impairment loss on intangible assets from discontinued operations of energy business amounting to ₩309 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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	274,558	262,437
Selling and marketing expenses	15,732	12,631
Administrative expenses	42,826	36,235
Research and development expenses	50,915	48,464
Service costs	3,348	2,644
Other non-operating expenses	42	17
Subtotal	387,421	362,428
Discontinued operations	35	1,277
Total	387,456	363,705

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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Associates	2,952,076	3,909,200
Joint ventures	51,489	54,350
Total	3,003,565	3,963,550

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ii) Investments in associates as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023				December 31, 2022			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	2,769,464	(92,433)	2,677,031	679,218	3,744,719	(98,205)	3,646,514
Ericsson-LG Co., Ltd.	12,649	64,678	-	64,678	12,649	65,982	-	65,982
Hitachi-LG Data Storage Inc.(HLDS)	101,961	62,658	(993)	61,665	101,961	57,094	(1,655)	55,439
CCP-LGE OWNER, LLC ¹	11,652	9,971	-	9,971	11,652	9,977	-	9,977
ROBOTIS Co., Ltd. ¹	9,000	8,641	-	8,641	9,000	8,668	-	8,668
Acryl Inc. ¹	2,000	1,046	-	1,046	2,000	751	-	751
Robostar Co., Ltd.	88,112	78,269	(2,149)	76,120	88,112	79,202	(2,312)	76,890
AiM Future, Inc.	800	1,172	-	1,172	800	959	-	959
Mirae Asset-LG Electronics New Growth Fund I	28,023	26,669	-	26,669	28,023	26,880	-	26,880
RINSE, INC ¹	18,184	15,381	-	15,381	18,184	17,140	-	17,140
SideChef Group Limited	7,702	-	-	7,702	-	-	-	-
TheWaveTalk Co., Ltd.	2,000	-	-	2,000	-	-	-	-
Total	961,301	3,037,949	(95,575)	2,952,076	951,599	4,011,372	(102,172)	3,909,200

¹ The financial statements as of August 31, 2023 were used due to a different closing date.

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iii) Investments in joint ventures as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023				December 31, 2022			
	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	16,639	(237)	16,402	14,718	18,368	(264)	18,104
EIC PROPERTIES PTE LTD.	9,636	19,370	-	19,370	9,636	18,518	-	18,518
LG-MRI LLC	516	1,255	-	1,255	516	1,289	-	1,289
Neolite ZKW Lightings PVT Ltd.	-	-	-	-	-	-	-	-
LG-LHT Aircraft Solutions GmbH	43,148	5,678	-	5,678	34,342	7,117	-	7,117
LG-LHT Passenger Solutions GmbH	43,014	3,974	-	3,974	32,817	4,468	-	4,468
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	1,856	2,268	-	2,268	1,535	1,797	-	1,797
Alluto LLC	2,095	392	-	392	2,095	401	-	401
FITNESSCANDY Co., Ltd.	5,610	2,150	-	2,150	4,233	2,656	-	2,656
Total	120,593	51,726	(237)	51,489	99,892	54,614	(264)	54,350

(b) Associates and joint ventures

i) Associates as of September 30, 2023, 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	71.0	Solar power plant
ROBOTIS Co., Ltd. ²	Korea	December	7.5	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	11.7	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
SideChef Group Limited ²	Hong Kong	December	16.9	Provision of smart kitchen contents service
TheWaveTalk Co., Ltd. ²	Korea	December	3.9	Provision of joint development of microbial sensors

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 of September 30, 2023, 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.

<u>Name of joint venture</u>	<u>Location</u>	<u>Closing month</u>	<u>Percentage of ownership (%)</u>	<u>Nature of relationships with the Group</u>
Arcelik-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.

(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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	3,909,200	5,099,208
Acquisition	7,702	31,154
Transfer	2,000	-
Gain (Loss) from equity method valuation	(1,041,531)	(431,836)
Share of other comprehensive income (loss) of associates	84,454	305,859
Withdrawal of investments by dividend / capital reduction / liquidation and others	(11,250)	(100,773)
Changes in share of associates	909	414
Exchange differences	592	1,986
At September 30	2,952,076	4,906,012

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- ii) Changes in the carrying amounts of investments in joint ventures for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	54,350	50,036
Acquisition	20,699	21,883
Gain (Loss) from equity method valuation	(18,591)	(9,801)
Share of other comprehensive income (loss) of joint ventures	(4,742)	94
Withdrawal of investments by dividend / capital reduction / liquidation and others	(317)	(540)
Exchange differences	90	321
At September 30	51,489	61,993

- (d) Summarized financial information of the associates that are material to the reporting entity as of September 30, 2023 and December 31, 2022, and for the three-month and nine-month periods ended September 30, 2023 and 2022, is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Current assets	10,506,293	9,444,035
Non-current assets	27,031,439	26,241,984
Total assets	37,537,732	35,686,019
Current liabilities	14,559,786	13,961,520
Non-current liabilities	14,087,754	10,405,272
Total liabilities	28,647,540	24,366,792
Equity attributable to the owners of LG Display Co., Ltd.	7,306,600	9,879,589
Non-controlling interests	1,583,592	1,439,638
Total equity	8,890,192	11,319,227

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Net sales	4,785,287	13,934,914	6,771,355	18,850,153
Profit (Loss) for the period	(775,398)	(2,627,268)	(774,031)	(1,101,784)
Equity attributable to owners of LG Display Co., Ltd.				
Profit (Loss) for the period	(720,025)	(2,791,928)	(789,512)	(1,174,075)
Other comprehensive income (loss), net of tax	127,471	218,939	365,985	794,042
Total comprehensive income (loss), net of tax	(592,554)	(2,572,989)	(423,527)	(380,033)

There are no dividends to be received from LG Display Co., Ltd. for the nine-month period ended September 30, 2023 (2022: ₩88,156 million).

