

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Financial Statements**  
**March 31, 2022 and 2021**

**LG Chem, Ltd. and Subsidiaries**  
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**March 31, 2022 and 2021**

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

(English Translation of a Report Originally Issued in Korean)

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

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

We have reviewed the accompanying consolidated interim financial statements of LG Chem, Ltd. and its subsidiaries (collectively referred to as the “Group”). These financial statements consist of the consolidated interim statement of financial position of the Group as at March 31, 2022, and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and notes to the consolidated interim financial statements, including a summary of significant accounting policies.

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

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

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

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

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

**Conclusion**

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

**Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 4 to the consolidated interim financial statements. Note 4 to the interim consolidated financial statements describes uncertainty relating to the impact of Coronavirus disease 2019 (COVID-19) on the Group's productivity and ability to satisfy customer's orders.

**Other Matters**

We have audited the consolidated statement of financial position of the Group as at December 31, 2021, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 8, 2022. The consolidated statement of financial position as at December 31, 2021, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2021.

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

May 16, 2022  
Seoul, Korea

This report is effective as of May 16, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**March 31, 2022 and December 31, 2021**

<i>(in millions of Korean won)</i>	Notes	March 31, 2022 (Unaudited)	December 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3, 5, 6	9,052,010	3,760,834
Trade receivables	3, 5, 7, 31	7,018,529	6,386,979
Other receivables	3, 5, 7, 31	6,313,252	1,048,549
Other current financial assets	3, 5, 8	68,015	23,289
Prepaid income taxes		166,280	156,299
Other current assets	13	829,323	749,032
Inventories	9	9,311,896	8,283,474
Assets held for sale	34	5,367	5,364
Total current assets		32,764,672	20,413,820
<b>Non-current assets</b>			
Trade receivables	3, 5, 7	75,103	67,055
Other receivables	3, 5, 7	597,834	713,166
Other non-current financial assets	3, 5, 8	592,634	506,022
Investments in associates and joint ventures	1, 10, 33	530,920	535,310
Deferred tax assets	28	1,988,794	1,905,149
Property, plant and equipment	11	25,232,426	24,378,259
Intangible assets	12	2,491,565	2,444,303
Investment properties	36	56,511	56,297
Other non-current assets	13	86,996	115,921
Total non-current assets		31,652,783	30,721,482
<b>Total assets</b>		<b>64,417,455</b>	<b>51,135,302</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	3, 5, 31	4,690,565	3,742,132
Other payables	3, 5, 31	3,203,031	3,991,784
Borrowings	3, 5, 14	4,370,159	3,477,080
Provisions	15	1,430,404	1,572,755
Income tax payables	28	1,328,051	957,676
Other current liabilities	3, 5, 17	1,943,638	1,320,669
Total current liabilities		16,965,848	15,062,096
<b>Non-current liabilities</b>			
Other payables	3, 5	16,103	15,623
Borrowings	3, 5, 14	10,323,993	11,288,654
Other non-current financial liabilities	3, 5, 8	-	126
Provisions	15	559,226	636,953
Net defined benefit liabilities	13, 16	39,883	18,122
Deferred tax liabilities	28	846,190	713,862
Other non-current liabilities	17	175,112	189,878
Total non-current liabilities		11,960,507	12,863,218
<b>Total liabilities</b>		<b>28,926,355</b>	<b>27,925,314</b>

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Financial Position**  
**March 31, 2022 and December 31, 2021**

<i>(in millions of Korean won)</i>	Notes	March 31, 2022 (Unaudited)	December 31, 2021
<b>Equity</b>			
Share capital	1, 19	391,406	391,406
Capital surplus		11,407,631	2,696,385
Other components of equity	21	(37,310)	(37,310)
Accumulated other comprehensive income		717,954	551,354
Retained earnings	20	17,842,157	18,091,949
<b>Equity attributable to owners of the Parent Company</b>		<u>30,321,838</u>	<u>21,693,784</u>
<b>Non-controlling interests</b>		5,169,262	1,516,204
<b>Total equity</b>		<u>35,491,100</u>	<u>23,209,988</u>
<b>Total liabilities and equity</b>		<u>64,417,455</u>	<u>51,135,302</u>

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Profit or Loss**  
**Three-Month Periods Ended March 31, 2022 and 2021**

	Notes	Period Ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
<i>(in millions of Korean won, except per share amounts)</i>			
<b>Revenue</b>	31, 33, 35	11,608,071	9,644,693
<b>Cost of sales</b>	23, 31	(9,110,372)	(7,186,507)
<b>Gross profit</b>		2,497,699	2,458,186
Selling and administrative expenses	22, 23, 31	(1,473,439)	(1,048,702)
<b>Operating profit</b>	33	1,024,260	1,409,484
Finance income	5, 25	196,258	158,456
Finance costs	5, 25	(238,905)	(195,082)
Share of net profit of associates and joint ventures accounted for using the equity method	10	(7,228)	1,934
Other non-operating income	5, 26	286,845	315,869
Other non-operating expenses	5, 27	(237,668)	(262,689)
<b>Profit before income tax</b>	32	1,023,562	1,427,972
<b>Income tax expense</b>	28	(253,652)	(384,034)
<b>Profit from continuing operations</b>		769,910	1,043,938
Profit (loss) from discontinued operations	34	(688)	327,034
<b>Profit for the period</b>		769,222	1,370,972
<b>Profit is attributable to:</b>			
Owners of the Parent Company			
Profit from continuing operations		688,866	979,668
Profit (loss) from discontinued operations		(688)	327,034
		688,178	1,306,702
Non-controlling interests			
Profit from continuing operations		81,044	64,270
		81,044	64,270
<b>Earnings per share for profit attributable to the owners of the Parent Company (in won)</b>			
	29		
Basic and diluted earnings per ordinary share		8,832	16,776
Basic and diluted earnings per preferred share		8,845	16,788
<b>Earnings per share for profit from continuing operations attributable to the owners of the Parent Company (in won)</b>			
	29		
Basic and diluted earnings per ordinary share		8,841	12,577
Basic and diluted earnings per preferred share		8,853	12,589

The above consolidated interim statements of profit or loss should be read in conjunction with the accompanying notes.

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Comprehensive Income**  
**Three-Month Periods Ended March 31, 2022 and 2021**

(in millions of Korean won)

	Notes	Period Ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>		<u>769,222</u>	<u>1,370,972</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	16	(2,867)	9,801
Gain (loss) on valuation of financial assets at fair value through other comprehensive income		(312)	2,297
Shares of remeasurements of net defined benefit liabilities of associates		-	(234)
Income tax relating to these items		763	(3,332)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		181,551	181,011
Cash flow hedge		59,071	(4,257)
Shares of other comprehensive income of associates and joint ventures		8,145	3,574
Income tax relating to these items		<u>(40,896)</u>	<u>18,130</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>205,455</u>	<u>206,990</u>
<b>Total comprehensive income for the period</b>		<u>974,677</u>	<u>1,577,962</u>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of the Parent Company		852,729	1,492,596
Non-controlling interest		121,948	85,366

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



**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Changes in Equity**  
**Three-Month Periods Ended March 31, 2022 and 2021**

(in millions of Korean won)

Notes	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Total		
<b>Balance at January 1, 2021</b>	391,406	2,692,485	(54,998)	(165,076)	15,175,304	18,039,121	751,319	18,790,440
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	1,306,702	1,306,702	64,270	1,370,972
Remeasurements of net defined benefit liabilities	16	-	-	-	7,101	7,101	-	7,101
Exchange differences on translation of foreign operations	-	-	-	176,875	-	176,875	21,096	197,971
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	1,665	-	1,665	-	1,665
Cash flow hedge	-	-	-	(3,087)	-	(3,087)	-	(3,087)
Others	-	-	-	3,574	(234)	3,340	-	3,340
<b>Total comprehensive income for the period</b>	-	-	-	179,027	1,313,569	1,492,596	85,366	1,577,962
<b>Transactions with owners:</b>								
Disposal of treasury shares	-	28,344	14,302	-	-	42,646	-	42,646
Dividends	30	-	-	-	(778,383)	(778,383)	(91,334)	(869,717)
Increase in paid-in capital of a subsidiary	-	-	-	-	-	-	110,339	110,339
Others	-	-	-	-	(2,006)	(2,006)	(1,588)	(3,594)
<b>Total transactions with owners</b>	-	28,344	14,302	-	(780,389)	(737,743)	17,417	(720,326)
<b>Balance at March 31, 2021 (Unaudited)</b>	391,406	2,720,829	(40,696)	13,951	15,708,484	18,793,974	854,102	19,648,076
<b>Balance at January 1, 2022</b>	391,406	2,696,385	(37,310)	551,354	18,091,949	21,693,784	1,516,204	23,209,988
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	688,178	688,178	81,044	769,222
Remeasurements of net defined benefit liabilities	16	-	-	-	(2,049)	(2,049)	(40)	(2,089)
Exchange differences on translation of foreign operations	-	-	-	111,724	-	111,724	29,330	141,054
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	(686)	-	(686)	358	(328)
Cash flow hedge	-	-	-	48,317	-	48,317	10,356	58,673
Others	-	-	-	7,245	-	7,245	900	8,145
<b>Total comprehensive income for the period</b>	-	-	-	166,600	686,129	852,729	121,948	974,677
<b>Transactions with owners:</b>								
Dividends	30	-	-	-	(935,275)	(935,275)	-	(935,275)
Changes in ownership percentage of subsidiaries	-	8,711,246	-	-	-	8,711,246	3,297,211	12,008,457
Increase in paid-in capital of a subsidiary	-	-	-	-	-	-	234,037	234,037
Others	-	-	-	-	(646)	(646)	(138)	(784)
<b>Total transactions with owners</b>	-	8,711,246	-	-	(935,921)	7,775,325	3,531,110	11,306,435
<b>Balance at March 31, 2022 (Unaudited)</b>	391,406	11,407,631	(37,310)	717,954	17,842,157	30,321,838	5,169,262	35,491,100

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

**LG Chem, Ltd. and Subsidiaries**  
**Consolidated Interim Statements of Cash Flows**  
**Three-Month Periods Ended March 31, 2022 and 2021**

(in millions of Korean won)

	Notes	Period Ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	665,327	1,313,259
Interest received		20,678	8,773
Interest paid		(61,065)	(39,807)
Dividends received		5,000	-
Income taxes paid		(473,804)	(216,021)
<b>Net cash inflow from operating activities</b>		<b>156,136</b>	<b>1,066,204</b>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		18,651	412,255
Decrease in other non-current receivables		7,704	29,334
Proceeds from disposal of financial instruments		-	987
Proceeds from disposal of property, plant and equipment		2,915	81,704
Proceeds from disposal of intangible assets		15,343	125
Government grants received		33,069	163,934
Proceeds from disposal of assets held for sale		1,402	-
Proceeds from transfer of business		-	584,087
Increase in other receivables		(5,050,466)	(18,956)
Increase in other non-current receivables		(26,824)	(20,853)
Acquisition of financial assets		(29,502)	(63,767)
Acquisition of property, plant and equipment		(2,181,831)	(1,178,639)
Acquisition of intangible assets		(47,882)	(28,521)
Cash outflows from transfer of business		(6,565)	-
<b>Net cash outflow from investing activities</b>		<b>(7,263,986)</b>	<b>(38,310)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		798,254	1,581,471
Capital contribution from non-controlling interests		12,854,293	110,339
Repayments of borrowings and others		(1,316,009)	(1,003,585)
<b>Net cash inflow from financing activities</b>		<b>12,336,538</b>	<b>688,225</b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		3,760,834	3,274,250
Effects of exchange rate changes on cash and cash equivalents		62,488	68,066
<b>Cash and cash equivalents at the end of the period in the consolidated interim statement of financial position</b>		<b>9,052,010</b>	<b>5,058,435</b>

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

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2022 and 2021 (Unaudited), and December 31, 2021

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#### 1. General Information

General information about LG Chem, Ltd. (the Parent Company) and its 58 subsidiaries (collectively referred to as “the Group”) is as follows:

##### 1.1 The Parent Company

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

As at March 31, 2022, the Group has its manufacturing facilities in Yeosu, Daesan, Ochang, Cheongju, Ulsan, Naju, Iksan, Paju, Osong, Onsan, Gimcheon and overseas sites.

The Parent Company is authorized to issue 292 million shares of ordinary shares with par value of ₩5,000 per share. As at March 31, 2022, the Parent Company has issued and outstanding 70,592,343 ordinary shares (₩352,962 million) and 7,688,800 preferred shares (₩38,444 million). The largest shareholder of the Parent Company is LG Corp., which owns 33.34% of the Parent Company’s ordinary shares. Preferred shareholders have no voting rights but are entitled to receive dividends at a rate 1% more than those paid to ordinary shareholders.

##### 1.2 Business Overview

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

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

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

The Advanced material business manufactures and supplies various kinds of IT materials such as automotive material, OLED film, semiconductor materials, OLED materials, battery materials and others including RO membranes, which will be the next growth engine for future.

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

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2022 and 2021 (Unaudited), and December 31, 2021

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

### 1.3 Consolidated Subsidiaries, Associates and Joint Ventures

March 31, 2022

	Percentage of ownership (%)	Business location	Closing month	Business activities
<b>Consolidated subsidiaries</b>				
LG Energy Solution, Ltd. <sup>1</sup>	82	Korea	December	Battery manufacturing and sales
Ningbo LG Yongxing Chemical Co., Ltd. <sup>2</sup>	75	China	December	ABS/SBL manufacturing and sales
Ningbo Zhenhai LG Yongxing Trade Co., Ltd. <sup>2</sup>	75	China	December	ABS sales
LG Chem America, Inc	100	USA	December	Sales and trading
LG Chemical India Pvt. Ltd. <sup>3, 5</sup>	100	India	December	Synthetic resin manufacturing and sales
LG Polymers India Pvt. Ltd. <sup>3, 6</sup>	100	India	December	PS manufacturing and sales
LG Chemical (Guangzhou) Engineering Plastics Co., Ltd.	100	China	December	EP manufacturing and sales
LG Chem (Taiwan), Ltd.	100	Taiwan	December	Polarizer manufacturing and sales
Tianjin LG Bohai Chemical Co., Ltd.	75	China	December	PVC, VCM, EDC manufacturing and sales
Tianjin LG BOTIAN Chemical Co., Ltd.	58	China	December	SBS manufacturing and sales
LG Chem (China) Investment Co., Ltd. <sup>4, 7</sup>	100	China	December	China holding company
LG Chem (Tianjin) Engineering Plastics Co., Ltd.	100	China	December	EP manufacturing and sales
LG Chem Europe GmbH	100	Germany	December	Sales and trading
LG Chem Poland Sp. z o.o.	100	Poland	December	EP manufacturing and sales
LGC Petrochemical India Private Ltd.	100	India	December	Synthetic resin manufacturing and sales
HAENGBOKNURI CO., LTD.	100	Korea	December	Facility management and general cleaning
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	100	Turkey	December	Sales and trading
LG Chem Japan Co., Ltd.	100	Japan	December	Sales and trading
LG NanoH2O, LLC	100	USA	December	Water processing membrane sales
LG Chem (Chongqing) Engineering Plastics Co., Ltd.	100	China	December	EP manufacturing and sales
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	70	China	December	ABS manufacturing and sales
LG Chem Life Sciences India Pvt. Ltd.	100	India	December	Pharmaceutical products sales
LG Jiansheng Chem Life Sciences (Beijing) Co., Ltd.	60	China	December	Pharmaceutical products sales
LG Chem Life Sciences (Thailand) Ltd.	100	Thailand	December	Pharmaceutical products sales
LG Chem Hai Phong Vietnam Co., Ltd.	100	Vietnam	December	Polarizer manufacturing and sales
LG Chem Mexico S.A. de C.V.	100	Mexico	December	Sales and trading
LG Chem Hai Phong engineering Plastics LLC.	100	Vietnam	December	EP manufacturing and sales
LG Chem (Guangzhou) Information & Electronics Materials Co., Ltd.	100	China	December	Polarizer manufacturing and sales
LEYOU NEW ENERGY MATERIALS(WUXI) Co., LTD.	51	China	December	Battery materials manufacturing and sales
LG Chem Fund I LLC <sup>8</sup>	100	USA	December	Investments in venture companies
Uniseal, Inc.	100	USA	December	Adhesive manufacturing and sales
LG Chem Life Science Innovation Center, Inc.	100	USA	December	Pharmaceutical products research
LG Chem Asia Pte. Ltd.	100	Singapore	December	Asia BSC
LG Chem China Tech Center	100	China	December	Research on petrochemicals
Shanjin Optoelectronics (Taiwan) Co., Ltd.	100	Taiwan	December	Others

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2022 and 2021 (Unaudited), and December 31, 2021

LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	51	Malaysia	December	NBL manufacturing and sales
LG Chem Hangzhou Advanced Materials Co., Ltd.	70	China	December	Polarizer sheet manufacturing and sales
LG BCM	100	Korea	December	Battery materials manufacturing and sales
LG Chem Ohio Petrochemical, Inc.	100	USA	December	ABS manufacturing and sales
LG Chem VietNam Co.,Ltd. <sup>9</sup>	100	Vietnam	December	Sales and trading Agricultural pesticide manufacturing and sales
FarmHannong Co., Ltd. <sup>10</sup>	100	Korea	December	sales
Farmhannong America, Inc. <sup>10</sup>	100	USA	December	Agricultural pesticide sales
FarmHannong(Thailand) Ltd. <sup>10</sup>	100	Thailand	December	Research and development on seeds
FARMHANNONG(MALAYSIA) SDN. BHD. <sup>10</sup>	100	Malaysia	December	Agricultural pesticide licensing
PT FARM HANNONG INDONESIA <sup>10</sup>	100	Indonesia	December	Agricultural pesticide licensing
FarmHannong do Brasil Limitada <sup>10</sup>	100	Brazil	December	Agricultural pesticide sales
LG Energy Solution (Nanjing) Co., Ltd. <sup>1</sup>	100	China	December	Battery manufacturing and sales Automotive battery research and manufacturing
LG Energy Solution Michigan Inc. <sup>1</sup>	100	USA	December	manufacturing
LG Energy Solution Battery (Nanjing) Co., Ltd. <sup>1</sup>	100	China	December	Automotive battery manufacturing and sales
LG Energy Solution Wroclaw sp. z o.o. <sup>1</sup>	100	Poland	December	Automotive battery manufacturing and sales
LG Energy Solution Australia Pty Ltd <sup>1</sup>	100	Australia	December	ESS sales
LG Energy Solution Technology (Nanjing) Co., Ltd. <sup>1</sup>	100	China	December	Battery manufacturing and sales
Ultium Cells LLC <sup>13</sup>	50	USA	December	Automotive battery manufacturing and sales
LG Energy Solution Europe GmbH <sup>1</sup>	100	Germany	December	Sales and trading
LG Energy Solution (Taiwan), Ltd. <sup>1</sup>	100	Taiwan	December	Sales and trading
Aremnuri. Co. Ltd <sup>1</sup>	100	Korea	December	Facility management and general cleaning
LG Energy Solution Fund I LLC <sup>1</sup>	100	USA	December	Investments in venture companies
LG Energy Solution Vertech Inc. <sup>1</sup>	100	USA	December	ESS installation service
<b>Associates</b>				
TECHWIN Co., Ltd.	20	Korea	December	Environment solution and construction of chemical plant
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA. <sup>12</sup>	100	Brazil	December	Sales and trading
LG Chem Malaysia SDN.BHD. <sup>12</sup>	100	Malaysia	December	Sales and trading
LG Chem Life Sciences Poland Ltd. <sup>12</sup>	100	Poland	December	Pharmaceutical products sales
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	49	China	December	Battery materials manufacturing and sales
TL Chemical CO., Ltd	40	Korea	December	AN manufacturing and sales
VINFAST LITHIUM BATTERY PACK LLC. <sup>1</sup>	35	Vietnam	December	Battery manufacturing and sales
Jiangxi VL Battery., Ltd. <sup>1</sup>	34	China	December	Battery manufacturing and sales
<b>Joint ventures</b>				
VINA Plasticizers Chemical Co.,Ltd.	50	Vietnam	December	DOP production and sales Plant utility and distribution, research assistance service
SEETEC Co., Ltd.	50	Korea	December	research assistance service
PT.HLI Greenpower Co., Ltd. <sup>1,11</sup>	50	Indonesia	December	Automotive battery manufacturing and sales

<sup>1</sup> These are LG Energy Solution and its subsidiaries, associates, and joint venture. As at March 31, 2022, the Parent Company's percentage of ownership decreased to 82% due to IPO and sale of existing shares during the three-month period ended March 31, 2022.