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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, 2023 and 2022, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2023	2022
Opening equity attributable to owners of LG Display Co., Ltd.	9,879,589	13,118,855
Profit (Loss) for the period	(2,791,928)	(1,174,075)
Other comprehensive income (loss), net of tax	218,939	794,042
Dividends	-	(232,580)
Closing equity attributable to owners of LG Display Co., Ltd.	7,306,600	12,506,242
Group ownership (%)	37.9	37.9
The Group's share at the end of the reporting period	2,769,464	4,740,315
Unrealized gain (loss)	(92,433)	(99,898)
Carrying amount at the end of the reporting period	2,677,031	4,640,417

- (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, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit (Loss) for the period	10,665	10,075	(7,236)	(18,621)
Other comprehensive income (loss), net of tax	2,769	1,468	(132)	(4,739)
Total comprehensive income (loss), net of tax	13,434	11,543	(7,368)	(23,360)

<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)

- (g) There are no accumulated unrecognized changes in equity due to discontinued use of the equity method as of September 30, 2023 and December 31, 2022.

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(h) Details of marketable investments in associates as of September 30, 2023 and December 31, 2022, are as follows:

September 30, 2023					
	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	13,110	1,778,044	2,677,031
Robostar Co., Ltd.	Associate	3,256,500	31,000	100,952	76,120
ROBOTIS Co., Ltd.	Associate	961,550	26,400	25,385	8,641

December 31, 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	12,450	1,688,531	3,646,514
Robostar Co., Ltd.	Associate	3,256,500	18,650	60,734	76,890
ROBOTIS Co., Ltd.	Associate	961,550	22,500	21,635	8,668

12. Borrowings

(a) Carrying amounts of borrowings as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Current		
Short-term borrowings	693,961	885,911
Current portion of long-term borrowings	1,044,113	506,782
Current portion of debentures	737,297	894,825
Subtotal	2,475,371	2,287,518
Non-current		
Long-term borrowings	5,686,571	4,584,578
Debentures	5,104,038	4,173,091
Subtotal	10,790,609	8,757,669
Total	13,265,980	11,045,187

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(b) Details of borrowings as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at September 30, 2023(%)	Carrying amount	
			September 30, 2023	December 31, 2022
Short-term borrowings in local currency				
The Korea Development Bank and others	-	5.11 ~ 6.58	32,900	100,051
Short-term borrowings in foreign currency				
Citibank and others ¹	-	3.16 ~19.50	661,061	785,860
Long-term borrowings in local currency				
The Export-Import Bank of Korea and others	2035. 1. 9	2.21 ~ 5.13	3,862,259	2,725,893
Long-term borrowings in foreign currency				
The Export-Import Bank of Korea and others	2031. 7.28	0.67 ~ 7.93	2,868,425	2,365,467
Local currency debentures				
Public, non-guaranteed bonds	2036. 5. 4	1.59 ~ 4.44	3,350,000	3,390,000
Private, non-guaranteed bonds	2041. 2. 9	1.99 ~ 5.15	1,830,000	1,230,000
Foreign currency debentures				
Private, non-guaranteed bonds	2029. 3. 5	4.74 ~ 7.14	608,170	258,765
Private, guaranteed bonds	2026.10.26	6.36	67,240	198,485
Less: discount on debentures			(14,075)	(9,334)
Total			13,265,980	11,045,187

¹ The above short-term borrowings in foreign currency include the short-term borrowings collateralized by trade receivables amounting to ₩54,928 million (December 31, 2022: ₩41,026 million) as of September 30, 2023.

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

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

13. Lease Liabilities

(a) Details of lease liabilities as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Lease liabilities		
Current	296,802	303,969
Non-current	818,316	792,266
Total	1,115,118	1,096,235

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(b) The amounts, relating to leases, recognized in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Interest expense relating on lease liabilities	32,533	26,233
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	39,121	39,765
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)	21,736	21,223
Expense relating to variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expenses, administrative expenses, and others)	74,854	82,586
Subtotal	168,244	169,807
Discontinued operations	13	813
Total	168,257	170,620

Depreciation of right-of-use assets is stated in 'Note 10'.

(c) Total expenses for leases including short-term leases and leases of low-value assets for the nine-month period ended September 30, 2023, are ₩439,982 million (September 30, 2022: ₩418,825 million).

14. Post-employment Benefits

14.1 Defined Benefit Plan

(a) The amounts of net defined benefit liabilities (assets) as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Present value of funded obligations	4,055,960	3,787,030
Present value of unfunded obligations	66,982	152,566
Subtotal	4,122,942	3,939,596
Fair value of plan assets	(4,669,970)	(4,624,609)
Net defined benefit liabilities (assets)	(547,028)	(685,013)

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(b) The amounts recognized in the consolidated interim statements of profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current service cost	298,158	318,506
Net interest cost	(27,265)	5,031
Operating management cost	2,550	2,260
Total	273,443	325,797

(c) Line items in which expenses are included for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Continuing operations		
Cost of sales	125,201	130,434
Selling and marketing expenses	48,264	74,734
Administrative expenses	25,881	27,750
Research and development expenses	49,677	58,977
Service costs	22,534	25,232
Other non-operating expenses	1,879	-
Subtotal	273,436	317,127
Discontinued operations	7	8,670
Total	273,443	325,797

(d) Movements in the present value of defined benefit obligations for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	3,939,596	4,252,726
Current service cost	298,158	318,506
Interest expense	153,066	90,578
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	(45,529)	(852,871)
Benefits paid	(229,037)	(382,425)
Others ¹	6,688	14,141
At September 30	4,122,942	3,440,655

¹ Others include effects of exchange rate changes.

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- (e) Movements in the fair value of plan assets for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
At January 1	4,624,609	4,056,627
Interest income	180,331	85,547
Remeasurements of plan assets	3,333	(27,714)
Employer contributions	103,800	2,020
Benefits paid	(240,287)	(374,892)
Operating management cost	(2,550)	(2,260)
Others ¹	734	1,195
At September 30	4,669,970	3,740,523

¹ Others include effects of exchange rate changes.

- (f) The significant actuarial assumptions used as of September 30, 2023 and December 31, 2022, are as follows:

	September 30, 2023	December 31, 2022
Weighted average discount rate of the Group	5.5%	5.3%
Weighted average expected salary growth rate of the Group	5.9%	5.9%

As of September 30, 2023, the discount rates applied to the Parent Company and subsidiaries are between 0.5%~10.0% (December 31, 2022: 0.5%~10.9%), and the expected salary growth rates are between 1.0%~10.0% (December 31, 2022: 1.0%~10.0%).

- (g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of September 30, 2023, is as follows:

<i>(in millions of Korean won)</i>	1%p increase	1%p decrease
Discount rate	(355,038)	409,939
Expected salary growth rate	416,805	(377,251)

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

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14.2 Defined Contribution Plan

The expense recognized for the nine-month period ended September 30, 2023 in relation to the defined contribution plan was ₩13,492 million (September 30, 2022: ₩11,523 million).

15. Provisions

Changes in provisions for the nine-month periods ended September 30, 2023 and 2022, are as follows:

	2023			
<i>(in millions of Korean won)</i>	Warranty	Restoration	Litigation and others	Total
At January 1	1,556,634	36,374	175,927	1,768,935
Additions ¹	800,850	14,101	163,470	978,421
Utilizations	(1,305,906)	(1,527)	(31,853)	(1,339,286)
Exchange differences	15,781	300	6,674	22,755
At September 30	1,067,359	49,248	314,218	1,430,825
Current	959,452	9,534	54,923	1,023,909
Non-current	107,907	39,714	259,295	406,916

	2022			
<i>(in millions of Korean won)</i>	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

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, 2023		December 31, 2022	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
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 of September 30, 2023, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity spin-off back on April 1, 2002, less the 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 options in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

17. Retained Earnings

Retained earnings as of September 30, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Legal reserve ¹	259,302	246,609
Discretionary reserve	5,504,430	4,539,499
Unappropriated retained earnings ²	10,991,517	11,047,913
Total	16,755,249	15,834,021

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, 2022 of ₩126,905 million was approved at the annual general meeting held on March 27, 2023, and paid in April 2023 (2022 payments: ₩153,915 million).

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18. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as of September 30, 2023 and December 31, 2022, consists of:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Accumulated share of other comprehensive income of associates and joint ventures	143,331	63,025
Cash flow hedge	59,475	61,390
Financial assets at fair value through other comprehensive income	(13,500)	(17,096)
Exchange differences on translation of foreign operations	(287,802)	(857,691)
Subtotal	(98,496)	(750,372)
Accumulated other comprehensive income (loss) held for sale	(32)	838
Subtotal	(32)	838
Total	(98,528)	(749,534)

19. Other Components of Equity

Other components of equity as of September 30, 2023 and December 31, 2022, consist of:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
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 ²	(72,202)	(51,908)
Total	(105,021)	(84,727)

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

² Included gain (loss) from transactions with non-controlling interests and other reserves of subsidiaries net of deferred taxes.

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20. Net Sales

- (a) Details of net sales for the three-month and nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Revenue from contracts with customers:				
Sales of goods	19,830,076	58,719,880	20,460,268	58,664,098
Rendering of services and others	620,433	1,685,689	523,731	2,367,950
Subtotal	20,450,509	60,405,569	20,983,999	61,032,048
Revenue from other sources:				
Rental income and others	258,831	718,100	192,766	577,762
Subtotal	20,709,340	61,123,669	21,176,765	61,609,810
Discontinued operations:	54	1,116	38,855	351,664
Total	20,709,394	61,124,785	21,215,620	61,961,474

- (b) Details of revenue from contracts with customers for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
By type of products:		
Refrigerator/ washing machine/ air conditioner and others	22,759,362	22,941,932
TV/AV and others	10,064,448	11,222,637
In-vehicle infotainment and others	7,552,701	6,251,371
Monitor/PC and others	4,138,070	4,838,594
Camera module and others	13,040,732	13,043,567
Others ¹	2,850,256	2,733,947
By major geographical market ² :		
Korea	22,794,257	23,420,412
North America	15,063,858	14,417,482
Asia	5,900,895	6,248,096
Europe	8,876,857	8,706,539
South America	2,361,432	2,436,436
Middle East & Africa	2,666,461	2,701,510
China	1,953,737	2,027,399
Russia and others	788,072	1,074,174
Timing of transfer:		
Transferred at a point in time	57,458,297	58,606,677
Transferred over time	2,947,272	2,425,371
Total	60,405,569	61,032,048

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.

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

Due to the factors causing the changes in the costs of VS and other segments during the nine-month period ended September 30, 2023, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the nine-month period ended September 30, 2023 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, 2023	Impact on profit or loss for the succeeding periods
VS	19,014	6,734	11,091	1,189
Other segments	52,355	65,633	(13,187)	(91)
Total	71,369	72,367	(2,096)	1,098

21. Expenses by Nature

Expenses that are recorded by nature for the three-month and nine-month periods ended September 30, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Changes in finished goods and work-in-process	(1,158,314)	(324,932)	(988,551)	(893,999)
Raw materials and merchandise used	13,930,539	37,603,806	14,224,246	37,881,428
Employee benefit expense	2,506,364	7,363,075	2,381,526	7,302,046
Depreciation and amortization	790,963	2,340,216	736,201	2,173,363
Advertising expense	392,460	1,008,346	357,212	994,678
Promotion expense	119,498	358,203	106,923	316,616
Freight expense	642,964	1,987,291	984,378	3,104,677
Commission expense	1,281,091	3,685,686	1,219,977	3,335,652
Other expenses	1,207,115	3,866,013	1,408,296	3,913,648
Subtotal¹	19,712,680	57,887,704	20,430,208	58,128,109
Discontinued operations	162	(679)	66,492	510,506
Total	19,712,842	57,887,025	20,496,700	58,638,615

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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Salaries	999,803	2,923,480	935,288	2,763,560
Post-employment benefits	67,969	211,859	68,632	319,933
Employee welfare benefits	233,355	696,465	217,484	670,928
Freight expense	637,200	1,971,159	976,669	3,081,045
Rental expense	20,299	60,689	22,277	61,900
Commission expense	916,961	2,643,379	851,854	2,401,756
Depreciation	159,869	468,431	144,752	416,914
Amortization	38,714	112,821	34,211	99,974
Advertising expense	392,460	1,008,346	357,212	994,678
Promotional expense	119,498	358,203	106,923	316,616
R&D expense	86,370	241,938	97,923	252,757
Direct service costs	134,794	506,395	264,004	549,986
Bad debts expense	6,136	13,989	6,602	9,586
Others	201,392	614,308	215,061	580,916
Subtotal	4,014,820	11,831,462	4,298,892	12,520,549
Discontinued operations:	157	796	22,622	164,962
Total	4,014,977	11,832,258	4,321,514	12,685,511