<sup>2</sup> As at March 31, 2022, Ningbo LG Yongxing Chemical Co., Ltd. owns 100% of Ningbo Zhenhai LG Yongxing Trading Co., Ltd.'s shares.

<sup>3</sup> As at March 31, 2022, LG Chemical India Pvt. Ltd. owns 100% of LG Polymers India Pvt. Ltd.'s shares.

<sup>4</sup> As at March 31, 2022, LG Chem (China) Investment Co., Ltd. owns 100% of LG Chem China Tech Center's shares.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2022 and 2021 (Unaudited), and December 31, 2021

- <sup>5</sup> During the three-month period ended March 31, 2022, the Parent Company additionally acquired shares of LG Chemical India Pvt. Ltd. for ₩30,789 million.
- <sup>6</sup> During the three-month period ended March 31, 2022, the Parent Company additionally acquired shares of LG Polymers India Pvt. Ltd. for ₩17,820 million.
- <sup>7</sup> During the three-month period ended March 31, 2022, LG Chem (China) Investment Co., Ltd. decreased its capital with consideration of ₩240,480 million.
- <sup>8</sup> During the three-month period ended March 31, 2022, the Parent Company additionally acquired shares of LG CHEM FUND I LLC for ₩14,154 million.
- <sup>9</sup> LG Chem Vietnam Co., Ltd. was newly established during the three-month period ended March 31, 2022, and the Parent Company newly acquired 100% shares of LG Chem Vietnam Co., Ltd. for ₩359 million.
- <sup>10</sup> As at March 31, 2022, FarmHannong Co., Ltd. owns 100% of Farmhannong America, Inc., FarmHannong(Thailand) Ltd., FARMHANNONG(MALAYSIA) SDN.BHD., and PT FARM HANNONG INDONESIA's shares.
- <sup>11</sup> PT.HKML Battery Indonesia was newly established in accordance with a joint arrangement in which the Group participated during the year ended December 31, 2021. This investment is classified as a joint venture since the joint arrangement is structured through a separate vehicle and the Group has rights to the net assets of the arrangement.
- <sup>12</sup> Classified as an investment in associate due to its small size.
- <sup>13</sup> The Group possesses control over Ultium Cells LLC as the Group can exercise the majority voting rights in its decision-making process and has the ability to use power to affect the returns of the investee through its involvement in the production and cost management and other activities in accordance with the shareholders' agreement.

#### 1.4 Summarized Financial Information of Subsidiaries, Associates and Joint Ventures

Summarized financial information (before elimination of intercompany transactions and adjustments for differences in accounting policies) of subsidiaries, associates and joint ventures is as follows:

(in millions of Korean won)

	March 31, 2022			2022	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<b>Subsidiaries</b>					
LG Energy Solution, Ltd. <sup>1,2</sup>	34,975,888	15,536,318	19,439,570	4,342,348	226,622
Ningbo LG Yongxing Chemical Co.,Ltd.	1,371,854	142,797	1,229,057	601,040	69,965
Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.	6,583	284	6,299	8,009	124
LG Chem America, Inc.	518,561	477,334	41,227	321,818	(2,091)
LG Chemical India Pvt. Ltd.	63,442	19	63,423	-	(274)
LG Polymers India Pvt. Ltd.	56,774	32,481	24,293	1,383	(1,208)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	118,557	46,726	71,831	58,590	864
LG Chem (Taiwan), Ltd.	102,890	29,423	73,467	27,015	1,804
Tianjin LG Bohai Chemical Co.,Ltd.	500,033	76,062	423,971	142,002	13,652
Tianjin LG BOTIAN Chemical Co.,Ltd.	51,522	22,590	28,932	36,580	1,699
LG Chem (China) Investment Co.,Ltd.	1,277,788	812,451	465,337	18,143	1,765
LG Chem (Tianjin) Engineering Plastics Co.,Ltd.	59,968	13,687	46,281	22,390	2,002
LG Chem Europe GmbH	517,104	434,058	83,046	263,691	13,052
LG Chem Poland Sp. z o.o.	229,809	140,550	89,259	72,861	1,563
LGC Petrochemical India Private Ltd.	4,945	834	4,111	1,385	172
HAENGBOKNURI CO., LTD.	4,097	1,023	3,074	2,046	(45)
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	27,145	28,570	(1,425)	14,395	(1,225)
LG Chem Japan Co.,Ltd.	4,910	1,049	3,861	1,189	289
LG NanoH2O, LLC <sup>3</sup>	57,114	25,030	32,084	24,793	1,972
LG Chem (Chongqing) Engineering Plastics Co.,Ltd.	51,788	16,416	35,372	21,541	760

**LG Chem, Ltd. and Subsidiaries**  
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LG Chem(HUIZHOU) Petrochemical Co., Ltd.	620,257	166,814	453,443	265,995	25,415
LG Chem Life Sciences India Pvt. Ltd.	3,356	2,301	1,055	1,582	104
LG Jiansheng Life Sciences (Beijing) Co.,Ltd.	13,374	7,931	5,443	6,966	473
LG Chem Life Sciences (Thailand) Ltd.	25,473	9,407	16,066	10,383	917
LG Chem Hai Phong Vietnam Company Ltd.	14,509	3,597	10,912	4,833	626
LG Chem Mexico S.A. de C.V.	1,679	231	1,448	667	67
LG Chem Hai Phong Engineering Plastics Ltd.	29,203	13,048	16,155	9,135	103
LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>2</sup>	297,820	84,650	213,170	44,112	512
LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	713,124	238,759	474,365	252,510	29,115
LG Chem Fund I LLC	61,385	27	61,358	-	(804)
Uniseal,Inc. <sup>3</sup>	40,410	8,019	32,391	20,367	15
LG Chem Life Science Innovation Center, Inc.	3,609	1,152	2,457	1,923	116
LG Chem Asia Pte. Ltd.	2,631	1,767	864	824	(1)
LG Chem China Tech Center	35,476	597	34,879	858	255
Shanjin Optoelectronics (Taiwan) Co., Ltd.	58,690	31	58,659	131	39
LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	140,270	67,417	72,853	-	(740)
LG Chem Hangzhou Advanced Materials Co., Ltd. <sup>3</sup>	77,035	41,946	35,089	39,242	492
LG BCM	59,276	7,543	51,733	-	(1,080)
LG Chem Ohio Petrochemical, Inc.	26,527	3,489	23,038	-	3
LG Chem VietNam Co.,Ltd	267	1	266	-	(95)
FarmHannong Co., Ltd. <sup>1,3</sup>	1,192,845	772,151	420,694	260,833	31,032
<b>Associates</b>					
TECHWIN Co., Ltd.	132,871	45,377	87,494	9,764	(3,406)
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR Q UIMICO LTDA.	1,012	153	859	486	89
LG Chem Malaysia SDN.BHD.	508	2	506	472	31
LG Life Sciences Poland Ltd.	212	70	142	46	25
HUAJIN NEW ENERGY MATERIALS(QUZHOU)CO., LTD.	459,080	263,786	195,294	38,413	(1,213)
TL Chemical CO., Ltd	121,795	435	121,360	-	223
VINFAST LITHIUM BATTERY PACK LLC.	17,312	6,177	11,135	3,106	(330)
Jiangxi VL Battery.,Ltd	90,497	33,600	56,897	5,236	(3,998)
<b>Joint ventures</b>					
Vina Plasticizer Chemical Co.,Ltd.	81,058	52,586	28,472	51,674	2,804
SEETEC Co., Ltd.	314,880	46,744	268,136	164,165	2,098
PT.HLI Green Power	400,829	980	399,849	-	(11,669)

<sup>1</sup> Represent financial information of intermediate parent company consolidating its subsidiaries.

<sup>2</sup> LCD polarizer business and others of these entities was classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations (Note 34).

<sup>3</sup> Fair value adjustments due to business combination recorded in the consolidated financial statements are not included in the above information.

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
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(in millions of Korean won)

	March 31, 2021			2021	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the period
<b>Subsidiaries</b>					
LG Energy Solution, Ltd. <sup>1,2</sup>	23,764,139	15,021,765	8,742,374	4,254,116	442,970
Ningbo LG Yongxing Chemical Co.,Ltd.	1,394,894	258,879	1,136,015	583,579	135,912
Ningbo Zhenhai LG Yongxing Trade Co.,Ltd.	6,787	735	6,052	6,713	139
LG Chem America, Inc.	408,469	366,034	42,435	194,058	3,370
LG Chemical India Pvt. Ltd.	32,799	35	32,764	-	3
LG Polymers India Pvt. Ltd.	44,118	36,206	7,912	245	(4,325)
LG Chemical (Guangzhou) Engineering Plastics Co.,Ltd.	119,231	42,590	76,641	63,230	3,297
LG Chem (Taiwan), Ltd.	109,772	35,905	73,867	28,486	870
LG Chem Display Materials (Beijing) Co.,Ltd. <sup>2</sup>	-	-	-	-	276
Tianjin LG Bohai Chemical Co.,Ltd.	530,055	127,935	402,120	146,222	23,302
Tianjin LG BOTIAN Chemical Co.,Ltd.	46,289	19,597	26,692	28,287	360
LG Chem (China) Investment Co.,Ltd.	1,371,751	679,206	692,545	13,690	2,551
LG Chem (Tianjin) Engineering Plastics Co.,Ltd.	56,898	12,011	44,887	18,755	1,556
LG Chem Europe GmbH	358,459	288,909	69,550	118,937	5,910
LG Chem Poland Sp. z o.o.	222,263	133,527	88,736	36,883	4,830
LGC Petrochemical India Private Ltd.	4,918	988	3,930	934	135
HAENGBOKNURI CO., LTD.	4,503	1,385	3,118	2,838	(2)
LG CHEM TK Kimya SANAYI VE TIC. Ltd. STI.	10,416	10,685	(269)	6,939	(195)
LG Chem Japan Co.,Ltd.	5,109	1,391	3,718	1,519	143
LG NanoH2O, LLC <sup>3</sup>	44,449	14,978	29,471	13,448	1,451
LG Chem (Chongqing) Engineering Plastics Co.,Ltd.	49,879	15,955	33,924	19,324	1,423
LG Chem(HUIZHOU) Petrochemical Co., Ltd.	574,744	155,233	419,511	233,520	46,974
LG Chem Life Sciences India Pvt. Ltd.	3,191	2,242	949	1,143	98
LG Jiansheng Life Sciences (Beijing) Co.,Ltd.	11,742	6,854	4,888	439	20
LG Chem Life Sciences (Thailand) Ltd.	25,708	10,875	14,833	9,014	795
LG Chem Hai Phong Vietnam Company Ltd.	14,571	4,458	10,113	8,240	(606)
LG Chem Mexico S.A. de C.V.	1,619	267	1,352	415	54
LG Chem Hai Phong Engineering Plastics Ltd.	31,476	15,698	15,778	7,318	263
LG Chem (Guangzhou) Information & Electronics Materials Co.,Ltd. <sup>2</sup>	317,592	109,131	208,461	34,978	(271)
LEYOU NEW ENERGY MATERIALS(WUXI) Co.,LTD	608,961	172,607	436,354	138,830	16,635
LG Chem Fund I LLC	45,922	9	45,913	-	(1,026)
Ugimag Korea Co., Ltd. <sup>2</sup>	-	-	-	5,338	(1,344)
Uniseal,Inc. <sup>3</sup>	38,635	6,932	31,703	16,905	495
LG Chem Life Science Innovation Center, Inc.	3,446	1,153	2,293	1,403	85
LG Chem Asia Pte. Ltd.	2,927	2,079	848	-	(66)
LG Chem China Tech Center	34,327	390	33,937	-	-
Shanjin Optoelectronics (Taiwan) Co., Ltd.	59,149	5	59,144	-	-
LG PETRONAS CHEMICALS Malaysia Sdn.Bhd.	123,502	50,961	72,541	-	-
LG Chem Hangzhou Advanced Materials Co., Ltd.	112,892	78,981	33,911	-	-
LG BCM	54,412	1,599	52,813	-	-
LG Chem Ohio Petrochemical, Inc.	24,132	1,578	22,554	-	-
FarmHannong Co., Ltd. <sup>1,3</sup>	1,047,277	657,687	389,590	210,913	20,744
<b>Associates</b>					
TECHWIN Co., Ltd.	142,066	51,893	90,173	-	-
LG Chem BRASIL INTERMEDIACAO DE	729	91	638	378	69



**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
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NEGOCIOS DO SETOR Q UIMICO LTDA.					
LG Chem Malaysia SDN.BHD.	525	2	523	155	19
FJ Composite Material Co., Ltd.	-	-	-	101	(58)
WUXI CL New Energy Technology Ltd.	-	-	-	-	(19)
LG Life Sciences Poland Ltd.	188	70	118	57	3
Combustion Synthesis Co., Ltd.	-	-	-	35	(115)
HUAJIN NEW ENERGY					
MATERIALS(QUZHOU)CO., LTD.	422,366	229,745	192,621	-	(680)
TL Chemical CO., Ltd	121,551	369	121,182	-	-
VINFAST LITHIUM BATTERY PACK LLC.	17,496	6,295	11,201	3,119	(308)
Jiangxi VL Battery.,Ltd	76,495	16,799	59,696	-	(940)
Joint ventures					
VINA Plasticizer Chemical Co., Ltd.	64,237	39,721	24,516	35,936	4,289
SEETEC Co., Ltd.	328,396	52,384	276,012	124,224	3,985
HL Greenpower Co., Ltd.	-	-	-	215,930	289
PT.HLI Green Power	404,131	1,156	402,975	-	-

<sup>1</sup> Represent financial information of intermediate parent company consolidating its subsidiaries.

<sup>2</sup> LCD polarizer business and others of these entities was classified as discontinued operations and profit or loss from the business was included in profit from discontinued operations (Note 34).

<sup>3</sup> Fair value adjustments due to business combination recorded in the consolidated financial statements are not included in the above information.

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

(a) LG Energy Solution and its subsidiaries

- Percentage of ownership held by non-controlling interests and accumulated non-controlling interests

*(in millions of Korean won)*

**March 31, 2022**

Percentage of ownership held by non-controlling interests	18.2%
Accumulated non-controlling interests	4,373,494

- Profit and dividends attributable to non-controlling interests for the three-month period ended March 31, 2022, are as follows:

*(in millions of Korean won)*

**2022**

Profit allocated to non-controlling interests	40,144
Dividends paid to non-controlling interests	-

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
**March 31, 2022 and 2021 (Unaudited), and December 31, 2021**

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

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>
Current assets	19,663,197
Non-current assets	15,312,691
Total assets	<u>34,975,888</u>
Current liabilities	10,383,145
Non-current liabilities	5,153,173
Total liabilities	<u>15,536,318</u>
Total equity	19,439,570

Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month period ended March 31, 2022, are as follows (before elimination of intercompany transaction):

<i>(in millions of Korean won)</i>	<b>2022</b>
Revenue	4,342,348
Profit for the period	226,622
Total comprehensive income	367,023

Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the three-month period ended March 31, 2022, are as follows (before elimination of intercompany transaction):

<i>(in millions of Korean won)</i>	<b>2022</b>
Cash flows from operating activities	398,779
Cash flows from investing activities	(6,525,414)
Cash flows from financing activities	9,960,205
Net increase in cash and cash equivalents	<u>3,833,570</u>
Cash and cash equivalents at beginning of the period	<u>1,282,880</u>
Effects of exchange rate changes on cash and cash equivalents	44,804
Cash and cash equivalents at end of the period	<u>5,161,254</u>

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2022 and 2021 (Unaudited), and December 31, 2021

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#### 1.6 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the three-month period ended March 31, 2022, are as follows:

Subsidiary	Reason
LG Energy Solution Vertech Inc.	Newly acquired
LG Chem VietNam Co.,Ltd	Newly established

## 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of Preparation

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

The Group's consolidated interim financial statements for the three-month period ended March 31, 2022, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as at March 31, 2022.

#### *(a) New and amended standards adopted by the Group*

The Group has applied the following standards for the first time for their annual reporting period commencing January 1, 2022.