23. Financial Income

Financial income for the three-month and nine-month periods ended September 30, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest income	117,113	308,390	55,634	116,729
Exchange differences	182,855	693,206	252,051	655,219
Gain on derivatives	12,189	15,325	8,766	24,920
Subtotal	312,157	1,016,921	316,451	796,868
Discontinued operations:	-	-	-	2,529
Total	312,157	1,016,921	316,451	799,397

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24. Financial Expenses

Financial expenses for the three-month and nine-month periods ended September 30, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest expense	140,065	404,134	99,266	253,469
Exchange differences	128,251	559,498	128,942	502,438
Loss on derivatives	897	2,375	2,863	19,248
Loss on disposal of trade receivables	13,026	37,474	7,939	13,567
Others	1,207	2,535	983	2,388
Subtotal	283,446	1,006,016	239,993	791,110
Discontinued operations:	-	-	-	16,209
Total	283,446	1,006,016	239,993	807,319

25. Other Non-operating Income

Other non-operating income for the three-month and nine-month periods ended September 30, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Dividend income	-	1,258	-	2,816
Exchange differences	454,521	1,545,672	994,558	2,209,470
Gain on derivatives	5,611	11,315	14,535	55,001
Gain on disposal of property, plant and equipment	2,653	8,161	10,301	17,658
Gain on disposal of intangible assets	338	555	120	17,460
Gain on disposal of assets held for sale	55	3,781	65	188,875
Gain on valuation of financial assets at fair value through profit or loss	276	733	11,614	12,534
Others	21,473	105,604	11,150	54,104
Subtotal	484,927	1,677,079	1,042,343	2,557,918
Discontinued operations:	23	92	80,854	97,014
Total	484,950	1,677,171	1,123,197	2,654,932

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26. Other Non-operating Expenses

Other non-operating expenses for the three-month and nine-month periods ended September 30, 2023 and 2022, consist of:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Exchange differences	511,920	1,615,798	1,060,615	2,247,290
Loss on derivatives	5,466	37,285	17,503	88,391
Loss on disposal of property, plant and equipment	1,357	6,661	6,217	13,265
Impairment loss on property, plant and equipment	5,026	24,631	7,250	27,021
Loss on disposal of intangible assets	19,996	43,138	9,993	21,907
Impairment loss on intangible assets	432	3,649	2,621	26,261
Loss on disposal of assets held for sale	-	-	-	106
Loss on valuation of financial assets at fair value through profit or loss	324	1,474	-	7,353
Others	49,896	162,310	22,907	66,035
Subtotal	594,417	1,894,946	1,127,106	2,497,629
Discontinued operations:	89	121	3,878	117,591
Total	594,506	1,895,067	1,130,984	2,615,220

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27. Earnings (Losses) per Share

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

(a) Basic earnings (losses) per ordinary share for the three-month and nine-month periods ended September 30, 2023 and 2022, is as follows:

	2023		2022	
	Three months	Nine months	Three months	Nine months
Profit (Loss) attributable to ordinary shares <i>(in millions of Korean won)</i>				
Continuing operations	348,447	920,981	110,824	1,394,633
Discontinued operations	(128)	1,180	32,616	(126,803)
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>				
Continuing operations	2,139	5,654	682	8,563
Discontinued operations	2,140	5,647	481	9,341
	(1)	7	201	(778)

(b) Basic earnings (losses) per preferred share for the three-month and nine-month periods ended September 30, 2023 and 2022, is as follows:

	2023		2022	
	Three months	Nine months	Three months	Nine months
Profit (Loss) attributable to preferred shares <i>(in millions of Korean won)</i>				
Continuing operations	36,968	97,790	11,905	147,752
Discontinued operations	36,982	97,666	8,464	161,127
	(14)	124	3,441	(13,375)
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>				
Continuing operations	2,151	5,691	694	8,600
Discontinued operations	2,152	5,684	493	9,378
	(1)	7	201	(778)

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28. Cash Flow Information

Cash flows from operating activities are presented using the indirect method. Details of cash generated from (used in) operations for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(a) Cash generated from (used in) operations

<i>(in millions of Korean won)</i>	2023	2022
Profit (Loss) for the period	1,227,045	2,075,464
Adjustments:		
Interest expense, net	95,744	136,740
Exchange differences, net	126,286	41,721
Loss (Gain) on derivatives, net	13,020	27,718
Depreciation	1,963,395	1,833,269
Amortization	387,421	362,428
Loss (Gain) on disposal of property, plant and equipment and intangible assets, net	41,083	54
Provisions for severance benefits	286,928	328,650
Additional provisions, net	966,881	631,078
Income tax expense	743,140	890,400
Loss (Gain) from equity method valuation	1,060,122	441,637
Others	105,728	27,819
Discontinued operations	1,419	66,783
	<u>5,791,167</u>	<u>4,788,297</u>
Changes in operating assets and liabilities		
Decrease (Increase) in trade receivables	(2,016,280)	(1,111,325)
Decrease (Increase) in other receivables	(401,664)	414,126
Decrease (Increase) in inventories	(303,687)	(598,636)
Decrease (Increase) in contract assets	(308,010)	(197,527)
Decrease (Increase) in other assets	257,564	(314,368)
Increase (Decrease) in trade payables	2,071,653	749,177
Increase (Decrease) in other payables	(613,784)	(512,833)
Increase (Decrease) in provisions	(1,339,286)	(1,807,509)
Increase (Decrease) in contract liabilities	546,062	204,742
Increase (Decrease) in other liabilities	425,452	(47,233)
Payment of defined benefit liability	(9,690)	(19,056)
Deposit in plan assets, net	(96,352)	(2,020)
	<u>(1,788,022)</u>	<u>(3,242,462)</u>
Cash generated from (used in) operations	<u>5,230,190</u>	<u>3,621,299</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2023						
	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	5,977,271	1,217,316	-	112,165	-	117,893	7,424,645
Debentures	5,067,916	735,094	-	35,966	2,359	-	5,841,335
Lease liabilities	1,096,235	(274,906)	258,350	(1,908)	3,181	34,166	1,115,118
Other payables	119,068	-	-	7,098	-	4,137	130,303
Total	12,260,490	1,677,504	258,350	153,321	5,540	156,196	14,511,401