#### *- Amendment to Korean IFRS 1116 Leases - Covid-19 - Related Rent Concessions beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendment does not have a significant impact on the consolidated interim financial statements.

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

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The amendment does not have a

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

### March 31, 2022 and 2021 (Unaudited), and December 31, 2021

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significant impact on the consolidated interim financial statements.

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

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

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the consolidated interim financial statements.

- *Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The amendment does not have a significant impact on the consolidated interim financial statements.

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

*(b) New and amended standards not yet adopted by the Group*

The following new and amended accounting standards and interpretations that have been published that are not mandatory for March 31, 2022 reporting periods and have not been early adopted by the Group.

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated interim financial statements.

# LG Chem, Ltd. and Subsidiaries

## Notes to the Consolidated Interim Financial Statements

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#### *- 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 IASB amended IFRS Practice Statement 2 *Disclosure of Accounting Policies* to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the 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 should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

#### *- New Standard: Korean IFRS 1117 Insurance Contract*

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 *Financial Instruments*. The Group does not expect that these amendments have a significant impact on the consolidated interim financial statements.

## **2.2 Significant Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2021, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.(a) and the ones described below.

### **2.2.1 Income Tax Expense**

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

**LG Chem, Ltd. and Subsidiaries**  
**Notes to the Consolidated Interim Financial Statements**  
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**3. Financial Risk Management**

**3.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance team under policies approved by the Corporate Management Committee. The finance team identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Corporate Management Committee reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, investment of excess liquidity.

(1) Market risk

1) Foreign exchange risk

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

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

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

As at March 31, 2022 and December 31, 2021, the Group's monetary assets and liabilities denominated in currencies other than its functional currency, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
USD	5,714,457	6,596,254	5,708,219	5,741,611
EUR	364,500	4,904,182	441,123	4,804,639
JPY	8,643	202,045	18,315	96,238
CNY and others	328,365	3,820	523,907	4,131

As at March 31, 2022 and December 31, 2021, if the Group's functional currency had weakened / strengthened by 10% against the US dollar and Euro with all other variables held constant, profit before income tax would have been affected as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>10% Increase</b>	<b>10% Decrease</b>	<b>10% Increase</b>	<b>10% Decrease</b>
USD	(39,821)	39,821	31,708	(31,708)
EUR	(417,406)	417,406	(413,462)	413,462

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

As at March 31, 2022 and December 31, 2021, the Group entered into foreign currency forward and currency swap contracts to manage risk from changes in exchange rates and the details are as follows:

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

		<b>March 31, 2022</b>					
		<b>Contract amount</b>	<b>Contract exchange rate</b>	<b>Contract inception date</b>	<b>Contract maturity</b>	<b>Book amount</b>	
<b>Contractor</b>						<b>Assets</b>	<b>Liabilities</b>
Currency Forward <sup>1</sup>	KDB	USD 35	1,135.60	2021.6.24	2022.6.24	2,590	-
	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	28,241	-
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	33,945	-
	Citi	EUR 150	4.5900 <sup>2</sup>	2021.5.12	2022.4.29	3,438	-
	SC	EUR 250	4.5861 <sup>2</sup>	2021.5.14	2022.4.29	5,116	-
	CACIB	EUR 100	4.6055 <sup>2</sup>	2021.8.5	2022.8.4	3,302	-
	KDB	EUR 165	4.6036 <sup>2</sup>	2021.8.5	2022.8.4	5,902	-
	ING	EUR 100	4.7120 <sup>2</sup>	2021.10.22	2022.10.21	2,455	-
	ING	EUR 100	4.7800 <sup>2</sup>	2022.1.5	2023.1.5	2,224	-
Currency swap	SMBC	USD 200	1,118.00	2021.5.28	2024.5.28	15,417	-
	KDB	USD 130	1,135.60	2021.6.24	2025.6.24	16,465	-
	KDB	USD 35	1,135.60	2021.6.24	2026.6.24	4,740	-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7	16,061	-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7	5,666	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7	5,750	-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7	6,710	-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7	14,084	-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7	14,161	-

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

		<b>December 31, 2021</b>					
		<b>Contract amount</b>	<b>Contract exchange rate</b>	<b>Contract inception date</b>	<b>Contract maturity</b>	<b>Book amount</b>	
<b>Contractor</b>						<b>Assets</b>	<b>Liabilities</b>
Currency Forward <sup>1</sup>	KDB	USD 35	1,135.60	2021.6.24	2022.6.24	1,789	-
	Shinhan Bank	USD 500	1,135.60	2020.10.14	2024.10.15	24,687	-
	KB Kookmin Bank	USD 500	1,102.83	2020.11.24	2029.4.16	30,232	-
	Citi	EUR 150	4.5900 <sup>2</sup>	2021.5.12	2022.4.29	2,881	-
	SC	EUR 250	4.5861 <sup>2</sup>	2021.5.14	2022.4.29	4,703	-

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Currency swap	CACIB	EUR 100	4.6055 <sup>2</sup>	2021.8.5	2022.8.4	2,964	-
	KDB	EUR 165	4.6036 <sup>2</sup>	2021.8.5	2022.8.4	4,925	-
	ING	EUR 100	4.7120 <sup>2</sup>	2021.10.22	2022.10.21	1,420	-
	SMBC	USD 200	1,118.00	2021.5.28	2024.5.28	13,556	-
	KDB	USD 130	1,135.60	2021.6.24	2025.6.24	8,817	-
	KDB	USD 35	1,135.60	2021.6.24	2026.6.24	2,319	-
	Shinhan Bank	USD 300	1,131.80	2021.7.7	2026.7.7	12,196	-
	Woori Bank	USD 100	1,131.80	2021.7.7	2026.7.7	4,380	-
	Industrial and Commercial Bank of China	USD 100	1,131.80	2021.7.7	2026.7.7	4,653	-
	Shinhan Bank	USD 100	1,131.80	2021.7.7	2031.7.7	4,804	-
	Woori Bank	USD 200	1,131.80	2021.7.7	2031.7.7	10,032	-
	KDB	USD 200	1,131.80	2021.7.7	2031.7.7	10,429	-

<sup>1</sup> Derivatives that are not qualified for hedge accounting.

<sup>2</sup> Cross exchange rate between PLN and EUR.

2) Price risk

The Group is exposed to equity securities price risk arises from investments held by the Group and classified in the consolidated interim statement of financial position as non-current financial assets. The Group's equity investments are publicly traded and are related to the NASDAQ and ASX index.

The table below summarizes the impact of increases/decreases of the listed stock price index on the Group's equity before tax effects as at March 31, 2022 and December 31, 2021. The analysis is based on the assumption that the equity index has increased/decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>10% Increase</b>	<b>10% Decrease</b>	<b>10% Increase</b>	<b>10% Decrease</b>
NASDAQ	(48)	48	909	(909)
ASX	2,230	(2,230)	676	(676)
<b>Total</b>	<b>2,182</b>	<b>(2,182)</b>	<b>1,585</b>	<b>(1,585)</b>

3) Interest rate risk

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

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



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The table below summarizes the impact of increases/decreases of interest rate on the Group's equity and post-tax profit for the three-month periods ended March 31, 2022 and 2021. The analysis is based on the assumption that the interest rate has increased/decreased by 1% (100 basis points) with all other variables held constant.

<i>(in millions of Korean won)</i>	<b>Impact on post-tax profit</b>		<b>Impact on equity</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Increase	(42,144)	(37,095)	(42,144)	(37,095)
Decrease	42,144	37,095	42,144	37,095

The Group has entered into a currency interest rate swap contract amounting to USD 165 million (equivalent to ₩199,782 million) to hedge interest rate risk of variable interest rate borrowings from Korea Development Bank and others.

(2) Credit risk

Credit risk arises from trade receivables and that the Group holds, as well as debt instruments at amortized cost or fair value through other comprehensive income.

1) Trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at March 31, 2022 is as follows. Expected credit losses include forward-looking information.

<i>(in millions of Korean won)</i>	<b>Receivables not past due<sup>1</sup></b>	<b>Receivables past due but not impaired<sup>1</sup></b>	<b>Impaired receivables<sup>2</sup></b>	<b>Total</b>
<b>March 31, 2022</b> (trade receivables)				
Gross carrying amount	6,903,108	192,869	2,688	7,098,665
Expected loss rate	0.0%	0.3%	49.8%	0.1%
Loss allowance provision	3,122	573	1,338	5,033
<b>December 31, 2021</b> (trade receivables)				
Gross carrying amount	6,118,779	338,693	1,656	6,459,128
Expected loss rate	0.1%	0.2%	81.5%	0.1%
Loss allowance provision	3,152	592	1,350	5,094

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

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

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Movements in the loss allowance provision for trade receivables for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Trade receivables</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	5,094	4,391
Increase in reversal of loss allowance recognized in profit or loss	(489)	(127)
Receivables written off as uncollectible	-	(447)
Exchange differences	428	1,277
<b>Ending balance</b>	<b>5,033</b>	<b>5,094</b>

As at March 31, 2022, the carrying amount of trade receivables representing the maximum exposure to credit risk amounts to ₩7,093,632 million (December 31, 2021: ₩6,454,034 million).

2) Other financial assets at amortized cost

Movements in loss allowance provision for other financial assets at amortized cost for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Other receivables</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	2,165	2,165
Increase in loss allowance recognized as 'other non-operating expenses' in profit or loss	-	-
Exchange differences	-	-
<b>Ending balance</b>	<b>2,165</b>	<b>2,165</b>

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

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

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

The Group has entered into export bond insurance contracts with Korea Trade Insurance Corporation to mitigate credit risks relating to export trade receivables to overseas customers. The Group is also provided with collateral by customers depending on their credit rating or payment guarantees from the customers' financial institutions if necessary.

The Group has deposited its cash and cash equivalents and other long-term deposits in several financial institutions, such as Woori Bank and others. The Group has also entered into derivative contract with several financial institutions. The Group maintains business relationship with those financial institutions with high credit ratings evaluated by independent credit rating agencies and

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accordingly, credit risks associated with these financial institutions are limited.

(3) Liquidity risk

Finance team of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date. Cash flows presented below are gross cash flows before discount, and includes cash flows for interests.

(in millions of Korean won)

	<b>March 31, 2022</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	4,443,335	2,431,302	4,974,539	3,469,279
Lease liabilities	84,977	59,475	91,206	149,349
Trade and other payables	7,893,596	14,237	1,694	172
Other current liabilities (dividends payable)	935,275	-	-	-
	<u>13,357,183</u>	<u>2,505,014</u>	<u>5,067,439</u>	<u>3,618,800</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,260,076)	(29,700)	(1,713,293)	(1,255,463)
Outflows	1,232,189	26,842	1,607,739	1,174,727
	<u>(27,887)</u>	<u>(2,858)</u>	<u>(105,554)</u>	<u>(80,736)</u>
	<u>13,329,296</u>	<u>2,502,156</u>	<u>4,961,885</u>	<u>3,538,064</u>

(in millions of Korean won)

	<b>December 31, 2021</b>			
	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Non-derivative financial instruments				
Borrowings (excluding lease liabilities)	3,548,442	2,403,648	5,984,843	3,551,215
Lease liabilities	82,568	54,416	87,498	156,494
Trade and other payables <sup>1</sup>	7,733,917	13,757	1,694	171
	<u>11,364,927</u>	<u>2,471,821</u>	<u>6,074,035</u>	<u>3,707,880</u>
Derivative instruments				
Gross settlement currency forwards and swaps				
(Inflows)	(1,096,082)	(27,579)	(1,690,054)	(1,255,889)

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Outflows	1,096,734	26,825	1,613,263	1,181,161
	652	(754)	(76,791)	(74,728)
	11,365,579	2,471,067	5,997,244	3,633,152

<sup>1</sup> Included ₩301,946 million of financial liabilities due to a financial institution relating to reverse factoring arrangement as at December 31, 2021. The Group has entered into reverse factoring arrangement (interest rate CD 91 days + 0.93~1.20%) with a financial institution whereby suppliers receive payments from the financial institution on the due date of each invoice and the Group pays to the financial institution at the end of extended credit period as agreed in the reverse factoring arrangement. As at March 31, 2022, there is no utilized amount in the reverse factoring arrangement.

As at March 31, 2022, the Group has entered into swap contracts for which cash flow hedge accounting is applied, to avoid market price fluctuation of raw materials.

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>				
	<b>Purpose of the contracts</b>	<b>Hedged items</b>	<b>Financial institution</b>	<b>Maturity</b>	<b>Fair value</b>
Merchandise (raw materials) swap <sup>1</sup>	Cash flow hedge	Non-ferrous metal	Citibank and others	~2024. 12	64,652

Details of derivative assets and liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Merchandise (raw materials) swap <sup>1</sup>	64,652	-	5,911	126

<sup>1</sup> Gain (loss) resulting from the contracts to avoid cash flow fluctuation risk of expected future transaction is accounted for as accumulated other comprehensive income which corresponds to an effective portion of the hedges (Note 5).

### **3.2 Capital Risk Management**

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

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The gearing ratio and debt-to-equity ratio as at March 31, 2022 and December 31, 2021, were as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Total borrowings (Note 14) (A)	14,694,152	14,765,734
Less: cash and cash equivalents (B)	<u>(9,052,010)</u>	<u>(3,760,834)</u>
Net debt (C=A+B)	<u>5,642,142</u>	<u>11,004,900</u>
Total liabilities (D)	28,926,355	27,925,314
Total equity (E)	<u>35,491,100</u>	<u>23,209,988</u>
Total capital (F=C+E)	<u>41,133,242</u>	<u>34,214,888</u>
Gearing ratio (C/F)	13.7%	32.2%
Debt-to-equity ratio (D/E)	81.5%	120.3%

**3.3 Fair Value**

(1) Carrying amount and fair value of financial instruments by category as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets (current)</b>				
Cash and cash equivalents	9,052,010	1	3,760,834	1
Deposits held by financial institutions	5,085,518	1	64,583	1
Trade receivables	7,018,529	1	6,386,979	1
Other receivables (excluding deposits held by financial institutions)	1,227,734	1	983,966	1
Current derivative financial assets (currency forward)	25,027	25,027	18,683	18,683
Current derivative financial assets (excluding currency forward)	42,988	42,988	4,606	4,606
<b>Financial assets (non-current)</b>				
Deposits held by financial institutions	277,214	1	267,116	1
Trade receivables	75,103	1	67,055	1
Other receivables (excluding deposits held by financial institutions)	320,620	1	446,050	1
Other non-current financial assets (carried at fair value)				
Marketable financial assets	39,064	39,064	21,630	21,630
Non-marketable financial assets <sup>2</sup>	354,160	354,160	340,823	340,823
Non-current derivative financial assets (currency forward)	62,187	62,187	54,918	54,918
Non-current derivative financial assets (excluding currency forward)	137,223	137,223	88,651	88,651
<b>Financial liabilities (current)</b>				
Trade and other payables	7,893,596	1	7,733,916	1
Current borrowings	4,295,302	1	3,405,215	1

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<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
(excluding lease liabilities)				
Current lease liabilities	74,857	<sup>3</sup>	71,865	<sup>3</sup>
Other current liabilities (dividend payable)	935,275	<sup>1</sup>	-	-
<b>Financial liabilities (non-current)</b>				
Non-current borrowings				
(excluding lease liabilities)	10,073,057	9,704,276	11,041,274	10,923,942
Non-current lease liabilities	250,936	<sup>3</sup>	247,380	<sup>3</sup>
Other non-current payables	16,103	<sup>1</sup>	15,623	<sup>1</sup>
Non-current derivative financial liabilities				
(excluding currency forward)	-	-	126	126

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

<sup>2</sup> Acquisition costs of these financial assets approximate their fair values.

<sup>3</sup> Fair values for these financial assets and liabilities are not disclosed above in accordance with related Korean IFRS.

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

Fair values of financial liabilities (non-current) are based on cash outflows discounted by using Korean won currency note yield in the same credit grade with the Parent Company (AA+), and the applied discount rates as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in percentage)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Discount rate	2.01% ~ 3.66%	1.77% ~ 2.99%

(3) Fair value hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

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

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Fair value hierarchy of the financial instruments that are either measured at fair value or their fair values are disclosed for as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	39,064	-	-	39,064
Other non-current financial assets (non-marketable financial assets)	-	-	354,160	354,160
Current derivative financial assets (currency forward)	-	25,027	-	25,027
Current derivative financial assets (excluding currency forward)	-	42,988	-	42,988
Non-current derivative financial assets (currency forward)	-	62,187	-	62,187
Non-current derivative financial assets (excluding currency forward)	-	120,718	16,505	137,223
<b>Financial assets/liabilities not measured at fair value</b>				
Non-current borrowings (excluding lease liabilities)	-	9,704,276	-	9,704,276
<i>(in millions of Korean won)</i>				
	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets/liabilities measured at fair value</b>				
Other non-current financial assets (marketable financial assets)	21,630	-	-	21,630
Other non-current financial assets (non-marketable financial assets)	-	-	340,823	340,823
Current derivative financial assets (currency forward)	-	18,683	-	18,683
Current derivative financial assets (excluding currency forward)	-	4,606	-	4,606
Non-current derivative financial assets (currency forward)	-	54,918	-	54,918
Non-current derivative financial assets (excluding currency forward)	-	72,491	16,160	88,651
Non-current derivative financial liabilities (excluding currency forward)	-	126	-	126
<b>Financial assets/liabilities not measured at fair value</b>				
Non-current borrowings (excluding lease liabilities)	-	10,923,942	-	10,923,942

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(4) Valuation technique and the inputs

Valuation techniques and inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy as at March 31, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)

		<b>March 31, 2022</b>			
	<b>Fair value</b>	<b>Level</b>	<b>Valuation Technique</b>	<b>Inputs</b>	<b>Coverage of Level 3 inputs</b>
<b>Equity instrument</b>					
Non-listed shares	99,193	3	Discounted cash flows model	Long-term growth rate through subsequent cash flows	1.00%
				Weighted average cost of equity	10.98% ~ 12.2%
<b>Derivative instruments</b>					
Option	16,505	3	Binominal option pricing model	Volatility	2.36 ~ 2.4%

(in millions of Korean won)

		<b>December 31, 2021</b>			
	<b>Fair value</b>	<b>Level</b>	<b>Valuation Technique</b>	<b>Inputs</b>	<b>Coverage of Level 3 inputs</b>
<b>Equity instrument</b>					
Non-listed shares	97,121	3	Discounted cash flows model	Long-term growth rate through subsequent cash flows	1.00%
				Weighted average cost of equity	10.98% ~ 12.2%
<b>Derivative instruments</b>					
Option	16,160	3	Binominal option pricing model	Volatility	2.36 ~ 2.4%

**4. Critical Accounting Estimates and Assumptions**

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

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2021, except for the estimates used to determine income tax expense.

The spread of COVID-19 has a significant impact on the domestic and international economies. This may affect the Group's financial position and business performance, and the impact is expected to be continued to the consolidated annual financial statements in 2022.



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Significant accounting estimates and assumptions used in the preparation of consolidated interim financial statements may be adjusted according to fluctuations in uncertainty arising from COVID-19, and the ultimate impact of COVID-19 on the Group's business, financial position, and performance is currently unpredictable.

**5. Financial Instruments by Category**

Categorizations of financial instruments as at March 31, 2022 and December 31, 2021, are as follows:

*(in millions of Korean won)*

	<b>March 31, 2022</b>				<b>Total</b>
	<b>Financial assets at amortized cost</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Other financial assets<sup>1</sup></b>	
<b>Financial assets</b>					
Cash and cash equivalents	9,052,010	-	-	-	9,052,010
Trade receivables	6,690,200	-	328,329	-	7,018,529
Non-current trade receivables	75,103	-	-	-	75,103
Other receivables	6,312,902	-	350	-	6,313,252
Other non-current receivables	597,834	-	-	-	597,834
Other current financial assets	-	-	-	68,015	68,015
Other non-current financial assets	-	164,399	228,826	199,409	592,634
<b>Total</b>	<b>22,728,049</b>	<b>164,399</b>	<b>557,505</b>	<b>267,424</b>	<b>23,717,377</b>

*(in thousands of Korean won)*

	<b>March 31, 2022</b>		<b>Total</b>
	<b>Financial liabilities at amortized cost</b>	<b>Other financial liabilities<sup>2</sup></b>	
<b>Financial liabilities</b>			
Trade payables	4,690,565	-	4,690,565
Other payables	3,203,031	-	3,203,031
Borrowings (current)	4,295,302	74,857	4,370,159
Other current liabilities (dividend payable)	935,275	-	935,275
Other non-current payables	16,103	-	16,103
Borrowings (non-current)	10,073,057	250,936	10,323,993
<b>Total</b>	<b>23,213,333</b>	<b>325,793</b>	<b>23,539,126</b>

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(in millions of Korean won)

	December 31, 2021				Total
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Other financial assets <sup>1</sup>	
<b>Financial assets</b>					
Cash and cash equivalents	3,760,834	-	-	-	3,760,834
Trade receivables	5,898,369	-	488,610	-	6,386,979
Non-current trade receivables	67,055	-	-	-	67,055
Other receivables	1,047,224	-	1,325	-	1,048,549
Other non-current receivables	713,166	-	-	-	713,166
Other current financial assets	-	-	-	23,289	23,289
Other non-current financial assets	-	160,145	202,308	143,569	506,022
<b>Total</b>	<b>11,486,648</b>	<b>160,145</b>	<b>692,243</b>	<b>166,858</b>	<b>12,505,894</b>

(in thousands of Korean won)

	December 31, 2021		Total
	Financial liabilities at amortized cost	Other financial liabilities <sup>2</sup>	
<b>Financial liabilities</b>			
Trade payables	3,742,132	-	3,742,132
Other payables	3,991,784	-	3,991,784
Borrowings (current)	3,405,215	71,865	3,477,080
Other non-current financial liabilities	-	126	126
Other non-current payables	15,623	-	15,623
Borrowings (non-current)	11,041,274	247,380	11,288,654
<b>Total</b>	<b>22,196,028</b>	<b>319,371</b>	<b>22,515,399</b>

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

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

Net gains or losses on each category of financial instruments for the three-month periods ended March 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022	2021
<b>Dividend income</b>		
Financial assets at fair value through other comprehensive income	-	378
<b>Interest income</b>		
Financial assets at amortized cost	58,226	10,852
<b>Interest expense</b>		
Financial liabilities at amortized cost	(64,101)	(55,562)
Other financial liabilities	(2,228)	(2,093)
Financial assets at amortized cost <sup>1</sup>	(379)	-
Financial assets at fair value through other comprehensive income <sup>1</sup>	-	(62)
<b>Gain (loss) on valuation</b>		
Financial assets at fair value through profit or loss	81	10,973
Financial assets at fair value through other comprehensive income	(312)	2,297
Derivative instruments	101,885	10,394

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**Exchange differences**

Financial assets at amortized cost	141,460	244,461
Financial liabilities at amortized cost	(183,998)	(239,164)
Other financial liabilities	(4,226)	-

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

**6. Cash and Cash Equivalents**

Details of cash and cash equivalents as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Bank deposits and cash on hand	1,551,145	1,943,818
Deposits held by financial institutions and others	7,500,865	1,817,016
<b>Total</b>	9,052,010	3,760,834

As at March 31, 2022, cash and cash equivalents include ₩23,407 million which is subject to a restriction on the use in association with the national R&D projects.

**7. Trade and Other Receivables**

Trade and other receivables and its provisions for impairment, as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Trade receivables	7,023,562	(5,033)	7,018,529
Non-current trade receivables	75,103	-	75,103
Other current receivables	6,315,417	(2,165)	6,313,252
Other non-current receivables	597,834	-	597,834
<b>Total</b>	14,011,916	(7,198)	14,004,718

<i>(in millions of Korean won)</i>	<b>December 31, 2021</b>		
	<b>Gross amount</b>	<b>Provision for impairment</b>	<b>Carrying amount</b>
Trade receivables	6,392,073	(5,094)	6,386,979
Non-current trade receivables	67,055	-	67,055
Other current receivables	1,050,714	(2,165)	1,048,549
Other non-current receivables	713,166	-	713,166
<b>Total</b>	8,223,008	(7,259)	8,215,749

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Details of other receivables as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Current</b>		
Non-trade receivables	909,351	865,984
Deposits held by financial institutions	5,085,518	64,583
Accrued income	69,053	31,955
Loans	209,600	65,266
Guarantee deposits provided	39,730	20,761
	<u>6,313,252</u>	<u>1,048,549</u>
<b>Non-current</b>		
Non-trade receivables	29,876	29,195
Deposits held by financial institutions <sup>1</sup>	277,214	267,116
Loans	197,135	330,643
Guarantee deposits provided	93,609	86,212
	<u>597,834</u>	<u>713,166</u>
<b>Total</b>	<u>6,911,086</u>	<u>1,761,715</u>

<sup>1</sup> As at March 31, 2022, ₩266,100 million (December 31, 2021: ₩266,100 million) is withdrawal restricted in relation to large, small and medium-sized companies cooperation agreement and others. In addition, ₩121 million is withdrawal restricted in connection with maintaining checking accounts (December 31, 2021: ₩120 million). Also, PLN 3 million is withdrawal restricted in relation to overseas transportation of hazardous waste.

The aging analysis of trade and other receivables as at March 31, 2022 and December 31, 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Trade receivables</b>	<b>Other receivables</b>
<b>Receivables not past due</b>	<u>6,903,108</u>	<u>6,806,484</u>	<u>6,118,779</u>	<u>1,690,123</u>
<b>Past due but not impaired</b>				
Up to 3 months	170,447	97,401	236,860	70,136
Between 3-6 months	2,775	6,110	15,811	457
Over 6 months	19,647	1,091	86,022	999
	<u>192,869</u>	<u>104,602</u>	<u>338,693</u>	<u>71,592</u>
<b>Impaired receivables</b>	<u>2,688</u>	<u>2,165</u>	<u>1,656</u>	<u>2,165</u>
<b>Total</b>	<u>7,098,665</u>	<u>6,913,251</u>	<u>6,459,128</u>	<u>1,763,880</u>

**LG Chem, Ltd. and Subsidiaries**  
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Movements on the provision for impairment of trade and other receivables for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

*(in millions of Korean won)*

	<b>March 31, 2022</b>			
	<b>Trade receivables</b>		<b>Other receivables</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Beginning balance</b>	5,094	-	2,165	-
Reversal	(489)	-	-	-
Write-off	-	-	-	-
Exchange differences	428	-	-	-
<b>Ending balance</b>	<b>5,033</b>	<b>-</b>	<b>2,165</b>	<b>-</b>

*(in millions of Korean won)*

	<b>December 31, 2021</b>			
	<b>Trade receivables</b>		<b>Other receivables</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Beginning balance</b>	4,391	-	2,165	-
Reversal	(127)	-	-	-
Write-off	(447)	-	-	-
Exchange differences	1,277	-	-	-
<b>Ending balance</b>	<b>5,094</b>	<b>-</b>	<b>2,165</b>	<b>-</b>

As at March 31, 2022 and December 31, 2021, the carrying amounts of trade and other receivables are approximation of their fair values.

The Group transferred trade and other receivables to financial institutions for ₩51,678 million at March 31, 2022 (December 31, 2021: ₩3,469 million), and derecognized the trade and other receivables from the financial statements at the date of disposal, as substantial all the risks and rewards were transferred.

**8. Other Financial Assets and Liabilities**

Details of other financial assets and liabilities as at March 31, 2022 and December 31, 2021, are as follows:

*(in millions of Korean won)*

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Other financial assets</b>		
Financial assets at fair value through other comprehensive income (derivative instruments) (current)	42,988	4,606
Financial assets at fair value through profit or loss (derivative instruments) (current)	25,027	18,683
Financial assets at fair value through other comprehensive income (derivative instruments) (non-current)	21,664	1,305
Financial assets at fair value through other comprehensive income (excluding derivative instruments) (non-current)	228,826	202,308

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<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Financial assets at fair value through profit or loss (derivative instruments) (non-current)	177,745	142,264
Financial assets at fair value through profit or loss (excluding derivative instruments) (non-current)	164,399	160,145
	<u>660,649</u>	<u>529,311</u>
<b>Other financial liabilities</b>		
Financial liabilities at fair value through other comprehensive income (derivative instruments) (non-current)	-	126
	<u>-</u>	<u>126</u>

Changes in equity and debt instruments included in other financial assets for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	362,452	81,532
Acquisitions / transfer	29,482	248,354
Disposals	-	(16,388)
Gain (loss) on valuation through other comprehensive income (before income tax effects)	(312)	15,990
Gain on valuation through profit or loss	81	29,810
Others	1,521	3,154
<b>Ending balance</b>	<u>393,224</u>	<u>362,452</u>

During the three-month period ended March 31, 2022 and for the year ended December 31, 2021, the Group did not recognize impairment for other financial assets.

**9. Inventories**

Details of inventories as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		
	<b>Gross amount</b>	<b>Valuation allowance</b>	<b>Carrying amount</b>
Merchandise	193,642	(13,325)	180,317
Finished / Semi-finished products	5,059,647	(235,539)	4,824,108
Work-in-process	27,826	-	27,826
Raw materials	2,333,608	(24,207)	2,309,401
Supplies	282,185	-	282,185
Goods-in-transit	1,688,059	-	1,688,059
<b>Total</b>	<u>9,584,967</u>	<u>(273,071)</u>	<u>9,311,896</u>

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(in millions of Korean won)

	December 31, 2021		
	Gross amount	Valuation allowance	Carrying amount
Merchandise	192,580	(6,131)	186,449
Finished / Semi-finished products	4,715,464	(233,613)	4,481,851
Work-in-process	25,587	-	25,587
Raw materials	2,040,432	(24,104)	2,016,328
Supplies	266,487	-	266,487
Goods-in-transit	1,306,772	-	1,306,772
<b>Total</b>	<b>8,547,322</b>	<b>(263,848)</b>	<b>8,283,474</b>

During the three-month period ended March 31, 2022, the cost of inventories recognized as expense and included in 'cost of sales' amounted to ₩7,121,079 million (2021: ₩4,698,498 million).

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

Changes in investments in associates and joint ventures for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

(in millions of Korean won)

	March 31, 2022							Ending balance
	Beginning balance	Acquisitions / transfer	Dividends	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Impairment / disposals	Others	
VINA Plasticizers Chemical Co.,Ltd.	12,822	-	-	1,700	804	-	-	15,326
TECHWIN Co., Ltd.	19,024	-	-	(582)	(69)	-	-	18,373
SEETEC Co., Ltd	134,843	-	(5,000)	1,063	-	-	(307)	130,599
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	579	-	-	-	-	-	-	579
LG Chem Malaysia SDN.BHD	150	-	-	-	-	-	-	150
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	17
HUAJIN NEW ENERGY MATERIALS(QUZHOU)C O., LTD.	93,835	-	-	(1,363)	2,453	-	-	94,925
VINFAST LITHIUM BATTERY PACK LIMITED LIABILITY COMPANY	3,769	-	-	(163)	278	-	-	3,884
Jiangxi VL Battery Co.,Ltd	20,310	-	-	(1,586)	407	-	-	19,131
PT.HLI Green Power	201,488	-	-	(6,368)	4,272	-	-	199,392
TL Chemical CO., Ltd	48,473	-	-	71	-	-	-	48,544
	<b>535,310</b>	<b>-</b>	<b>(5,000)</b>	<b>(7,228)</b>	<b>8,145</b>	<b>-</b>	<b>(307)</b>	<b>530,920</b>

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(in millions of  
Korean won)

	December 31, 2021							Ending balance
	Beginning balance	Acquisitions / transfer	Dividends	Share of profit (loss) of associates and joint ventures	Share of other comprehensive income (loss) of associates and joint ventures	Impairment / disposals	Others	
VINA Plasticizers Chemical Co., Ltd.	5,875	-	(334)	7,204	77	-	-	12,822
HL Greenpower Co., Ltd.	22,710	-	-	1,847	-	(24,323)	(234)	-
TECHWIN Co., Ltd.	20,113	-	-	(1,106)	17	-	-	19,024
SEETEC Co., Ltd	140,116	-	(10,000)	4,727	-	-	-	134,843
LG Chem BRASIL INTERMEDIACAO DE NEGOCIOS DO SETOR QUIMICO LTDA.	579	-	-	-	-	-	-	579
LG Chem Malaysia SDN.BHD	150	-	-	-	-	-	-	150
FJ Composite Materials Co., LTD.	2,737	-	-	(544)	652	(2,576)	(269)	-
WUXI CL New Energy Technology Ltd	-	-	-	-	-	-	-	-
LG Life Sciences Poland Ltd.	17	-	-	-	-	-	-	17
Combustion Synthesis Co., Ltd.	1,867	-	-	273	(106)	(1,969)	(65)	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU)C O., LTD.	89,525	-	-	(5,537)	9,847	-	-	93,835
VINFAST LITHIUM BATTERY PACK LIMITED LIABILITY COMPANY	4,179	-	-	(730)	320	-	-	3,769
Jiangxi VL Battery Co.,Ltd	21,461	-	-	(3,471)	2,320	-	-	20,310
PT.HLI Green Power	-	209,132	-	(9,201)	1,557	-	-	201,488
TL Chemical CO., Ltd	-	48,544	-	(71)	-	-	-	48,473
	<u>309,329</u>	<u>257,676</u>	<u>(10,334)</u>	<u>(6,609)</u>	<u>14,684</u>	<u>(28,868)</u>	<u>(568)</u>	<u>535,310</u>



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**11. Property, Plant and Equipment**

Changes in property, plant and equipment for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	24,378,259	20,567,475
Business combination (Note 37)	7,251	250,128
Acquisitions / transfer	2,430,324	12,512,008
Disposals / transfer	(959,138)	(6,864,140)
Exchange differences	103,943	560,958
Depreciation	(727,295)	(2,617,458)
Impairment	(918)	(30,712)
<b>Ending balance</b>	<u>25,232,426</u>	<u>24,378,259</u>

During the three-month ended March 31, 2022, the Group capitalized ₩4,520 million of borrowing costs (2021: ₩17,360 million) in relation to acquisition of property, plant and equipment, on property, plant and equipment. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 1.35% (2021: 1.53%).

Line items including depreciation in the consolidated statements of profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Cost of sales	656,774	520,725
Selling and administrative expenses	70,288	54,466
Others	121	325
Discontinued operations	112	2,005
<b>Total</b>	<u>727,295</u>	<u>577,521</u>

**Lease**

(i) Amounts recognized in the consolidated statement of financial position

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

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Right-of-use assets <sup>1</sup>		
Real-estate	329,376	329,920
Machinery	22,580	23,258
Vehicles	27,197	21,475
Tools	2,638	2,083
Equipment	659	473
	<u>382,450</u>	<u>377,209</u>

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

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Additions to the right-of-use assets during the three-month ended March 31, 2022, were ₩31,398 million (2021: ₩132,653 million).

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Lease liabilities <sup>1</sup>		
Current	74,857	71,865
Non-current	250,936	247,380
	<u>325,793</u>	<u>319,245</u>

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

(ii) Amounts recognized in the consolidated statement of profit or loss

Lease related expenses recognized in the consolidated statement of profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Depreciation of right-of-use assets		
Real-estate	16,542	13,475
Machinery	1,431	1,403
Vehicles	4,039	3,202
Tools	475	366
Equipment	65	123
	<u>22,552</u>	<u>18,569</u>
Interest expense relating to lease liabilities (included in finance cost)	2,228	2,093
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	6,831	6,879
Expense relating to leases of low-value assets that are not short-term leases (included in cost of goods sold and administrative expenses)	3,598	3,213

Total cash outflow for leases during the three-month period ended March 31, 2022, was ₩33,480 million (2021: ₩29,500 million).

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**12. Intangible Assets**

Changes in intangible assets for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	2,444,303	2,279,917
Business combination (Note 37)	1,503	251,856
Separate acquisitions/ transfer	149,538	427,080
Additions – internal development	-	220
Disposals/ transfer	(35,449)	(15,425)
Exchange differences	(2,535)	23,042
Amortization	(65,755)	(223,178)
Impairment	(40)	(298,849)
Transfer to assets held for sale (Note 34)	-	(360)
<b>Ending balance</b>	<b>2,491,565</b>	<b>2,444,303</b>

Line items including amortization of intangible assets for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Cost of sales	15,189	11,978
Selling and administrative expenses	50,566	38,032
Discontinued operations	-	157
<b>Total</b>	<b>65,755</b>	<b>50,167</b>

Total research and development costs recognized as expenses amounted to ₩357,237 million (2021: ₩280,032 million) for the three-month periods ended March 31, 2022 and 2021.