<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	111,345	-	-	10,223	-	13,311	134,879
Total	10,998,320	805,898	343,554	288,229	4,108	243,694	12,683,803

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2023	2022
Reclassification of construction-in-progress to property, plant and equipment	1,124,284	1,345,379
Reclassification of construction-in-progress to intangible assets	247,518	271,312
Reclassification of current portion of borrowings	1,338,115	1,106,050
Other payables to acquire property, plant and equipment	366,744	392,214
Other payables to acquire intangible assets	10,904	16,024
Acquisition of right-of-use assets	297,518	414,792

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

- Transfer of in-vehicle wireless charging business

- i) On October 4, 2022, in-vehicle wireless charging business was transferred to BH EVS CO., LTD.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

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

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 ₩80,480 million (December 31, 2022: ₩199,236 million) and the book amount of pledged assets is ₩124,484 million (December 31, 2022: ₩172,889 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, 2022: ₩14,400 million), and the book amount of pledged assets is ₩4,574 million (December 31, 2022: ₩5,165 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with performance guarantees of ₩422,483 million (December 31, 2022: ₩412,039 million) from Seoul Guarantee Insurance and others relating to the performance guarantees.

The Group was provided with guarantee of principal amounting to EUR 100 million and interests from Shinhan Bank for the guaranteed private placement bonds, and it has been terminated as of September 30, 2023.

LG Innotek Co., Ltd. are provided with guarantee of principal amounting to USD 50 million (December 31, 2022: USD 50 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

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(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, 2022: ₩46,000 million).

(d) 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.

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 ₩7,414,835 million (December 31, 2022: ₩7,130,413 million).

(b) At the end of the reporting period, the Group has sales agreements for receivables with various banks including KEB Hana Bank amounting to ₩5,195,752 million (December 31, 2022: ₩5,792,793 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 ₩1,412,900 million (December 31, 2022: ₩1,409,200 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 ₩60,000 million (December 31, 2022: ₩68,000 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, 2023	December 31, 2022
Property, plant and equipment	615,881	674,211
Intangible assets	40,171	27,539
Investments in associates and joint ventures	47,059	68,871
Total	703,111	770,621

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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'.

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

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

<i>(in millions of Korean won)</i>	September 30, 2023					Total lease payments
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	
Home appliance rental	248,249	125,847	50,953	8,092	-	433,141
Real estate rental	5,304	5,311	5,311	5,300	1,423	22,649
Total	253,553	131,158	56,264	13,392	1,423	455,790

- ii) The Group recognized ₩366,123 million (September 30, 2022: ₩448,370 million) in lease income for the nine-month period ended September 30, 2023.

(g) Financial lease commitments – the Group as a lessor

- i) Gross investment in the lease and present value of the minimum lease payments for the financial lease as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
	Gross investment in the lease ¹	Net Investment in the lease	Gross investment in the lease ¹	Net Investment in the lease
Within one year	99,892	71,458	34,976	25,768
Between 1 and 2 years	102,317	78,837	35,453	27,832
Between 2 and 3 years	98,519	80,239	34,943	29,016
Between 3 and 4 years	101,967	89,226	34,337	30,147
Later than 4 years	156,446	147,738	56,137	53,336
Total	559,141	467,498	195,846	166,099

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

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- ii) Unrealized interest income of financial lease as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Gross investment in the lease	559,141	195,846
Net investment in the lease	467,498	166,099
Unrealized interest income	91,643	29,747

- iii) For the nine-month period ended September 30, 2023, the Group recognized income amounting to ₩322,420 million (September 30, 2022: ₩103,533 million) in relation to financial lease contract, and financial income of net investment in the lease amounting to ₩14,017 million (September 30, 2022: ₩2,919 million) 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.
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.

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31. Related Party

(a) Major transactions for the nine-month periods ended September 30, 2023 and 2022, and balances of receivables and payables from transaction with related parties as of September 30, 2023 and December 31, 2022, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2023					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others ⁵	Total
Significantly influencing the Group	LG Corp.	2,656	-	2,656	-	125,064	125,064
Associates	LG Display Co., Ltd. and its subsidiaries	425,231	91,417	516,648	2,314,600	3,144	2,317,744
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	181	-	181	66,149	180	66,329
	Acryl Inc.	-	-	-	-	1,640	1,640
	ROBOTIS Co., Ltd.	-	-	-	-	15	15
	Robostar Co., Ltd. and its subsidiaries	18	-	18	14,094	2,771	16,865
	SideChef Group Limited	-	-	-	-	1,193	1,193
	Subtotal	425,430	91,417	516,847	2,394,843	8,943	2,403,786
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	67,363	-	67,363	143,646	13	143,659
	EIC PROPERTIES PTE LTD.	-	-	-	-	878	878
	LG-MRI LLC	15,853	-	15,853	22,060	-	22,060
	LG-LHT Passenger Solution GmbH	495	-	495	-	-	-
	Subtotal	83,711	-	83,711	165,706	891	166,597
Other related parties	LG CNS Co., Ltd. and its subsidiaries	92,919	2,412	95,331	105,466	553,919	659,385
	D&O Corp. and its subsidiaries	119	-	119	595	16,016	16,611
	LG Management Development Institute	33	-	33	244	70,137	70,381
	LG SPORTS Ltd.	14	16	30	-	12,503	12,503
	LG Holdings Japan Co., Ltd.	1	-	1	-	4,597	4,597
	Subtotal	93,086	2,428	95,514	106,305	657,172	763,477
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	1,038,347	48,383	1,086,730	2,019,498	3,689	2,023,187
	LG Uplus Corp and its subsidiaries	41,487	1,846	43,333	36,619	4,890	41,509
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	677	1,686	2,363	534	197	731
	HS Ad Inc. and its subsidiaries ⁴	6,366	-	6,366	251	374,451	374,702
	XI C&A Co., Ltd. and its subsidiaries	15,118	-	15,118	7,742	129,623	137,365
	S&I Corp. and its subsidiaries	13,029	-	13,029	3,451	80,243	83,694
	Subtotal	1,115,024	51,915	1,166,939	2,068,095	593,093	2,661,188
	Total	1,719,907	145,760	1,865,667	4,734,949	1,385,163	6,120,112

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		2022					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others⁵	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. and its subsidiaries ³	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 ²	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 subsidiaries and associates ²	2,665	372	3,037	1,670	385	2,055
	LX Semicon Co., Ltd. ²	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 I I R Inc. and its subsidiaries ⁴	6,609	-	6,609	33	350,812	350,845
	LX MMA Corporation ²	29	-	29	-	-	-
	XI C&A Co., Ltd. and its subsidiaries ³	3,001	20	3,021	853	140,388	141,241
	S&I Corp. and its subsidiaries ³	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

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

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

³ 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.