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

*Greenhouse gas emission permits held for the purpose of fulfilling obligations*

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

<i>(in thousands of tons)</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Allocation with nil consideration	9,407	9,432	9,432	9,344	9,344	46,959

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Changes in greenhouse gas emission permits during the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in thousands of tons and millions of Korean won)</i>	March 31, 2022							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /Allocation with nil consideration	8,666	-	9,407	-	9,432	-	9,432	-
Purchase/Sale	(69)	1,111	(90)	-	-	-	-	-
Exchange	100	-	(100)	-	-	-	-	-
Borrowings/Carry forwards between years	(49)	(388)	49	388	-	-	-	-
Surrendered to the government	(8,648)	(723)	-	-	-	-	-	-
Ending balance <sup>1</sup>	-	-	9,266	388	9,432	-	9,432	-

<i>(in thousands of tons and millions of Korean won)</i>	March 31, 2022					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance / Allocation with nil consideration	9,344	-	9,344	-	55,625	-
Purchase/Sale	-	-	-	-	(159)	1,111
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	-	-	-	-	-	-
Surrendered to the government	-	-	-	-	(8,648)	(723)
Ending balance <sup>1</sup>	9,344	-	9,344	-	46,818	388

<sup>1</sup> The emission permits for 2021 is expected to be surrendered to the government after getting a certification in the current year.

<i>(in thousands of tons and millions of Korean won)</i>	December 31, 2021							
	2020		2021		2022		2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /Allocation with nil consideration	8,666	-	9,405	-	9,430	-	9,430	-
Purchase/Sale	(69)	1,111	(54)	-	-	-	-	-
Exchange	100	-	(100)	-	-	-	-	-
Borrowings/Carry forwards between years	(49)	(388)	49	388	-	-	-	-
Surrendered to the government	(8,648)	(723)	-	-	-	-	-	-
Ending balance	-	-	9,300	388	9,430	-	9,430	-

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<i>(in thousands of tons and millions of Korean won)</i>	December 31, 2021					
	2024		2025		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Beginning balance /						
Allocation with nil consideration	9,343	-	9,343	-	55,617	-
Purchase/Sale	-	-	-	-	(123)	1,111
Exchange	-	-	-	-	-	-
Borrowings/Carry forwards between years	-	-	-	-	-	-
Surrendered to the government	-	-	-	-	(8,648)	(723)
Ending balance	9,343	-	9,343	-	46,846	388

During the three-month period ended March 31, 2022 and for the year ended December 31, 2021, there are no greenhouse gas emission permits held for short-term trading purpose.

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

Details of other current and non-current assets as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2022	December 31, 2021
<b>Current</b>		
Prepayments to suppliers and prepaid expenses	243,096	201,019
Prepaid value added tax	468,754	465,660
Others	117,473	82,353
<b>Total</b>	<b>829,323</b>	<b>749,032</b>
<b>Non-current</b>		
Net defined benefit assets	12,773	45,050
Long-term prepayments and long-term prepaid expenses	74,085	70,775
Others	138	96
<b>Total</b>	<b>86,996</b>	<b>115,921</b>

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**14. Borrowings**

Borrowings as at March 31, 2022 and December 31, 2021, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Current</b>		
Short-term borrowings	1,706,842	1,688,383
Current portion of long-term borrowings	1,479,050	1,056,963
Current portion of debentures	1,109,410	659,869
Current lease liabilities	74,857	71,865
	<u>4,370,159</u>	<u>3,477,080</u>
<b>Non-current</b>		
Long-term borrowings	3,313,323	3,628,563
Debentures	6,759,734	7,412,711
Lease liabilities	250,936	247,380
	<u>10,323,993</u>	<u>11,288,654</u>
<b>Total</b>	<u>14,694,152</u>	<u>14,765,734</u>

Details of short-term borrowings as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Bank</b>	<b>Latest maturity date</b>	<b>Interest rate(%) as at March 31, 2022</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Bank loans	Citi and others	March 10, 2023	3.00 and others	1,674,293	1,237,430
Negotiated borrowings in foreign currency <sup>1</sup>	Woori Bank and others	April 30, 2022	EURIBOR + 0.62 and others	32,549	450,953
<b>Total</b>				<u>1,706,842</u>	<u>1,688,383</u>

<sup>1</sup> The above borrowings in foreign currency are accounted for as collateralized borrowings for trade receivables.

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Details of long-term borrowings as at March 31, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)	March 31, 2022				
	Bank	Annual interest rate (%)	Amount in Korean won	Current	Non-current
<b>Borrowings in Korean won</b>	KDB	3.05	300,000	-	300,000
	BOA	1.95	150,000	-	150,000
<b>Borrowings in foreign currencies</b>	HSBC	USD: 3M LIBOR + 1.40	4,225	4,225	-
	SMBC	USD : 1.30 EUR : 0.32~0.48 Euribor(3M) + 0.8	458,276	148,963	309,313
	Construction Bank of China	PBOC ×0.90	8,473	8,473	-
	Agriculture Bank of China	LPR(1Y)+0.7	74,126	4,560	69,566
	CITI	EUR: 3M EURIBOR + 0.62~0.70 PLN: 3M Wibor+0.85	248,246	-	248,246
	ING	6M EURIBOR + 0.70 ~0.83	162,504	67,710	94,794
	RHB	3M KLIBOR + 70bp	21,292	-	21,292
	Bank of China	CD(91D) + 100bp	50,000	-	50,000
	EBRD	6M EURIBOR+0.62	325,009	67,710	257,299
	MUFG	6M EURIBOR + 0.60~0.80	67,710	-	67,710
	Industrial and Commercial Bank of China	PBOC ×1.00	36,891	15,473	21,418
	Hana Bank	3M EURIBOR + 0.62	270,841	-	270,841
	KDB	USD: 3M LIBOR+ 0.77~0.95 EUR: 3M EURIBOR + 1.00~1.50	1,006,235	507,405	498,830
	The Export-Import Bank of Korea	3M EURIBOR + 1.00~1.50	548,739	297,925	250,814
	NongHyup Bank	3M EURIBOR + 1.00~1.50	274,369	148,962	125,407
EIB	3M EURIBOR + 0.47	650,017	72,224	577,793	
DBS	6M EURIBOR + 0.60	135,420	135,420	-	
<b>Total</b>			<b>4,792,373</b>	<b>1,479,050</b>	<b>3,313,323</b>

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(in millions of Korean won)	December 31, 2021				
	Bank	Annual interest rate (%)	Amount in Korean won	Current	Non-current
<b>Borrowings in Korean won</b>	KDB	3.05	300,000	-	300,000
	BOA	1.95	150,000	-	150,000
<b>Borrowings in foreign currencies</b>	HSBC	USD: 3M LIBOR + 1.40 CNY: PBOC × 0.95, LPR(5Y) - 0.3375	8,313	8,313	-
	SMBC	USD : 1.30 EUR : 3M EURIBOR + 0.8, 0.32~0.48	451,478	10,076	441,402
	Construction Bank of China	PBOC ×0.90	8,305	8,305	-
	Agriculture Bank of China	LPR(1Y)+0.7	74,504	4,470	70,034
	CITI	EUR: 3M EURIBOR + 0.62~0.70 PLN: 3M Wibor+0.85	246,807	-	246,807
	ING	6M EURIBOR + 0.70 ~0.83	161,224	67,177	94,047
	EBRD	6M EURIBOR+0.62	322,448	67,177	255,271
	MUFG	6M EURIBOR + 0.60~0.80	134,354	67,177	67,177
	Industrial and Commercial Bank of China	PBOC ×1.00	39,666	14,785	24,881
	KEB Hana Bank	3M EURIBOR + 0.62	268,706	-	268,706
	KDB	USD: 3M LIBOR+ 0.77~0.95 EUR: 3M EURIBOR + 0.75~1.50	964,255	366,118	598,137
	The Export-Import Bank of Korea	3M EURIBOR + 0.75~1.50	517,479	295,577	221,902
	NongHyup Bank	3M EURIBOR + 0.75~1.50	258,739	147,788	110,951
	EIB	3M EURIBOR + 0.47	644,895	-	644,895
	DBS	6M EURIBOR + 0.60	134,353	-	134,353
<b>Total</b>			<b>4,685,526</b>	<b>1,056,963</b>	<b>3,628,563</b>



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Details of debentures as at March 31, 2022 and December 31, 2021, are as follows:

		March 31, 2022				Non-current
		Annual interest rate (%)	Latest maturity date	Amount in Korean won	Current	
<i>(in millions of Korean won)</i>		Financial institution				
<b>50-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.28	2022.5.19	400,000	400,000	-
<b>50-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.53	2024.5.19	280,000	-	280,000
<b>51-2<sup>nd</sup> Debenture (non-guaranteed/public)<sup>2</sup></b>	NH Investment & Securities Co., Ltd. and others	2.88	2023.2.20	240,000	240,000	-
<b>51-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	3.07	2025.2.20	270,000	-	270,000
<b>51-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	3.29	2028.2.20	300,000	-	300,000
<b>52-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.11	2024.3.13	240,000	-	240,000
<b>52-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.40	2029.3.13	400,000	-	400,000
<b>53-1<sup>st</sup> Debenture (non-guaranteed/public)<sup>2</sup></b>	NH Investment & Securities Co., Ltd. and others	1.57	2023.2.19	350,000	350,000	-
<b>53-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.65	2025.2.19	250,000	-	250,000
<b>53-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.72	2027.2.19	50,000	-	50,000
<b>53-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.91	2030.2.19	250,000	-	250,000
<b>54-1<sup>st</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	1.14	2024.2.19	350,000	-	350,000
<b>54-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	1.51	2026.2.19	270,000	-	270,000
<b>54-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	1.76	2028.2.19	200,000	-	200,000
<b>54-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	2.14	2031.2.19	260,000	-	260,000
<b>54-5<sup>th</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	2.22	2036.2.19	120,000	-	120,000
<b>55-1<sup>st</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	2.39	2031.5.7	90,000	-	90,000
<b>55-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	2.52	2036.5.7	60,000	-	60,000
<b>5Y USD Green Bond (non-guaranteed/private)</b>	Citi Securities and others	1.38	2026.7.7	605,400	-	605,400
<b>10Y USD Green Bond (non-guaranteed/private)</b>	Citi Securities and others	2.38	2031.7.7	605,400	-	605,400
<b>1<sup>st</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.21	2026.03.13	200,000	-	200,000
<b>USD foreign currency debenture with maturity in 2024</b>	Citi and others	3.25	2024.10.15	605,400	-	605,400
<b>USD foreign currency debenture with maturity in 2029</b>	Citi and others	3.63	2029.4.15	605,400	-	605,400
<b>EUR foreign currency debenture with maturity in 2023</b>	Citi and others	0.50	2023.4.15	675,564	-	675,564
<b>Debentures in Korean won (non-guaranteed)</b>	NH Investment & Securities Co., Ltd. <sup>2</sup>	3.00	2023.3.2	40,000	40,000	-
	NH Investment & Securities Co., Ltd. <sup>2</sup>	1.95	2023.2.14	80,000	80,000	-

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(in millions of Korean won)

		March 31, 2022			
Financial institution	Annual interest rate (%)	Latest maturity date	Amount in Korean won	Current	Non-current
NH Investment & Securities Co., Ltd.	2.22	2025.2.14	30,000	-	30,000
NH Investment & Securities Co., Ltd.	1.56	2024.2.08	70,000	-	70,000
Less: discount on debentures			(28,020)	(590)	(27,430)
<b>Total</b>			<b>7,869,144</b>	<b>1,109,410</b>	<b>6,759,734</b>

(in millions of Korean won)

		December 31, 2021				
Financial institution	Annual interest rate (%)	Latest maturity date	Amount in Korean won	Current	Non-current	
<b>50-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.28	2022.5.19	400,000	400,000	-
<b>50-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.53	2024.5.19	280,000	-	280,000
<b>51-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.88	2023.2.20	240,000	-	240,000
<b>51-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	3.07	2025.2.20	270,000	-	270,000
<b>51-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	3.29	2028.2.20	300,000	-	300,000
<b>52-1<sup>st</sup> Debenture (non-guaranteed/public)<sup>1</sup></b>	NH Investment & Securities Co., Ltd. and others	2.02	2022.3.13	160,000	160,000	-
<b>52-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.11	2024.3.13	240,000	-	240,000
<b>1<sup>st</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.21	2026.03.13	200,000	-	200,000
<b>52-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	2.40	2029.3.13	400,000	-	400,000
<b>53-1<sup>st</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.57	2023.2.19	350,000	-	350,000
<b>53-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.65	2025.2.19	250,000	-	250,000
<b>53-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.72	2027.2.19	50,000	-	50,000
<b>53-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	NH Investment & Securities Co., Ltd. and others	1.91	2030.2.19	250,000	-	250,000
<b>54-1<sup>st</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	1.14	2024.2.19	350,000	-	350,000
<b>54-2<sup>nd</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	1.51	2026.2.19	270,000	-	270,000
<b>54-3<sup>rd</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	1.76	2028.2.19	200,000	-	200,000
<b>54-4<sup>th</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	2.14	2031.2.19	260,000	-	260,000
<b>54-5<sup>th</sup> Debenture (non-guaranteed/public)</b>	KB Securities Co., Ltd and others	2.22	2036.2.19	120,000	-	120,000
<b>USD foreign currency debenture with maturity in 2024</b>	Citi and others	3.25	2024.10.15	592,750	-	592,750
<b>USD foreign currency debenture with maturity in 2029</b>	Citi and others	3.63	2029.4.15	592,750	-	592,750
<b>EUR foreign currency</b>	Citi and others	0.50	2023.4.15	671,170	-	671,170

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		December 31, 2021				
	Financial institution	Annual interest rate (%)	Latest maturity date	Amount in Korean won	Current	Non-current
<b>debenture with maturity in 2023</b>						
<b>5Y USD Green Bond (non-guaranteed/private)</b>	Citi Securities and others	1.38	2026.7.7	592,750	-	592,750
<b>10Y USD Green Bond (non-guaranteed/private)</b>	Citi Securities and others	2.38	2031.7.7	592,750	-	592,750
<b>1-2<sup>nd</sup> EUR Overseas Exchangeable bonds</b>						
	Credit Suisse	-	2021.1.14	-	-	-
<b>Debentures in Korean won (non-guaranteed)</b>						
	NH Investment & Securities Co., Ltd. <sup>1</sup>	2.26	2022.2.16	100,000	100,000	-
	NH Investment & Securities Co., Ltd.	3.00	2023.3.2	40,000	-	40,000
	NH Investment & Securities Co., Ltd.	1.95	2023.2.14	80,000	-	80,000
	NH Investment & Securities Co., Ltd.	2.22	2025.2.14	30,000	-	30,000
	NH Investment & Securities Co., Ltd.	1.56	2024.2.8	70,000	-	70,000
<b>55-1<sup>st</sup> Debenture (non-guaranteed/private)</b>	KB Securities Co., Ltd and others	2.39	2031.5.7	90,000	-	90,000
<b>55-2<sup>nd</sup> Debenture (non-guaranteed/private)</b>	KB Securities Co., Ltd and others	2.52	2036.5.7	60,000	-	60,000
Less: discount on debentures				(29,590)	(131)	(29,459)
<b>Total</b>				<b>8,072,580</b>	<b>659,869</b>	<b>7,412,711</b>

<sup>1</sup> Redeemed during the three-month period ended March 31, 2022.

<sup>2</sup> Reclassified to current portion during the three-month period ended March 31, 2022.

Details of lease liabilities as at March 31, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)

		March 31, 2022			
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Hyundai Oil Bank and others	1.98 ~ 3.01	2082.2.28	325,793	74,857	250,936

(in millions of Korean won)

		December 31, 2021			
Leaser	Annual interest rate (%)	Latest maturity date	Total amount	Current	Non-current
Hyundai Oil Bank and others	1.98 ~ 3.01	2068.3.31	319,245	71,865	247,380

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**15. Provisions**

Changes in provisions for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

(in millions of Korean won)

	March 31, 2022					Total
	Warranty <sup>1</sup>	Greenhouse gas emission <sup>2</sup>	Legal claims <sup>3</sup>	Restoration <sup>4</sup>	Repair warranty <sup>5</sup>	
<b>Beginning balance</b>	2,110,180	79	15,642	83,807	-	2,209,708
Business Combination (Note 37)	-	-	-	-	4,999	4,999
Additions (reversal)	64,766	5,813	50	1,069	(220)	71,478
Used	(287,601)	-	(1,037)	(7,917)	-	(296,555)
<b>Ending balance</b>	1,887,345	5,892	14,655	76,959	4,779	1,989,630
Less: current portion	(1,382,717)	(5,892)	-	(41,702)	(93)	(1,430,404)
<b>Total</b>	<b>504,628</b>	<b>-</b>	<b>14,655</b>	<b>35,257</b>	<b>4,686</b>	<b>559,226</b>

(in millions of Korean won)

	December 31, 2021				Total
	Warranty <sup>1</sup>	Greenhouse gas emission <sup>2</sup>	Legal claims <sup>3</sup>	Restoration <sup>4</sup>	
<b>Beginning balance</b>	1,244,017	4,875	8,286	112,829	1,370,007
Business Combination (Note 37)	2,406	-	-	-	2,406
Additions (reversal)	1,477,429	(4,072)	14,013	14,186	1,501,556
Used	(613,672)	(724)	(6,657)	(43,208)	(664,261)
<b>Ending balance</b>	2,110,180	79	15,642	83,807	2,209,708
Less: current portion	(1,532,356)	(79)	-	(40,320)	(1,572,755)
<b>Total</b>	<b>577,824</b>	<b>-</b>	<b>15,642</b>	<b>43,487</b>	<b>636,953</b>

<sup>1</sup> Warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred due to quality control, exchange, refunds with regard to products. In addition, provisions related to replacement costs for ESS and voluntary automotive battery recalls are determined based on the best estimate and included in the above warranty provision. The provisions are adjusted to reflect the current best estimate.

<sup>2</sup> Greenhouse gas emission provisions have been accrued for estimated expenditures to be obligated for any excess emission. The estimated emission as at March 31, 2022 amounts to 2,459 thousand tons (March 31, 2021: 2,150 thousand tons).

<sup>3</sup> Lawsuit provisions have been accrued for certain pending cases.

<sup>4</sup> As at March 31, 2022, restoration provisions have been accrued for the estimated expenses to restore land pollutions and others.

<sup>5</sup> Repair warranty provisions have been accrued based on historical experience for the estimated warranty costs to be incurred with regard to repairs.

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**16. Net Defined Benefit Liabilities**

Details of net defined benefit liabilities(assets) recognized in the consolidated statements of financial position as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligations <sup>1</sup>	1,644,168	1,616,781
Fair value of plan assets	<u>(1,617,058)</u>	<u>(1,643,709)</u>
<b>Liabilities (assets) in the consolidated statement of financial position<sup>2</sup></b>	<b><u>27,110</u></b>	<b><u>(26,928)</u></b>

<sup>1</sup> The present value of retirement benefit obligations is net of existing contributions to the National Pension Plan of ₩658 million as at March 31, 2022 (December 31, 2021: ₩708 million).

<sup>2</sup> Includes net defined benefit assets.

The amounts recognized in the consolidated statements of profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Current service cost <sup>1</sup>	52,673	47,527
Interest cost	<u>(168)</u>	<u>698</u>
<b>Total, included in employee benefit expenses</b>	<b><u>52,505</u></b>	<b><u>48,225</u></b>

<sup>1</sup> The above amounts excluded ₩273 million (2021: ₩1,027 million) of expenses capitalized to construction in progress and development costs.

Post-employment benefits recognized for defined contribution plan for the three-month period ended March 31, 2022, amounted to ₩3,450 million (2021: ₩2,972 million).

Post-employment benefits recognized in the consolidated statements of profit or loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Cost of sales	32,927	30,833
Selling and administrative expenses	23,028	20,120
Discontinued operations	<u>-</u>	<u>244</u>
<b>Total</b>	<b><u>55,955</u></b>	<b><u>51,197</u></b>

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Movements in the present value of defined benefit obligations for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	1,616,781	1,454,596
Increase in defined benefit obligations		
due to business combination	-	54,897
Transfer in	2,072	39,334
Transfer out	(1,682)	(8,314)
Current service cost	52,946	193,938
Interest expense	11,582	37,257
Remeasurements:		
Actuarial loss from change in demographic assumptions	-	4,586
Actuarial gain from change in financial assumptions	-	(76,261)
Actuarial loss (gain) from experience adjustments	-	9,142
Others	-	11,336
Exchange differences	477	(4,600)
Payments from plans	(38,008)	(99,130)
<b>Ending balance</b>	<u>1,644,168</u>	<u>1,616,781</u>

Movements in the fair value of plan assets for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Beginning balance</b>	1,643,709	1,336,637
Increase in plan assets due to business combination	-	45,275
Transfer in	-	1,135
Transfer out	(402)	(1,238)
Interest income	11,750	35,198
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(2,885)	(13,326)
Contributions:		
Employers	272	332,299
Payments from plans	(34,178)	(89,445)
Administrative costs	(1,208)	(2,826)
<b>Ending balance</b>	<u>1,617,058</u>	<u>1,643,709</u>

The actual return on plan assets for the three-month period ended March 31, 2022, was ₩8,865 million and for the year ended December 31, 2021, was ₩21,872 million.

The significant actuarial assumptions as at March 31, 2022 and December 31, 2021, are as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Discount rate	2.9% ~ 3.0%	2.9% ~ 3.0%
Salary growth rate	5.0%	5.0%

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The sensitivity analysis for changes in key actuarial assumptions as at March 31, 2022, is as follows:

<i>(in millions of Korean won)</i>	<b>Increase by 0.5%</b>	<b>Decrease by 0.5%</b>
<b>Discount rate:</b>		
Increase (decrease) in defined benefit obligations	(127,403)	147,850
<b>Salary growth rate:</b>		
Increase (decrease) in defined benefit obligations	143,601	(125,976)

A decrease in corporate bond yields may lead most significantly to an increase in defined benefit liabilities.

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

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

Plan assets as at March 31, 2022 and December 31, 2021, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Amount</b>	<b>Composition (%)</b>	<b>Amount</b>	<b>Composition (%)</b>
Insurance contracts with guaranteed yield	1,603,321	99.1	1,629,239	99.1
Equity linked bonds	12,370	0.8	12,988	0.8
Time deposits	1,367	0.1	1,482	0.1
	<u>1,617,058</u>	<u>100.0</u>	<u>1,643,709</u>	<u>100.0</u>

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

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

Details of other current and non-current liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Current</b>		
Advances from customers	447,674	373,356
Dividends payable	935,275	-
Withholdings	126,356	143,600
Unearned revenues	165,810	104,121
Accrued expenses	268,523	699,592
<b>Total</b>	<b>1,943,638</b>	<b>1,320,669</b>
<b>Non-current</b>		
Long-term accrued expenses	74,598	73,880
Long-term unearned revenues	87,153	99,169
Long-term advanced received	13,361	16,829
<b>Total</b>	<b>175,112</b>	<b>189,878</b>

**18. Commitments and Contingencies**

- (1) The Parent Company is jointly liable for liabilities of LG Energy Solutions Co., Ltd. as at December 1, 2020, a newly established company through the split-off from the Parent Company.
- (2) As at March 31, 2022, the Parent Company and certain subsidiaries have been guaranteed from Seoul Guarantee Insurance Company for the execution of contracts and others.
- (3) As at March 31, 2022, the Parent Company and certain subsidiaries have various specific line of credit agreements with several financial institutions, as follows:

*(unit: Korean won in millions, foreign currencies in millions)*

Classification	The Parent Company		Certain Overseas Subsidiaries							
	KRW	USD	KRW	USD	CNY	EUR	PLN	INR	THB	MYR
Limit of bank overdraft	20,400	-	8,700	140	1,000	97	-	-	10	-
Limit of the letter of credit	20,000	278	-	297	2,309	-	-	763	-	-
Limit of discount of notes from export	-	329	-	481	2,900	-	-	-	-	-
Limit of guaranteed payments in other foreign currency	-	405	-	122	400	-	-	-	-	-
Limit of loan arrangements	800,000	760	110,000	3,543	4,404	2,815	155	4,521	-	450
Derivatives	-	-	-	1,204	-	-	-	-	-	-
Limit of other loans	-	-	-	70	-	-	-	-	-	-

The Group also entered into comprehensive credit line agreements with other financial institutions relating to trade finance and import/export amounting to ₩20,000 million (including bank overdraft of ₩5,000 million) and USD 300 million. Certain subsidiaries entered into factoring agreements with limit of ₩230,000 million and USD 175 million.



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- (4) As at March 31, 2022, the Parent Company and certain subsidiaries have B2B purchase arrangements with several financial institutions with limit of ₩235,000 million and ₩150,000 million, respectively.
- (5) As at March 31, 2022, the Parent Company has reverse factoring agreements, and there is no utilized amount.
- (6) As at March 31, 2022, in connection with styrene monomer gas leakage accident, several lawsuits against LG Polymer India Pvt. Ltd., a subsidiary, have been filed with National Green Tribunal of India (NGT) and Andhra Pradesh High Court (APHC). The ultimate outcome of these cases cannot be determined at the reporting date. LG Polymer India Pvt. Ltd. deposited INR 500 million under the order from NGT, and deposited INR 898 million generated from sales of inventories, under the order from APHC in connection with this accident. The manufacturing facility is currently closed with limited access in accordance with the order from APHC.
- (7) As at March 31, 2022, in relation to price fixing of mobile batteries, the consumers in Israel have filed two class actions against the Parent Company and certain overseas subsidiaries. However, the ultimate outcome of these cases cannot be determined at the reporting date.
- (8) As at March 31, 2022, in relation to General Motors (GM) Bolt EV, the class action against General Motors (GM) Bolt EV including the Group is still pending. However, the ultimate outcome of the case cannot be determined at the reporting date.
- (9) In addition, as at March 31, 2022, the Parent Company and certain subsidiaries have been named as a plaintiff in 8 and 22 legal actions, respectively, involving ₩26,494 million and ₩11,945 million in claims, respectively. They have been named as a defendant in 14 and 151 legal actions, respectively, with ₩43,345 million and ₩3,647 million in claims, respectively. The ultimate outcome of these cases cannot be determined at the reporting date.
- (10) As at March 31, 2022, the Parent Company is under investigation by the related authorities in relation to the manipulation of the emission of fine dust-causing substance in the Yeosu Industrial Complex, and the final outcome of these investigations cannot be determined at the reporting date. As at March 31, 2022, the Parent Company shut down the relevant production facilities.
- (11) The Parent Company has entered into manufacture and production technical contracts with ExxonMobil and others.
- (12) The Parent Company has entered into a license agreement with LG Corp. to use trademarks on the products that the Group manufactures and sells, and on the services the Group provides in relation to its business.
- (13) As at March 31, 2022, the Parent Company has entered into payment guarantee contract of USD 273 million, and certain subsidiaries have entered into payment guarantee contracts of USD 25 million, EUR 2 million and ₩7,755 million with financial institutions to guarantee the warrant of products and payment. Also, certain subsidiaries have entered into payment guarantee contract of CNY 341 million with financial institutions in relation to custom of imported raw materials.

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(14) Capital expenditure arrangement that has not incur at the end of the reporting period is as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Property, plant and equipment	4,039,372	3,822,461

(15) As at March 31, 2022, the Group has entered into an agreement with General Motors (GM) regarding joint investment in Ultium Cells LLC, whereby each party can sell its shares to third parties in 8 years after the inception of the contract. In addition, if one party defaults, the other party has the right to purchase shares from the other party. The Group completed the process of approval by the government for the use of core technologies according to the Industrial Technology Protection Act.

(16) As at March 31, 2022, Stellantis, the Group's customer, has recalled Chrysler PHEV vehicles over a potential fire risk. There has been no confirmed root cause of fires in the Stellantis vehicles that are subject to the recall.

**19. Share Capital**

Changes in share capital and share premium for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won and in shares)</i>	<b>Ordinary shares</b>		<b>Preferred shares</b>		<b>Share premium</b>
	<b>Number of shares</b>	<b>Share capital</b>	<b>Number of shares</b>	<b>Share capital</b>	
January 1, 2021	70,592,343	352,962	7,688,800	38,444	2,014,036
December 31, 2021	70,592,343	352,962	7,688,800	38,444	2,014,036
March 31, 2022	70,592,343	352,962	7,688,800	38,444	2,014,036

Changes in treasury shares for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won and in shares)</i>	<b>Number of shares</b>		<b>Carrying amount</b>	<b>Gain on disposal of treasury shares</b>
	<b>Ordinary shares</b>	<b>Preferred shares</b>		
January 1, 2021	464,842	16,368	35,699	431,720
Treasury shares reduction due to the exercise of exchange rights	(91,228)	-	(14,302)	28,344
Disposal of treasury shares <sup>1</sup>	(6,085)	(10,327)	(3,386)	3,744
December 31, 2021	367,529	6,041	18,011	463,808
March 31, 2022	367,529	6,041	18,011	463,808

<sup>1</sup> After the exchange of exchangeable bonds, all of the remaining treasury shares purchased in early 2017 due to the exercise of share purchase rights by the dissenting shareholders who objected to the merger with LG Life Sciences, Ltd. have been disposed of during the year ended December 31, 2021.

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**20. Retained Earnings**

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

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Legal reserve <sup>1</sup>	527,848	540,492
Discretionary reserve <sup>2</sup>	14,570,240	12,945,537
Retained earnings before appropriation	<u>2,744,069</u>	<u>4,605,920</u>
<b>Total</b>	<b><u>17,842,157</u></b>	<b><u>18,091,949</u></b>

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

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

**21. Other Components of Equity**

Details of other components of equity as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Treasury shares (Note 19)	(18,011)	(18,011)
Capital transactions within the Group <sup>1</sup>	<u>(19,299)</u>	<u>(19,299)</u>
<b>Total</b>	<b><u>(37,310)</u></b>	<b><u>(37,310)</u></b>

<sup>1</sup> Includes gain or loss on disposal of investments and investment differences due to changes in equity, net of deferred tax.

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**22. Selling and Administrative Expenses**

Selling and administrative expenses for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Wages and salaries	346,365	252,288
Post-employment benefits (Note 16)	23,028	20,120
Employee benefits	64,153	54,176
Travel expense	12,419	7,278
Water & utilities	24,693	18,653
Packaging expense	1,951	1,438
Rental expenses	34,991	28,484
Commission expenses	206,243	171,703
Depreciation	70,646	54,770
Advertising expense	7,229	5,600
Freight expenses	446,514	208,606
Training expense	7,075	3,930
Amortization (Note 12)	50,566	38,032
Sample expense	5,224	3,245
Development costs	57,880	50,869
Others	114,462	129,510
<b>Total</b>	<b>1,473,439</b>	<b>1,048,702</b>

**23. Classification of Expenses by Nature**

Cost of sales, and selling and administrative expenses by nature for the three-month periods ended March 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Changes in inventories of merchandise, finished goods, semi-finished goods and work in process	(338,364)	(276,884)
Raw materials and consumables used	7,133,481	4,663,888
Purchase of merchandise	325,962	311,494
Employee benefit expenses (Note 24)	994,105	726,990
Advertising expenses	7,378	5,850
Freight expenses	459,638	219,118
Commission expenses	359,707	304,386
Depreciation and amortization	793,175	625,508
Rent expenses and usage fee	23,988	18,765
Other expenses	824,741	1,636,094
<b>Total</b>	<b>10,583,811</b>	<b>8,235,209</b>

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**24. Employee Benefit Expenses**

Details of employee benefit expenses for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Salaries	843,094	609,747
Post-employment benefits – Defined benefit plan (Note 16)	52,505	47,981
Post-employment benefits – Defined contribution plan (Note 16)	3,450	2,972
Others	95,056	66,290
<b>Total</b>	<u>994,105</u>	<u>726,990</u>

**25. Finance Income and Costs**

Details of finance income and costs for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Finance income</b>		
Interest income <sup>1</sup>	58,226	10,852
Dividend income	-	376
Exchange differences	94,357	113,523
Gain related to derivative instruments	42,814	22,730
Others	861	10,975
<b>Total</b>	<u>196,258</u>	<u>158,456</u>
<b>Finance costs</b>		
Interest expense <sup>2</sup>	62,188	40,356
Exchange differences	175,937	146,645
Loss related to derivative instruments	-	8,079
Others	780	2
<b>Total</b>	<u>238,905</u>	<u>195,082</u>

<sup>1</sup> Details of interest income for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Deposits held by financial institutions	41,759	8,016
Other loans and receivables	16,467	2,836
<b>Total</b>	<u>58,226</u>	<u>10,852</u>

<sup>2</sup> Details of interest expense for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Interest on financial institutions	13,993	8,326
Interest on lease liabilities	2,228	2,093
Interest on debentures	45,224	36,695
Other interest expenses	5,263	10,602
Capitalized interest for qualifying assets	(4,520)	(17,360)
<b>Total</b>	<u>62,188</u>	<u>40,356</u>

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**26. Other Non-Operating Income**

Details of other non-operating income for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Exchange differences	229,378	274,729
Gain on disposal of property, plant and equipment	10,894	24,977
Gain on disposal of intangible assets	8	15
Reversal of negative goodwill	33,302	-
Insurance income	3,935	8,155
Others	9,328	7,993
<b>Total</b>	<u>286,845</u>	<u>315,869</u>

**27. Other Non-Operating Expenses**

Details of other non-operating expenses for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Exchange differences	194,562	236,310
Loss on disposal of property, plant and equipment	14,677	8,686
Loss on disposal of intangible assets	19,543	103
Impairment loss on property, plant and equipment (Note 11)	918	2,931
Impairment loss on intangible assets (Note 12)	40	14
Donations	2,097	561
Others	5,831	14,084
<b>Total</b>	<u>237,668</u>	<u>262,689</u>

**28. Tax Expense and Deferred Tax**

Income tax expense is recognized based on the best estimate of weighted average annual income tax rate expected for the full financial year. The estimated average annual income tax rate used for the year ending December 31, 2022, is 22.5% (the estimated tax rate for the year ended December 31, 2021: 26.9%).