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⁴ 'GIR Inc.' merged with its subsidiaries 'HS Ad Inc.' and 'LBEST Inc.' and changed its name to 'HS Ad Inc.' on July 1, 2023.

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)

		September 30, 2023							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
Significantly influencing the Group	LG Corp.	729	-	30,069	30,798	-	-	10,910	10,910
Associates	LG Display Co., Ltd. and its subsidiaries	183,385	1,000,000	253,253	1,436,638	400,525	-	61,550	462,075
	Hitachi-LG Data Storage Inc. (HLDS) and its subsidiaries	-	-	3	3	44,148	-	1	44,149
	Robostar Co., Ltd. and its subsidiaries	-	-	-	-	9	-	10,694	10,703
	Subtotal	183,385	1,000,000	253,256	1,436,641	444,682	-	72,245	516,927
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	8,695	-	-	8,695	16,238	-	8	16,246
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	109	109
	LG-MRI LLC	3,995	-	2,182	6,177	1,871	-	131	2,002
	Subtotal	12,690	-	2,182	14,872	18,109	-	248	18,357
Other related parties	LG CNS Co., Ltd. and its subsidiaries	36,884	-	1,846	38,730	11,326	-	228,851	240,177
	D&O Corp. and its subsidiaries	14	-	1,000	1,014	21	-	7,400	7,421
	LG Management Development Institute	5	-	-	5	-	-	1,722	1,722
	LG SPORTS Ltd.	1	-	-	1	-	-	706	706
	LG Holdings Japan Co., Ltd.	-	-	5,158	5,158	-	-	-	-
Subtotal	36,904	-	8,004	44,908	11,347	-	238,679	250,026	
Others ¹	LG Chem Ltd., its subsidiaries and joint ventures	294,057	-	298,613	592,670	538,496	-	59,711	598,207
	LG Uplus Corp and its subsidiaries	1,018	-	317	1,335	6,085	-	837	6,922
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	65	-	193	258	26	-	181	207
	HS Ad Inc. and its subsidiaries ²	55	-	773	828	2,302	-	225,941	228,243
	XI C&A Co., Ltd. and its subsidiaries	7,653	-	1,701	9,354	-	-	58,103	58,103
	S&I Corp. and its subsidiaries	1,815	-	451	2,266	484	-	17,658	18,142
Subtotal	304,663	-	302,048	606,711	547,393	-	362,431	909,824	
Total		538,371	1,000,000	595,559	2,133,930	1,021,531	-	684,513	1,706,044

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Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables ³	Total
		Significantly influencing the Group	LG Corp.	47	-	25,658	25,705	-	-
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. and its subsidiaries	76	-	1,000	1,076	21	-	8,401	8,422
	LG Management Development Institute	3	-	-	3	-	-	1,604	1,604
	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	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 IIR Inc. and its subsidiaries ²	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

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

² 'GIIR Inc.' merged with its subsidiaries 'HS Ad Inc.' and 'LBEST Inc.' and changed its name to 'HS Ad Inc.' on July 1, 2023.

³ Other payables include lease liabilities.

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iii) Significant capital transactions and others with related parties for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

Classification	Name	2023						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	38,566	-	-	-	-	20,736
Associates and joint ventures	LG Display Co., Ltd. ²	-	-	-	1,000,000	-	-	-
	Ericsson-LG Co., Ltd.	11,250	-	-	-	-	-	-
	LG-MRI LLC	317	-	-	-	-	-	-
	CCP-LGE OWNER, LLC	1	-	-	-	-	-	-
	LG-LHT Aircraft Solutions GmbH	-	-	8,805	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	10,197	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD	-	-	320	-	-	-	-
	FITNESSCANDY Co., Ltd.	-	-	1,377	-	-	-	-
	Subtotal	11,568	-	20,699	1,000,000	-	-	-
Other related parties	LG CNS Co., Ltd.	-	-	-	-	-	-	121
	D&O Corp.	-	-	-	-	-	409	1,130
	Subtotal	-	-	-	-	-	409	1,251
	Total	11,568	38,566	20,699	1,000,000	-	409	21,987

(in millions of Korean won)

Classification	Name	2022						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Group	LG Corp.	-	46,830	-	-	-	-	20,760
Associates and joint ventures	LG Display Co., Ltd.	88,156	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	LG-MRI LLC	540	-	-	-	-	-	-
	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, INC	-	-	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.	-	-	-	-	-	204	53
	D&O Corp.	-	-	-	-	-	3,219	448

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Classification	Name	2022						
		Dividend income	Dividend paid	Cash distribution (reduction)	Financing loan transactions		Financing borrowing transactions ¹	
					Loans	Collections	Borrowings	Repayments
Subtotal		-	-	-	-	-	3,423	501
Total		99,336	46,830	48,510	-	-	3,423	21,261

¹ Financing borrowing transactions include borrowing and repayment of principal elements of lease liabilities.

² At the end of the reporting period, the Parent Company has entered into a loan agreement with LG Display Co., Ltd. for ₩1,000,000 million, and in relation to this loan, the Parent Company has been provided with collateral. At the end of the reporting period, ₩1,000,000 million has been executed and recorded as long-term loans.

- (b) The compensation paid or payable to key management personnel for the nine-month periods ended September 30, 2023 and 2022, consists of:

(in millions of Korean won)	2023	2022
Salaries and other short-term benefits	9,833	10,259
Post-employment benefits	1,568	1,160
Other long-term benefits	2	2
Total	11,403	11,421

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

32.1 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 Group 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

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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.