**29. Earnings per Share**

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

Basic earnings per share for profit from continuing operations and earnings per share attributable to the owners of the Parent Company for the three-month periods ended March 31, 2022 and 2021, are computed as follows:

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**Basic earnings per ordinary share from continuing operations**

<i>(in millions of Korean won and in number of shares)</i>	<b>2022</b>	<b>2021</b>
Profit from continuing operations attributable to ordinary shares <sup>1</sup>	620,848	883,076
Weighted average number of ordinary shares outstanding <sup>2</sup>	70,224,814	70,213,855
Basic earnings per ordinary share from continuing operations <i>(in won)</i>	<u>8,841</u>	<u>12,577</u>

**Basic earnings per ordinary share**

<i>(in millions of Korean won and in number of shares)</i>	<b>2022</b>	<b>2021</b>
Profit attributable to ordinary shares <sup>1</sup>	620,228	1,177,894
Weighted average number of ordinary shares outstanding <sup>2</sup>	70,224,814	70,213,855
Basic earnings per ordinary shares <i>(in won)</i>	<u>8,832</u>	<u>16,776</u>

**Basic earnings per preferred share from continuing operations**

<i>(in millions of Korean won and in number of shares)</i>	<b>2022</b>	<b>2021</b>
Profit from continuing operations attributable to preferred share <sup>1</sup>	68,018	96,592
Weighted average number of preferred shares outstanding <sup>2</sup>	7,682,759	7,672,433
Basic earnings per preferred share from continuing operations <i>(in won)</i>	<u>8,853</u>	<u>12,589</u>

**Basic earnings per preferred share**

<i>(in millions of Korean won and in number of shares)</i>	<b>2022</b>	<b>2021</b>
Profit attributable to preferred shares <sup>1</sup>	67,950	128,808
Weighted average number of preferred shares outstanding <sup>2</sup>	7,682,759	7,672,433
Basic earnings per preferred shares <i>(in won)</i>	<u>8,845</u>	<u>16,788</u>

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

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Profit from continuing operations attributable to the owners of the Parent Company</b>	688,866	979,668
Ordinary shares dividends (A)	210,674	175,535
Preferred shares dividends (B)	23,145	19,277
<b>Undistributed earnings from continuing operation for the period</b>	455,047	784,856
Undistributed earnings available for ordinary shares (C)	410,174	707,541
Undistributed earnings available for preferred shares (D)	44,873	77,315
<b>Profit from continuing operations for the period attributable to ordinary shares (A+C)</b>	620,848	883,076
<b>Profit from continuing operations for the period attributable to preferred shares (B+D)</b>	68,018	96,592

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<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Profit attributable to the owners of the Parent Company</b>	688,178	1,306,702
Ordinary shares dividends (A)	210,674	175,535
Preferred shares dividends (B)	23,145	19,277
<b>Undistributed earnings for the period</b>	454,360	1,111,890
Undistributed earnings available for ordinary shares (C)	409,554	1,002,359
Undistributed earnings available for preferred shares (D)	44,805	109,531
<b>Profit for the period attributable to ordinary shares (A+C)</b>	620,228	1,177,894
<b>Profit for the period attributable to preferred shares (B+D)</b>	67,950	128,808

<sup>2</sup> Weighted average numbers of shares are calculated as follows:

<b>Ordinary shares outstanding</b>	<b>2022</b>			
	<b>Period</b>	<b>Number of shares</b>	<b>Number of days</b>	<b>Number of shares x days</b>
Beginning balance	2022. 1. 1 - 2022. 3. 31	70,224,814	90	6,320,233,260
<b>Total</b>				<u>6,320,233,260</u>

Weighted average number of ordinary shares outstanding:  $6,320,233,260 / 90 = 70,224,814$  shares

<b>Preferred shares outstanding</b>	<b>2022</b>			
	<b>Period</b>	<b>Number of shares</b>	<b>Number of days</b>	<b>Number of shares x days</b>
Beginning balance	2022. 1. 1 - 2022. 3. 31	7,682,759	90	691,448,310
<b>Total</b>				<u>691,448,310</u>

Weighted average number of preferred shares outstanding:  $691,448,310 / 90 = 7,682,759$  shares

<b>Ordinary shares outstanding</b>	<b>2021</b>			
	<b>Period</b>	<b>Number of shares</b>	<b>Number of days</b>	<b>Number of shares x days</b>
Beginning balance	2021. 1. 1 - 2021. 3. 31	70,163,895	90	6,314,750,550
Conversion of treasury shares	2021. 1. 9 - 2021. 3. 31	54,834	82	4,496,388
<b>Total</b>				<u>6,319,246,938</u>

Weighted average number of ordinary shares outstanding:  $6,319,246,938 / 90 = 70,213,855$  shares

<b>Preferred shares outstanding</b>	<b>2021</b>			
	<b>Period</b>	<b>Number of shares</b>	<b>Number of days</b>	<b>Number of shares x days</b>
Beginning balance	2021. 1. 1 - 2021. 3. 31	7,672,433	90	690,518,970
<b>Total</b>				<u>690,518,970</u>

Weighted average number of preferred shares outstanding:  $690,518,970 / 90 = 7,672,433$  shares



# LG Chem, Ltd. and Subsidiaries

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For the three-month period ended March 31, 2022, there were no dilutive potential outstanding ordinary shares at the reporting date. Accordingly, diluted earnings per share for profit attributable to owners of the Parent Company is identical to basic earnings per share. In addition, for the three-month period ended March 31, 2021, the Parent Company did not calculate diluted earnings per share due to antidilution effect.

Basic and diluted earnings (losses) per share attributable to ordinary and preferred shares from discounted operations for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	<b>2022</b>	<b>2021</b>
Basic earnings (losses) per ordinary share from discounted operations	(9)	4,199
Basic earnings (losses) per preferred share from discounted operations	(9)	4,199
Diluted earnings (losses) per ordinary share from discounted operations	(9)	4,199
Diluted earnings (losses) per preferred share from discounted operations	(9)	4,199

### 30. Dividends

The ₩935,275 million (2021: ₩778,383 million) of dividends for the year ended December 31, 2021, was paid to the shareholders of the Parent Company in April 2022.

### 31. Related Party Transactions

As at March 31, 2022 and December 31, 2021, LG Corp. is an entity exercising a significant influence over the Group, which owns 33.34% of the Parent Company's ordinary shares.

Details of associates and other related parties that have sales and other transactions with the Group or have receivables and payables balances as at March 31, 2022 and December 31, 2021, are as follows, and the details of investments in subsidiaries, associates and joint ventures are described in Note 1.3:

<b>Related party</b>	<b>Related party's subsidiary (Domestic)</b>	<b>Related party's subsidiary (Overseas)</b>	<b>Details</b>
D&O Corp. <sup>1</sup>	D&O CM Corp. Co.,Ltd.	D&O CM NANJING and others	Subsidiary of LG Corp.
LG CNS Co., Ltd.	Biz Tech Partners Co., Ltd. and others	LG CNS America Inc. and others	Subsidiary of LG Corp.
LG Management Development Institute	-	-	Subsidiary of LG Corp.
LG Sports Ltd.	-	-	Subsidiary of LG Corp.
LG Holdings Japan	-	-	Subsidiary of LG Corp.
LG Display Co., Ltd.	-	LG Display (China) Co., Ltd. and others	LG Enterprise group <sup>2</sup>
LG Electronics Inc.	LG Innotek Co., Ltd. and others	Inspur LG Digital Mobile Communications Co., Ltd. and others	LG Enterprise group <sup>2</sup>
LX International Corp.	LX Pantos Co., Ltd. and others	LX International (Japan) Ltd. and others	LG Enterprise group <sup>2</sup>
LX Hausys, Ltd.	-	LX Hausys Tianjin Co., Ltd. and others	LG Enterprise group <sup>2</sup>
LG Household & Health Care Ltd.	Coca-Cola Beverage Co. and others	-	LG Enterprise group <sup>2</sup>

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LX Semicon Co., Ltd.	-	-	LG Enterprise group <sup>2</sup>
LX MMA Corporation <sup>3</sup>	-	-	LG Enterprise group <sup>2</sup>
LG Uplus Corp.	LG HelloVision Corp.	-	LG Enterprise group <sup>2</sup>
G II R Inc.	HS AD Inc.	Beijing Yuanzhimeng Advertising Co., Ltd.	LG Enterprise group <sup>2</sup>

<sup>1</sup> During the three-month period ended March 31, 2022, the agenda for the change of the entity's name of S&I Corp. and its subsidiaries has been approved.

<sup>2</sup> Although these entities are not the related parties of the Group in accordance with K-IFRS 1024, these entities belong to a large enterprise group in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>3</sup> During the year ended December 31, 2021, due to the spin-off of LG Corp., its shares were transferred to LX Holdings Corp., a new company, and then the classification criteria for related parties have been changed.

Sales and purchases with related parties for the three-month periods ended March 31, 2022 and 2021, are as follows:

	2022					
	Purchase and others					
	Sales and others	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of-use assets	Interest expense	Others
<b>Entity with a significant influence over the Group</b>						
LG Corp.	-	-	1,273	-	60	23,620
<b>Associates and joint ventures</b>						
SEETEC Co., Ltd.	25,596	53,716	-	-	101	19,754
TECWIN Co., Ltd.	-	22	346	-	-	24
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	28,183	-	-	-	-
Others	12,560	2,760	-	-	-	1,093
<b>Other related parties</b>						
D&O Corp. and its subsidiaries and associates	105	2,049	71,706	-	-	21,876
LG CNS Co., Ltd. and its subsidiaries	4,409	340	66,347	-	6	37,469
Others	-	-	-	-	-	10,566
<b>Others</b>						
LG Display Co., Ltd. and its subsidiaries	151,086	31	-	-	3	6
LG Electronics Inc. and its subsidiaries and joint ventures	202,752	106,311	101,364	-	98	6,772

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LX International Corp. and its subsidiaries	23,684	107,210	18,534	-	4	441,965
LX Hausys, Ltd. and its subsidiaries	75,712	2,000	1,048	-	-	-
LX MMA Corporation <sup>1</sup>	51,754	51,438	-	-	-	1,305
Others	3,132	8,977	58	-	14	1,472
<b>Total</b>	<b>550,790</b>	<b>363,037</b>	<b>260,676</b>	<b>-</b>	<b>286</b>	<b>565,922</b>

(in millions of Korean won)

	2021					
	Purchase and others					
	Sales and others	Purchase of raw materials /merchandises	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of-use assets	Interest expense	Others
<b>Entity with a significant influence over the Group</b>						
LG Corp.	-	-	-	-	58	19,587
<b>Associates and joint ventures</b>						
SEETEC Co., Ltd.	11,145	36,645	-	41	107	16,741
TECWIN Co., Ltd.	1	2	367	-	-	8
HL Greenpower Co., Ltd. <sup>2</sup>	201,596	440	-	-	-	10
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	457	-	-	-	241
Others	-	2,567	-	-	-	394
<b>Other related parties</b>						
D&O Corp. and its subsidiaries	20	2,928	135,667	-	-	28,519
LG CNS Co., Ltd. and its subsidiaries	1,266	897	68,484	-	6	42,331
Others	44	-	-	-	-	7,580
<b>Others</b>						
LG Display Co., Ltd. and its subsidiaries	170,367	24	-	-	4	-
LG Electronics Inc. and its subsidiaries and joint ventures	398,613	273,498	91,524	-	10	54,610
LX International Corp. and its subsidiaries	19,327	97,018	2,099	-	1	240,054
LX Hausys, Ltd. and its subsidiaries	58,216	-	10,956	-	-	660
LX MMA Corporation <sup>1</sup>	21,307	42,881	-	-	-	832
Others	1,957	6,247	766	9	17	1,111
<b>Total</b>	<b>883,859</b>	<b>463,604</b>	<b>309,863</b>	<b>50</b>	<b>203</b>	<b>412,678</b>

<sup>1</sup> Net sales and purchase amounts after offsetting for Raffinate transactions with LX MMA Corporation.

<sup>2</sup> This entity has been excluded from the related parties since the Company sold its shares in 2021. Transactions with this entity until the sale of shares have been included in the above information.

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Balances of receivables and payables arising from sales and purchases of goods and services as at March 31, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)

	March 31, 2022			
	Receivables			
	Trade receivables and others	Loan receivables	Other receivables	Total
<b>Entity with a significant influence over the Group</b>				
LG Corp.	-	-	10,083	10,083
<b>Associates and joint ventures</b>				
SEETEC Co., Ltd.	8,911	-	703	9,614
TECWIN Co., Ltd.	-	-	-	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	-	-	-
Others	397	-	39	436
<b>Other related parties</b>				
D&O Corp. and its subsidiaries and associates	1	-	-	1
LG CNS Co., Ltd. and its subsidiaries	4,843	-	-	4,843
Others	-	-	-	-
<b>Others</b>				
LG Display Co., Ltd. and its subsidiaries	151,466	-	657	152,123
LG Electronics Inc. and its subsidiaries and joint ventures <sup>2</sup>	256,637	-	3,258	259,895
LX International Corp. and its subsidiaries	1,330	-	-	1,330
LX Hausys, Ltd. and its subsidiaries	76,147	-	24	76,171
LX MMA Corporation	19,489	-	734	20,223
Others	324	-	1,673	1,997
<b>Total</b>	<b>519,545</b>	<b>-</b>	<b>17,171</b>	<b>536,716</b>

(in millions of Korean won)

	March 31, 2022				
	Payables				
	Trade payables	Borrowings	Lease liabilities	Other payables	Total
<b>Entity with a significant influence over the Group</b>					
LG Corp.	-	-	9,026	313,759	322,785
<b>Associates and joint ventures</b>					
SEETEC Co., Ltd.	20,472	-	23,880	9,630	53,982
TECWIN Co., Ltd.	-	-	-	6	6
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	3,649	-	-	-	3,649
Others	227	-	-	122,872	123,099
<b>Other related parties</b>					
D&O Corp. and its subsidiaries and associates	-	-	-	140,926	140,926
LG CNS Co., Ltd. and its subsidiaries	500	-	904	94,842	96,246
Others	-	-	-	1,289	1,289
<b>Others</b>					
LG Display Co., Ltd. and its subsidiaries	38	-	567	3,187	3,792
LG Electronics Inc. and its subsidiaries and joint ventures <sup>2</sup>	68,511	-	18,299	213,996	300,806
LX International Corp. and its subsidiaries	25,213	-	2,585	226,395	254,193
LX Hausys, Ltd. and its subsidiaries	-	-	-	3,472	3,472
LX MMA Corporation	18,338	-	-	-	18,338
Others	2,856	-	3,308	4,196	10,360
<b>Total</b>	<b>139,804</b>	<b>-</b>	<b>58,569</b>	<b>1,134,570</b>	<b>1,332,943</b>

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	December 31, 2021			
	Receivables			Total
	Trade receivables and others	Loan receivables	Other receivables	
<b>Entity with a significant influence over the Group</b>				
LG Corp.	-	-	9,983	9,983
<b>Associates and joint ventures</b>				
SEETEC Co., Ltd.	7,426	-	462	7,888
TECWIN Co., Ltd.	-	-	-	-
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	-	-	-	-
Others	463	-	4,586	5,049
<b>Other related parties</b>				
D&O Corp. and its subsidiaries <sup>1</sup>	388	-	8,762	9,150
LG CNS Co., Ltd. and its subsidiaries	5,632	-	326	5,958
Others	-	-	6,739	6,739
<b>Others</b>				
LG Display Co., Ltd. and its subsidiaries	110,826	-	935	111,761
LG Electronics Inc. and its subsidiaries and joint ventures <sup>2</sup>	270,116	-	25,438	295,554
LX International Corp. and its subsidiaries	2,676	-	-	2,676
LX Hausys, Ltd. and its subsidiaries	58,934	-	55	58,989
LX MMA Corporation	20,754	-	625	21,379
Others	23	-	1,773	1,796
<b>Total</b>	<b>477,238</b>	<b>-</b>	<b>59,684</b>	<b>536,922</b>

(in millions of Korean won)

	December 31, 2021				
	Payables				Total
	Trade payables	Borrowings	Lease liabilities	Other payables	
<b>Entity with a significant influence over the Group</b>					
LG Corp.	-	-	11,866	23,609	35,475
<b>Associates and joint ventures</b>					
SEETEC Co., Ltd.	17,164	-	24,653	10,310	52,127
TECWIN Co., Ltd.	317	-	-	16,116	16,433
HUAJIN NEW ENERGY MATERIALS(QUZHOU) CO., LTD.	48,054	-	-	-	48,054
Others	-	-	-	410	410
<b>Other related parties</b>					
D&O Corp. and its subsidiaries <sup>1</sup>	-	-	-	282,691	282,691
LG CNS Co., Ltd. and its subsidiaries	233	-	1,192	316,160	317,585
Others	-	-	-	715	715
<b>Others</b>					
LG Display Co., Ltd. and its subsidiaries	32	-	595	2,942	3,569
LG Electronics Inc. and its subsidiaries and joint ventures <sup>2</sup>	59,289	-	18,694	148,185	226,168
LX International Corp. and its subsidiaries	18,467	-	-	182,716	201,183
LX Hausys, Ltd. and its subsidiaries	-	-	-	5,501	5,501
LX MMA Corporation	15,960	-	-	-	15,960
Others	3,226	-	3,479	8,583	15,288
<b>Total</b>	<b>162,742</b>	<b>-</b>	<b>60,479</b>	<b>997,938</b>	<b>1,221,159</b>

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<sup>1</sup> Other receivables to D&O Corp. (formerly, S&I Corp.) include the amount of deposits which are classified as memberships in the financial statements of the Group.

<sup>2</sup> The warranty provision related to the recall of GM Bolt is not included in the above receivables and payables.

Fund transactions with related parties for the three-month periods ended March 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022						
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction)	Loans		Borrowings <sup>1</sup>	
Loans				Repayment	Borrowings	Repayment	
<b>Entity with a significant influence over the Group</b>							
LG Corp.	-	-	-	-	-	-	2,923
<b>Associates and joint ventures</b>							
SEETEC Co., Ltd.	5,000	-	-	-	-	-	238
<b>Other related parties</b>							
LG CNS Co., Ltd.	-	-	-	-	-	-	295
<b>Others</b>							
LG Display America, Inc.	-	-	-	-	-	-	40
LX Pantos Poland sp.z.o.o	-	-	-	-	-	62	2
PANTOS LOGISTICS MEXICO S.A. de C.V	-	-	-	-	-	2,384	161
LX PANTOS TURKEY LOJISTIK	-	-	-	-	-	337	21
LG Electronics Deutschland GmbH	-	-	-	-	-	-	72
LG ELECTRONICS WROCLAW SP. Z O.O.	-	-	-	-	-	-	348
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	-	156
<b>Total</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,783</b>	<b>4,256</b>

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(in millions of Korean won)

	2021						
	Dividends received	Dividends paid	Equity contributions in cash (capital reduction)	Loans		Borrowings <sup>1</sup>	
Loans				Repayment	Borrowings	Repayment	
<b>Entity with a significant influence over the Group</b>							
LG Corp.	-	-	-	-	-	-	2,972
<b>Associates and joint ventures</b>							
SEETEC Co., Ltd.	10,000	-	-	-	-	41	1,981
<b>Other related parties</b>							
LG CNS Co., Ltd.	-	-	-	-	-	-	1,914
LG Holdings Japan Co.,Ltd.	-	-	-	-	-	-	92
<b>Others</b>							
LG Display America, Inc.	-	-	-	-	-	-	35
Pantos Logistics France	-	-	-	-	-	-	178
Pantos Logistics Spain S.L.	-	-	-	-	-	-	68
LG Electronics Deutschland GmbH	-	-	-	-	-	-	70
LX Hausys, Ltd.	-	-	-	-	-	-	652
LG HOUSEHOLD & HEALTH CARE LTD	-	-	-	-	-	9	478
<b>Total</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>8,440</b>

<sup>1</sup> The amounts represent lease liabilities that were recognized or repaid for the three-month periods ended March 31, 2022 and 2021.

Compensation for key management of the Group for the three-month periods ended March 31, 2022 and 2021, consists of:

(in millions of Korean won)	2022	2021
Short-term employee benefits	21,610	13,777
Post-employment benefits	2,966	3,765
<b>Total</b>	<b>24,576</b>	<b>17,542</b>

Key management includes directors and audit committee members having duties and responsibilities over planning, operations and controlling of the Group's business activities.

There are no provisions recognized against receivables from related parties as at March 31, 2022 and December 31, 2021; therefore, there are no impairment losses recognized against the receivables from related parties for the three-month period ended March 31, 2022 and for the year ended December 31, 2021.

As at March 31, 2022, there are no payment guarantees provided by the Group for related parties.

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**32. Cash Flows**

Cash generated from operations for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Profit before income tax</b>		
Profit before income tax from continuing operations	1,023,562	1,427,972
Profit (loss) before income tax from discontinued operations	(793)	420,165
	<u>1,022,769</u>	<u>1,848,137</u>
<b>Adjustments for:</b>		
Depreciation	727,532	577,521
Amortization	65,755	50,167
Post-employment benefits	52,505	48,225
Finance income	(217,361)	(193,165)
Finance costs	223,784	235,853
Foreign exchange differences	4,078	(1,419)
Loss (gain) on valuation of inventories	9,223	(5,347)
Gain on disposal of property, plant and equipment	(10,894)	(30,732)
Gain on disposal of intangible assets	(8)	(15)
Loss on disposal of property, plant and equipment	14,677	8,686
Loss on disposal of intangible assets	19,543	103
Impairment loss on property, plant and equipment	918	3,493
Impairment loss on intangible assets	40	14
Gain on disposal of business	-	(385,704)
Additions to provisions	71,478	69,294
Other income/expenses	32,815	(37,030)
Increase in inventories	(1,009,645)	(440,955)
Increase in trade receivables	(543,809)	(613,795)
Decrease (increase) in other receivables	71,668	(99,859)
Increase in other current assets	(69,769)	(99,544)
Increase in trade payables	876,849	479,698
Increase (decrease) in other payables	(87,839)	313,644
Decrease in other current liabilities	(255,540)	(321,871)
Decrease in provisions	(296,555)	(93,739)
Increase (decrease) in net defined benefit liabilities	(2,102)	129
Other cash flows from operations	(34,785)	1,470
<b>Cash generated from operations</b>	<u>665,327</u>	<u>1,313,259</u>



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Changes in liabilities arising from financial activities for the three-month period ended March 31, 2022, are as follows:

(in millions of Korean won)	2022						As at March 31, 2022
	As at January 1, 2022	Cash flows from financing activities	Reclassifi- cation of current portion	Amortization	Lease liabilities	Others	
Short-term borrowings	2,817,211	(117,467)	534,439	-	-	26,566	3,260,749
Long-term borrowings	3,875,943	159,357	(534,439)	-	25,186	38,212	3,564,259
Debentures	8,072,580	(260,000)	-	2,195	-	54,369	7,869,144
Other payables for the reverse factoring arrangement	299,645	(299,645)	-	-	-	-	-
<b>Total</b>	<b>15,065,379</b>	<b>(517,755)</b>	<b>-</b>	<b>2,195</b>	<b>25,186</b>	<b>119,147</b>	<b>14,694,152</b>

Significant non-cash transactions for the three-month periods ended March 31, 2022 and 2021, are as follows:

(in millions of Korean won)	2022	2021
Reclassification of construction-in-progress	894,202	1,192,523
Reclassification of machinery-in-transit	35,984	12,589
Reclassification of long-term borrowings into current portion	1,243,965	401,747
Other payables related to acquisitions of property, plant and equipment and intangible assets	561,360	1,697,363
Reclassification of other payables under the reverse factoring arrangement	-	641,839
Exchange of treasury stocks such as exchangeable bonds	-	54,383

### 33. Segment Information

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

Segment	Products or services	Major customers
Petrochemicals	ABS, PC, PE, PP, Acrylic, Alcohol, SAP, PVC, Synthetic rubber, Special resin, BPA, Ethylene, Propylene and others	LG Electronics Inc., OCI Group Co. Ltd., Mitsubishi Corp. and others
LG Energy solution	Mobile batteries, Automotive batteries, Electricity storage batteries and others	Hewlett-Packard Co., General Motors Corp., and others
Advanced materials <sup>1</sup>	Automotive components, LCD Photoresist, OLED materials, Battery materials and others	LG Display Co., Ltd., Samsung Display Co., Ltd., BOE, AUO and others
Life sciences	Growth hormone, Vaccine, Antidiabetic, agricultural chemicals and others	UNICEF, Intervet, SOUSAM IMPORTACAO E EXPORTACAO LTDA and others

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Segment	Products or services	Major customers
Common and others	Crop protection products, Seeds, Fertilizers, General management, sales and R&D and others	National Agriculture Cooperative Federation and others

<sup>1</sup> During the year ended December 31, 2021, the Group disposed of all of its shares of Ugimag Korea Co., Ltd. and related profit and loss are presented as discontinued operations. The information for the comparative period has been restated to reflect these changes.

Segment information on revenue, profit and loss for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>					
	<b>Petro-chemicals</b>	<b>LG Energy solution</b>	<b>Advanced materials</b>	<b>Life sciences</b>	<b>Common and others<sup>3</sup></b>	<b>Total</b>
Total segment revenue	5,963,473	4,342,326	1,568,017	217,438	300,193	12,391,447
Inter-segment revenue	146,950	3,490	609,922	14,658	8,356	783,376
Revenue from external customers <sup>1</sup>	5,816,523	4,338,836	958,095	202,780	291,837	11,608,071
Operating profit (loss) <sup>2</sup>	634,600	259,153	153,761	32,197	(55,451)	1,024,260
Depreciation and amortization	244,174	417,674	53,279	21,355	56,693	793,175

<i>(in millions of Korean won)</i>	<b>2021</b>					
	<b>Petro-chemicals</b>	<b>LG Energy solution</b>	<b>Advanced materials</b>	<b>Life sciences</b>	<b>Common and others<sup>3</sup></b>	<b>Total</b>
Total segment revenue	4,435,187	4,215,247	1,166,575	161,901	282,113	10,261,023
Inter-segment revenue	135,980	2,054	420,321	2,019	55,956	616,330
Revenue from external customers <sup>1</sup>	4,299,207	4,213,193	746,254	159,882	226,157	9,644,693
Operating profit (loss) <sup>2</sup>	983,751	340,557	89,650	22,461	(26,935)	1,409,484
Depreciation and amortization	193,619	314,592	44,967	20,019	52,311	625,508

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

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

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

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Segment information on assets and liabilities as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>					
	<b>Petro-chemicals</b>	<b>LG Energy solution</b>	<b>Advanced materials</b>	<b>Life sciences</b>	<b>Common and others</b>	<b>Total</b>
Reportable segment asset <sup>1</sup>	15,549,839	34,936,490	4,864,226	1,575,983	7,490,917	64,417,455
Investments in associates and joint ventures	64,598	222,407	94,925	17	148,973	530,920
Reportable segment liability <sup>1</sup>	4,555,927	15,499,855	1,330,973	177,582	7,362,018	28,926,355

<i>(in millions of Korean won)</i>	<b>December 31, 2021</b>					
	<b>Petro-chemicals</b>	<b>LG Energy solution</b>	<b>Advanced materials</b>	<b>Life sciences</b>	<b>Common and others</b>	<b>Total</b>
Reportable segment asset <sup>1</sup>	15,297,794	23,728,448	4,972,040	1,576,987	5,560,033	51,135,302
Investments in associates and joint ventures	62,024	225,567	93,835	17	153,867	535,310
Reportable segment liability <sup>1</sup>	5,016,619	14,980,391	1,406,698	220,954	6,300,652	27,925,314

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

External sales and non-current assets by geographical segments from continuing operations for the three-month periods ended March 31, 2022 and 2021, and as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Sales</b>		<b>Non-current assets<sup>1</sup></b>	
	<b>2022</b>	<b>2021</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Korea <sup>2</sup>	2,816,169	2,159,900	16,152,864	16,157,398
China	3,609,504	2,647,491	4,854,833	4,688,935
Asia	1,467,368	1,222,047	171,283	147,809
America	1,062,284	991,623	2,269,448	1,692,631
Europe	2,514,438	2,530,902	4,332,074	4,192,086
Others	138,308	92,730	-	-
<b>Total</b>	<b>11,608,071</b>	<b>9,644,693</b>	<b>27,780,502</b>	<b>26,878,859</b>

<sup>1</sup> Represents aggregate amount of property, plant and equipment, intangible assets and investment properties.

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

There is no single external customer who contributes over 10% of the Group's revenue for the three-month periods ended March 31, 2022 and 2021.

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**34. Assets Held for Sale and Discontinued Operations**

**34.1 Assets Held for Sale**

Upon the approval of management, the Group decided to dispose of acrylic film business (December 2020). As a result, the related assets and liabilities were reclassified as assets and liabilities held for sale. The disposal of acrylic film business and land acquired as part of acquisition of Farm Hannong Co., Ltd. is expected to be completed in the first half of FY2022.

Details of assets of disposal group classified as held for sale as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets of disposal group</b>		
Property, plant and equipment	5,367	5,364
<b>Total</b>	<u>5,367</u>	<u>5,364</u>

Assets of the disposal group were measured at net fair value immediately before the initial classification as assets as held for sale and there are no other non-operating expenses (income) recognized from the measurement for the three-month periods ended March 31, 2022 and 2021.

**34.2 Discontinued Operations**

The Group decided to discontinue Glass substrate business with the resolution of the Board of Directors in January 2020 and substantially discontinued the related business as at March 2020. In addition, the Group decided to dispose of LCD polarizer business with the resolution of the Board of Directors in June 2020, and the disposal has been completed in February 2021. The Group disposed of all of its shares of Ugimag Korea Co., Ltd., in July 2021. Accordingly, the profit and loss from the related operations are presented as discontinued operations and the comparative consolidated statements of profit or loss have been restated.

Comprehensive income information from discontinued operation for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>		
	<b>LCD polarizer</b>	<b>Glass substrate</b>	<b>Total</b>
Revenue	16	184	200
Expense	(414)	(579)	(993)
Loss before income tax of discontinued operation	(398)	(395)	(793)
Income tax benefits (expense)	(4)	109	105
Loss after income tax of discontinued operations	<u>(402)</u>	<u>(286)</u>	<u>(688)</u>

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<i>(in millions of Korean won)</i>	<b>2021</b>			
	<b>LCD polarizer</b>	<b>Glass substrate</b>	<b>Ugimag</b>	<b>Total</b>
Revenue	587,655	7,499	5,394	600,548
Expense	(168,357)	(5,288)	(6,738)	(180,383)
Profit (loss) before income tax of discontinued operation	419,298	2,211	(1,344)	420,165
Income tax expense	(92,656)	(475)	-	(93,131)
Profit (loss) after income tax of discontinued operations	326,642	1,736	(1,344)	327,034

Net cash flows from discontinued operations for the three-month periods ended March 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>2022</b>		
	<b>LCD polarizer</b>	<b>Glass substrate</b>	<b>Total</b>
Net cash inflow (outflow) from operating activities	11,869	(561)	11,308
Net cash inflow from investing activities	426	282	708
Net cash inflow (outflow) from financing activities	(12,295)	279	(12,016)

<i>(in millions of Korean won)</i>	<b>2021</b>			
	<b>LCD polarizer</b>	<b>Glass substrate</b>	<b>Ugimag</b>	<b>Total</b>
Net cash inflow (outflow) from operating activities	203,352	2,019	(1,511)	203,860
Net cash inflow (outflow) from investing activities	581,085	5,874	(220)	586,739
Net cash inflow (outflow) from financing activities	(796,937)	(7,893)	1,731	(803,099)

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

Assets and liabilities related to contracts with customers as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Contract assets</b>	-	-
<b>Total contract assets</b>	-	-
<b>Contract liabilities</b>		
Advances in relation to revenue from the Group's main business activities	423,805	376,487
Expected customer incentives	55,159	5,636
Unearned revenue	152,501	167,151
<b>Total contract liabilities</b>	<b>631,465</b>	<b>549,274</b>

*Revenue recognized in relation to contract liabilities*

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

<i>(in millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
Revenue recognized in the current period from the contract liabilities balance at the beginning of the period	125,175	94,393
Advances in relation to revenue from the Group's main business activities	108,213	91,034
Unearned revenue	16,962	3,359
Revenue recognized from performance obligations satisfied in previous periods	-	-

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**36. Investment Properties**

Details of investment properties as at March 31, 2022 and December 31, 2021, are as follows:

(in millions of Korean won)	March 31, 2022			December 31, 2021			
	Cost	Accumulated depreciation	Accumulated impairment Book amount	Cost	Accumulated depreciation	Accumulated impairment	Book amount
Land	4,211	-	-	4,211	-	-	4,211
Buildings	66,421	(14,070)	(51)	65,542	(13,409)	(47)	52,086
<b>Total</b>	<b>70,632</b>	<b>(14,070)</b>	<b>(51)</b>	<b>69,753</b>	<b>(13,409)</b>	<b>(47)</b>	<b>56,297</b>

Changes in investment properties for the three-month period ended March 31, 2022 and for the year ended December 31, 2021, are as follows:

(in millions of Korean won)	2022			2021		
	Land	Building	Total	Land	Building	Total
Beginning balance	4,211	52,086	56,297	4,211	45,222	49,433
Acquisitions/transfers	-	623	623	-	8,233	8,233
Disposals/transfers	-	(51)	(51)	-	(73)	(73)
Depreciation	-	(358)	(358)	-	(1,296)	(1,296)
Ending balance	4,211	52,300	56,511	4,211	52,086	56,297

The fair value of investment properties is measured either by independent professional appraisers with certified qualification or measured based on official appraised value of land and available information from recent transactions of similar properties, and it is classified as 'level 3' of the fair value hierarchy. The fair value of investment properties as at March 31, 2022, is ₩66,849 million (December 31, 2021: ₩66,861 million).

During the three-month period ended March 31, 2022, rental income from investment properties under operating lease is ₩1,671 million (2021: ₩1,613 million), and operating expenses incurred for investment properties that generated rental income (including maintenance and repair expenses) are ₩355 million (2021: ₩304 million). During the three-month period ended March 31, 2022, operating expenses incurred for investment properties that do not generate rental income (including maintenance and repair expenses) are ₩3 million (2021: ₩3 million).

**Operating lease**

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

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

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The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment properties as at March 31, 2022 and December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Within one year	6,488	6,874
Within two years	4,299	6,016
<b>Total</b>	<u>10,787</u>	<u>12,890</u>

**37. Business Combination**

On February 28, 2022, the Group acquired 100% shares of LG Energy Solution Vertech Inc., an electricity storage batteries installation service provider in USA. The acquisition is expected to increase sales through expanded vertical integration by strengthening contact points with customers of electricity storage batteries.

Details of consideration transferred, assets and liabilities recognized as a result of the business combination, are as follows:

Gain from a bargain purchase amounting to ₩33,302 million occurred from the acquisition is recognized as other non-operating income in the consolidated statement of profit or loss.

<i>(in millions of Korean won)</i>	<b>Amount</b>
Consideration transferred	
Cash and cash equivalents	16,153
Total consideration	<u>16,153</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	7,749
Trade and other receivables <sup>1</sup>	56,333
Inventories	5,477
Property, plant and equipment	7,251
Intangible assets	1,503
Other assets	12,295
Trade and non-trade payables	(25,578)
Other payables	(13,213)
Deferred tax liabilities	<u>(2,362)</u>
Fair value of net identifiable assets acquired	<u>49,455</u>
Goodwill (gain from a bargain purchase)	<u>(33,302)</u>
	<u>16,153</u>

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

The revenue and net loss for the three-month period ended March 31, 2022 contributed by LG Energy Solution Vertech Inc. since the acquisition were ₩3,473 million and ₩1,497 million, respectively.

Revenue and profit or loss of the Group for the three-month period ended March 31, 2022 would have been ₩11,607,389 million and ₩748,458 million, respectively as though the acquisition of LG



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Energy Solution Vertech Inc. had occurred as at the beginning of the three-month period ended March 31, 2022.

The Group accounts for the business combination with provisional amounts as at March 31, 2022 and the amounts may be adjusted if there is new information obtained about facts and circumstances related to business combination within the measurement period of one year from the acquisition date.

On November 1, 2021, the Parent Company and its subsidiary, LG Chem Poland Sp. z o.o., acquired CEM(Chemical Electronics Material) business from LG Electronics Inc. to drive competitive separator business. The Parent Company acquired the domestic CEM business for ₩389,973 million and the 70% shares of LG Chem Hangzhou Advanced Materials Co., Ltd.(formerly, LG Electronics(Hangzhou) Co., Ltd) for ₩67,027 million. LG Chem Poland Sp. z o.o., a subsidiary, acquired CEM business in Poland for ₩67,700 million.

The goodwill of ₩202,568 million arising from the business combination is attributable to sales increase from combining the operations of the Group and CEM business.

Details of consideration transferred, assets and liabilities recognized as a result of the business combination, are as follows:

<i>(in millions of Korean won)</i>	<b>LG Chem Ltd.</b>	<b>LG Chem Poland Sp. Z.o.o</b>
Consideration transferred		
Cash and cash equivalents	457,000	67,700
Total consideration	<u>457,000</u>	<u>67,700</u>
Identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	4,376	-
Trade and other receivables <sup>1</sup>	190,386	26,228
Inventories	43,084	36,627
Property, plant and equipment	211,373	38,755
Intangible assets	48,841	447
Other assets	4,204	-
Trade and other payables	(213,669)	(24,602)
Provisions	(1,809)	(597)
Net defined benefit liabilities	(9,622)	-
Other liabilities	(5,930)	(522)
Deferred tax liabilities	(3,851)	-
Fair value of net identifiable assets acquired	<u>267,383</u>	<u>76,336</u>
Less: non-controlling interest	<u>(12,951)</u>	<u>-</u>
Acquired amount attributable to the Parent Company	254,432	76,336
Goodwill	202,568	-
Gain from a bargain purchase	-	(8,636)
	<u>457,000</u>	<u>67,700</u>

<sup>1</sup> The fair value of trade and other receivables as of the acquisition date and the total contractual amount are ₩217,624 million, of which the amount that is not expected to be recovered is ₩1,010 million.

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**38. Events after the Reporting Period**

- (a) In April 2022, the Group established a subsidiary in Arizona, USA to respond to securing orders for cylindrical batteries and paid the capital.
- (b) In April 2022, the Group entered into a contract to acquire 15% shares of Capchem Poland SP. Z o.o. to localize battery raw material procurement.
- (c) In May 2022, the Group acquired 3.04% shares of Li-Cycle, a battery recycling company in North America.