(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 of September 30, 2023 and December 31, 2022, if the functional currency fluctuate against the foreign exchange rate of the Korean won by 10% while other variables were fixed, the effects on profit (loss) before tax for monetary assets and liabilities denominated in major foreign currencies other than the functional currency would be as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	81,124	(81,124)	20,926	(20,926)
EUR/KRW	26,596	(26,596)	(18,480)	18,480

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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, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	60,774	(60,774)	56,729	(56,729)
Interest expenses	12,788	(12,788)	9,191	(9,191)

iii) Details of derivative contracts are as follows:

Derivatives for hedging purposes

The Group entered into the currency forward, cross-currency swap and the interest rate swap contracts to hedge cash flow risks and fair value 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) (%)	Types of hedging	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
								Assets	Liabilities
Cross-currency swap	Woori Bank and others	USD 1,014 (USD/KRW)	1,067.9 ~ 1,319.3	1.88 ~ 4.56	Cash flow hedge	2017. 10. 23 ~ 2023. 9. 5	2025. 4. 23 ~ 2031. 7. 28	204,282	4,415
	CITI Bank	EUR 95 (EUR/KRW)	1,312	3.84	Cash flow hedge	2022. 7. 15	2028. 1. 14	5,241	-
		JPY 11,000 (JPY/KRW)	10.0	4.06	Cash flow hedge	2023. 4. 4	2029. 4. 4	-	11,355
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	Cash flow hedge	2020. 7. 9	2024. 1. 9	19,859	-
Interest rate swap	Woori Bank and others	KRW 1,186,821 / USD 226	-	2.75 ~ 4.70	Cash flow hedge	2014. 1. 3 ~ 2023. 8.30	2024. 1. 3 ~ 2032.11.16	43,269	2,067
Currency forward	Commerzbank and others	USD 70 (USD/EUR)	1.075~1.076	-	Fair value hedge	2023.9.20	2023.12.29	-	1,017

Interest rates received for the above swap contracts are equal to annual interest rates of borrowings (Note 12).

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Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	Types of hedging	Hedged items	Book amount	Changes in fair value (net of tax)
Cross-currency swap	Cash flow hedge	Borrowings	1,720,825	(76,987)
Interest rate swap	Cash flow hedge	Borrowings	1,421,713	(9,348)

<i>(in millions of Korean won)</i>	Types of hedging	Hedged items	Book amount	Changes in fair value (before tax)
Currency forward	Fair value hedge	Foreign currency risk	-	(1,008)

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	Types of hedging	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 loss (net of tax)	Accumulated other comprehensive income
Cross-currency swap	Cash flow hedge	76,987	Interest expense and exchange differences	(79,284)	(2,297)	33,348
Interest rate swap	Cash flow hedge	9,348	Interest expense	(9,859)	(511)	29,902

<i>(in millions of Korean won)</i>	Types of hedging	Changes in fair value of derivatives (before tax)	Line items in profit or loss	Effective hedge (before tax)	Ineffective hedge (before tax)
Currency forward	Fair value hedge	(1,008)	Exchange differences	(1,008)	-

Trading purposes

Currency forward, cross-currency swap 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 and cross-currency swap contracts of subsidiaries and the interest rate swap contracts as of September 30, 2023, and related profit or loss for the nine-month period ended September 30, 2023, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain (Loss) on valuation	Gain (Loss) on valuation
Currency forward	436,768	439,178	(750)	(26,111)
Currency swap	-	-	12,505	2,041
Interest rate swap	-	-	(705)	-

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 no gain or loss on derivatives transaction was recognized during the nine-month period ended September 30, 2023.

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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.

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, 2023		December 31, 2022	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	4,497	(4,497)	4,277	(4,277)
NASDAQ	233	(233)	701	(701)
NYSE	2,246	(2,246)	2,360	(2,360)
Austrian Traded Index	208	(208)	148	(148)

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). 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 ₩11,352,977 million (December 31, 2022: ₩8,447,643 million) and its risk is managed appropriately within insurer's credit limit of ₩27,186,546 million (December 31, 2022: ₩25,823,363 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.

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(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.

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 of September 30, 2023, 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	10,848,196	10,848,196	-	-	-
Borrowings	15,175,747	2,956,747	2,273,383	5,975,463	3,970,154
Lease liabilities	1,265,416	327,467	263,415	413,666	260,868
Other payables	4,129,017	3,980,326	80,773	61,671	6,247
Other financial liabilities	8,049	4,692	1,679	1,342	336
Total	31,426,425	18,117,428	2,619,250	6,452,142	4,237,605

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 ₩3,664 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.

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- 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.

32.2 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.

Liability to equity ratio and net borrowing ratio as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2023	December 31, 2022
Liability (A)	37,677,993	32,664,144
Equity (B)	24,225,099	22,491,997
Cash and cash equivalents (C)	8,112,196	6,322,360
Borrowings and lease liabilities (D)	14,381,098	12,141,422
Liability to equity ratio (A/B)	155.5%	145.2%
Net borrowings ratio ((D-C)/B)	25.9%	25.9%

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32.3 Fair Value Estimation

(a) The book amount and fair value of the Group's financial assets and liabilities as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023			
	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 and others	91,078	91,078	126,123	126,123
Financial assets at fair value through other comprehensive income				
Trade receivables	2,124,079	1	-	-
Other financial assets	-	-	136,179	136,179
Derivatives for hedging purposes				
Other financial assets	26,932	26,932	245,719	245,719
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	8,112,196	1	-	-
Deposits held by financial institutions	146,523	1	75,717	75,717
Trade receivables	8,622,078	1	33,023	33,023
Other receivables	654,694	1	1,813,198	1,627,077
Other assets				
Trade receivables	81,699	1	385,799	385,799
Total	19,859,279		2,815,758	

<i>(in millions of Korean won)</i>	September 30, 2023			
	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	3,664	3,664	3,355	3,355
Derivatives for hedging purposes				
Other financial liabilities	1,017	1,017	17,837	17,837
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	10,848,196	1	-	-
Borrowings	2,475,371	1	10,790,609	10,287,348
Other payables	3,980,255	1	148,418	146,167
Other liabilities				
Lease liabilities	296,802	2	818,316	2
Other financial liabilities	11	3	-	-
Total	17,605,316		11,778,535	

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<i>(in millions of Korean won)</i>	December 31, 2022			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
Assets at fair value				
Financial assets at fair value through profit or loss				
Other financial assets	2,764	2,764	108,964	108,964
Financial assets at fair value through other comprehensive income				
Trade receivables	1,241,667	¹	-	-
Other financial assets	-	-	118,926	118,926
Derivatives for hedging purposes				
Other financial assets	5,059	5,059	183,268	183,268
Assets at amortized cost				
Financial assets at amortized cost				
Cash and cash equivalents	6,322,360	¹	-	-
Deposits held by financial institutions	171,046	¹	75,180	75,180
Trade receivables	6,947,457	¹	4,497	4,497
Other receivables	602,782	¹	787,793	782,537
Other assets				
Trade receivables	27,388	¹	138,712	138,712
Total	15,320,523		1,417,340	

<i>(in millions of Korean won)</i>	December 31, 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	7,522	7,522	3,265	3,265
Derivatives for hedging purposes				
Other financial liabilities	2,600	2,600	7,163	7,163
Liabilities at amortized cost				
Financial liabilities at amortized cost				
Trade payables	8,212,419	¹	-	-
Borrowings	2,287,518	¹	8,757,669	7,872,873
Other payables	4,551,554	¹	136,509	134,603
Other liabilities				
Lease liabilities	303,969	²	792,266	²
Other financial liabilities	115	³	-	-
Total	15,365,697		9,696,872	

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.

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(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 and others.

- 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'. There are no assets or liabilities categorized within 'level 3'.

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 and others.

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'.

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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.

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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets and others				
Financial assets at fair value through other comprehensive income	28,749	-	107,430	136,179
Financial assets at fair value through profit or loss	73,497	19,004	124,700	217,201
Derivatives for hedging purposes	-	272,651	-	272,651
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	7,019	-	7,019
Derivatives for hedging purposes	-	18,854	-	18,854
December 31, 2022				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets and others				
Financial assets at fair value through other comprehensive income	29,425	-	89,501	118,926
Financial assets at fair value through profit or loss	362	5,722	105,644	111,728
Derivatives for hedging purposes	-	188,327	-	188,327
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	10,787	-	10,787
Derivatives for hedging purposes	-	9,763	-	9,763

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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	September 30, 2023	December 31, 2022		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	19,004	5,722	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	272,651	188,327	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	7,019	10,787	Discounted cash flow and binomial model	Discount rate and exchange rate share price and volatility
Derivatives for hedging purposes	18,854	9,763	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs for 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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	75,717	75,717
Non-current trade receivables	-	-	418,822	418,822
Non-current other receivables	-	-	1,627,077	1,627,077
Liabilities				
Non-current borrowings	-	-	10,287,348	10,287,348
Non-current other payables	-	-	146,167	146,167

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<i>(in millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current deposits held by financial institutions	-	-	75,180	75,180
Non-current trade receivables	-	-	143,209	143,209
Non-current other receivables	-	-	782,537	782,537
Liabilities				
Non-current borrowings	-	-	7,872,873	7,872,873
Non-current other payables	-	-	134,603	134,603

- 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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Book amount	Fair value	Book amount	Fair value				
Assets								
Non-current deposits held by financial institutions	75,717	75,717	75,180	75,180	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 1.8%
Non-current trade receivables	418,822	418,822	143,209	143,209	Discounted cash flow	Discount rate and exchange rate	Discount rate	5.3% ~ 7.0%
Non-current other receivables	1,813,198	1,627,077	787,793	782,537	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.5% ~ 11.7%
Liabilities								
Non-current borrowings	10,790,609	10,287,348	8,757,669	7,872,873	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.0% ~ 6.2%
Non-current other payables	148,418	146,167	136,509	134,603	Discounted cash flow	Discount rate and exchange rate	Discount rate	4.3% ~ 5.5%

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33. Business Combinations

- (a) On October 31, 2022, the Group acquired 60.0% shares of HIEVCHARGER CO., LTD. in order to enter the EV charging business, and the subsidiary acquired EV charging business from Speel Co., Ltd. on December 31, 2022.

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	25,772
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	267
Trade receivables ¹	3,455
Other assets	215
Non-current assets	
Property, plant and equipment	342
Intangible assets	9,133
Other assets	172
Current liabilities	
Trade payables	1,464
Other payables	1,860
Borrowings	830
Non-current liabilities	
Borrowings	617
Other liabilities	230
Deferred tax liabilities	1,909
Fair value of total identifiable net assets	6,674
Non-controlling interests	4,000
Goodwill ²	23,098

¹ The fair value of above trade receivables is the same as the contractual amount in gross.

² Goodwill is incurred from a business combination amounting to ₩23,098 million due to an increase in sales from integration of business with HIEVCHARGER CO., LTD. which is a non-deductible expense for tax purpose.

The acquisition-related direct costs in relation to business combination amounting to ₩322 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 of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023 ¹	December 31, 2022 ²
Assets held for sale		
Land	679	554
Building	3,337	3,106
Machinery	206	100
Other property, plant and equipment	8	7
Other assets	-	9,148
Total	4,230	12,915

¹ The sale is in progress as of September 30, 2023 and expected to be completed by 2023.

² The sale of other assets and buildings was completed for the nine-month period ended September 30, 2023 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 there is no impairment loss on property, plant and equipment recognized for the nine-month period ended September 30, 2023.
- (c) Details of other components of equity as held for sale as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Exchange differences on translation of foreign operations	(32)	838

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35. Discontinued Operation

In 2022, the Group discontinued the operations of energy business 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.

- (a) Profit and loss from discontinued operation for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Net sales	1,116	351,664
Operating profit (loss)	1,795	(158,842)
Profit (Loss) before income tax	1,766	(193,099)
Income tax expense (benefit)	462	(52,852)
Profit (Loss) for the period, net of tax	1,304	(140,247)

- (b) Cash flows from discontinued operations for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Net cash inflow (outflow) from operating activities	(953)	(99,770)
Net cash inflow (outflow) from investing activities	2	448,632
Net cash inflow (outflow) from financing activities	951	(348,862)